

# 2021-22

AGRICULTURE SECTOR EDUCATION AND TRAINING AUTHORITY

# ANNUAL REPORT



*This year's theme is light, which is depicted by a lightbulb.*

*Light is a livelihood stimulant. It facilitates growth and fruitfulness. It illuminates for much visibility. Light is a combination of beautiful rays, a strand of strength, and a strand of life.*

*This light is embedded in AgriSETA, from our mandate to our logo. With the shadow the pandemic cast, challenges created darkness, but the light within AgriSETA could not be overwhelmed. We continue on our quest to facilitate skills growth and promote opportunities for socio-economic and employment growth, for all who work in the agricultural sector in South Africa.*



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# **PART A: GENERAL INFORMATION**

## Public Entity's General Information

<b>REGISTERED NAME OF THE PUBLIC ENTITY:</b>	Agriculture Sector Education and Training Authority
<b>RP NUMBER:</b>	RP118/2022
<b>ISBN NUMBER:</b>	978-0-621-50316-6
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<b>COMPANY/BOARD SECRETARY</b>	Mr Mzuyanda Dlanga
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## List of Abbreviations/Acronyms

18.1	Employed Learners
18.2	Unemployed Learners
AET	Adult Education and Training
AFS	Annual Financial Statements
AgriSETA	Agriculture Sector Education Training Authority
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
ATR	Annual Training Report
ATVET	Agricultural Technical Vocational Education and Training
B-BBEE	Broad-Based Black Economic Empowerment
CBO(s)	Community-Based Organisation(s)
CEO	Chief Executive Officer
CET	Community Education and Training
CFO	Chief Financial Officer
DAFF	Department of Agriculture Forestry and Fisheries
DHESI	Department of Higher Education Science and Innovation
DALRRD	Department of Agriculture Land Reform and Rural Development
DDM	District Development Model
EA	Executive Authority
ETQA	Education Training and Quality Assurance
EXCO	Executive Committee
GRAP	Generally Recognised Accounting Practices
ICT	Information and Communication and Technology
LPP	Learning programmes and projects
MEC	Member of Executive Council
MoA	Memorandum of Agreement
MTSF	Medium-Term Strategic Framework
NCOP	National Council of Provinces
NGOs	Non-Governmental Organisation(s)

<b>NLRD</b>	National Learner Record Database
<b>NPO</b>	Non-Profit Organisation
<b>NQF</b>	National Qualifications Framework
<b>NSDP</b>	National Skills Development Plan
<b>PFMA</b>	Public Finance Management Act, Act 1 of 1999
<b>PIVOTAL</b>	Professional Vocational Technical and Academic Learning
<b>PPP</b>	Public Private Partnership
<b>PSET</b>	Post-School Education and Training
<b>QCTO</b>	Quality Council for Trades and Occupations
<b>FINREMCO</b>	Finance and Remuneration Committee
<b>RPL</b>	Recognition of Prior Learning
<b>SAQA</b>	South African Qualifications Authority
<b>SCM</b>	Supply Chain Management
<b>SDFs</b>	Skills Development Facilitators
<b>SETA</b>	Sector Education Training Authority
<b>SETMIS</b>	Sector Education and Training Management Information System
<b>SSCs</b>	Sub-Sector Committee(s)
<b>SSP</b>	Sector Skills Plan
<b>StatsSA</b>	Statistics South Africa
<b>TR</b>	Treasury Regulations
<b>TVET</b>	Technical Vocational Education and Training
<b>WSP</b>	Workplace Skills Plan



# Acknowledgements



**Minister, Dr Blade Nzimande**



**higher education  
& training**  
Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



**Deputy Minister, Mr Buti Manamela**

## To The Executive Authority

In accordance with the Public Finance Management Act (Act 1 of 1999, as amended), it gives me great pleasure to present the Annual Report of the Agriculture Sector Education and Training Authority (AgriSETA). This report covers the period from 01 April 2021 to 31 March 2022 and provides an overview of the operations, financial performance and developments across all performance targets as encapsulated in the Annual Performance Plan (APP).

AgriSETA's Accounting Authority, management and staff express their heartfelt appreciation for the insightful and prolific leadership of both the Minister and Deputy Minister of Higher Education, Science and Innovation. We look forward to another dynamic financial year with challenging targets to enhance the skills development and training of people in the sector we prudently serve.



**Ms GS Sepeng**  
Accounting Authority Chairperson



## Foreword by the Chairperson

Ms GS Sepeng

**“Agriculture at the darkest of moments, remains a job creator.”** These are the words of our Minister, Dr Blade Nzimande. No spoken words can be more true when it comes to South Africa. Agriculture remains our saving grace and the alpha and omega when it comes to livelihood. There can be no life without it, but more than just food security, it serves and links into other sectors through the value chain. This includes soil erosion, climate change, priceless water resources and research into animal and plant production and disease control.

At the beginning of the financial year, we established our Vision 2025 Campaign, specific to AgriSETA's goal to reach R1 billion in the next five years. Consequently, we have engaged various public and private sector stakeholders to fulfil this role. We have made outstanding progress and will continue on this journey to meet the industry's demands and, critically, the training and upskilling of people working in the agricultural space.

Commonly called the missing middle, the skills mismatch neither applies to the emerging farmers nor the co-operatives, both of whom fully benefit from the existing AgriSETA learnerships. It affects the group of unskilled workers who are not eligible for lower-level NQF AgriSETA learnerships because they lack the requisite basic literacy and numeracy skills or require RPL to be launched on a career development path. This unskilled workforce spans commercial and subsistence farming. AgriSETA provides sufficient low- to medium-level NQF interventions, while agricultural colleges and higher education institutions provide the medium- to high-level skills required by commercial enterprises.

An AgriSETA study demonstrated that 56% of the respondents were unable to market their produce or products either locally or internationally, leading to an average 33% retrenchment to reduce costs. The study also showed to continue successfully with business amid the global Covid-19 pandemic, employees required new skills training including health and safety, information technology, communication and strategic planning. Consequently, businesses had to upskill or re-skill employees to meet their needs and the sector as a whole.

Looking ahead, fundamental technological changes and dynamics will continue disrupting how the agriculture sector operates and imposing new demands. The Fourth Industrial Revolution (4IR) can potentially positively impact on productivity and profitability as it boosts yields and lowers costs. Equally, it poses a negative effect on the country's employment as it reduces the demand for labour. Worldwide, technology monitors, plants and harvests with greater precision than before, reducing production costs. However, as a positive outcome and a benefit to AgriSETA's work, emerging technology like drones and autonomous robots, will force agricultural organisations to upskill farm workers to remain competitive. This will include hydroponics operations, computer and data analysis skills. We must view this as an opportunity to grow the potential of our workforce and it will be a strong focus in the forthcoming financial year as we partner with our Innovation Department colleagues from the Department of Higher Education, Science and Innovation.

*We shall continue forming strategic relationships that allow our rands to stretch and take our developmental work deeper into South Africa to concentrate on the marginalised and the have-nots*

Considering strategic relationships, we have made significant leaps in uniting various entities. Greater strategic linkages led to AgriSETA's focused support in skills that maximise employment opportunities and entrepreneurship based on credible research, the result of which is the Sector Skills Plan. Programmes responding to the 4IR and e-learning were piloted in partnership with the agricultural sector.

A strategic emphasis to target TVET funding in the year under review sought to support the growth of the public college institutional model as a key skills provider for socio-economic development. Our support for the district development model covers a wide spectrum of learning programmes such as adult education and training, mentorship and co-operative support.

I am proud to say this has already seen more than 2000 beneficiary gains.

As we approach 2030, I am proud of the work our SETA has achieved, but naturally our efforts can never be enough. Hence, we shall continue forming strategic relationships that allow our rands to stretch and take our developmental work deeper into South Africa to concentrate on the marginalised and the have-nots.

I wish to thank our accounting authority DHESI for the opportunity to serve our people; my fellow board members for their support in driving AgriSETA's imperatives – and not least, the CEO for his remarkable leadership.



**Ms GS Sepeng**

Chairperson  
AgriSETA



# Chief Executive Officer's Overview

Innocent Sirovha (Dr)

## General financial review

In a challenge-filled year, we received remarkable support from our executive authority and stakeholders. Over and above, the SETA also boosted revenue by 50.2% in the financial year.

## Spending trends

### Revenue

The entity received R522,7 million (2020/2021: R344,9 million) in skills development levies income with the 51.5% increase attributed to the income lost during the pandemic-related four (4) months' skills development levy holiday. The entity also received R19 million relating to the Department of Public Works donor-funded project.

### Expenditure

Actual employer grants and projects expenditure missed budget by R21 million due to expenditure delays in implementing discretionary contracts allocated to service providers. Covid-19 adversely affected payments due to slow or halted implementation of skills development programmes and projects.

There was R13 million paid in mandatory grants in the year under review, 24% higher than the corresponding period. The major contributor was the 100% approval of the work skills programme.

Administration employee costs increased marginally (7,6%) due to salary increases and increases in leave (R423000) and performance bonus provision (R2,4 million). The personnel expenditure was R2,6 million over budget.

There was significant increase in travelling and accommodation to R2,1 million (2020/2021: R364 000) due to eased travel restrictions and an increase in the SETA's national project monitoring.

Capital investment consists mainly of assets used daily including buildings, furniture and fittings and computer equipment. AgriSETA purchased new assets worth R5,2 million with the largest spend being R3,5 million for computer software that has a one to two-year lifespan.

AgriSETA does not currently hold infrastructure assets and has no plans to close down or downgrade any current facilities. However, there are plans to lease an office building for a minimum three-year period while AgriSETA conducts a feasibility study of the current office building.

## Discontinued key activities / activities to be discontinued

There are no significant discontinued key activities in AgriSETA or intentions to do so.

## Requests for roll-over of funds

In terms of Section 53 (3) of the PFMA, public entities listed in Schedule 3A and 3C may not retain cash surpluses realised in the previous financial year without prior written approval from the National Treasury.

We are pleased with our clean audit outcome and are looking forward to working with our stakeholders in ensuring that the organisation maintains this outcome.

At the end of the 2021/22 financial year, AgriSETA had a R515,4 million cash surplus and asked National Treasury for permission to retain the amount and roll it over into the 2022/23 financial year. The funds will be used for discretionary projects to which AgriSETA has already committed and is therefore legally obligated to fulfil.

## Contractual Commitments

The entity had over-committed (surplus less commitments at year-end) on its discretionary grants' commitments by R38,3 million. This over-commitment amount is manageable and will be monitored to ensure it is not excessive relative to our reserves.

## Supply Chain Management

Supply chain management (SCM) system consists of six core processes:

- Demand
- Acquisition
- Logistics
- Disposal
- Risk management
- Effective contract performance evaluation and monitoring.

AgriSETA's SCM systems and processes are in place and implementing the enterprise resource planning (ERP) system will further enhance our systems and controls. The SETA yearns for continuous improvement in this space and is committed to a zero-defect climate.

## Concluded Unsolicited Bid Proposals

There were no concluded unsolicited bid proposals. All SCM processes and systems are in place.

## Irregular Expenditure

The audited financial statements reflect a R2,5 million irregular expenditure following an extensive investigation and approval from the accounting authority to write-off R3,8 million to reduce the irregular expenditure. On a positive note, there have not been new incidents resulting in irregular expenditure due to non-compliance with laws and regulations in procuring goods and services in the year under review.

### Challenges and resolutions

Accumulated irregular expenditure related to recruiting five accounting authority members appointed by the executive authority has affected the SETA. This is under the helm of DHESI who will advise on the way forward.

## Audit report matters in the previous year and how they would be addressed

The entity and the accounting authority welcome our audit outcome of an unqualified opinion without material findings. We continue to proactively analyse the root causes to internal control breakdowns and, based on our analysis and investigations, continue monitoring and improving

the internal control environment. We ensure our staff are accountable towards actively working on a good internal control environment.

## Outlook to address financial challenges

Our strong financial standing is upheld with our staff, partners and stakeholders' commitment and expertise even in these uncertain times. Our accounting authority and professional staff work diligently to maintain sound financial controls.

Our audit committee oversees the financial reporting and risk management. Our finance and remuneration committee continuously monitors our investment policies, asset allocation, financial performance and the balance sheet strength.

Our ICT committee oversees the implementation and security of our recording and reporting systems. Lastly, our executive management ensures we maintain efficient operations and keep watch over our financial health.

## Events post-reporting

There were no post balance sheet events of which the entity is aware.

## Economic Viability

Management has assessed the entity's ability to continue as a going concern and has not identified individual or collective events or conditions that may cast significant doubt on the SETA's ability.

By law the SETA has access to continuous revenue (2021/2022: R549 million) that exceeds expenditure (2021/2022: R502 million) resulting in a R46,6 million surplus. The entity does not foresee the Skills Development Levies Act being repealed in the foreseeable future and has neither the intention nor the need to liquidate or materially curtail its scale. Furthermore, the Minister of Higher Education, Science and Innovation published in the Government Gazette 42290 issued 7 March 2019 that SETAs will continue operating to 31 March 2030.

For the period under review, assets exceeded liabilities by R540,4 million; total assets exceeded total liabilities by R555.6 million and AgriSETA had a positive bank balance of R635 million.

While AgriSETA remains economically viable, there is room for improvement in broadening the levy income base. There

are currently no policy reforms that need to be undertaken since financial viability is not at risk.

## Acknowledgements and Appreciation

Great appreciation goes to the portfolio committee on Higher Education, Science and Technology, auditor-general, AgriSETA Accounting Authority and the audit and risk committee (ARC) for continuously steering our ship as well as employees broadly. Various accounting authority sub-committees played a major role in ensuring better processing of AgriSETA's board resolutions and priorities and ensured rigid guidelines in executing and administering targets. Further gratitude goes to our broader stakeholders as they are central to our business and to the ministry's office for the invaluable contribution and guidance to ensure we continue delivering our services, better, to South African citizens.

Thank you to our stakeholders for entrusting us with your money that enables AgriSETA to fulfil our skills development mandate. We are committed to transparency and accountability in our financial affairs.

We are pleased with our clean audit outcome and look forward to working with our stakeholders in ensuring this is maintained. We eagerly anticipate answering any questions our stakeholders have regarding any aspect of our financial activities.

It goes without saying the SETA is blessed with hard-working employees who have shown tenacity and gone beyond their duty to enable the organisation to achieve its strategic objectives. There are definitely areas demanding continuous improvement through better mentoring and motivation such as better responses to stakeholders and inculcating a culture of improved accountability.

Special appreciation also goes to the target holders, namely the executives, CFO and the employees who implement and drive the operations across the board. I also thank our chairperson for her continued guidance in leading AgriSETA.



**Dr Innocent Sirovha**

Chief Executive Officer

AgriSETA

31 July 2022

# Statement of Responsibility and Confirmation of Accuracy for the Annual Report

To the best of our knowledge and belief, we confirm the following:

All information and amounts disclosed in the annual report is consistent with the Annual Financial Statements (AFS) audited by the auditor-general (A-G). Prepared in accordance with National Treasury guidelines, the annual report is complete, accurate and free from any omissions.

The AFS (Part E) has been prepared in accordance with the South African Statements of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board,

The accounting authority has an oversight role when the chief finance officer (CFO) and her team, assisted by both the finance and audit committees, prepares the AFS.

The two committees also review the financial statements before they are submitted to the accounting authority, National Treasury and the Department of Higher Education and Training.

The accounting authority has an oversight role in establishing and implementing an internal control system designed to provide reasonable assurance on the integrity and reliability of the performance information, human resources information and the AFS. The CEO, management team, internal auditors and the audit committee assist the accounting authority accomplish this task. The A-G was engaged to express an independent opinion on the AFS.

We believe the annual report fairly reflects the operations, performance information, human resources information and financial affairs of AgriSETA for the financial year ended 31 March 2022.



**Dr Innocent Sirovha**  
Chief Executive Officer  
31 July 2022



**Ms G S Sepeng**  
Accounting Authority Chairperson  
31 July 2022

# Strategic Overview



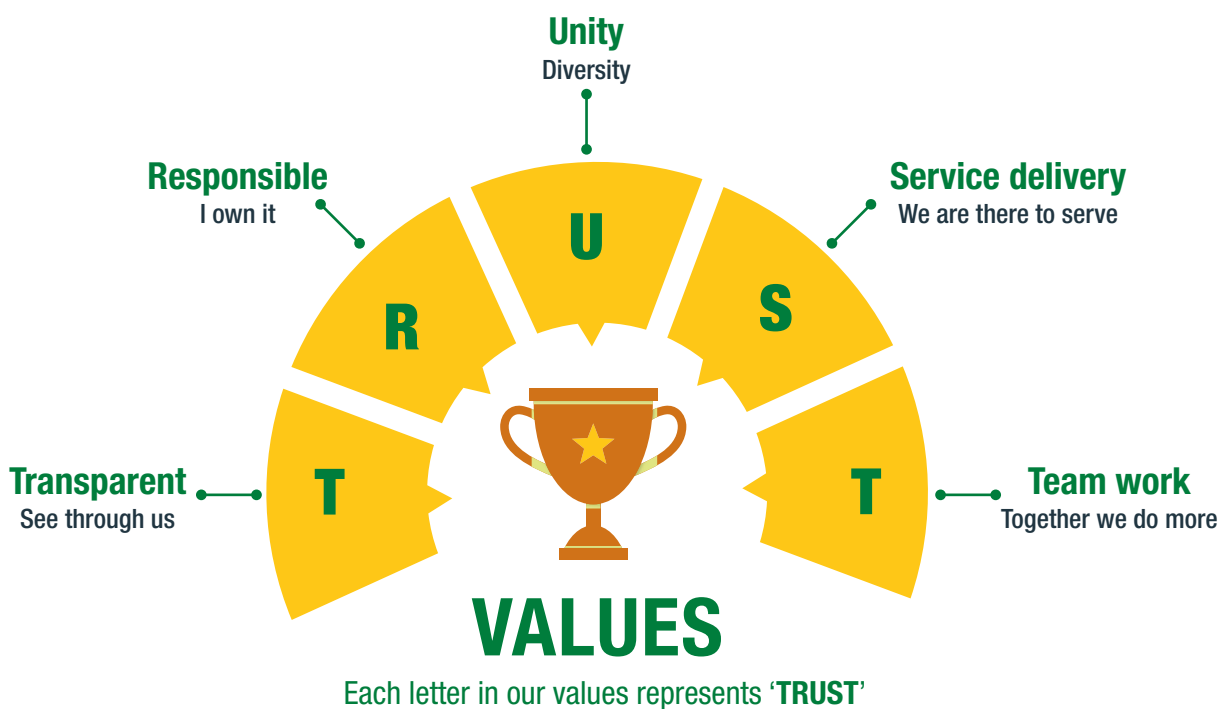
## VISION

Enabling a skilled and prosperous agricultural sector.



## MISSION

To increase access to relevant skills that are impact-driven through strategic partnerships and credible research leading to inclusive economic growth.





# Legislative and other Mandates

The AgriSETA is established in terms of the Skills Development Act (Act 97 of 1998 as amended) and listed in terms of the Public Finance Management Act (PFMA, Act 1 of 1999, as amended) as a Schedule 3A public entity.

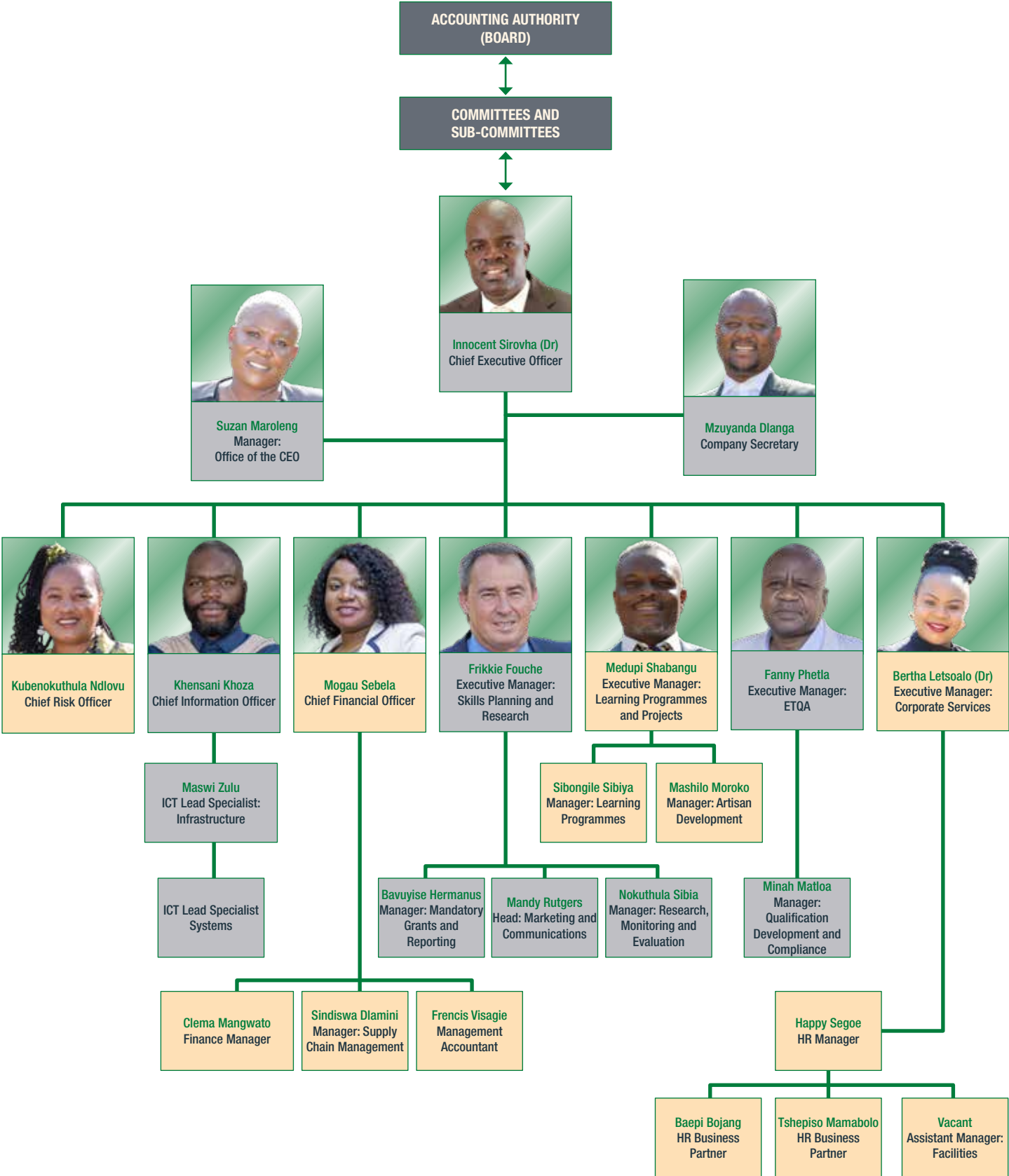
The following are the legislative, policies and other frameworks that govern the work of AgriSETA:

- Skills Development Act (Act 97 of 1998, as amended).
- Skills Development Levies Act (Act 9 of 1999).
- National Qualifications Framework Act (Act 67 of 2008).
- Public Finance Management Act (Act 1 of 1999, as amended).
- National Treasury Regulations (2005 as amended).
- National Skills Development Plan (NSDP).
- SETA Grant Regulations regarding monies received by SETAs and related matters (2012 as amended).
- National Development Plan 2030.
- Medium-term Strategic Framework (MTSF, 2014-2019).
- White Paper on Post School Education and Training (2014).
- National Human Resource Development Strategy for South Africa 2030.
- National Skills Accord (2011).
- National Integrated Human Resource Development Plan (2014-2018).



**Office of the CEO**

# Organisational Structure









## **PART B: PERFORMANCE INFORMATION**

# 1. Auditor's Report: Pre-Determined Objectives

The AGSA/auditor currently performs the audit procedures on the performance information to provide reasonable assurance via an audit conclusion. The audit conclusion on the performance against pre-determined objectives is included in the report to management with material findings being reported under the pre-determined objectives.

Refer to page 74 of the auditors' report published as Part E: Financial Information.



**Finance and Supply Chain Management with the CEO**

## 2. Overview of Performance

### Situational analysis

While AgriSETA's Sector Skills Plan (SSP) aims to address a wide range of industry issues, in essence it captures the various key realities directly impacting on the skills development process.

South Africa has a dual agricultural economy spanning emerging, subsistence and commercial interests. Notwithstanding it derives the bulk of its income from a relatively small group of top levy payers, AgriSETA must fairly serve both constituencies. The top levy payers' contributions justify catering to their skills needs, but there is an equal democratic imperative to support subsistence farmers and rural development to improve livelihoods and food security.

Differing skills requirements are prevalent throughout the agricultural sector. Commercial farmers require high-level technical skills for managerial positions and improved AET and RPL for their unskilled workforce. Emerging farmers and co-operatives require partnerships with big business, government departments, other SETAs and industry bodies that aid these institutions develop into sustainable businesses with access to finance, corporate governance and business management skills. It is believed these should be provided via mentorships that fall beyond traditional SETA learnerships.

It appears the sector's skills mismatch affects neither the emerging farmers nor co-operatives who fully benefit from existing AgriSETA learnerships. It is among the group of unskilled workers not eligible for lower-level NQF AgriSETA learnerships because they do not have the requisite basic literacy and numeracy skills or require RPL to launch them on to a career development path. This unskilled workforce spans commercial and subsistence farming. AgriSETA provides sufficient low- to medium-level NQF interventions, while agricultural colleges and higher education institutions provide medium- to high-level skills required by commercial enterprises.

### Performance environment

An analysis of internal stakeholders' views, policy documents, research and stakeholder engagements and pertinent current affairs issues reported in the media has identified the following change drivers:

#### Covid-19

The Covid-19 outbreak became the biggest driver of change for key skills in South Africa's agriculture sector during 2020. Thus far, various sub-sectors have lost millions of rands due to banned exports (Arndt et al., 2020; Troskie, 2020). To understand the global pandemic's impact on the sector, AgriSETA commissioned a study targeting all agricultural entities.

The analysis demonstrated 56% of the respondents were unable to market their produce and products locally and internationally, leading to an average 33% retrenchment to reduce costs. The study also showed that for businesses to successfully continue amid the pandemic, employees had to be trained in new skills including health and safety, information technology, communication and strategic planning.

#### Fourth Industrial Revolution

Technological changes and dynamics will fundamentally continue disrupting how the sector operates and imposing new demands. The 4IR can potentially have a positive impact on productivity and profitability by boosting yields and lowering costs. Equally, it poses a negative effect on employment by reducing labour demands. Worldwide technology monitors, plants and harvests with greater precision, continuously reducing production costs. Emerging technology, such as drones and autonomous robots, will force agricultural organisations to upskill farm workers with hydroponics operation and computer and data analysis skills for the sector to remain competitive.

#### Environmental Sustainability

Transitioning to a green economy requires changes across every economic sector. In agricultural it refers to using environmentally sustainable farming practices. Various sub-sectors rely on industry specific training interventions to establish green knowledge. These include upskilling farm workers in energy-efficient methods, resource sustainability, agro-processing and other green technologies. To ensure successful planning for green economy-related skills, AgriSETA is currently researching the skills required for the sector to implement green economy practices.

Climate changes in temperature, atmospheric carbon dioxide and the frequency and intensity of extreme weather can potentially affect crop yields, animal fertility, milk production and diseases. Agri-SA (2019/20) reported drought conditions from 2013 to 2019 left many farmers in challenging situations. Skills interventions are needed to deal with worker migration and incorporating innovations and technologies, while natural disaster management should be offered to farmers as skill interventions.

## Pest and Diseases

The prevention and control of new pests and diseases is a challenge. However, good biosecurity practices assist in recognising the emerging threats and minimise outbreaks, making it easier and less costly to control new pests and diseases. In 2020 foot and mouth disease (FMD) and African swine fever broke out in Limpopo and the Eastern Cape (DAFF, 2020), while in 2017 an unknown armyworm was identified as the force behind damage to maize plants in Limpopo and the North West. The ARC-PPRI, Biosystematics Division (DAFF, 2017) later identified the armyworm as Fall Armyworm *Spodoptera frugiperda*. To ensure the control of pest and diseases in South Africa's agriculture, the sector's skills plans must initiate training interventions in animal and plant health, animal handling skills, pest surveillance skills and pest quarantine skills.

## Land Reform

South Africa's land reform programme speaks to land restitution, tenure reform and redistribution for the main benefit of people who previously did not own the land. The media has widely reported that land reform farms are falling in the hands of the new owners. The major factors affecting the sustainability of land reform projects are lack of farming skills, lack of government support, participants resorting to temporary farming and participants' inability to resolve farming challenges on their own (Manenzhe et al, 2016). The implication is that during skills planning, the skills land reform beneficiaries require must be prioritised to ensure the sustainable use of the farms so they retain their productivity levels and consequently guarantee their success in their farming businesses.

## Service Delivery Environment

The need for discretionary grant-funded support to deliver learning programmes in the sector outstrips AgriSETA's available resources. The strategic plan has been updated to the National Treasury framework with the following significant changes:

AgriSETA identified four (4) programmes that will drive the organisational goals aligned with the proposed Higher Education Science and Technology framework for strategic plans.

The 2021/22 financial year continued to pose a myriad of challenges for AgriSETA, the greatest among these being the Covid-19 pandemic having prompted the need for organisation to provide employees with the tools of the trade that enable remote working and business continuity. The ICT sub-division had committed out to roll-out six (6) strategic ICT projects in the 2021/22 financial year, as at the financial year-end and on verification with monitoring and evaluation five (5) of the planned projects as per the ICT divisional plan can be reported as achieved. The remaining project although having progressed significantly, was unfortunately not achieved.

AgriSETA has realigned itself with a clear and progressive ICT strategy aimed at supporting the organisation in attaining key business objectives and annual performance deliverables. Although disappointed by the non-achievement of one target, the division is still encouraged that the planned interventions to meet AgriSETA's ICT strategy deliverables will still be achieved.

## Organisational environment

### Organisational Systems

AgriSETA has a well-established human resources and financial system to enhance its capacity to deliver on its mandate.

### Organisational Strategy

AgriSETA is fully aligned to achieve the strategic goals outlined in the strategic planning documentation. The Strategic Plan and Annual Performance Plans are shared with employees to ensure short- and medium-term goals are internalised and collectively achieved.

### Leadership Style

AgriSETA's previous flat management structure has been layered to ensure accountability. However, it continues to have a democratic and participative culture where an open-door policy is the norm. The board's oversight function is effectively executed through functional sub-committees that ensure it is kept abreast of the SETA's progress in implementing its mandate.



## Shared Values

AgriSETA's management and staff constantly strive to serve the sector's interests. Actions are geared toward learners' interests in terms of progression. Furthermore, AgriSETA prioritises its mandate in terms of discretionary and mandatory grants with a keen focus on rural development.

## SETA Landscape

All SETA licences were extended to 2030, providing further stability to the organisational structure. The National Skills Development Plan (NSDP) supersedes the Skills Development Strategies i, ii and iii and was officially launched in February 2019 for implementation on 1 April 2020.

AgriSETA implements strategies to ensure the organisation's national footprint is expanded and its mandate to link workplaces and learners is further strengthened.

## Compliance to the B-BBEE Act.

AgriSETA is in full compliance with broad-based black economic empowerment (B-BEEE) legislation.

## Designated Groups

AgriSETA prioritises marginalised groups and members from designated groups during recruitment and development activities.

## Strategic Outcomes

Impact Statement	Increased supply of occupations in high demand in agriculture
<b>Strategic Outcome 1</b>	<b>Identify and increase the production of occupations in high demand</b>
<b>Outcome Indicator</b>	Establish and enhance a credible institutional mechanism for skills planning
<b>MTSF Priority</b>	Outcome 5: a skilled and capable workforce to support an inclusive growth path
<b>Baseline</b>	This is a new indicator
<b>Five-year target</b>	One (1) credible mechanism

Impact Statement	An education system that responds to workplace skills needs
<b>Strategic Outcome 2</b>	<b>Improved links between education and the workplace</b>
<b>Outcome Indicator</b>	Increased exposure of beneficiaries to workplaces through PIVOTAL initiatives
<b>MTSF Priority</b>	Outcome 5: a skilled and capable workforce to support an inclusive growth path
<b>Baseline</b>	This is a new indicator
<b>Five-year target</b>	10%

Impact Statement	A capacitated agricultural workforce
<b>Strategic Outcome 3</b>	<b>Improving the skills level in the South African workforce</b>
<b>Outcome Indicator</b>	Increased workplace training of workers already in employment
<b>MTSF Priority</b>	Outcome 5: a skilled and capable workforce to support an inclusive growth path
<b>Baseline</b>	This is a new indicator
<b>Five-year target</b>	10%

<b>Impact Statement</b>	<b>An agricultural sector that prioritises occupational learning</b>
<b>Strategic Outcome 4</b>	<b>Increase access to occupationally directed programmes</b>
<b>Outcome Indicator</b>	Access to occupationally directed programmes increased
<b>MTSF Priority</b>	Outcome 5: a skilled and capable workforce to support an inclusive growth path
<b>Baseline</b>	This is a new indicator
<b>Five-year target</b>	5% per annum growth to 2024

<b>Impact Statement</b>	<b>A responsive, capacitated agricultural college system</b>
<b>Strategic Outcome 5</b>	<b>Increased growth of public colleges as the key skills provider for socio-economic development</b>
<b>Outcome Indicator</b>	A 20% increase in learner enrolments into the post-school system through the agricultural, TVET and CET colleges
<b>MTSF Priority</b>	Outcome 5: a skilled and capable workforce to support an inclusive growth path
<b>Baseline</b>	This is a new indicator
<b>Five-year target</b>	20% by 2024

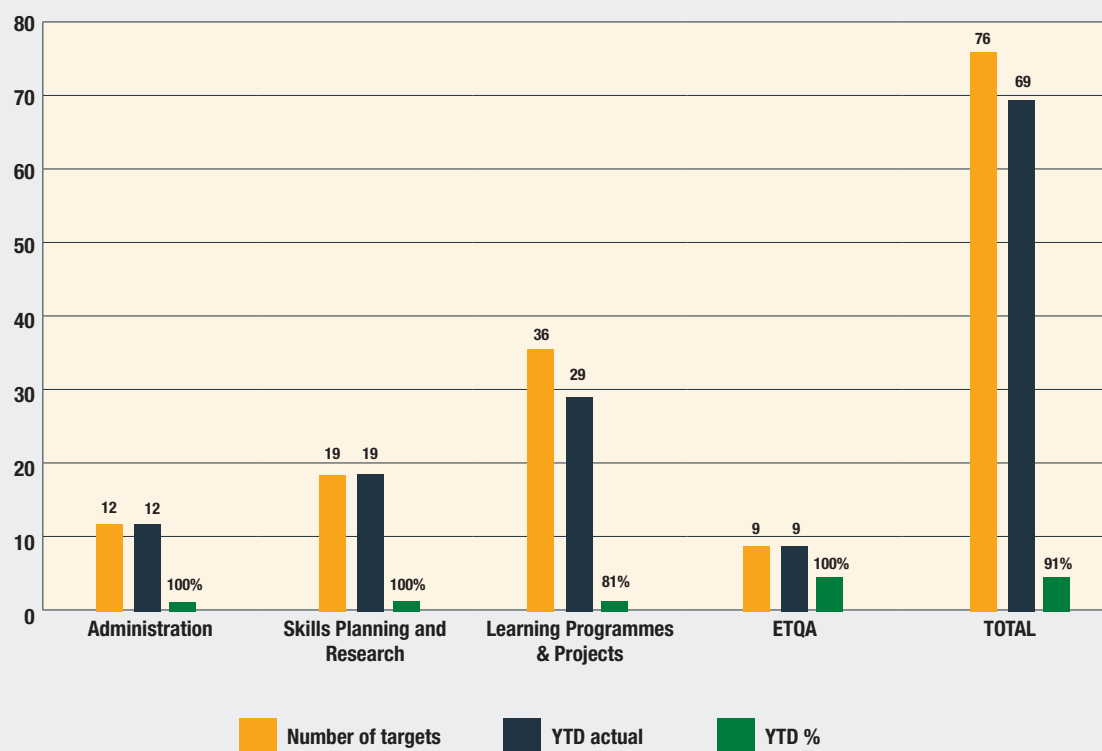
<b>Impact Statement</b>	<b>A capacitated cohort of agricultural co-operatives</b>
<b>Strategic Outcome 6</b>	<b>Increased skills development support for entrepreneurship and co-operative expansion</b>
<b>Outcome Indicator</b>	A 20% increase in the access of the unemployed, youth, women and people with disabilities to entrepreneurial and co-operative development
<b>MTSF Priority</b>	Outcome 7: Comprehensive rural development and land reform
<b>Baseline</b>	This is a new indicator
<b>Five-year target</b>	20% by 2024

<b>Impact Statement</b>	<b>An inclusive sector providing for worker-led training</b>
<b>Strategic Outcome 7</b>	<b>Increased support for worker-initiated training</b>
<b>Outcome Indicator</b>	A 15% increase in worker training initiatives through trade unions and federations
<b>MTSF Priority</b>	Outcome 5: a skilled and capable workforce to support an inclusive growth path
<b>Baseline</b>	This is a new indicator
<b>Five-year target</b>	15% by 2024

<b>Impact Statement</b>	<b>Agriculture promoted as a career of choice</b>
<b>Strategic Outcome 8</b>	<b>Improved career development services</b>
<b>Outcome Indicator</b>	Increased participation of youth in agriculture
<b>MTSF Priority</b>	Outcome 5: a skilled and capable workforce to support an inclusive growth path Outcome 7: comprehensive rural development and land reform
<b>Baseline</b>	This is a new indicator
<b>Five-year target</b>	45% of AgriSETA beneficiaries are youth

## Performance information by programme/activity/objective

### Key performance indicators, planned targets and actual achievements



### Programme 1: Administration

Sub-programme 1: Finance						
Outcome: Unqualified audit opinion						
Output: Achieve an unqualified audit report each year for the period covered by the strategic plan						
Output indicator	Audited actual achievement 2019/2020	Audited actual achievement 2020/2021	Planned annual target 2021/2022	Actual achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
1.1.1. Budgeted revenue collected	100%	93%	100%	104%	(4%)	Target exceeded due to higher-than-expected SDL paid
1.1.2. Financial and annual reports prepared and timeously submitted to Board and Executive	4 Quarterly financial reports	4 Quarterly financial reports	4 Quarterly financial reports	4 Quarterly financial reports	0	No variance
1.1.3. Percentage of audit (external) queries resolved based on audit findings reported in the prior financial year	NA	100%	100% Resolved	100% Resolved	0%	No variance – all audit findings raised by internal and external audits were resolved

**Sub-programme 2: Governance**

**Outcome: Strategic direction and oversight to AgriSETA for effective and direct facilitation of interventions in achieving the organisation's goals**

**Output: Functional governance structures**

Output indicator	Audited actual performance 2019/2020	Audited actual performance 2020/2021	Planned annual target 2021/2022	Actual achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
1.2.1. Board and standing committees capacitated through training programmes	1	1	2	2	0	No variation
1.2.2. Quarterly submitted SETA good governance reports	NA	4	4	4	0	No variation

**Sub-programme 3: Information Communication Technology**

**Outcome: Provided technological guidance, digital leadership and ICT support services**

**Output: 90% of approved and funded ICT plan implemented**

Output indicator	Audited actual performance 2019/2020	Audited actual performance 2020/2021	Planned annual target 2021/2022	Actual achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
1.3.1. 90% of reported ICT faults and incidents logged and resolved within service level agreements (SLA)	90% resolved in 24 hours	93 %	90% resolved within SLA	96% resolved within SLA	(6%)	Target exceeded due to improved ICT fault reporting and response times
1.3.2. 90% of approved ICT interventions implemented	NA	-75%	90% implemented	92% implemented	(2%)	Target exceeded due to improved SCM processes
1.3.3. Maintained 98% availability of ICT Infrastructure (LAN and servers)	NA	98	98% Availability of LAN and servers achieved	98% Availability of LAN and servers achieved	0%	No variation

Sub-programme 4: Human Resources Outcome: Human capital support to AgriSETA Output: Employee turnover rate kept below 5% annually						
Output indicator	Audited actual performance 2019/2020	Audited actual performance 2020/2021	Planned annual target 2021/2022	Actual achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
1.4.1. 70% of employees participate in further career development	25%	80%	75%	78%	(3%)	Target exceeded due to more employees partaking in career development courses
1.4.2. All employees sign annual performance contracts	100%	100%	100%	100%	0%	No variance

Sub-programme 5: Risk Outcome: Provided Strategic and operational risk management support. Output: Annual approved risk management implementation plan						
Output indicator	Audited actual performance 2019/2020	Audited actual performance 2020/2021	Planned annual target 2021/2022	Actual achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
1.5.1. Strategic risk register updated quarterly	NA	4	4	4	0	No variance
1.5.2. Fraud risk register updated quarterly	NA	4	4	4	0	No variance

## Programme 2: Skills Planning

Sub-programme 2.1: Research						
Outcome: An established and maintained, credible mechanism for skills planning and delivery in the agricultural sector						
Output: Established and maintained mechanism for annual skills planning						
Output indicator	Audited actual performance 2019/2020	Audited actual performance 2020/2021	Planned annual target 2021/2022	Actual achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
2.1.1. Sector skills plans updated	1 SSP	1	1 SSP	1 SSP	0	No variance
2.1.2. Annual performance plans updated	1 APP	1	1 APP	1 APP	0	No variance
2.1.3. Strategic plans updated	1 SP	1	1 SP	1 SP	0	No variance
2.1.4. Number of SSC committees established and strengthened	11 SSCs	11	11 SSCs	11 SSCs	0	No variance
2.1.5. Number of research projects established	11	22	11	11	0	No variance

Sub-programme 2.2: Monitoring and Evaluation						
Outcome: Established, strengthened and implemented AgriSETA monitoring and evaluation framework						
Output: Established and strengthened an organisation-wide monitoring and evaluation framework						
Output indicator	Audited actual performance 2019/2020	Audited actual performance 2020/2021	Planned annual target 2021/2022	Actual achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
2.2.1. Quarterly verification report of pre-determined objectives issued	NA	4	4	4	0	No variance
2.2.2. Quarterly verification report of financial performance issued	NA	4	4	4	0	No variance
2.2.3. Percentage of monitoring and evaluation visits on PIVOTAL projects conducted	NA	7% of projects verified	35% of projects verified	35%	0	No variance
2.2.4. Percentage of monitoring and evaluation visits Non-PIVOTAL projects conducted	NA	5% of projects verified	25% of projects verified	25%	0	No variance

Sub-programme 2.3: Mandatory Grants						
Outcome: Improved mandatory grant administration						
Output: Increased employer access to grant information						
Output indicator	Audited actual performance 2019/2020	Audited actual performance 2020/2021	Planned annual target 2021/2022	Actual achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
2.3.1. Number of WSPs and ATRs approved for large firms	NA	389	350 large firms	394 large firms	(44) large firms	Target exceeded due to improved evaluation procedures
2.3.2. Number of WSPs and ATRs approved for medium firms	NA	534	480 medium firms	484 medium firms	(4) medium firms	Target exceeded due to improved evaluation procedures
2.3.3. Number of WSPs and ATRs approved for small firms	NA	768	700 small firms	778 small firm	(78) small firms	Target exceeded due to improved evaluation procedures
2.3.4. Increased payment of mandatory grants to 78% annually	78%	81	78% of grants paid	111% of grants paid	(33%)	Target exceeded due to improved approval procedures
2.3.5. Number of SDFs trained annually as part of employer support	80 SDFs trained	220	90 SDFs trained	255 SDFs trained	(165)	Target exceeded due to implementing a national virtual training session

Sub-programme 2.4: Marketing and Communications						
Output: Developed integrated career development programme						
Output: Established strategic partnerships to strengthen career guidance in the sector						
Output indicator	Audited actual performance 2019/2020	Audited actual performance 2020/2021	Planned annual target 2021/2022	Actual achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
2.4.1. Number of agricultural career summits launched nationally	2	1	4	4	0	No variance
2.4.2. Number of career exhibitions attended, schools involved and learners exposed	15 exhibitions 100 schools 5000 learners exposed	3 exhibitions	15 exhibitions	20 exhibitions	(5) exhibitions	Target exceeded due to increased collaboration with other SETAs on career guidance

Sub-programme 2.5: Reporting						
Outcome: Improved management of information and knowledge generated within and outside AgriSETA to enhance performance and inform the overall strategic planning processes						
Output: Increased accessibility of information and knowledge						
Output indicator	Audited actual performance 2019/2020	Audited actual performance 2020/2021	Planned annual target 2021/2022	Actual achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
2.5.1. Timeously submit quarterly performance information on SETMIS	Four (4) reports	Four (4) reports	Four (4) reports	Four (4) reports	0	No variance
2.5.2. Percentage variance maintained between SETMIS and indicium information	10% variation	0% variation	10% variation	0% variation	(10%)	Target exceeded due to improved information processing procedures
2.5.3. Percentage of non-financial audit (internal and external) queries resolved based on audit findings reported in the prior financial year	NA	100	90% resolved	100% resolved	(10%)	Target exceeded due to improved internal controls and implementation of audit management plan

### Programme 3: Learning Programmes and Projects

Sub-programme 3.1: Workplace Learning						
Outcome: Increased workplace-based vocational learning opportunities						
Output: Increased access to learning opportunities annually						
Output indicator	Audited actual performance 2019/2020	Audited actual performance 2020/2021	Planned annual target 2021/2022	Actual achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
3.1.1. Percentage of discretionary grant budget allocated to develop high-level skills	NA	40%	34%	37%	(3%)	Target exceeded due to increased implementation of targeted funding and partnerships
3.1.2. Percentage of discretionary grant budget allocated to develop intermediate skills	NA	30%	30%	35%	(5%)	Target exceeded due to increased implementation of targeted funding and partnerships
3.1.3. Percentage of discretionary grant budget allocated to develop elementary skills	NA	51%	8%	49%	(41%)	Target exceeded due to increased implementation of targeted funding and partnerships
3.1.4. Number of employed learners entering learnership programmes	LS 1600	1765	LS-2850	2147	703	Target not achieved due to delays in contracting and implementation



Sub-programme 3.1: Workplace Learning						
Outcome: Increased workplace-based vocational learning opportunities						
Output: Increased access to learning opportunities annually						
Output indicator	Audited actual performance 2019/2020	Audited actual performance 2020/2021	Planned annual target 2021/2022	Actual achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
3.1.5 Number of employed learners completing learnership programmes	LS 1000	1247	LS-1550	1556	(6)	Target exceeded due to higher-than-expected completions
3.1.6. Number of employed learners entering skills programmes	2000	2174	SP-2500	3153	(653)	Target exceeded due to a higher number of learners who could be trained within budget
3.1.7. Number of employed learners completing skills programmes	1200	823	SP-1445	1531	(86)	Target exceeded due to a higher number of learners entering skills programmes
3.1.8. Number of employed learners entering AET programmes	798	642	AET-875	960	(85)	Target exceeded due to improved project implementation
3.1.9. Number of employed learners completing AET programmes	400	72	AET-435	546	(111)	Target exceeded due to improved project implementation
3.1.10. Number of learners entering internship programmes	450	322	INT-542	752	(210)	Target exceeded due to improved contract management resulting in improved collection of performance information
3.1.11. Number of internship and programmes completed	250	269	INT-250	371	(121)	Target exceeded due to improved contract management resulting in improved collection of performance information
3.1.12. Number of TVET students requiring work integrated learning to complete their qualifications placed in workplaces	NA	127	G.PL125	179	(54)	Target exceeded due to increased targeted funding and partnership implementation
3.1.13. Number of TVET students who completed their work integrated learning placements.	NA	66	50	69	(19)	Target exceeded due to increased targeted funding and partnership implementation
3.1.14. Number of universities students requiring work integrated learning to complete their qualifications placed in workplaces	NA	253	265	363	(98)	Target exceeded due to increased targeted funding and partnership implementation
3.1.15. Number of university students who completed their work integrated learning placements	NA	161	50	120	(70)	Target exceeded due to increased targeted funding and partnership implementation

Sub-programme 3.1: Workplace Learning						
Outcome: Increased workplace-based vocational learning opportunities						
Output: Increased access to learning opportunities annually						
Output indicator	Audited actual performance 2019/2020	Audited actual performance 2020/2021	Planned annual target 2021/2022	Actual achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
3.1.16. Number of bursaries to employed learners	130	129	B (18.1)–435	280	155	Target not achieved due to high volumes of cancellations and lower-than-expected applications
3.1.17. Number of employed learners completing bursary programmes	60	76	B (18.1)–60	46	14	Target not achieved due to slow implementation of projects
3.1.18. Number of bursaries to unemployed learners	330	122	B (18.2)- 560	923	(363)	Target exceeded due to improved targeted funding and project implementation
3.1.19. Number of unemployed learners completing bursary programmes	112	136	B (18.2)-112	204	(82)	Target exceeded due to improved targeted funding and project implementation resulting in a higher throughput of learners
3.1.20. Number of learners entering artisan development programmes	200	299	Artisan 280	297	(17)	Target exceeded due to improved implementation of projects
3.1.21. Number of learners completing artisan development programmes	130	125	Artisan 130	172	(42)	Target exceeded due to improved certification procedures
3.1.22. Number of learners supported in centres of specialisation	5	25	25	33	(8)	Target exceeded due to higher-than-expected requests from DHESI

Sub-programme 3.2. Worker Initiated Training						
Outcome: Increased worker skills levels						
Output: Increased skills levels in the workplace through projects implemented						
Output indicator	Audited actual performance 2019/2020	Audited actual performance 2020/2021	Planned annual target 2021/2022	Actual achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
3.2.1. Number of trade unions/federations supported through the relevant skills training interventions	NA	2	8	1	7	Target not achieved due to lower-than-expected applications and proposals received from trade unions and federations
3.2.2. Number of training projects implemented through the commodity organisations	NA	10	17	10	7	Target not achieved due to slow implementation of projects

Sub-programme 3.3. Rural and Youth Development						
Outcome: Increased governance and skills levels of NLPE to create stability and an environment for economic growth						
Output: Increased access to learning opportunities of unemployed learners annually						
Output indicator	Audited actual performance 2019/2020	Audited actual performance 2020/2021	Planned annual target 2021/2022	Actual achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
3.3.1. Number of unemployed learners entering learnership programmes	1900	2597	LS – 2300	3976	(1676)	Target exceeded due to improved project implementation
3.3.2. Number of unemployed learners completing learnership programmes	840	903	LS – 950	1798	(848)	Target exceeded due to improved certification procedures
3.3.3. Number of unemployed learners entering skills programmes	2674	3625	SP – 3200	6069	(2869)	Target exceeded due to a higher number of learners who could be accommodated within the budget
3.3.4. Number of unemployed learners completing skills programmes	2600	2318	SP – 3000	3601	(601)	Target exceeded due to a higher volume of learners entering the programme
3.3.5. Number of programmes in support of rural structures	50	51	SRS - 30	SRS - 31	(1)	Target exceeded due to a higher number of applications who could be accommodated within the budget
3.3.6. Number of co-operatives supported with training interventions or funds	NA	100	80	113	(33)	Target exceeded due to a higher volume of applications received and implemented within the budget

Sub-programme 3.3. Rural and Youth Development						
Outcome: Increased governance and skills levels of NLPE to create stability and an environment for economic growth						
Output: Increased access to learning opportunities of unemployed learners annually						
Output indicator	Audited actual performance 2019/2020	Audited actual performance 2020/2021	Planned annual target 2021/2022	Actual achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
3.3.7 Number of small businesses supported with training interventions or funds	NA	40	35	0	35	Target not achieved due to slow implementation of projects
3.3.8 Number of people trained on entrepreneurship supported to start their businesses	NA	0	30	71	(41)	Target achieved due to improved implementation of target-funded projects
3.3.9 Number of CBOs/ NGOs/ NPOs supported with training interventions or funds	NA	11	30	9	21	Target not achieved due to lower-than-expected applications and uptake of projects

Sub-programme 3.4. Public and Private Entity Partnership Development (Strategic Partnerships)						
Outcome: Increased public/private sector capacity for improved service delivery and to provide appropriate support for agricultural and rural development						
Output: Increased skills levels of beneficiaries of public and private sector through project implementation						
Output indicator	Audited actual performance 2019/2020	Audited actual performance 2020/2021	Planned annual target 2021/2022	Actual achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
3.4.1 Number of projects supported through the private sector	8	1	8	18	(10)	Target exceeded due to a higher number of target-funded projects implemented
3.4.2. Number of partnerships with public sector supporting ministerial projects	7	1	5	9	(4)	Target exceeded due to higher-than-expected requests from DHESI that could be accommodated within budget
3.4.3. Number of partnerships with agricultural colleges, TVETs and universities	NA	5	12	12	0	No variance

**Programme 4: Quality assurance**

Sub-programme 4.1. Occupational Qualifications in High Demand Outcome: Occupational qualifications in high demand developed and implemented Output: Increased capacity building interventions of the post-school education and training system in developing and implementing high demand occupations						
Output indicator	Audited actual performance 2019/2020	Audited actual performance 2020/2021	Planned annual target 2021/2022	Actual achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
4.1.1. Number of occupationally directed qualifications developed/realigned	6	5	6	6	0	No variance
4.1.2. Number of learners entered into RPL programmes	210	310	1120	1154	(34)	Target exceeded due to increased uptake of learners.
4.1.3. Number of learners completing RPL programmes	NA	110	300	526	(226)	Target exceeded due to higher-than-expected entries into the programme and learners found competent

Sub-programme 4.2. Agricultural Education and Training Systems Outcome: Improved agricultural education and training systems Output: Increased capacity building programmes aimed at the public college sector						
Output indicator	Audited actual performance 2019/2020	Audited actual performance 2020/2021	Planned annual target 2021/2022	Actual achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
4.2.1. Number of agricultural colleges (TVETs) supported with capacity building programmes	11	9	9	9	0	No variance
4.2.2. Number of accredited training providers for agricultural programmes	NA	136	50	262	(212)	Target exceeded due to higher-than-expected requests for accreditation post the Covid-19 lockdowns
4.2.3. Number of training providers monitored	NA	153	300	300	0	No variance
4.2.4. Number of learners certified	NA	2904	4000	4159	(159)	Target exceeded due to higher-than-expected completions

Sub-programme 4.2. Agricultural Education and Training Systems						
Outcome: Improved agricultural education and training systems						
Output: Increased capacity building programmes aimed at the public college sector						
Output indicator	Audited actual performance 2019/2020	Audited actual performance 2020/2021	Planned annual target 2021/2022	Actual achievement 2021/2022	Deviation from planned target to actual achievement for 2021/2022	Reasons for deviations
4.2.5. Number of ETPD practitioners registered	NA	104	100	261	(161)	Target exceeded due to a higher than projected number of applications received post the Covid-19 lockdown restrictions
4.2.6. Number of ATVET/TVET lecturers capacitated	NA	25	20	64	(44)	Target exceeded due to increased capacity to train more lecturers within the budget

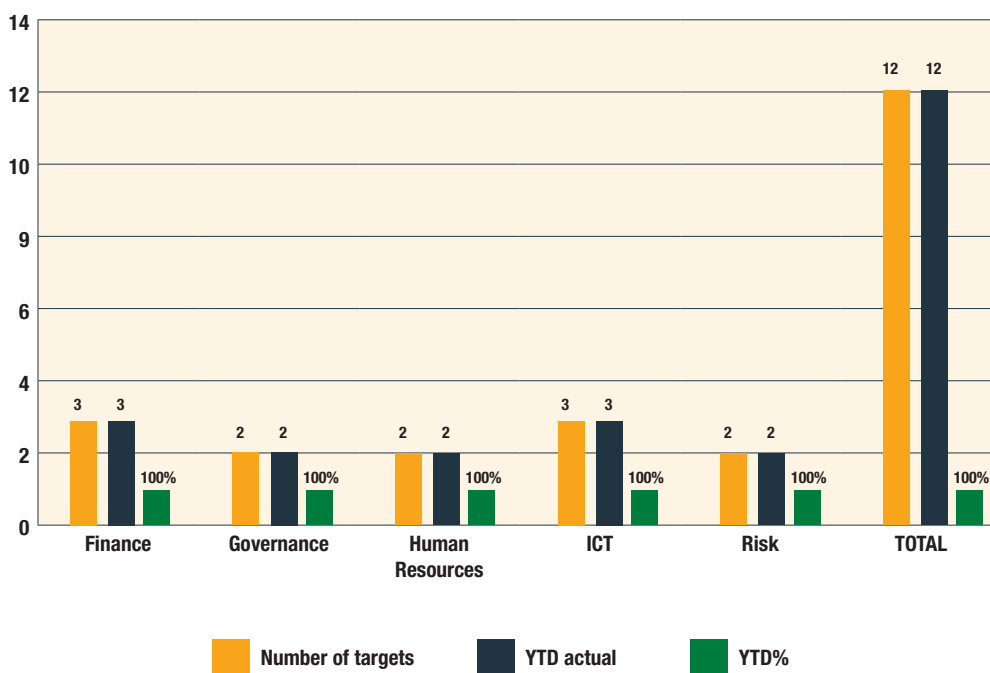
## Strategies to overcome underperforming areas

Strategies to improve performance has been addressed under each sub-programme and outcome on pages 28 to 32.

### Programme 1: Administration

The programme performance summary is illustrated in the figure below.

As a support mechanism, the administration programme contributes to the organisation’s strategic outcomes achievement. The progress is as follows:



### Sub-programme 1: Finance

Managing the revenue collected significantly contributed to achieving the organisation's outcomes. Implementing organisational controls and managing internal and external audit process queries contributed to achieving an unqualified audit opinion in the year under review.

### Sub-programme 2: Governance

AgriSETA focused on building its board and board sub-committee capacity. During the reporting period every board sub-committee and structure was functional to provide the required oversight.

### Sub-programme 3: Information and communication technology

The sub-programme set out to ensure at least 90% of the funded and approved ICT plan was implemented in the reporting period. Significant progress was achieved toward fully digitising the organisation's processes. Although all targets were achieved and the organisational system

availability stabilised, more work will be done in the new financial year to migrate to a new ERP system.

### Sub-programme 4: Human Resources

The sub-programme achieved its set indicators for the period under review and established an environment that maintained a low staff turnover.

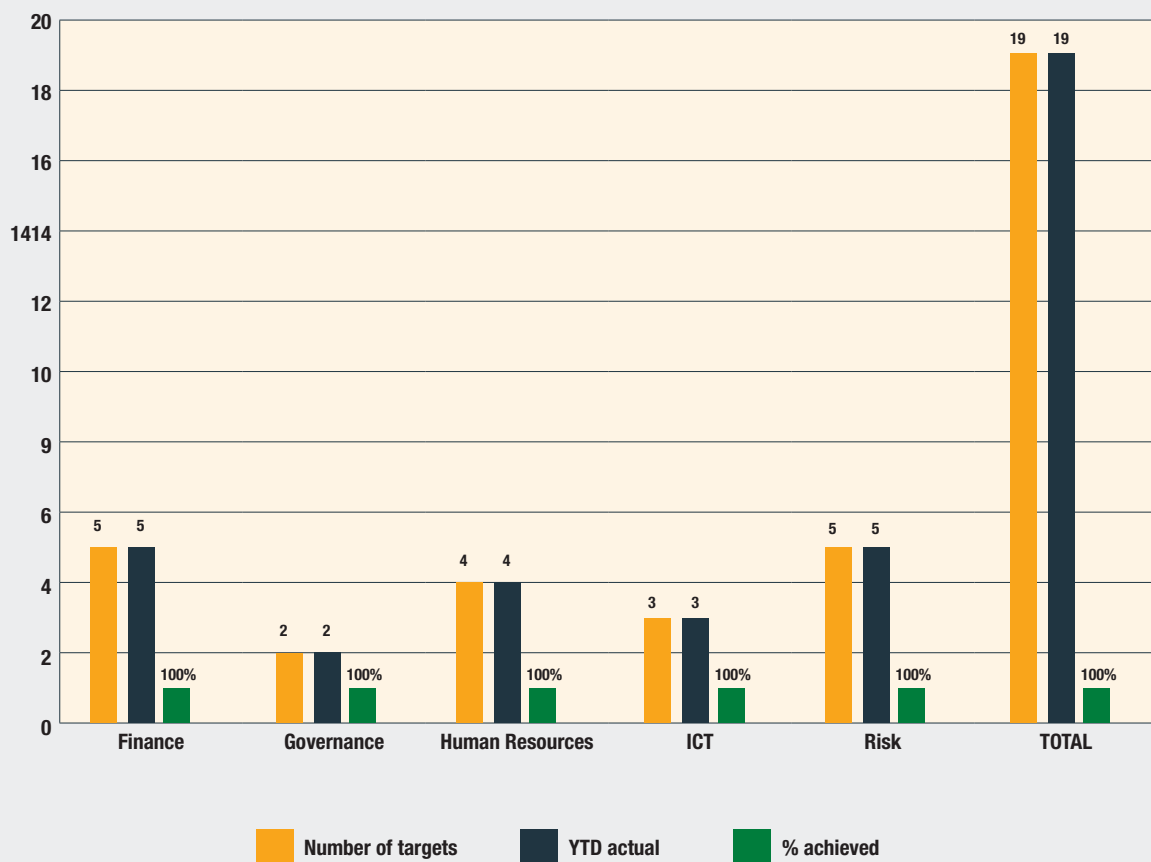
### Sub-programme 5: Risk Management

Organisational risk management improved appreciably for the period under review. Appointing an independent chairperson for the risk management committee contributed toward implementing the AgriSETA risk management strategy.

### Programme 2: Skills Planning and Research

The programme performance summary is illustrated in the figure below.

The progress to achieving planned outcomes is narrated below:



### Sub-programme 1: Research

The research sub-programme achieved its planned outcome indicators. The division updated its strategic documents by implementing a research agenda, sector research and strengthening its research capacity. Through wide consultation, the division identified high-demand occupations, thus achieving the strategic plan outcomes.

### Sub-programme 2: Monitoring and Evaluation

The monitoring and evaluation division was established in 2020, making the year under review its first in operation. The division implemented a project monitoring plan with a clear focus on high-risk high-value programmes. In the new financial year the division will expand the number of projects monitored and performances evaluated.

### Sub-programme 3: Mandatory Grants

The mandatory grants division exceeded its performance indicators, significantly contributing to workers' participation in training and development. Focus will be to boost access

to grant information from the marginal increase in WSP and ATR submissions in the period under review.

### Sub programme 4: Marketing and Communications

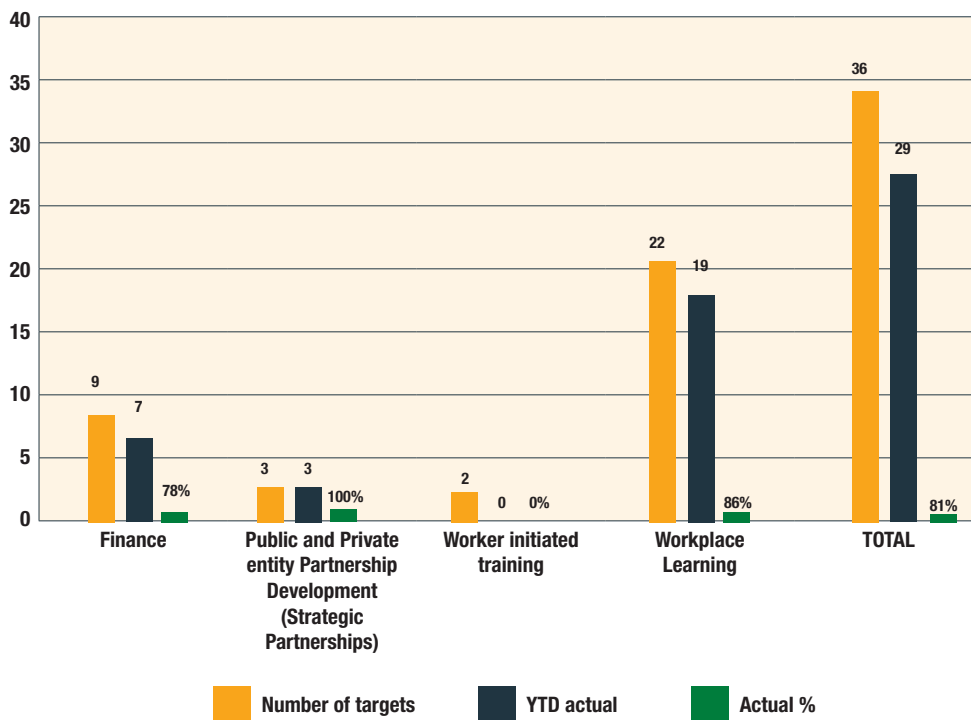
The marketing and communications division achieved its performance targets. Several strategic partnerships were established to accelerate career guidance among learners, effectively improving the organisation's overall career guidance services.

### Sub-programme 5: Reporting

The reporting division achieved its performance indicators. During the year under review, it successfully submitted the organisation's performance to various government departments, thus increasing the quality and accessibility of reported information.

## Learning Programmes and Projects

The programme performance summary is illustrated in the figure below.



The learning programmes and projects division directly contributes to achieving various strategic outcomes including:

- Increased access to occupationally directed programmes
- Increased skills development support for entrepreneurship and co-operative expansion
- Increased support for worker-initiated training



Progress toward achieving planned outcomes is narrated below:

### Sub-programme 1: Rural and Youth Development

The learning programmes and projects division accelerated support programmes aimed at unemployed learners. Only one target area was not achieved, despite showing significant growth in various other priority areas, and proposed policy changes aim to rectify this gap.

### Sub-programme 2: Public and Private Entity Partnership

AgriSETA achieved its target areas linked to partnerships. Various joint ventures were established with public and private organisations to boost beneficiaries' skills levels. The organisation also established and responded to calls for support from the Department of Higher Education and Training.

### Sub-programme 3: Worker-Initiated Training

Two performance indicators linked to worker-initiated training were not achieved. Despite progress made in managing and engaging stakeholders within the commodity and organised labour spheres, more must be done through targeted funding interventions.

### Sub-programme 4: Workplace Learning

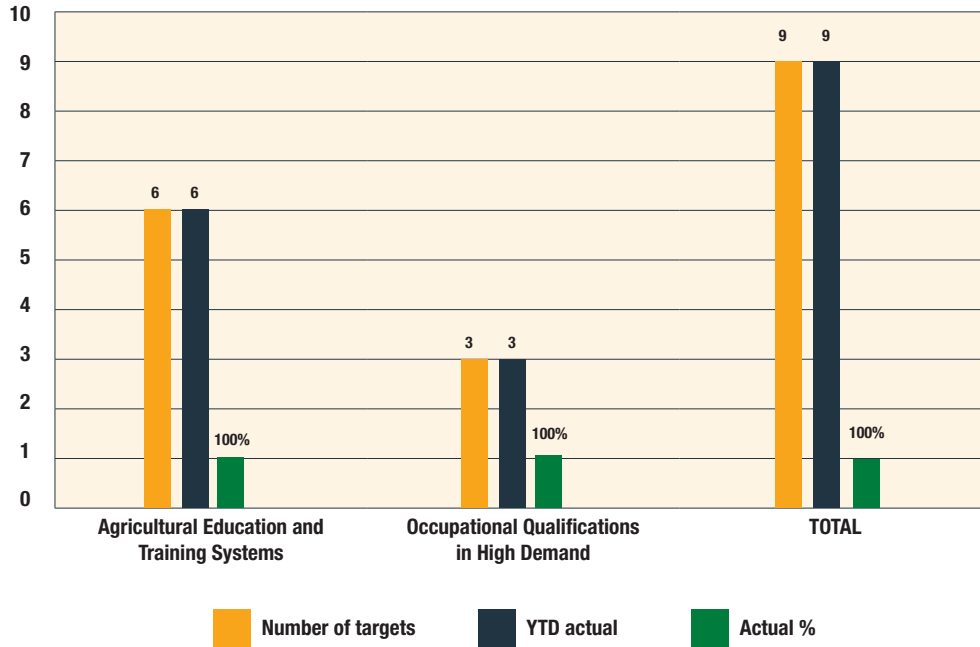
The department achieved 19 of its 22 set targets. Substantial progress was made in various areas with increased access in the set indicator areas. Employed learners entering learning programmes will receive additional attention to boost access in all the targeted areas. The division will focus on bursary learners completing programmes and communication with bursary holders will be improved so that portfolio of evidence (PoEs) are completed well in advance of the financial year-end.



Quality Assurance with the CEO

## ETQA

The programme performance summary is illustrated in the figure below.



The progress toward achieving planned outcomes is narrated below:

### Sub-programme 1: Agricultural Education and Training Systems

All targeted performance indicators were achieved. The department aimed to capacitate and strengthen the public college sector and the training and development of lecturers was accelerated to meet the required capacity within the college system. The continuous improvement of training providers was also prioritised to ensure a cohort of providers can deliver high quality learning programmes.

### Sub-programme 2: Occupational Qualifications in High Demand (increased capacity building interventions of the post-school education and training system in developing and implementing high-demand occupations)

The department achieved its targets and substantial progress was made in specifically building capacity in the sector to implement occupational programmes.

## Strategies To Overcome Underperforming Areas

### Programme 1: Administration

Sub-programme	Measures to improve underperformance
<b>Finance</b>	Budgeting will be improved through constant reviews and adjustments.
<b>Governance</b>	The overall governance function will be strengthened through continuous board and sub-committee training and development. AgriSETA will prioritise risk and performance management functions.
<b>Information technology</b>	Project implementation will be expedited by further improving SCM processes and streamlining digitisation processes.
<b>Human resources</b>	Employee training and development will be expedited in through targeted interventions to improve AgriSETA's talent management.
<b>Risk</b>	The overall risk management processes will be strengthened through continuous risk and fraud exposure evaluation.

### Programme 2: Skills Planning

Sub-programme	Measures to improve underperformance
<b>Research</b>	The research function will be strengthened through partnerships with higher education institutions to deliver credible and relevant research outputs.
<b>Monitoring and evaluation</b>	Monitoring and evaluation will be expanded to include a broader sample of projects implemented.
<b>Mandatory grants</b>	Mandatory grants will increase stakeholder participation in the mandatory grant processes.
<b>Marketing and communications</b>	Marketing and communications will implement strategies to improve AgriSETA's visibility.
<b>Reporting</b>	The reporting efficiencies will be strengthened through increased digitisation processes.

### Programme 3: Learning Programmes and Projects

Sub-programme	Measures to improve underperformance
<b>Workplace learning</b>	Improved stakeholder communications and management contracts will boost the uptake of learning programmes among employed learners.
<b>Worker-initiated training</b>	Strengthened communication with trade unions and federations will increase through target-funded projects and engagements.
<b>Rural and youth development</b>	Youth development will be strengthened through strategic industry partnerships to increase youth employability.
<b>Public and private entity partnership development (strategic partnerships)</b>	AgriSETA will implement partnerships to strengthen its relations with the industry and stakeholders.

### Programme 4: Quality Assurance

Sub-programme	Measures to improve underperformance
<b>Occupational qualifications in high demand</b>	Implementing qualification development will be expedited through focused industry working groups.
<b>Agricultural education and training systems</b>	AgriSETA will expand the agricultural college support programmes.

## Service Delivery Environment

### Information and Communication and Technology (ICT)

The year under review posed a myriad of challenges for AgriSETA; the greatest of which being the Covid-19 pandemic that prompted the organisation to provide employees with the tools for remote working and business continuity. The ICT sub-division had committed to roll-out six (6) strategic ICT projects in the 2021/22 financial year. On verification with the monitoring and evaluation sub-division, five (5) of these projects were achieved. Although there was significant process on the outstanding project, completed was not achieved.

AgriSETA has been realigned with a clear and progressive ICT strategy that supports attaining its key business objectives and annual performance deliverables. Although disappointed by not achieving one target, the division is still encouraged that the planned interventions to meet AgriSETA's ICT strategy deliverables were achieved.

### Marketing and Communications

The marketing and communications unit has established a sound foundation for the organisation's communication, media, branding and marketing activities. Implementing dedicated career guidance events in collaboration with strategic partners has strengthened AgriSETA's products and brand visibility and, during the period under review, the unit formed relationships with sister SETAs to take exhibitions and career summits to new heights; similarly appreciated by sister SETAs. The outreach was extended beyond the agriculture landscape, thus opening a wide scope of career opportunities for learners. The additional support from employers and commodities provided greater opportunities to learners, far exceeding our expectations.

The unit continues to strengthen the organisation's communication channels and the front office reception has been wholly without error in the past financial year. Stakeholder communications, engagements and queries are tracked on a 24-hourly basis and responses are provided to all stakeholders, no matter the nature of the query. These responses are recorded in a weekly report shared with the management team to ensure efficiencies throughout the organisation.

The unit's highlight was the exponential growth of its social media platforms used by learners and jobseekers to make connections and network for mutual benefit.

## Education Training and Quality Assurance (ETQA)

### Overview

Regulated functions of quality assurance as per the South African Qualifications Authority ACT (SAQA Act, Act 58 of 1995). The quality assurance delegated function under this Act:

- Accreditation of skills development providers
- Monitoring of training provisions
- Registration of practitioners
- Certification of learners
- Reporting of learner achievement to NLRD
- Maintaining management information systems (MIS) for quality assurance activities

### Quality Assurance (QA) deliverables as per NSDP vision:

- Facilitate easy access and create different entry points (articulation and RPL)
- Collaborate with QCTO to identify and increase the production of high-demand occupations
- Increase access to occupationally directed programmes by supporting TVETs, CETs and agricultural colleges
- Partnership development with TVETs, CETs, universities and industries

### Challenges

The agriculture sector requires more collaborative structures to implement sectoral programmes. As the post-school education and training (PSET) system places emphasis on revitalising TVET colleges to implement high-demand occupations, synergies must be identified between state departments – namely, building linkages between DHESI and the Department of Agriculture Land Reform and Rural Development (DALRRD). The collaborative work will streamline the role of agricultural colleges in the PSET system and how it is expressed within the TVET system.

**Quality assurance strategic view:**

- Strengthen agricultural colleges to become assessment centres.
- Establish collaboration between colleges and industries developing occupational qualifications.
- Agricultural colleges are critical and better placed to offer practical places for occupational qualifications.
- Roll-out RPL on a large scale with agricultural colleges optimising access for communities to the RPL system and articulating learners in their career pathways.
- Include agriculturally biased TVETs, CETs and universities in capacity building for RPL, assessments and implementing occupational programmes.

### Streamlining the quality assurance function

The White Paper on Post-School Education and Training highlighted the complexity with respect to how quality assurance is implemented within the PSET space and argues the system be streamlined and simplified.

### Challenges

There are strong views expressed; calls for amending the NQF Act and the need to minimise duplication and enhance coherence within the skills development landscape.

Public views point out several dimensions of the National Qualifications Framework (NQF) require changes to strengthen institutions and address the challenges experienced in South Africa's qualification development and quality assurance regime.

**Quality assurance strategic overview:**

- The QA influences the alignment of nomenclature qualification levels in the sub-frameworks to encourage a seamless articulation in programme offerings across universities, TVETs and CETs where there is deep-rooted misalignment of qualification levels and discrepancies in norms and standards.
- The QA supports the quest to review and clarify areas of uncertainties in the NQF system to address continuing systemic challenges and proposes reconfiguring the functions of quality councils like SAQA and QCTO in terms of interdependencies, duplications and coherence. The review will identify mechanisms to advance a single-coordinated system, a simplified NQF, clear vertical and horizontal articulations in programme offerings and a consistent quality assurance regime

**Quality assurance strategic view:**

QA proposes, as the NQF Act is reviewed, emphasis be placed on:

- A role clarity between QCTO and SAQA on qualification development and related processes
- Locating and streamlining the quality assurance functions of ETQA versus QCTO, especially in accreditation, certification, assessments and practitioner registration
- Guidance and regulation on funding models to avoid huge disparities in funding learning programmes across institutions.
- Guidance on part qualifications versus skills programmes and the respective implementation thereof
- Guidance on learners' mobility, articulation and progression from TVETs to universities

### ETQA performance for 2021/2022

The following report should be read alongside the table below as it illustrates project performances focusing on the development and implementation of high-demand occupations

- Support for the development and re-alignment of occupationally directed qualifications by the industries to address the scarce and critical skills in the agricultural sector.
- Support for learners with no formal qualifications to receive qualifications or credits through RPL programmes at agricultural colleges.
- Support for AQPs to manage occupational qualifications assessments.
- Increased capacity building programmes for public colleges.
- Support for six (6) agriculture colleges to implement RPL programmes.
- Support agricultural colleges (TVETs) with capacity building programmes to implement occupational qualifications: assessment centres, tools and learning material.

Programme	Indicator	Annual target	YTD actual
<b>Quality assurance</b>			
<b>4.1</b>	Increased capacity building interventions of the post-school education and training system in developing and implementing high-demand occupations		
<b>4.1.1.</b>	Number of occupationally directed qualifications developed/realigned	6	6
<b>4.1.2.</b>	Number of learners entered into RPL programmes	1120	1154
<b>4.1.3.</b>	Number of learners completing RPL programmes	300	526
<b>4.1.4</b>	Lecture development	20	64

Programme	Indicator	Annual target	YTD actual
<b>Agricultural education and training systems</b>			
<b>4.2</b>	Increased capacity building programmes aimed at the public college sector		
<b>4.2.1</b>	Number of agricultural colleges (TVETs) supported with capacity building programmes	9	9

## Learning Programmes and Projects (LPP)

The learning programmes and projects (LPP) division is the custodian of AgriSETA's learning programmes. In 2021 the board identified and crafted intervention priorities focused on the National Development Plan 2030 long-term perspective. This encompasses improving the quality of education and training to boost South African capabilities from a skills perspective.

AgriSETA's commitment to the sector has exposed graduates and interns to the workplace and increased work-based learning (WIL). Equally, the accelerated training of artisans has created opportunities for young people in multiple trades from which the sector will extensively benefit. Our commitment aims to ensure the country has adequate, appropriate and high-quality skills for economic growth, employment creation and social development.

Hence, greater strategic linkages led to AgriSETA's focused support on skills that maximise employment opportunities and entrepreneurship based on credible research. This produced the sector skills plan, while programmes responding to the 4IR and e-learning were piloted in partnership with the agricultural sector.

Strategic emphasis on targeted funding of TVETs in the year under review primarily intended to:

## Supporting the growth of public college institutions as key providers to provide the skills for socio-economic development.

TVET colleges are the cornerstone of the post-school education and training system and expanding this institutional support will absorb the largest enrolment growth in the post-school education system.

TVET colleges are recognised as key institutions of learning and delivery in the post-school education system and are vital for socio-economic development. Sustained funding and strategic alignment and support will create stronger TVET colleges to deliver mid-level technical and occupational qualifications.

AgriSETA's continued strategic support of TVETs chime with the DHESI's position on TVETs to deliver on the National Skills Development Plan (NSDP) objectives and the National Development Plan (NDP).

In delivering our learning programmes, AgriSETA's strategic partnership model continues to bring high impact results. A case in point is the *More So*, a public private partnership (PPP) with the Jobs Fund, DALRRD, AgriSETA and the citrus industry to create 1700 jobs with a total investment of R307 million.

## District Development Model

AgriSETA plays a significant role in the district development model (DDM) through partnerships with local municipalities and rural communities that create access for skills. The commitment to support the DDM covers a wide spectrum of learning programmes such as adult education and training, mentorship and support to co-operatives and has benefited more than 2000 beneficiaries. The discretionary grant policy is reviewed annually to remain relevant.

## Skills Delivery: Learning Programmes

The skills delivery unit within LPP is responsible for the following programmes:

- Adult Education and Training (AET) for employed and unemployed learners
- Skills programmes (18.1 and 18.2)
- Learnerships (18.1 and 18.2)
- Artisan development (18.1 and 18.2) and FLP
- Bursary (18.1 and 18.2)
- Graduate placement
- Internship
- New venture creation
- Rural structure support (mentorship)
- Commodity organisations

AgriSETA has a physical presence in Limpopo, Mpumalanga, the Eastern Cape and KwaZulu-Natal although it services the whole country. There are four provincial assistant managers deployed in the four provinces who are responsible for rural development, in line with the DHESI's mandate.



**Skills Planning and Research with the CEO**

## 3. Institutional Programme Performance Information

### Linking performance with budgets

Programme/activity/objective	2021/2022			2020/2021		
	Budget	Actual expenditure	(Over)/under expenditure	Budget	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
AET	3 352 500	1 062 000	2 290 500	3 524 218	1 044 000	2 480 218
Agri-College support	4 500 000	2 904 717	1 595 283	4 500 000	3 525 130	974 869
Artisans	60 578 660	16 434 404	44 144 256	82 989 960	275 000	82 714 960
Bursaries continuation	12 099 992	1 578 384	10 521 608	16 807 597	731 505	16 076 092
Bursaries post-graduate 18.1	5 070 297	-	5 070 297	4 770 919	111 698	4 659 221
Bursaries post-graduate 18.2	6 873 150	381 600	6 491 550	3 733 282	572 400	3 160 882
Bursaries undergraduate 18.1	6 739 253	-	6 739 253	5 476 057	101 023	5 375 034
Bursaries undergraduate 18.2	14 587 500	79 500	14 508 000	7 592 542	119 285	7 473 257
Commodity organisation	2 200 000	2 200 000	-	4 370 220	2 611 470	1 758 750
Graduate placements	23 182 200	7 655 850	15 526 350	16 528 050	2 194 200	14 333 850
Internships	27 658 008	7 870 479	19 787 529	26 604 008	3 024 950	23 579 058
Learnerships 18.1	49 136 724	15 202 466	33 934 258	-	-	-
Learnerships 18.2	64 121 988	41 553 857	22 568 131	-	-	-
Lecture development	100 000	-	100 000	100 000	50 000	50 000
Mentorships	5 600 000	5 050 000	550 000	20 133 125	15 825 155	4 307 970
New venture creation	-	-	-	96 275	-	96 275
Occupational Qualifications	1 500 000	1 000 000	500 000	3 640 000	1 820 000	1 820 000
Partnerships	111 613 260	43 020 822	68 592 438	115 650 189	2 900 000	112 750 189
RPL	7 280 000	1 801 800	5 478 200	1 950 000	1 950 000	0
Skills programme 18.1	9 685 440	3 213 840	6 471 600	11 128 704	1 791 744	9 336 960
Skills programme 18.2	11 139 648	10 119 936	1 019 712	14 197 248	10 333 440	3 863 808
<b>Total</b>	<b>427 018 620</b>	<b>161 129 656</b>	<b>265 888 965</b>	<b>343 792 393</b>	<b>48 981 000</b>	<b>294 811 393</b>



**Table: Progress on institutional response to the Covid-19 pandemic**

Programme/ Sub-programme	Intervention	Geographic location (province/ district/local municipality) (where possible)	Number of beneficiaries (where possible)  +cases	Disaggregation of beneficiaries (where possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the APP outputs (where applicable)	Immediate outcomes
<b>OCEO</b>	All protocols (temperature testing, filling of questionnaires, wearing PPE and sanitisation and cleaning schedule) on Covid-19 measures are still adhered to. Monitoring employees in terms of adherence to wearing PPEs and social distancing.	AgriSETA Gauteng Tshwane Municipality	Two (2) people: CEO and CRO		R1 million dedicated to PPE/Covid-19 measures	R1 million	Part of business continuity plans under OHS and risk management CTT measures under facilities management	100% employee recovery rate
<b>Administration (Finance and Corporate Services)</b>			Three (3) people: CFO, HRBP and head: marketing and communications					
<b>Learning Programmes and Projects</b>	Ensuring hotspots and offices are disinfected according to the cleaning and disinfecting schedule using 70% alcohol-based solvents for electronics.		Four (4) people: officers and one (1) assistant manager					
<b>ETQA</b>			One (1) person: executive manager					
<b>Skills Planning and Research</b>	All other floors and meeting rooms continuously cleaned and disinfected.		One (1) person: officer					



## 4. Revenue Collection

Sources of revenue	2021/2022			2020/21		
	Estimate R'000	Actual amount collected R'000	(Over)/under collection R'000	Estimate R'000	Actual amount collected R'000	(Over)/under collection R'000
Levy income	517 865	516 025	1 840	368 492	334 668	33 824
Penalties and interest	-	6 685	(6 685)	-	9 906	(9 906)
Investment income	19 610	19 236	374	30 000	18 837	11 163
Other income	-	239	(239)	-	2 057	(2 057)
<b>Total (excluding donor funding)</b>	<b>537 475</b>	<b>542 185</b>	<b>(4 710)</b>	<b>398 492</b>	<b>365 468</b>	<b>33 025</b>
Donor funding	-	19 718	(19 718)	-	8 250	(8 250)
<b>Total (excluding donor funding)</b>	<b>537 475</b>	<b>561 903</b>	<b>(24 428)</b>	<b>398 429</b>	<b>373 718</b>	<b>24 774</b>

AgriSETA slightly exceeded its revenue collection target with actual levies collected exceeding the budget by R4,845 million. This was mainly due to the penalties and interest incurred by the key payers.

Interest received was another factor as no withdrawals were made from the investment account. Interest received from the investment is reinvested in the account, boosting increasing the capital.



Learning Programmes and Projects with the CEO

## 4.1 Capital investment

Capital investment at AgriSETA consists of assets used daily including buildings, furniture and fittings and computer equipment. AgriSETA purchased new assets worth R5,2 million in the current year with the largest spend being computer software valued at R3,5 million and having a one to two-year lifespan.

AgriSETA does not currently hold any infrastructure assets and does not have plans to close down or downgrade any current facilities. There are plans to lease an office building for a minimum three-year period while the organisation undertakes a feasibility study of its current office building.

In the current year the organisation will embark on a feasibility study of this current building located on Belvedere Street, Arcadia, to upgrade the offices. The table below indicates the purchases made in the 2021/22 financial year, as follows:

### Capital Investment

Capital assets	2021/2022			2020/2021		
	Budget R0.00	Actual expenditure R0.00	(Over) under expenditure R0.00	Budget R0.00	Actual expenditure R0.00	(Over) under expenditure R0.00
Building	9	9	-	-	-	-
Computer hardware	991	991	-	234	234	-
Computer software	3 560	3 560	-	1 908	1 908	-
Office equipment	26	26	-	141	141	-
Furniture and fittings	4	4	-	54	54	-
Machinery and project assets	-	-	-	-	-	-
<b>TOTAL</b>	<b>5 251</b>	<b>5 251</b>	<b>-</b>	<b>2 437</b>	<b>2 437</b>	<b>-</b>



Some members of the broader management and support teams

## Remuneration of board members

The remuneration of board members is determined by National Treasury Regulations with amendments to the rate determined annually for a financial year. All AgriSETA board members are remunerated as per these regulations.

### Board Members

MEMBERS OF THE ACCOUNTING AUTHORITY (BOARD MEMBERS)	MEETING ATTENDANCE ALLOWANCE	SUBSISTENCE AND TRAVEL EXPENSES	TOTAL
Ms M Pitzer	155	-	155
Mr C Van Der Rheede	9	-	9
Ms L Gqokoma	216	-	216
Mr M Mngomezulu	257	6	263
Mr A Kriel	86	-	86
Mr B Cele	173	-	173
Mr E Mhlongo	190	-	190
Ms G Sepeng	413	11	424
Ms K Senyatsi	138	-	138
Mr K Tsimatsima	112	-	112
M E Mmako	173	-	173
Mr M Mahanjana	121	-	121
Ms P Luwaca	-	19	19
Ms S Mthembu	78	-	78
	<b>2 121</b>	<b>36</b>	<b>2 157</b>

### Audit and Risk Committee

MEMBERS OF THE ACCOUNTING AUTHORITY (BOARD MEMBERS)	MEETING ATTENDANCE ALLOWANCE	SUBSISTENCE AND TRAVEL EXPENSES	TOTAL
Mr G Buys	69	-	69
Ms E Pillay	155	1	156
Ms M Phiri	94	-	94
Mr V Chonco	78	-	78
Mr K Maja	142	-	142
	<b>538</b>	<b>1</b>	<b>539</b>





**PART C:  
GOVERNANCE**

# Ministerial Appointees: Accounting Authority Members



Ms Sharon Sepeng



Ms Bagcinile Wendy Cele



Mr Andre Kriel



Ms Linda Gqokoma



Mr Christo van der Rheede



Adv Eliot Mhlongo



Ms Pinki Luwaca



Mr Mayoyo Mngomezulu



Ms Stella Mthembu



Mr Ernest Mmako



Ms Kgadi Senyatsi



Mr Anton Rabe



Ms Marike Pitzer



Mr Mlulami Mahanjana



Mr Kabelo Tsimatsima



## 1. Introduction

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on the enabling legislation, Skills Development Act, corporate governance with regard to public entities, is applied through the Public Finance Management Act (PFMA) and runs in tandem with the principles contained in the King Report on Corporate Governance.

Parliament, the executive authority and the public entity's accounting authority, is responsible for corporate governance.

## 2. Portfolio Committees

The portfolio committee on Higher Education and Training and the select committee on Education of the National Council of Provinces (NCOP) exercises oversight over the 21 SETAs, Higher Educational Institutions (HEI) and DHESI and may invite any SETA to account for its strategic plan and APPs from time to time. The executive authority approved these plans and they were tabled in Parliament. AgriSETA did not appear before either committee in the year under review.

## 3. Executive Authority

AgriSETA's executive authority is the DHESI Minister who is responsible for appointing board members and determining their remuneration in accordance with the tariffs set by the Minister of Finance.

DHESI requires the entity to annually submit a sector skills plan (SSP), strategic plan (SP) and an APP. In terms of the Skills Development Act, it must also enter into a service level agreement (SLA) with the DHESI and agree on expected deliverables that contribute toward fulfilling the ministerial outcomes.

Quarterly reports detailing performances against set targets are submitted to the department as required by Treasury Instruction Note 33 amended part five (5) and 30 of the Treasury Regulations, 2005. The executive authority convenes meetings with SETA chairpersons and CEOs from time to time to discuss strategic policy imperatives affecting the sector and the country. These engagements present an opportunity for SETA leaderships to share the challenges they encounter.

The SETA quarterly monitoring and governance implementation charter reports are submitted to the DHESI on a quarterly basis. All of AgriSETA's reports were submitted on time.

## 4. The Accounting Authority / Board

### Introduction

AgriSETA is guided by the accounting authority/board as its highest decision-making body. The authority is appointed by the DHESI Minister for a five-year period and consists of the chairperson and 14 board members. The authority is responsible and accountable for the public entity's performance and strategic direction.

### The role of the accounting authority:

The roles and responsibilities of the accounting authority include:

- Governing and managing the SETA in accordance with the PFMA and other applicable legislation.
- Ensuring the SETA achieves the objectives contemplated in item 5 of its constitution and performs the functions contemplated in item 6.
- Providing effective leadership and ensuring the SETA implements the NSND 2030 goals and the minister's performance agreement.
- Providing the SETA with strategic direction.
- Liaising with stakeholders.
- Ensuring the SETA complies with the relevant statutory requirements and its constitution.
- Managing institutional risk.
- Monitoring the SETA's performance.
- Ensuring its members, including committee members, comply with the code of conduct.

### Board Charter

AgriSETA has adopted a board charter and operates in terms of its constitution that covers:

- Board composition
- Board roles and functions
- Board powers
- Delegation of authority
- Board's terms of office
- Establishment of committees
- Board meetings

The Board fully complies fully with all aspects and provisions of the AgriSETA Constitution.

## Composition of AgriSETA Accounting Authority

The AgriSETA accounting authority consists of 15 members nominated as follows:

CONSTITUENCY	ORGANISATION
<b>Ministerial appointee</b>	Accounting authority chairperson (1)
<b>Organised labour</b>	FAWU – Food and Allied Workers' Union (4) SACTWU – South African Clothing and Textile Workers' Union (1) Solidarity (1)
<b>Government departments and public entities</b>	PPECB – Perishable Products Export Control Board (1)
<b>Organiser employers</b>	AgriSA (1) Fruit SA/Hortgro (1) NERPO (1) RCL Foods (1) SA Pork (1)
<b>Other stakeholders</b>	Community organisations (2)

The AgriSETA accounting authority consists of 14 nominated members.

Name	Designation	Qualification	Area of expertise	Accounting authority directorships	Other committees
<b>Ms GS Sepeng</b>	Ministerial appointment chairperson	MBA	Employment relations		EXCO
<b>Mr C Van der Rheede</b>	Member	MPA	Agricultural economics	BUSA ATKTV Potchefstroom Business	EXCO
<b>Mr M Mngomezulu</b>	Member	Diploma in labour relations	Labour relations	Basebenzi	EXCO Grants and quality assurance
<b>Mr A M Mahanjana</b>	Member	Master's degree in agriculture	Agricultural economics	NERPO	Grants and quality assurance
<b>Ms K Senyatsi</b>	Member	Master's degree in agriculture		NA	Governance strategy
<b>Ms P Luwaca</b>	Member	Honours degree in human resource management	Strategic management and human resources	PPECB	EXCO FINREMCO
<b>Mr E Mmako</b>	Member	Business management and labour relations certificates	Financial management	NA	FINREMCO
<b>Mr A Rabe</b>	Member	Master of Business Administration (MBA) degree	Agricultural economics	Hortgro Pty Ltd Fruitgro Science Fruit Mzansi Afrika TPS Property Holdings SA Tug of War	FINREMCO

Name	Designation	Qualification	Area of expertise	Accounting authority directorships	Other committees
<b>Ms B Cele</b>	Member	Std 9 (Grade 11)	Labour relations	Wine Industry Transformation Levy Dal Josaphat Workers Empowerment (Pty) Ltd	Grants and Quality Assurance
<b>Ms L Gqokoma</b>	Member	Matric (Grade 12)	Labour relations	NA	EXCO
<b>Advocate T Mhlongo</b>	Member	LLB degree	Legal	NA	FINREMCO
<b>Mr K Tsimatsima</b>	Member	Bachelor of Arts (BA)	Agriculture and land reform	NA	Governance and strategy
<b>Mr A Kriel</b>	Member	Bachelor's degree	Labour relations		Governance and strategy
<b>Ms S Mthembu</b>	Member	Master of Science (MSc) in agriculture development	Land reform Stakeholder management and CSI	NA	REMCO, grants and quality assurance

## Meeting Attendance

Name	Constituency	Date appointed	Date of termination	No of meetings attended
<b>Ms GS Sepeng</b>	Chairperson ministerial appointee	01 April 2018	31 March 2025	7
<b>Mr C van der Rheede</b>	Organised employers	01 January 2017	31 March 2025	7
<b>Mr K Tsimatsima</b>	Community organisation	01 April 2020	31 March 2025	7
<b>Mr E Mmako</b>	Organised labour	01 April 2020	31 March 2025	7
<b>Ms P Luwaca</b>	Organised employers	01 April 2018	31 March 2025	5
<b>Mr M Mngomezulu</b>	Organised labour	01 April 2018	31 March 2025	7
<b>Mr A M Mahanjana</b>	Organised employers	01 April 2020	31 March 2025	7
<b>Mr A Kriel</b>	Organised labour	01 April 2020	31 March 2025	6
<b>Mr A Rabe</b>	Organised employers	01 April 2018	31 March 2025	7
<b>Ms B Cele</b>	Organised labour	01 April 2020	31 March 2025	7
<b>Ms L Gqokoma</b>	Organised labour	01 April 2018	31 March 2025	7
<b>Ms K Senyatsi</b>	Organised employers	01 April 2020	31 March 2025	7
<b>Adv T Mhlongo</b>	Communities	01 April 2020	31 March 2025	7
<b>Ms S Mthembu</b>	Organised employers	01 April 2020	31 March 2025	7
<b>Ms M Pitzer</b>	Organised labour	01 July 2021	31 March 2025	4

## Accounting Authority Committees

1. Accounting authority executive committee
2. Audit and risk committee
3. Risk management committee
4. Governance and strategy committee
5. Finance and remuneration committee
6. Grants and quality assurance committee

### Accounting Authority Executive Committee

Member	Meetings held	Meetings attended
Ms GS Sepeng	9	9
Ms L Gqokoma	9	9
Mr C van der Rheede	9	9
Mr M Mngomezulu	9	9
Ms P Luwaca	9	8

### Audit and Risk Committee

Member	Meetings held	Meetings attended
Ms E Pillay	7	6
Dr G Buys	7	7
Ms M Phiri	7	7
Mr K Maja	7	7
Mr V Chonco	7	7

### Governance and Strategy Committee

Member	Meetings held	Meetings attended
Mr C van der Rheede	3	3
Ms B Cele	3	3
Ms K Senyatsi	3	3
Mr K Tsimatsima	3	3

### Finance and Remuneration Committee

Member	Meetings held	Meetings attended
Ms P Luwaca	6	4
Adv T Mhlongo	6	6
Mr A Rabe	6	6
Mr E Mmako	6	6
Ms B Cele	6	6

### Grants and Quality Assurance Committee

Member	Meetings held	Meetings attended
Mr M Mngomezulu	4	4
Mr A M Mahanjana	4	4
Mr A Kriel	4	3
Mr A Rabe	4	4
Ms K Senyatsi	4	3
Ms S Mthembu	4	2
Adv T Mhlongo	4	4
Ms L Gqokoma	4	4

## 5. Risk Management

AgriSETA follows an integrated approach to enterprise risk management and has adopted the Public Sector Risk Management Framework in developing its risk management strategy and policy. Enterprise risk management is an ongoing process focusing on identifying, assessing, managing and monitoring all risks across its operations. Quarterly risk assessments are conducted to ensure an effective management of existing business risks, as well as identify and mitigate emerging risks. The risk assessment outcomes are collated to formulate strategic, operational and fraud risk registers. At each audit and risk committee (ARC) meeting, risks are submitted and considered. The documented business continuity management (BCM) process allows AgriSETA to continue critical business operations in the event of interruptions that could impact on its activities.

## 6. Internal Controls

Internal controls is the management team's responsibility and is a fundamental requirement in every area of operations. Each manager is responsible for identifying areas of weakness and putting into effect mechanisms such as standard operating procedures (SOP) to strengthen controls. The audit and risk committee is responsible for oversight to ensure its effectiveness.

## 7. Audit and Risk Committee

The audit and risk committee meets at least quarterly (prior to the accounting authority) to consider:

- the SETA's finances of the SETA
- Internal auditors' quarterly reports
- Fraud and fraud hotline matters
- Any misappropriation of funds

### Internal audit

The internal audit function is outsourced to Bonakude Internal Auditors. Internal controls were reviewed and monitored by the management team.

### Compliance with laws and regulations

AgriSETA is a public entity tasked with controlling certain public funds. The entity is required to act in compliance with public prescripts and during the period under review, the

following legislations were assessed for compliance. It is our assessment that we have complied with the:

- National Treasury Regulations
- National Skills Development Plan (NSDP)
- New SETA grants regulations
- National Development Plan (NDP) 2030
- Medium-term Strategic Framework 2014-2019
- Human Resources Development Strategy for South Africa, 2030
- Skills Development Act, 1998 (Act No. 97 1998) as amended 2008
- Skills Development Levies Act, 1999 (Act No. 9 of 1999)
- Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended by Act No. 29 1999

### Fraud and corruption

AgriSETA has an approved Anti-Fraud and Corruption Policy and Fraud Prevention Plan (FPP). The FPP encompasses controls aimed at preventing instances of fraud and corruption; detecting instances when they do occur and responding appropriately and taking corrective action when fraud and corruption happens.

All alleged fraud and corruption cases are investigated and followed up by applying the remedies available, within the full extent of the law, and implementing appropriate prevention and detection measures. These cases are then reported at the subsequent audit and risk committee meetings. Whistle-blowers are encouraged to report suspected fraud and corruption using the following platforms:

- Fraud hotline toll-free number
- Email
- Fax
- Post

## 8. Minimising Conflict of Interest

AgriSETA has established a fraud hotline system to deal with complaints and abuse allegations in the SCM system. The system provides for written, verbal or anonymous reporting. The CEO investigates the complaints or allegations and ensures the reports are securely stored. The CEO informs the accounting authority, through the audit and risk committee, of the outcome and the proposed remedial actions. The accounting authority handles the financial misconduct process, if applicable.

## 9. Code of Conduct

AgriSETA's code of conduct, set out in the organisation's constitution, applies to its accounting authority and board sub-committees. A code of conduct for staff members is also in place and both the constitution and code of conduction policies were reviewed in the reporting year.

During the year under review, there were no cases of misconduct or negligence of duty from the accounting authority members that required removal from office or termination of membership.

## 10. Health, Safety and Environmental Issues

Health and safety officers were appointed in terms of the internal governance policies.

## 11. Company/Board Secretary

The company secretary provides accounting authority members with guidance and advice on good governance and ethics; nature; the extent of their duties and responsibilities and how the duties should be discharged. The company secretary actively co-ordinates and submits the annual report in line with PFMA.

The company secretary is empowered with the necessary skills and authority to carry out his/her duties including the following:

- Ensuring board induction, training and board member development
- Ensuring board members receive adequate information on time to make informed decisions
- Maintaining all statutory records
- Annually reviewing the board and committee charters
- Assisting the board to discharge its responsibilities efficiently and effectively

## 12. Corporate Social Responsibility

Corporate social responsibility is not a prerequisite for a public entity, as it serves the public by the nature of its work. However, AgriSETA's CEO, in his personal capacity, along with the management team, makes quarterly donations of food and other basics to charities, particularly the elderly and those with disabilities. Non-profit organisations (NPOs) are identified in the communities where AgriSETA works.

## 13. B-BBEE Compliance Performance Information

The following tables have been completed in accordance with B-BBEE compliance requirements of the B-BBEE Act of 2013 as determined by the Department of Trade, Industry and Competition.

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for issuing licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	NA
Developing and implementing a preferential procurement policy?	Yes	The preferential procurement policy is embedded within the SCM policy. The 80/20 (80 = price and 20 = B-BBEE contributor status level) and 90/10 (90 = price and 10 = B-BBEE contributor status level) preference points system is used and the preference points system applied to procurements equal to or over R30 000.
Determining qualification criteria for the sale of state-owned enterprises?	No	NA
Developing criteria for entering into private sector partnerships?	Yes	AgriSETA has a criteria backed by the discretionary grants policy on matters concerning projects and programmes partnerships related within the core business space.
Determining criteria for awarding incentives, grants and investment schemes to support B-BBEE?	Yes	AgriSETA has criteria and guidelines backed by the discretionary grants policy when awarding these projects and programmes.

# 14. Audit Committee Report for the period ending 31 March 2022

I am pleased to present the Audit and Risk Committee Report for the financial year ended 31 March 2022.

## 1. Audit and risk committee

The audit and risk committee is pleased to report that it is properly constituted as required by the Public Financial Management Act, (PFMA) and has complied with its responsibilities arising from the PFMA. The audit and risk committee also reports that it has adopted appropriate formal terms of reference as its charter and has managed and regulated its affairs in compliance with this charter. The audit and risk committee held meetings with the executive and senior management, internal audit function and the Auditor-General, collectively and individually, on matters related to governance, internal control and risk in the AgriSETA throughout the period. The audit and risk committee reported quarterly to the Board.

## 2. Audit and risk committee members and attendance

The audit and risk committee consists of the members listed below. The audit and risk committee meets at least four times per annum in line with its approved charter. Seven meetings, including special meetings, were held during the year.

Name of the Member	Number of meetings attended
Ms. M Pillay – Independent Chairperson	6
Ms. M Phiri – Independent Member	7
Mr. K Maja – Independent member	7
Dr. G Buys – Organised Employer	7
Mr. V Chonco – Organised Labour Representative	7

## 3. Review of effectiveness of internal controls

The audit and risk committee obtains assurances from management, internal audit and the Auditor-General on the effectiveness of governance, risk management and internal controls in the areas of financial management, performance management, compliance management and ICT. Management has made positive progress in addressing the internal control deficiencies that have been reported on in the prior years by internal audit and the Auditor-General. There were some weaknesses in the system of internal controls that were identified by external and internal audit which require management's attention.

## 4. Risk Management

The audit and risk committee is responsible for the oversight of the risk management function. The Board has adopted a risk management framework, strategy and relevant policies for the AgriSETA, in line with the PFMA. The AgriSETA has established a risk management committee, chaired by an independent audit and risk committee member, that reports quarterly to the audit and risk committee. The risk management processes are reviewed by internal audit. The audit and risk committee is satisfied with the overall risk management function and made recommendations to management to enhance the risk function.

## 5. Internal audit

The PFMA requires that the entity has a system of internal audit under the control and direction of the audit and risk committee. The AgriSETA's internal audit function is outsourced and was operational for the entire period under review. The independence of internal audit was monitored throughout the period. Internal audit follows a risk-based approach, which incorporates management's risk assessment. The internal audit plans and reports issued for the period under review were reviewed and approved by the audit and risk committee. All planned internal audits for the year were completed and reported on. The audit and risk committee is satisfied that internal audit effectively discharged its responsibility for the period under review.

The internal audit reviews concluded that while in some areas of financial, performance and compliance management there has been an improvement in the internal control environment, there are some internal controls in financial and performance management that require attention from management.

For the year under review, the following audits were undertaken by internal audit:

- Audit of quarterly performance reports
- Review of the annual performance report
- Information and communication technology
- Cybersecurity
- Skills plan implementation (learning programmes and projects)
- Human resource management
- Contract management
- Supply chain management
- Internal financial controls review
- Follow up on previously reported AGSA and internal audit findings
- High level year-end annual financial statement review

The internal audit reviews identified internal control deficiencies in the following areas:

- Quarterly and annual performance reporting
- Information communication technology
- Cyber security
- Skills plan implementation (Learning Programmes and Projects)
- Human resources management
- Internal financial controls
- Annual financial statement review

## 6. In-Year Management Quarterly Report in terms of the PFMA

Management presented quarterly financial, performance and compliance reports to the audit and risk committee during the year. The reports were reviewed and interrogated by the committee for accuracy and reliability. The committee made recommendations to management on improving the quality of the quarterly reports.

## 7. Performance management

The responsibilities of the audit and risk committee include the review of performance management. The audit and risk

committee has in terms of the performance of the AgriSETA performed the following functions:

- Reviewed and commented on compliance with statutory requirements and performance management based on best practices and standards.
- Reviewed and commented on the annual performance plan.
- Reviewed and commented on the quarterly performance reports and made recommendations for improvement on performance management.
- Reviewed the audit reports issued by internal audit on the review of the quarterly performance reports.
- Reviewed the annual performance report.

## 8. Evaluation of the annual financial statements

The audit and risk committee has reviewed the annual financial statements, with focus on the following:

- Significant financial reporting judgements and estimates contained in the annual financial statements.
- Clarity and completeness of disclosures and whether disclosures made have been set properly in context.
- Quality and acceptability of, and any changes in, accounting policies and practices.
- Compliance with accounting standards and legal requirements.
- Significant adjustments resulting from the audit.
- Reflection of unusual circumstances or events and management's explanation for the accounting treatment adopted.
- Reasons for major year-on-year fluctuations, including variances of actual versus budget.
- Asset valuations and revaluations.
- Levels of general and specific provisions.
- Write-offs and reserve transfers.
- The basis for the going concern assumption, including any financial sustainability risks and issues.

## 9. External auditors report

We have reviewed the entity's implementation plan for audit issues raised in the prior year and note that some of the matters reported on the prior year have been addressed. The internal control deficiencies identified by the AGSA remain a concern of the ARC and should be addressed by management.



The audit and risk committee concurs with and accepts the conclusion and audit opinion of the external auditors on the annual financial statements. The committee is of the view that the audited financial statements be accepted and read together with the report of the external auditors.

The audit and risk committee concurs with the outcomes on the reported performance information and compliance with legislation.

## 10. Appreciation

The ARC wishes to acknowledge the commitment, dedication and work performed by the Chief Executive Officer, Chief Financial Officer, Executive Management, Management and Officials of the AgriSETA. The ARC wishes to express its appreciation to the AGSA and the outsourced Internal Audit for the co-operation and information they have provided to enable the ARC to discharge our responsibilities.



**Mrs M Pillay**

Chairperson of the Audit and Risk Committee

AgriSETA

31 July 2022



**Corporate Services**





## **PART D: HUMAN RESOURCES MANAGEMENT**

# 1. Introduction

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The human resources (HR) management division remains focused on attracting and retaining talented, skilled and passionate employees who are critical to meeting AgriSETA's mandate and strategic goals. This includes providing advisory and strategic support to the CEO, executive management team and AgriSETA employees at large. Our mission is to offer efficient and effective service to our internal and external stakeholders through the HR and facilities management (FM) that form part of the HR business unit.

In the year under review, 10 employees tested positive for Covid-19, but our health and safety protocols mitigated its spread through space planning, weekly rotational schedules and encouraging our employees to vaccinate as part of government's programme launched 3 May 2021.

The HR unit's key performance areas are aligned to AgriSETA's strategic priorities to the organisational strategy and NSDP namely:

- Creating and implementing a corporate services structure where various support functions are grouped to provide an integrated approach to AgriSETA's employees – HR management, FM, marketing and communications and ICT. Automating the recruitment and placement processes, like the skills mapping career portal, is a good example of this integrated approach, where ICT and marketing and communications collaborate for HR to expedite and advertise vacancies via social media and online portals.
- Implementing a culture survey project to determine employees' engagement levels; eagerness to stay and job satisfaction.
- Prioritising employees' continuous professional training and development as identified in the WSP.

In the year under review, the division suffered budgetary constraints that prevented it from completing the following:

- Implementing the skills audit project
- Implementing the procurement of facilities initiative (feasibility study)
- Implementing the procurement of facilities initiative (building leasing)
- Automating the performance management process.

## 1.1 Organisational Structure Review and Recruitment drive

Recruitment focused on filling positions due to staff movements, while other unfilled positions were removed from the organisational structure effective 31 March 2022. This decision was two-fold: budgetary constraints and vetting by the accounting authority to reduce the number of posts from 103 to 88 as improved efficiencies, especially within core areas, came into operation.

## 1.2 Employee Wellness Programme

A safe and healthy workplace is a fundamental right and an adherence to health and safety standards purports AgriSETA maintain a productive workplace by minimising the risk of accidents, injury and exposure to health hazards. The organisation appointed an occupational health and safety committee responsible for implementing the Occupational Health and Safety Act, 1993 requirements.

The Employee Wellness Programme remained active during the year under review to provide employees with confidential assistance to personal and/or work-related problems that potentially impact their job performance, health, mental and emotional well-being. Since its launch on 1 October 2021, the use and reports issued by the service provider indicate a satisfactory uptake of the service.

## 1.3 HR Policy Development and Management

The policy review committee, led by the executive manager: corporate services, contributed to reviewing, developing and approving 16 HR policies through the finance and remuneration committee and the accounting authority on 31 March 2022. The policies are:

- Acting policy
- Bereavement policy
- Bursary policy
- Career management and retention policy
- Code of conduct policy
- Disciplinary policy
- Grievance policy
- Leave policy
- Incapacity policy
- Induction policy
- Performance management development policy
- Parking policy
- Recruitment and placement policy
- Succession planning policy
- Sexual harassment policy
- Termination of employment policy

These policies supplement the approved HR policy manual that is in place until the remaining policies are finalised in the current financial year. As has been the practice throughout the review process, there will be various sessions conducted to ensure compliance and a thorough understanding of the policies by all layers of AgriSETA employees.

## 1.4 Future HR Plans 2022/2023

The HR unit's strategic objectives are to develop the HR procedure manual to ensure all HR-related functions are aligned to the approved policies, while supporting key business areas achieve their divisional strategic goals including:

- Enhancing operational and strategic efficiencies by implementing an optimal organisational structure for AgriSETA.
- Automating performance contracting and appraisal processes on the SAGE 300 People System.
- Implementing the feasibility study and building leasing under FM.
- Implementing employee recognition programme and succession strategies through the approved succession and retention policy while retaining high-flyers by creating promotional opportunities in the organisation.
- Implementing training initiatives and bursaries as part of AgriSETA's workplace skills plan.



**Corporate Services with the CEO**

## 2. Human Resources Oversight Statistics

### Personnel-related expenditure

#### Personnel cost by programme/activity/objective

Programme/activity/objectives	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel expenditure as a percentage of total expenditure (R'000)	Number of employees	Average personnel cost per employee (R'000)
Administration	32 938	27 407	83,21	41	668
Skills planning, research, monitoring and evaluation	80 462	11 364	14,12	17	668
Learning programme and projects	403 390	19 592	4,86	33	594
Quality assurance	6 383	5 343	83,71	9	594
	523 173	63 706		100	

#### Personnel cost by salary band

Level	Personnel expenditure (R'000)	Percentage of personnel expenditure to total personnel cost (R'000)	Number of employees	Average personnel cost per employee (R'000)
Top management	2 266	3,56	1	2 266
Senior management	10 244	16,08	6	1 707
Professional qualified	17 600	27,63	18	978
Skilled	11 927	18,72	18	663
Semi-skilled	20 159	31,64	44	458
Unskilled	1 511	2,37	13	116
<b>TOTAL</b>	<b>63 706</b>	<b>100</b>	<b>100</b>	<b>6 188</b>

#### Performance Rewards

Programme//activity/objective	Performance rewards	Personnel expenditure (R'000)	Percentage of performance rewards to total personnel cost (R'000)
Top management	69	2 266	3,04
Senior management	686	10 244	6,70
Professional qualified	993	17 600	5,64
Skilled	564	11 927	4,73
Semi-skilled	1 021	20 159	5,06
Unskilled	57	1 511	3,77
<b>TOTAL</b>	<b>3 390</b>	<b>63 706</b>	

## Training Costs

Programme/activity/objective	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a percentage of personnel cost	Number of employees trained	Average training cost per employee
Administration	27 407	505	1,8%	32	16
Skills planning, research, monitoring and evaluation	11 364	180	1,6%	14	13
Learning programme and projects	19 592	317	1,6%	19	17
Quality assurance	5 343	51	0,9%	5	10
<b>TOTAL</b>	<b>63 706</b>	<b>1 052</b>	<b>6,0%</b>	<b>70</b>	<b>55</b>

## Employment and vacancies

Programme/activity/objective	2020/2021 Number of employees	2021/2022 Approved posts	2021/2022 Number of employees	2021/2022 Vacancies	Percentage of vacancies
Top management	1	1	1	0	0%
Senior management	7	7	7	0	0%
Professional qualified	12	14	12	2	14%
Skilled	22	24	22	2	8%
Semi-skilled	33	33	33	0	0%
Unskilled	8	9	8	1	11%
<b>TOTAL</b>	<b>83</b>	<b>88</b>	<b>83</b>	<b>5</b>	<b>6%</b>

The number of posts on the establishment of AgriSETA decreased in the 2021/2022 reporting year from 103 in 2020/2021 to 88 and 83 of these posts were filled posts, compared to the 84 filled posts in the 2020/2021 reporting period.

As of 31 March 2022, AgriSETA had a total of 17 persons employed additional to the fixed establishment (which includes 16 persons in the internship programme and one person on a fixed term contract basis), compared to the eight persons employed additional to the establishment in the 2020/2021 financial year (which included four persons in the internship programme). The vacancy rate decreased from 18% (2020/2021) to 6% in the reporting year. The vacancy rate on professionally qualified was reported the highest (14%) in the current reporting year whereas in 2020/2021 financial year, the highest (30%) was on the skilled employees' category. However, it must be noted that the overall vacancy rate decreased because 15 positions were abolished during the process of organisational structure review.

The vacancy rate on senior management level decreased to 0%, compared to the 14% reported in the 2020/2021 reporting period.

## Employment changes

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top management	1	0	0	1
Senior management	6	1	0	7
Professional qualified	13	0	1	12
Skilled	23	0	1	22
Semi-skilled	32	1	0	33
Unskilled	9	0	1	8
<b>Total</b>	<b>84</b>	<b>2</b>	<b>3</b>	<b>83</b>

AgriSETA's staff turnover rate remains below 5% as per the Annual Performance Plan Outcome for the reporting period as well as the financial year 2020/2021

## Reasons for staff leaving

Reason	Number	Percentage of total number of staff leaving
Death	0	0%
Resignation	2	66.6%
Dismissal	0	0
Retirement	0	0
Ill health	1	33.4%
Expiry of contract	0	0
Other	0	0
<b>Total</b>	<b>3</b>	<b>100%</b>

The majority of staff who left AgriSETA were due to the resignations (66.6%) and the other one (33.4%) was due to ill health retirement. To ensure continuity with regard to organisational performance, the vacated positions were advertised and filled within six months and a temporary employment was made as a replacement for the employee who retired based on ill health.

## Labour relations: misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal warning	0
Written warning	0
Final written warning	0
Dismissal	0
<b>Total</b>	<b>0</b>



## Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	0	0	0	0	0	0	0
Senior management	2	0	0	0	0	0	1	0
Professional qualified	4	0	0	0	0	0	0	0
Skilled	8	0	0	0	1	0	0	0
Semi-skilled	10	0	0	0	0	0	0	0
Unskilled	3	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>28</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	0	0	0	0	0	0	0
Senior management	2	1	0	0	0	0	0	0
Professional qualified	7	0	1	0	0	0	0	0
Skilled	11	0	2	0	0	0	0	0
Semi-skilled	21	0	1	0	0	0	1	0
Unskilled	5	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>46</b>	<b>1</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>

Levels	DISABLED STAFF			
	Male		Female	
	Current	Target	Current	Target
Top management	0	0	0	0
Senior management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	0	0	0	0
Semi-skilled	0	0	0	0
Unskilled	0	1	0	0
<b>TOTAL</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>





**PART E:  
FINANCIAL INFORMATION**

# Report of the Auditor-General to Parliament on the Agriculture Sector Education and Training Authority

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Agriculture Sector Education and Training Authority set out on pages 80 to 127, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Agriculture Sector Education and Training Authority as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

### Basis for opinion

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

### Emphasis of matter

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

### Restatement of corresponding figures

7. As disclosed in note 27 to the annual financial statements, the corresponding figures for 31 March 2021 were restated as a result of an error in the financial statements of the public entity, and for the year ended, 31 March 2022.

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

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

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

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud

or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the public entity's annual performance report for the year ended 31 March 2022:

Programme	Pages in the annual performance report
<b>Programme 3 – learning programmes and projects</b>	30 - 34

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. The material findings on the reliability of the performance information of the selected programmes are as follows:

### Programme 3: Learning programmes and projects

17. The achievements reported in the annual performance report materially differed from the supporting evidence provided for the indicators listed below:

Indicator description	Reported achievement
<b>3.1.12 Number of TVET students requiring work integrated learning to complete their qualifications placed in workplaces</b>	179
<b>3.1.14 Number of universities students requiring work integrated learning to complete their qualifications placed in workplaces</b>	363
<b>3.1.19 Number of unemployed learners completing bursary programmes</b>	204

### Other matters

18. I draw attention to the matters below.

### Achievement of planned targets

19. Refer to the annual performance report on pages 30 to 34 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 17 of this report.

## Adjustment of material misstatements

20. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Programme 3 – learning programmes and projects. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

## Report on the audit of compliance with legislation

### Introduction and scope

21. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

22. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

## Other information

23. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programme presented in the annual performance report that have been specifically reported in this auditor's report.

24. My opinion of the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

25. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

26. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.

27. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, we may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

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

29. Oversight responsibility regarding performance reporting was not adequately exercised, as the controls in place did not prevent or detect internal control deficiencies that resulted in material misstatements.

*Auditor - General*

Pretoria

31 July 2022



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

# Annexure – Auditor-General’s responsibility for the audit

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

## Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity’s internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
- conclude on the appropriateness of the accounting authority’s use of the going concern basis of accounting in the preparation of the financial

statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Agriculture Sector Education and Training Authority to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a public entity to cease operating as a going concern

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

## Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

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## Abbreviations used:

<b>QCTO</b>	Quality Council for Trades and Occupations
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>Minister</b>	Higher Education, Science and Innovation
<b>MEC</b>	Member of the Executive Council



## Board Responsibilities and Approval

The Board is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Board to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows as at the end of the financial year. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Board acknowledge that they are ultimately responsible for the system of internal financial control established by the AgriSETA and place considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the SETA and all employees are required to maintain the highest ethical standards in ensuring the SETA's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the AgriSETA is on identifying, assessing, managing and monitoring all known forms of risk across the SETA. While operating risk cannot be fully eliminated, the AgriSETA endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Board is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Board has reviewed the AgriSETA's cash flow forecast for the year to 31 March 2023 and, in the light of this review and the current financial position, is satisfied that the AgriSETA has access to adequate resources to continue in operational existence for the foreseeable future.

The AgriSETA is wholly dependent on the Skills Development Levies for the continued funding of operations. The annual financial statements are prepared on the basis that the AgriSETA is a going concern and that the AgriSETA has neither the intention nor the need to liquidate or curtail materially the scale of the SETA.

Although the Board is primarily responsible for the financial affairs of the AgriSETA, it is supported by the SETA's external auditors.

The external auditors are responsible for independently reviewing and reporting on the AgriSETA's annual financial statements. The annual financial statements are to be audited by external auditors and an audit opinion issued by 31 July 2022.

The audited annual financial statements set out on page 80, which have been prepared on the going concern basis, were approved by the Board on 29 July 2022 and were signed on its behalf by:



**Gaitsiwe Sharon Sepeng**

Board Chairperson

# Statement of Financial Position

## as at 31 March 2022

Figures in Rand (thousand)	Note(s)	2022	2021
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	8	637 002	577 303
Inventories	5	322	501
Receivables from exchange transactions	6	413	919
Receivables from non-exchange transactions	7	4 185	6 222
		<b>641 922</b>	<b>584 945</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	3	10 036	9 792
Intangible assets	4	5 201	1 845
		<b>15 237</b>	<b>11 637</b>
<b>Total Assets</b>		<b>657 159</b>	<b>596 582</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	12	4 954	5 523
Payables from non-exchange transactions	13	105 707	64 800
Provisions	11	16 478	15 252
		<b>127 139</b>	<b>85 575</b>
<b>Total Liabilities</b>		<b>127 139</b>	<b>85 575</b>
<b>Net Assets</b>		<b>530 020</b>	<b>511 007</b>
Reserves capitalisation reserve		3 107	3 107
Discretionary reserve		511 676	496 263
Administration reserve		15 237	11 637
<b>Total Net Assets</b>		<b>530 020</b>	<b>511 007</b>

## Statement of Financial Performance

Figures in Rand thousand	Note(s)	2022	2021
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Proceeds from insurance	14	239	66
Other Income - recycling	14	-	11
Income from Public Works : Administration	14	-	1 980
Interest received - investment	17	19 236	18 837
<b>Total revenue from exchange transactions</b>		<b>19 475</b>	<b>20 894</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants and donor Funded Income	16	19 718	8 250
Skills Development Levy : Income	15	516 025	335 772
Skills Development Levy : penalties and interest	14	6 685	9 179
<b>Total revenue from non-exchange transactions</b>		<b>542 428</b>	<b>353 201</b>
<b>Total revenue</b>	14	<b>561 903</b>	<b>374 095</b>
<b>Expenditure</b>			
Employee-related costs	20	(38 771)	(36 035)
Depreciation and amortisation	3&4	(1 601)	(1 757)
Impairment losses on receivables	6&7	(104)	-
Operating lease expense	10	(313)	(284)
Employer grants and projects expenditure	18	(451 465)	(272 111)
Government grants and donor funded expenditure	19	(19 718)	(8 250)
Loss on disposal of assets and theft of assets	3	(50)	(23)
General expenses	21	(30 870)	(24 564)
<b>Total expenditure</b>		<b>(542 891)</b>	<b>(343 022)</b>
<b>Surplus for the year</b>		<b>19 012</b>	<b>31 073</b>

## Statement of Changes in Net Assets

Figures in Rand thousand	Capitalisation reserves	Employer reserves	Discretionary reserves	Administration reserves	Employer reserves	Total reserves	Accumulated surplus / deficit	Total net assets
<b>Balance at 01 April 2020</b>	<b>3 107</b>		<b>465 747</b>	<b>11 079</b>	<b>-</b>	<b>479 933</b>	<b>-</b>	<b>479 933</b>
Changes in net assets								
Surplus for the year	-	-	-	-	-	-	31 073	31 073
Allocation of accumulated surplus	-	-	1 279	4 032	25 762	31 073	(31 073)	-
Excess reserves transferred to discretionary reserves	-	-	26 843	(3 473)	(25 762)	(2 392)	-	(2 392)
<b>Total changes</b>	<b>-</b>	<b>-</b>	<b>28 122</b>	<b>559</b>	<b>-</b>	<b>28 681</b>	<b>-</b>	<b>28 681</b>
Adjustments								
Increase in discretionary reserves (Note 26) 27	-	-	2 392	-	-	2 392	-	2 392
<b>Balance at 01 April 2021</b>	<b>3 107</b>	<b>-</b>	<b>496 263</b>	<b>11 637</b>	<b>-</b>	<b>511 007</b>	<b>-</b>	<b>511 007</b>
Changes in net assets								
Surplus for the year	-	-	-	-	-	-	19 012	19 012
Allocation of accumulated surplus	-	-	(45 527)	17 337	47 202	19 012	(19 012)	-
Reserves transferred to discretionary	-	-	60 939	(13 737)	(47 202)	-	-	-
<b>Total changes</b>	<b>-</b>	<b>-</b>	<b>15 412</b>	<b>3 600</b>	<b>-</b>	<b>19 012</b>	<b>-</b>	<b>19 012</b>
<b>Balance at 31 March 2022</b>	<b>3 107</b>	<b>-</b>	<b>11 675</b>	<b>15 237</b>	<b>-</b>	<b>530 020</b>	<b>-</b>	<b>530 020</b>
Note(s)	9	9	9	9				

# Cash Flow Statement

Figures in Rand thousand	Note(s)	2022	2021
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Cash receipt from stakeholders and customers		545 586	353 129
Interest income		19 236	18 837
		<b>564 822</b>	<b>371 966</b>
<b>Payments</b>			
Cash paid to stakeholders, suppliers and employees		(500 111)	(341 987)
<b>Net cash flows from operating activities</b>	22	<b>64 711</b>	<b>29 979</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(1 691)	(429)
Purchase of intangible assets	4	(3 560)	(1 908)
Proceeds from insurance		239	66
<b>Net cash flows from investing activities</b>		<b>(5 012)</b>	<b>(2 271)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>59 699</b>	<b>27 708</b>
Cash and cash equivalents at the beginning of the year		577 303	549 595
<b>Cash and cash equivalents at the end of the year</b>	8	<b>637 002</b>	<b>577 303</b>

The accounting policies on pages 85 to 95 and the notes on pages 96 to 127 form an integral part of the annual financial statements.

# Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Statement of financial performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Proceeds from insurance	-	-	-	239	<b>239</b>	
Income from Public Works : administration	-	-	-	19 718	<b>19 718</b>	33.7
Interest received - investment	19 610	-	<b>19 610</b>	19 236	<b>(374)</b>	33.3
<b>Total revenue from exchange transactions</b>	<b>19 610</b>	<b>-</b>	<b>19 610</b>	<b>39 193</b>	<b>19 583</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Skills Development Levy: income	517 865	-	<b>517 865</b>	516 025	<b>(1 840)</b>	33.1
Skills Development Levy: penalties and interest	-	-	-	6 685	<b>6 685</b>	33.2
<b>Total revenue from non-exchange transactions</b>	<b>517 865</b>	<b>-</b>	<b>517 865</b>	<b>522 710</b>	<b>4 845</b>	
<b>Total revenue</b>	<b>537 475</b>	<b>-</b>	<b>537 475</b>	<b>561 903</b>	<b>24 428</b>	
<b>Expenditure</b>						
Employee-related costs	(36 162)	-	<b>(36 162)</b>	(38 771)	<b>(2 609)</b>	33.5
Depreciation and amortisation	(1 776)	-	<b>(1 776)</b>	(1 601)	<b>175</b>	
Impairment loss/ reversal of impairments	-	-	-	(104)	(104)	
Lease expense	(288)	-	<b>(288)</b>	(313)	<b>(25)</b>	
Employer grants and project expenditure	(472 618)	-	<b>(472 618)</b>	(451 465)	<b>21 153</b>	33.4
Donor-funding expenditure :	-	-	-	(19 718)	<b>(19 718)</b>	33.7
Public Works general expenses	(26 631)	-	<b>(26 631)</b>	(30 870)	<b>(4 239)</b>	33.6
<b>Total expenditure</b>	<b>(537 475)</b>	<b>-</b>	<b>(537 475)</b>	<b>(542 842)</b>	<b>(5 367)</b>	
<b>Operating surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19 061</b>	<b>19 061</b>	
Loss on assets (due to theft)	-	-	-	(50)	<b>(50)</b>	
<b>Surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19 012</b>	<b>19 012</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19 012</b>	<b>19 012</b>	

Refer to Note 33 for a detailed variance analysis and comparison of budget versus actuals amounts.

# Accounting Policies

## 1. Presentation of Annual Financial Statements

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

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

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

The Annual financial statements present fairly, in all material respects, the state of affairs of AgriSETA as at end of the financial year and the results of its operations and cash flows for the reported period.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

### 1.1 Presentation currency

These annual financial statements are presented in South African rand, which is the functional currency of the AgriSETA. All amounts in the annual financial statements are rounding to the nearest thousands.

### 1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that AgriSETA will continue to operate as a going concern for at least the next 12 months.

### 1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions

that affect the amounts represented in the annual 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 annual financial statements.

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

#### 1.3.1 Property, plant and equipment

The SETA reviews the estimated useful lives of property, plant and equipment and intangible assets at each reporting date. Property, plant and equipment is initially measured at its cost, subsequently either using a cost or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life. The depreciable amount (cost less residual value) should be allocated on a systematic basis over the asset's useful life. Refer to note 1.4 and 1.5.

#### 1.3.2 Segement reporting

AgriSETA does not have an activity or unit that meets the definition of a 'segment as defined, as AgriSETA administrative units and functional department do not undertake activities that generate economic benefits or services potential separately from the AgriSETA as a whole. Management have assessed that AgriSETA operates as one segment both from services and geographical points of view. Management have not divided the financial information into different segments as required by GRAP 18.

#### 1.3.3 Receivables from exchange transactions

The entity assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the provincial entity 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, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for

## Accounting Policies (continued)

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.

### 1.3.4 Receivables from non-exchange transactions

A receivable relating to overpayments made in earlier periods is recognised at the amount of the grant over payment, net of bad debts and allowance for irrecoverable amounts.

### 1.3.5 Payables from exchange transactions

Payables from exchange transactions are stated at their nominal value. The carrying amount of these payables approximates fair value due to the short period to maturity of these instruments.

### 1.3.6 Payables from non-exchange transactions

Payables from non-exchange transactions are stated at their nominal value. The carrying amount of these payables approximates fair value due to the short period to maturity of these instruments.

### 1.3.7 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.

## 1.4 Property, plant and equipment

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

- it is probable that future economic benefits or service potential associated with item will flow to the entity; and

the cost of the item can be measured reliably. Property, plant and equipment is initially measured at cost.

Property, plant and equipment is stated at cost less any subsequent accumulated depreciation and adjusted for any impairments. Depreciation is charged to write off the cost of assets over their estimated useful lives, using the straight-line method. Land is not depreciated as it is deemed to have indefinite useful life. The estimated useful life for the building is 20 years, however the AgriSETA building has a

depreciation charge of zero because the residual value is above carrying amount.

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

Item	Average useful life
Furniture and fixtures	20 years
Motor vehicle(s)	5 years
Office equipment	15 years
Computer hardware	3 years
Machinery	15 years
Building	20 years

The residual value, the useful life and depreciation method of each asset is reviewed at least at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The gain or loss on disposal of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount and is considered in determining operating surplus. Where the carrying amount of an item of property, plant and equipment is greater than its estimated recoverable service amount, it is written down immediately to recoverable amount (i.e. impairment losses are recognised)

## 1.5 Intangible assets

An intangible asset is recognised when:

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

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

The estimated useful life, residual values and amortisation methods are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised) The gain or loss on disposal of intangible



## Accounting Policies (continued)

assets is determined as the difference between the sale proceeds and the carrying amount and are considered in determining operating surplus.

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	1 - 2 years

### 1.6 Financial instruments

#### Classification

The entity classifies financial assets and financial liabilities into the following categories:

#### 1.6.1 Financial Assets

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

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

All financial assets of AgriSETA were categorised as loans and receivables.

- Loans and receivables

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

#### 1.6.2 Financial liabilities

Financial liabilities are classified as either financial liabilities at Fair Value through Profit and Loss or other financial liabilities.

Financial liabilities are classified as at Fair Value through Profit and Loss where the financial liability is either held for trading or it is designated as at Fair Value through Profit and Loss. All financial liabilities of AgriSETA were classified as other financial liabilities.

- Other financial liabilities

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

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

#### 1.6.3 Effective interest method

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

#### 1.6.4 Initial recognition and measurement

Financial instruments are contractual arrangements that give rise to a financial asset in one entity and a financial liability or residual interest of another.

The AgriSETA recognises the financial instruments using trade date accounting when the AgriSETA becomes a party to the contractual provision of the instrument.

Financial assets and financial liabilities are measured at fair value plus, in the case of a financial asset or financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of a financial instrument.

#### 1.6.5 Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

## Accounting Policies (continued)

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

### 1.6.6 Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the surplus or deficit.

### 1.6.7 Receivables

Receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the assets' carrying amounts and the present value of estimated future cash flows discounted at the effective interest rate computed at the initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

### 1.6.8 Payables

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

### 1.6.9 Cash and cash equivalents

Cash and cash equivalents comprises cash-on-hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

### 1.6.10 Classification

AgriSETA has the following types of financial assets and financial liabilities as reflected on the face of the statement of financial position and in the notes thereto :

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Payables from exchange transactions	Financial asset measured at amortised cost
Payables from non-exchange transactions	Financial asset measured at amortised cost

## 1.7 Statutory receivables

### Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount plus any accrued interest or other charges (where applicable) and less any accumulated impairment losses and any amounts derecognised.

## Accounting Policies (continued)

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

### Recognition

The AgriSETA recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

### Initial measurement

The AgriSETA initially measures statutory receivables at their transaction amount.

### Subsequent measurement

The AgriSETA measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- impairment losses; and
- amounts derecognised.

### Accrued interest

The AgriSETA does not charge interest on mandatory receivables because the collecting agent (SARS) charges interest on late payments of levies.

### Classification

AgriSETA has the following class of statutory receivables as reflected on the face of the statement of financial position and in the notes thereto:

- Departmental levy receivables
- Mandatory grants overpayments
- Employer receivables (SARS adjustments)

### Impairment losses

The AgriSETA assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the AgriSETA considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the SETA measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, AgriSETA considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was

## Accounting Policies (continued)

recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

### Derecognition

The AgriSETA derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or waived;
- the AgriSETA transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the AgriSETA, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on financial instruments or another standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

## 1.8 Leases

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

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

### Finance leases - lessee

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

### 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. When an operating lease is terminated before the lease term has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the year in which termination takes place.

## 1.9 Inventories

Inventory is comprised of consumables. Consumables are recognised as an asset on the date of acquisition and are measured at cost. Inventory is subsequently measured at the lower of cost or net realisable value. Consumables are subsequently recognised in surplus or deficit as they are consumed.

## 1.10 Employee benefits

### Short-term employee benefits

The cost of employee benefits is recognised during the year in which the employee renders the related service. Employee entitlements are recognised when they accrue

## Accounting Policies (continued)

to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the statement of financial position date. Provisions included in the statement of financial position are provisions for leave (based on the current salary rates) and termination benefits.

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

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

### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

### 1.11 Provisions and contingencies

Provisions are recognised when AgriSETA has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. The SETA reviews and adjusts provisions at each balance sheet date. If an outflow no longer probable, provision is derecognised.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in notes to the Annual Financial Statement - Note 25.

The cost of employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability because of services rendered by employees up to the statement of financial position date. Provisions included in the statement of financial position are provisions for a 13th cheque (based on the current salary rates). Termination benefits are recognised and expensed only when the payment is made. No provision has been made for retirement benefits as AgriSETA does not provide for retirement benefits.

## 1.12 Revenue from exchange transactions

### Investment income

Interest income is accrued on a time proportion basis, considering the capital invested and the effective interest rate over the period to maturity.

### Other income

Other income from rendering of services is recognised as revenue when the outcome of a transaction can be estimated reliably, and this occurs when:

- 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. Revenue from exchange transactions is measured at the fair value of the consideration received or receivable.

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

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

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

## Accounting Policies (continued)

### 1.13 Revenue from non-exchange transactions Skills Development Levy (SDL) income

In terms of section 3(1) and 3(4) of the Skills Development Levies Act (the Act), 1999 (Act No. 9 of 1999) registered member companies of AgriSETA pay 1% of the total payroll cost as a Skills Development Levy (SDL). The levies paid to the South African Revenue Service (SARS) that collects the levies on behalf of the Department of Higher Education Science and Innovation (DHESI).

Eighty percent (80%) of SDL contributions by companies in the mining and minerals sector are transferred to AgriSETA and 20% to the National Skills Fund (NSF) by the Department of Higher Education and Training. SDL income received by AgriSETA is set aside in terms of the Skills Development Act, 1998 (Act No. 97 of 1998) as amended and the Skills Development Levy Grant Regulations (Grant Regulations), issued in terms of this Act, for the purposes of:

Administration costs (includes 0.5% to QCTO)	10,5%
Mandatory Grants	20,0%
Discretionary Grants	49,5%

In addition to these amounts, employers that fail to file their returns and pay skills development levies within the prescribed time limits as set by SARS, are charged interest and penalties at rates prescribed by SARS from time to time. The said regulation regulating the 20% mandatory grant was set aside, however the court did not indicate what mandatory grant percentage should be paid. AgriSETA continued measuring mandatory grants at 20% since it's the best available information. The interest and penalties charged are remitted to the DHESI, which in turn transfers them to AgriSETA. The interest and penalties are disclosed separately as Skills Development Levy penalties and interest. With effect from 1 August 2005 companies with an annual payroll cost by DHESI of less than R500 000, are exempted in accordance with section 4(b) of the Skills Development Levies Act, 1999, as amended.

Also included in the skills development levy income is the Departmental levy received/receivable from the provincial departments of agriculture. Their contributions are accounted for as follows:

Administration costs	1/3 (33,3%)
Discretionary grants	2/3 (66,6%)

#### Inter-SETA transfers.

Revenue is adjusted for transfers of employers between SETAs that arise due to incorrect allocation to a SETA on registration for Skills Development Levy or changes to their business that result in a need to change SETAs. Such adjustments are disclosed separately as Inter-SETA transfers. The amount of inter-SETA adjustments is calculated according to the most recent standard operating procedure as issued by the DHESI.

When transfers from other SETAs to AgriSETA occur, the levies transferred are recognised as revenue and allocated between the respective categories as reflected above to maintain their original identity. For transfers from AgriSETA to other SETAs, the levies in the respective categories are reduced by the amounts transferred or transferable to other SETAs.

#### Recognition of revenue from non-exchange transactions

Skills Development Levy income is recognised when it is probable that future economic benefits will flow to AgriSETA and these benefits can be measured reliably. This occurs when the DHESI either makes an allocation or payment to AgriSETA, whichever occurs first, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No.9 of 1999).

Levy contributions from employers with an annual payroll of less than R500,000 are not recognised as revenue but as a provision, as they represent an obligation as they are due to be refunded to such employers because the employers are exempted from paying skills development levies. Previously, this provision was accumulated indefinitely, but with effect from the 25 August 2013, the DHESI advised SETAs that this provision may be utilised for discretionary grants purposes after the expiry of five years in terms of section 109(4) of the Tax Administration Act, as the employers may not claim the moneys back after five years

#### Measurement of revenue from non-exchange transactions

SDL income is measured at the fair value of the consideration received or receivable and that is the amount of the increase in net assets recognised by AgriSETA. Unconditional grants received are recognised as revenue when the amounts are received or become receivable. Funds for special projects transferred from government grants and other

## Accounting Policies (continued)

donors are recognised as a liability until the related eligible special project expenses are incurred, when the liability is extinguished, and revenue is recognised. Adjustments to revenue already recognised, arise from the completion of internal review process, and/or the outcome of an external appeal or objection process undertaken by employers.

Adjustments to revenue include any refunds that become payable as a result of the completion of a review, appeal or objection process. Refunds are recovered directly from monthly returns and are reflected as a net reversal per scheme year on the revenue details provided by DHESI. The SETA recognises revenue monthly on net basis per scheme as after taking into account monthly net reversals per scheme year. The SETA has no access to or control over the appeal or review process carried on by SARS, and hence could not reasonably be expected to have access to reliable information at the initial stage of recognition. The adjustments to revenue already recognised following the outcome of a review, appeal or objection process are therefore accounted for as a change in an accounting estimate.

### Government grants and donor-funding income

Conditional government grants and other conditional donor funds are recognised as a liability when they become receivable and are recognised as income on a systematic basis over the period necessary to match the grants with the related costs, which they are intended to compensate.

Unconditional grants received are recognised as revenue when the amounts are received or become receivable. Funds for special projects transferred from government grants and other donors are recognised as a liability until the related eligible special project expenses are incurred, when the liability is extinguished and revenue is recognised

### 1.14 Comparative figures

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

Certain comparative figures have been restated to the extent that it is practicable. Prior period errors have been corrected retrospectively in the Annual Financial Statements.

### 1.15 Irregular, fruitless and wasteful expenditure

Irregular, fruitless and/or wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular, fruitless and/or wasteful expenditure incurred, unless it is impractical to determine, in which case reasons therefore must be provided in the notes.

Irregular, fruitless and/or wasteful expenditure receivables are measured at the amount that is expected to be recovered and are derecognised when settled or written off as irrecoverable.

Irregular, fruitless and/or wasteful expenditure must be removed from the balance of the irregular, fruitless and/or wasteful expenditure notes when it is either

- condoned by the relevant authority if no official was found to be liable in law;
- recovered from an official liable in law;
- written-off if it's irrecoverable from an official liable in law; or
- written-off if it's not condoned and not recoverable.

Irregular, fruitless and/or wasteful expenditure that is not recoverable because no official was found to be liable in law for such a transgression and was also not condoned by the relevant authority must be derecognised in the balance of the irregular, fruitless and/or wasteful expenditure note. The accounting officer or accounting authority must only derecognise the irregular, fruitless and/or wasteful expenditure when he or she is satisfied that:

- reasonable steps have been taken to confirm that such irregular, fruitless and/or wasteful expenditure did not result in any loss or damages to the state and that the state did obtain value from such a transaction, condition, or event.
- the non-compliance that led to the irregular, fruitless and/or wasteful expenditure is being addressed; and
- transactions, conditions, or events of a similar nature are regularly reviewed to ensure that there are no possible future non-compliance cases reported.

The accounting officer or accounting authority may proceed with the write-off of the irregular, fruitless and/or wasteful expenditure after confirmation of the controls indicated in paragraph 25 above have been met and by informing

## Accounting Policies (continued)

the relevant delegated official in writing to derecognise the irregular expenditure in the notes to the financial statements.

### 1.16 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party or another entity are subject to common control. Where such a situation exists the nature and type of transactions and relationships between the parties are disclosed in the notes to the Annual Financial Statements.

### 1.17 Grants and Project Expenditure

A registered employer may recover a maximum of 20% of its total levy payment as a mandatory grant (excluding interest and penalties) by complying with the criteria in accordance with the Skills Development Act, 1993 SETA grant regulations regarding monies received and related matters ( the SETA grant regulations).

#### Mandatory Grants

Grants equivalent to 20% of the total levies received by AgriSETA during the corresponding financial year are paid to employers who meet the criteria in the SETA grant regulations.

#### Discretionary grants and project expenditure

The funding for discretionary grants and projects comprise 49.5% of the total levies paid by the employers, levy grants that are not claimed by employers, the surplus of administration levies not utilised, investment income and other income generated by the SETA.

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

Project expenditure comprises:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the project; and

- such other costs as are specifically chargeable to the SETA under the terms of the contract.

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

#### Retrospective adjustments by South African Revenue Service

There are instances where South African Revenue Service retrospectively amends the information on levies collected on behalf of AgriSETA. This amendment may result in grants that have been under/over paid to or from certain employers.

This adjustment is accounted for retrospectively by AgriSETA in the statement of financial performance. A receivable/payable relating to the over/underpayment to or from the employer in earlier years is raised at the amount of such grant over/underpayment, net of bad debts and provision for irrecoverable amounts.

#### Administration Expenditure

Administration expenditure is recognised on an accrual basis of accounting. Unless permitted by another standard of GRAP, administration expenditure has not been offset against revenue.

#### Government grants and donor-funded expenditure

Government grants and donor project expenditure are recognised as expenses in the statement of financial performance in the period in which they are incurred.

The expenditure for the project is recognised when the appointed service providers are eligible for payment, which is at the point when the deliverables are achieved according to predetermined project milestones and funds are received from Department of Public Works and Infrastructure.

### 1.18 Budget Information

The approved budget covers the fiscal period from 1 April 2021 to 31 March 2022. The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the statement of comparison of budget and actual amounts.



## Accounting Policies (continued)

There are no entity or timing differences on the budget to actual information.

### 1.19 Events after reporting date

Subsequent events are all events that occur between the reporting date and the date on which the financial statements are authorised.

Adjusting events are all the events that confirm the financial performance and position of the AgriSETA at year-end and if material the financial statements are adjusted accordingly.

Non-adjusting events which take place after the reporting date are not recognised in the financial statements.

### 1.20 Commitments

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

### 1.21 Grants and Provisions

#### Mandatory grant provision

A liability is recognised for mandatory grant payments once the specific criteria set out in the SETA grant regulation has been complied with by member of companies, and it is probable that AgriSETA will approve the grant application for payment. The liability is measured at the net present value of the expected future cash outflow as determined in accordance with the Act. This measurement involves an estimate, based on the amount of levies received.

#### Discretionary provision

No provision is made for projects approved at year-end, unless the service in terms of the contract has been delivered. Where the project has been approved, but has been accrued or provided for, it is disclosed as commitments in the notes to the annual financial statements.

### 1.22 Reserves

Equity is classified based on the restrictions placed on the distribution of monies received in accordance with the Regulation issued in terms of the Skills Development Act, 1998 (Act 97 of 1998) statement of changes in equity as follows:

- Administration reserves
- Employer grant reserves
- Discretionary grant reserves
- Unappropriated surplus

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

	2021/22 %	2020/21 %
Administration and QCTO costs of AgriSETA	10.5	10.5
Employer Grant Fund Levy	20	20
Discretionary Grants and Projects	49.5	49.5
	<b>80</b>	<b>80</b>
Received by AgriSETA	80	80
Contribution to the National Skills Fund	20	20
	<b>100</b>	<b>100</b>

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to fund AgriSETA's administration costs. One-third of the amounts received from national and provincial spheres is allocated to administration costs.

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

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

The capitalisation reserves included in the net assets is related to building and is transferred directly to accumulated surplus or deficit when the building derecognised.

# Notes to the Annual Financial Statements

Figures in Rand thousand

Note(s)

2022

2021

## 2. New standards and interpretations

### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the AgriSETA has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 1 : Presentation of financial statements	AgriSETA will update the presentation and expand disclosure of some items like the DG expenditure
GRAP 34 : Separate financial statements	This had no impact as AgriSETA has no transactions falling under this standard
GRAP 35 : Consolidated financial statements	This standard has no impact on AgriSETA reporting as AgriSETA has no subsidiaries or associates
GRAP 36 : Investments in associates and joint ventures	This standard has no impact as AgriSETA has no transactions falling under this standard
GRAP 37 : Joint arrangements	This standard has no impact as AgriSETA has no transactions falling under this standard
GRAP 38 : Disclosure of interests in other entities	This standard has no impact as AgriSETA has no transactions falling under this standard
GRAP 110 : Living and non-living resources	The standard does not have any impact on AgriSETA including its levy accounting or disclosure as levies are accounted for a cash basis.
IGRAP 1 : Applying the probability test on initial recognition of revenue	The standard does not have any impact on AgriSETA including its levy accounting or disclosure as levies are accounted for a cash basis.

### 2.2 Standards and interpretations issued, but not yet effective

The AgriSETA has not applied the following standards and interpretations, which have been published and are mandatory for the AgriSETA's accounting periods beginning on or after 1 April 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 104 (as revised): financial instruments	1 April 2022	Unlikely there will be a material impact
GRAP 25: employee benefits	1 April 2022	Unlikely there will be a material impact

## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand

Note(s)

2022

2021

### 3. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated carrying value depreciation and accumulated impairment		Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1 288	-	1 288	1 288	-	1 288
Buildings	3 206	-	3 206	3 197	-	3 197
Machinery	399	(58)	341	399	(31)	368
Furniture and fittings	2 149	(596)	1 553	2 145	(489)	1 656
Motor vehicles	913	(252)	661	252	(252)	-
Office equipment	2 027	(616)	1 411	2 001	(482)	1 519
Computer hardware	5 106	(3 530)	1 576	4 237	(2 474)	1 763
Projects assets	111	(111)	-	111	(110)	1
<b>Total</b>	<b>15 199</b>	<b>(5 163)</b>	<b>10 036</b>	<b>13 630</b>	<b>(3 838)</b>	<b>9 792</b>

#### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Land	1 288	-	-	-	1 288
Buildings	3 197	9	-	-	3 206
Machinery	368	-	-	(27)	341
Furniture and fittings	1 656	4	-	(107)	1 553
Motor vehicles	-	661	-	-	661
Office equipment	1 519	26	-	(134)	1 411
Computer hardware	1 763	991	(50)	(1 128)	1 576
Projects assets	1	-	-	(1)	-
	<b>9 792</b>	<b>1 691</b>	<b>(50)</b>	<b>(1 397)</b>	<b>10 036</b>

## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand	Note(s)	2022	2021
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### Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Land	1 288	-	-	-	1 288
Buildings	3 197	-	-	-	3 197
Plant and machinery	395	-	-	(27)	368
Furniture and fittings	1 709	54	-	(106)	1 656
Motor vehicles	-	-	-	-	-
Office equipment	1 509	141	-	(130)	1 519
Computer hardware	2 712	234	(20)	(1 164)	1 763
Projects assets	23	-	(3)	(20)	1
	<b>10 833</b>	<b>429</b>	<b>(23)</b>	<b>(1 447)</b>	<b>9 792</b>

The residual value and the useful life of an asset have been reviewed at the end of this current financial year-end and there is no change in expectations that differ from previous estimates.

### Property valuation

The building is situated at 529 Belvedere Street, Arcadia. There are no restrictions on the title of the property, plant and equipment and no items are pledged as security for liabilities.

The office building was re-valued on 31 March 2020 by an independent valuer who holds a qualification in property valuations and is a member of South African Council for Property Valuer's Profession. The valuation was carried out with reference to comparable market related sales and this method was used to determine the market related valuation. The building is due for another revaluation in 2025. Further details on the building are as follows:

### Depreciation - Land

Land is not depreciated as it is deemed to have indefinite useful life. The estimated useful life for the building is twenty years, however AgriSETA has a depreciation charged at zero because the residual value is above the carrying value.

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

Repairs and maintenance	145	457
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Repairs and maintenance are separately disclosed hereunder, to comply with the requirements of GRAP 17, as well as to ensure the better presentation of the financial statements.

## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand

Note(s)

2022

2021

### 4. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	6 303	(1 102)	5 201	2 744	(898)	1 846

#### Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Computer software 4.1	1 846	3 560	(204)	5 201

#### Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software	246	1 908	(310)	1 846

### 5. Inventories

Cleaning	30	145
Cartridges	223	230
Stationery	69	126
	<b>322</b>	<b>501</b>

### 6. Receivables from exchange transactions

Accrued interests and other receivables	406	498
Staff debtor	7	74
Prepaid expenses	-	347
	<b>413</b>	<b>919</b>

## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand

Note(s)

2022

2021

### 6.1 Impairment on a receivables from exchange transactions

As of 31 March 2022, receivables from exchange transactions of R47 000 were impaired and provided for. The amount of the provision was R47 000 as of 31 March 2022.

The ageing of these receivable is as follows:

Receivables from non-exchange transactions	919	919
Less amount recovered	(458)	-
Less provision for impairment	(47)	-
	<b>414</b>	<b>919</b>

## 7. Receivables from non-exchange transactions

DPW receivables (donor funded project)	413	2 723
Departmental levy receivable	2 459	2 204
Mandatory grants overpayment (7.2)	-	56
Employer receivable (SARS adjustments)	1 313	828
Other receivables from non-exchange (7.1)	-	411
	<b>4 185</b>	<b>6 222</b>

### 7.1 Other receivable from non-exchange

Various payments amounting to R883 000 were made to a suspected fraudulent cyber-crime bank account. A receivable for R222 000 was incurred in the previous financial year 2019/20, while R661 000 was incurred in 2020/21. This amount was meant to be paid to a college for capacity building project funding.

The matter was reported to the South African Police Service (SAPS) and Standard Bank Fraud Division to recover the funds. The R411 000 was fully recovered in the 2021/22 financial year.

Amount paid to the college	411	883
Amount recovered	(411)	(472)
	<b>-</b>	<b>411</b>



## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand

Note(s)

2022

2021

### 7.2 Impairment on receivables - mandatory grants overpayment

As of 31 March 2022, other receivables from non-exchange transactions of R56 000 (2021: Nil) were impaired and provided for.

The amount of the provision was R56 000 as of 31 March 2022 (2021: Nil)

The AgriSETA has sundry receivables total balance of R56 000 as at 31 March 2021. This amount was the overpayment of mandatory grants during the year 2016/17. The basis and methodology applied in performing the impairment, is an assessment of payment pattern on these debtors in the following categories:

- Debts that could not be recovered through AgriSETA's normal debt recovery process, which on assessment date have not displayed signs of recoverability,
- No payments received for debts in respect of 12 – 90 months,

Mandatory grants debtor	56 000	56 000
Less Provision for impairment	(56 000)	-
	-	<b>56 000</b>

## 8. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash on hand and banks and investments in short-term deposits. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the balance sheet as follows

Cash-on-hand	3	1
Bank balances	186 359	143 333
Short-term deposits	450 640	433 969
	<b>637 002</b>	<b>577 303</b>

As required by National Treasury Regulations 31.2, National Treasury approved the banks where the bank accounts are held. The average interest rate for the year on short-term bank deposits is 4.17% (2021: 3.75%).

Paragraph 31.3.3 Unless exempted by the National Treasury, public entities that are listed in schedule 3A or 3C of the Act must, with effect from 1 July 2001, only: (a) invest surplus funds with the Corporation for Public Deposits, where such surplus exceed R1 million; and (b) invest surplus funds in an institution with an investment grade rating, where such surplus are less than R1 million

For the period ending 31 March 2022, all surplus funds are kept at the Corporation for Public Deposits.

## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand

Note(s)

2022

2021

### 9. Allocation of surplus for the year

#### 2021/22

	Administration reserves	Employer reserves	Discretionary reserves	Total
Revenue	-	-	-	-
SDL Levy: Income	66 511	126 611	313 623	506 745
SDL Levy: Penalties and Interest	-	-	6 685	6 685
Government levy: Department of Agriculture	3 060	-	6 120	9 180
Donor funded income: Public works	-	-	19 718	19 718
Interest received	19 236	-	-	19 236
InterSETA transfer from ServiceSETA	-	69	-	69
Refund from projects: bursaries	-	-	31	31
Proceeds from Insurance	239	-	-	239
Expenditure	-	-	-	-
Employer and discretionary expenses	-	(79 478)	(371 986)	(451 464)
Administration expense	(71 605)	-	-	(71 605)
Donor-funded expenditure: public works	-	-	(19 718)	(19 718)
Impairment loss	(104)	-	-	(104)
	-	-	-	-
	<b>17 337</b>	<b>47 202</b>	<b>(45 527)</b>	<b>19 012</b>

#### 2020/21

	Administration reserves	Employer reserves	Discretionary reserves	Total
Revenue	-	-	-	-
SDL Levy : Income	42 831	82 210	201 382	326 423
SDL Levy : Penalties and interest	-	-	9 179	9 179
Interest received	18 837	-	-	18 837
Government levy : Department of Agriculture	2 968	-	5 936	8 904
Donor funded income : Public works	1 980	-	8 250	10 230
Proceeds from Insurance and income from recycling	77	-	-	77
InterSETA transfer from ServiceSETA	-	143	-	143
Refund from Discretionary grants (Bursaries)	-	-	302	302
Expenditure	-	-	-	-
Employer and discretionary expenses	-	(56 591)	(215 520)	(272 111)
Administration expense	(62 662)	-	-	(62 662)
Donor funded expenditure: public works	-	-	(8 250)	(8 250)
	-	-	-	-
	<b>4 031</b>	<b>25 762</b>	<b>1 279</b>	<b>31 072</b>



## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand

Note(s)

2022

2021

### 10. Operating lease

#### Operating lease future commitment

- within one year
- due between two and five years

	283	322
	217	175
	<b>500</b>	<b>497</b>

#### Present value of minimum lease payments

#### Expenditure incurred for the rental of vehicle and printer machine in the current year

##### Rental of vehicle

	85	132
--	----	-----

Rental of printer machine

	237	152
--	-----	-----

	<b>322</b>	<b>284</b>
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The average monthly operating lease payments of R161 000 consists of payments for the rental of vehicle and printer machine, with the last lease contract ending 31 January 2023.

The lease terms for both vehicle and office equipment do not have an escalating clause; as a result the lease payments equals the GRAP 13 straight-line method.

### 11. Provisions

#### Reconciliation of provisions - 2022

	Opening balance	Additions	Utilised during the year	Total
Provision for performance bonus	3 742	921	-	4 663
Provision - levies from small companies	8 927	130	-	9 057
Provision for leave Pay	2 583	175	-	2 758
	<b>15 252</b>	<b>1 226</b>	<b>-</b>	<b>16 478</b>

#### Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Total
Provision for performance bonus	4 279	(537)	-	3 742
Provision -levies from small companies	7 173	1 754	-	8 927
Provision for leave pay	2 051	532	-	2 583
Skills Development grants provision - mandatory	2 162	(2 162)	-	-
	<b>15 665</b>	<b>(413)</b>	<b>-</b>	<b>15 252</b>

## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand	Note(s)	2022	2021
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### Provision for Performance bonus

Employees sign performance contracts as part of their conditions of service at the beginning of each financial year. Employees are assessed bi-annually and the bonus is paid in September each year. The amount is dependent on the outcome of individual performance evaluation.

### Provision: Levies for small companies

The amount of R9 million (2020/21: R8,9 million) relates to levies contributed by employers who are exempted from contributing skills development levies after being exempted from contributing SDL due to legislation changes which came into effect from 1 August 2005. SARS collects the levies on behalf of DHEST and the responsibility to refund the employers remains with SARS. In terms of Skills Development Circular No. 09/2013, issued by the DHESI on 25 August 2013, SETAs can utilise exempted amounts contributed after an expiry date of five years as stipulated in terms of Section 190 (4) of the Tax Administration Act. These amounts are being transferred to discretionary funds in line with the aforementioned circular

### Provision for Leave

In terms of AgriSETA leave policy, the entity has an obligation to either pay out unused leave on termination of service or allow employees to carry over unused leave for the next six months. At each financial year end an obligation is recognised for the full leave pay entitlement due to employees.

## 12. Payables from exchange transactions

Trade payables and other payables	4 004	3 033
Accruals Administration	-	1 425
Staff creditors	5	164
Payable - structured salaries (12.1)	945	901
	<b>4 954</b>	<b>5 523</b>

12.1 The payable amount relates to salaries withheld in January 2022 till March 2022 and will be paid in December 2022, or on earlier resignation of an employee.

## 13. Payables from non-exchange transactions

Accruals Discretionary Grants	5 102	22 742
Trade Payables Discretionary Grants	68 566	32 340
Levy Creditors	32 039	9 718
	<b>105 707</b>	<b>64 800</b>

## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand

Note(s)

2022

2021

### 14. Revenue

Proceeds from Insurance	239	66
Other Income - Recycling	-	11
Income from Public Works: Administration	-	1 980
Investment revenue (Interest received)	19 236	18 837
Government grants and subsidies	19 718	8 250
Skills Development Levy: Income	516 025	335 772
Skills Development Levy: Penalties and Interest	6 685	9 179
	<b>561 903</b>	<b>374 095</b>

PART B:  
PERFORMANCE INFORMATION

### 15. Levies

Levy transfer -Administration	66 511	42 831
Levy transfer -Discretionary grants	313 654	201 684
Levy transfer -Mandatory grants	126 680	82 353
Levies transfer -Penalties and interest	6 685	9 179
Levy transfer -Department of Agriculture (Discretionary)	6 120	5 936
Levy transfer -Department of Agriculture (Administration)	3 060	2 968
	<b>522 710</b>	<b>344 951</b>

PART C:  
GOVERNANCE

### 16. Revenue from exchange and non-exchange transactions

#### Government grants and donor funding income

Income from public works : Projects	-19 718	-8 250
	<b>19 718</b>	<b>8 250</b>

PART D:  
HUMAN RESOURCE MANAGEMENT

### 17. Investment revenue

#### Interest revenue

Interest received - investment	16 671	16 267
Interest received - Bank	2 565	2 570
	<b>19 236</b>	<b>18 837</b>

PART E:  
FINANCIAL INFORMATION

## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand

Note(s)

2022

2021

### 18. Employer grants and project expenditure

#### Discretionary Expenditure

Discretionary Grants Project Expenditure	344 787	193 005
Discretionary Grants Administration Expenditure	2 265	364
Discretionary Grants Employee costs	24 935	22 152
	<b>371 987</b>	<b>215 521</b>

#### Mandatory Expenditure

Mandatory Grants Expenditure	79 478	56 591
	<b>451 465</b>	<b>272 112</b>

### 19. Government grants & subsidies

Donor funded project expenditure : Public works (19.1)	19 718	8 250
--	--------	-------

#### 19.1 Donor funded project expenditure : Public Works

AgriSETA has entered into contract for the implementation of a partnership Expanded Public Works

Programme (EPWP) with Department of Public Works and Infrastructure on 02 July 2020 for the implementation of training of 400 EPWP participants at the total cost of R66 million excluding R4,95 million project administration cost. In the current year, R19,7 million has been incurred and paid or payable to the service providers contracted for implementation of the programme.

The appointed service providers are paid as and when the deliverables are achieved according to predetermined project milestones and funds are received from Department of Public Works and Infrastructure.

## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand

Note(s)

2022

2021

### 20. Employee-related costs

Basic salary	29 766	28 409
Structured salaries	2 304	2 074
Medical aid expense	176	161
UIF contributions	95	96
SDL contributions	334	220
Leave expense	426	697
Pension fund contributions	2 923	2 670
Overtime expense	81	-
Acting allowances (20.1)	140	21
Performance bonus	2 487	1 660
Long-term benefits (20.1)	39	27
	<b>38 771</b>	<b>36 035</b>

20.1 Acting allowance and Long term benefits were not separately disclosed in the financial year 2020/21, but for the purposes of providing relevant and useful information to the users of the financial statements the two line items were split from the Basic salary line item.

## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand	Note(s)	2022	2021
<b>21. General expenses</b>			
Information Technology Costs		7 491	4 380
Advertising and promotion		847	361
Audit fees - External		4 274	2 487
Bank charges		153	144
Consulting and professional fees		1 531	1 138
Bad debts expense		37	-
Audit fees - Internal		711	1 146
Catering		145	42
Quality Council for Trade and Occupations ( QCTO)		2 131	2 956
Insurance		386	360
Postage and courier		92	22
Printing, stationery and cleaning		745	784
Fuel expense		32	6
Repairs and maintenance		165	457
Security expense		366	427
Staff welfare		205	93
Subscriptions and membership fees		125	75
Telephone landlines		1 646	1 411
Training		1 052	1 178
Travel and accommodation		1 998	1 128
Small assets expensed		-	1
Municipal cost (Rates, Water & Electricity)		2 248	2 011
Forensic investigation		-	5
License (Annual subscription)		930	130
Recruitment costs		356	143
Board and Audit Committee fees		3 007	3 416
Workman's Compensation		154	205
Workshop costs ( AGM)		43	58
		<b>30 870</b>	<b>24 564</b>

21.1 Information Technology costs relate to designs and generation of an internally generated website for an amount of R2,1 million as well as design and configuration of a new IT system.

## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand

Note(s)

2022

2021

### 22. Cash flows from operating activities

Surplus	19 012	31 073
Adjustments for:		
Depreciation and amortisation	1 601	1 757
Proceeds from insurance and assets Disposal	(239)	(66)
Loss on fixed assets	50	23
Inventory adjustment	179	110
Impairment loss	104	-
Movements in provisions	1 227	(2 033)
Changes in working capital:		
(Increase)/Decrease in exchange and non exchange receivable current year	3 157	(1 686)
Increase/(Decrease) in payables from exchange, non-exchange, consumables and provisions current year	39 620	3 195
Adjustments on payables	-	(2 394)
	<b>64 711</b>	<b>29 979</b>

### 23. Financial instruments disclosure

#### Categories of financial instruments

#### 2022

#### Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	413	413
Other receivables from non-exchange transactions	3 925	3 925
Cash and cash equivalents	637 002	637 002
	<b>641 340</b>	<b>641 340</b>

#### Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	4 954	4 954
Payables from Non-exchange transactions	105 707	105 707
	<b>110 661</b>	<b>110 661</b>

## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand

Note(s)

2022

2021

### 23. Financial instruments disclosure (continued)

2021

#### Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	919	919
Other receivables from non-exchange transactions	6 222	6 222
Cash and cash equivalents	577 303	577 303
	<b>584 444</b>	<b>584 444</b>

#### Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	5 524	5 524
Payables from Non-exchange transactions	64 800	64 800
	<b>70 324</b>	<b>70 324</b>

The age analysis of cash and cash equivalents

2021/22

Not past due

Past due 60 and above

	Gross	Impairment	Total
	-	-	-
	637 002	-	637 002
	-	-	-
	-	-	-

2020/21

Not past due

Past due 60 and above

	Gross	Impairment	Total
	-	-	-
	577 303	-	577 303
	-	-	-
	<b>577 303</b>	<b>-</b>	<b>577 303</b>



## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand

Note(s)

2022

2021

### 23. Financial instruments disclosure (continued)

The age analysis of Trade and other receivables from exchange and Non-exchange

2022

#### Receivables from exchange

	Gross	Impairment	Total
Not past due	-	-	-
Past due 0 - 30 days	-	-	-
Past due 31 - 60 days	460	(47)	413
Past due 60 and above	<b>460</b>	<b>(47)</b>	<b>413</b>

#### Receivables from non-exchange

	Gross	Impairment	Total
Not past due	-	-	-
Past due 0 - 30 days	-	-	-
Past due 31 - 60 days	3 981	(56)	3 925
Past due 60 and above	<b>3 981</b>	<b>(56)</b>	<b>3 925</b>

2021

#### Receivables from exchange

	Gross	Impairment	Total
Not past due	-	-	-
Past due 0 - 30 days	-	-	-
Past due 31 - 60 days	-	-	-
Past due 60 and above	919	-	919
	<b>919</b>	<b>-</b>	<b>919</b>

## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand

Note(s)

2022

2021

### 23. Financial instruments disclosure (continued)

#### Receivables from non-exchange

	Gross	Impairment	Total
Not past due	-	-	-
Past due 0 - 30 days	-	-	-
Past due 31 - 60 days	-	-	-
Past due 60 and above	6 222	-	6 222
	<b>6 222</b>	<b>-</b>	<b>6 222</b>

#### The age analysis of Trade and other payables from exchange and Non-exchange

##### 2022

#### Payables from non exchange

	Gross	Impairment	Total
Not past due	-	-	-
Past due 31 - 60 days	4 954-	-	4 954-
Past due 60 and above	-	-	-
	<b>4 954-</b>	<b>-</b>	<b>4 954-</b>

#### Payables from non exchange

	Gross	Impairment	Total
Not past due	-	-	-
Past due 0 - 30 days	-	-	-
Past due 31 - 60 days	-	-	-
Past due 60 and above	105 707	-	105 707
	<b>105 707</b>	<b>-</b>	<b>105 707</b>

## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand

Note(s)

2022

2021

### 23. Financial instruments disclosure (continued)

2021

#### Payables from exchange

Not past due  
Past due 0 - 30 days  
Past due 31 - 60 days  
Past due 60 and above

Gross	Impairment	Total
-	-	-
-	-	-
-	-	-
5 523	-	5 523
-	-	-
<b>5 523</b>		<b>5 523</b>

#### Payables from non exchange

Not past due  
Past due 0 - 30 days  
Past due 31 - 60 days  
zPast due 60 and above

Gross	Impairment	Total
-	-	-
-	-	-
-	-	-
-	-	-
64 800	-	64 800
<b>64 800</b>		<b>64 800</b>

AgriSETA has sufficient working capital to pay the liabilities as and when they fall due in the ensuing financial year. Currently the debt to liability ration is 17.25% (2021 : 31.07%). Therefore, AgriSETA is highly liquid.

## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand

Note(s)

2022

2021

### 24. Commitments

#### Discretionary Funded Project

##### Already contracted for

• Adult Education and Training (AET)	2 309	4 010
• Agri College Support	1 595	2 547
• Artisans Development	108 949	147 156
• Bursaries continuation	12 234	18 449
• Bursaries Post Graduate	11 642	6 186
• Bursaries Under Graduate	22 698	18 209
• Career Guidance	1 600	400
• Graduate Placement	16 894	15 993
• Internships	25 412	26 377
• Learnerships	73 208	60 764
• Lecture Development	100	50
• Mentorships	400	5 652
• Occupational Qualifications	500	1 820
• Partnerships	170 068	93 599
• Research ,Monitoring and evaluation	2 288	2 965
• Recognised Prior Learning (RPL)	4 878	1 127
• Skills programs	6 164	17 465
• Commodity Organisations	-	2 214
• New Venture Creation	-	1 545
• Accredited Qualification Programmes	-	21
• Marketing and Communication	-	51
	<b>460 939</b>	<b>426 600</b>

## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand

Note(s)

2022

2021

### 24. Commitments (continued)

#### Approved by the Accounting authority but not yet contracted

- Letter of appointment issued

91 867	87 403
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#### Total operational commitments

- Already contracted for
- Approved by Accounting Authority but not yet contracted

460 939	426 600
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91 867	87 403
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<b>552 806</b>	<b>514 003</b>
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#### Total commitments

Project related commitments

552 806	514 003
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Commitments for the year ended 31 March 2021 were restated from R515 939 million to R514 003 million due to a prior period error effected in the 2021/22 financial year. The prior period error relates to expenditure of R0.524 million as well as contract cancellations of R1.4 million which should have been effected during the prior financial year.

### 25. Contingencies

#### 25.1 Contingent Assets

##### 25.1.1 Retention of Surplus Funds

In terms of section 53 (3) of PFMA, constitutional institutions and public entities listed in schedules 3A and 3C to the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) may not accumulate surpluses that were realised in the financial year without obtaining prior written approval of the relevant Treasury. On the 2 of September 2020, National Treasury introduced the revised instruction No.12 of 2020/21 with provisions on the retention of cash surpluses.

According to this instruction, in terms of paragraph 3.2 of the National Treasury instruction No. 12 of 2020/21, a surplus is based on the net assets. A submission has been made to the National Treasury to retain the following surplus :

Cash and cash equivalent at the end of the year

637 002	577 303
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Add : Receivables

4 598	7 140
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Less : Current Liabilities

(127 139)	(85 575)
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**Surplus**

<b>514 461</b>	<b>498 868</b>
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## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand

Note(s)

2022

2021

### 25. Contingencies (continued)

#### 25.1.2 InterSETA receivables

The SETA has Inter-SETA balances that did not fully meet the recognition criteria for interSETA receivables in alignment to the Standard Operating Procedure issued by the Department of Higher Education and Training. Amounts have not been confirmed as yet. A receivable will be raised once the criteria to trigger transaction(s) has been met.

### 25.2 Contingent Liabilities

#### 25.2.1 Outcome of the Minister of Higher Education Science and Innovation (DHESI) and employers, represented by Business Unity South Africa (BUSA) case

In December 2012, the Minister repealed the 2005 Grant Regulations and promulgated 2012 Grant Regulations. Regulation 4(4) of the 2012 Grant Regulations reduced the mandatory grant that an employer could claim back from 50% to 20% of the total levies paid by the employer. The manner in which the 2012 Grant Regulations were promulgated, among other matters, led to litigation begun by BUSA, at the Labour Court. The Labour Court declared the regulation to be invalid and consequently set aside, with suspension of the order until March 2016.

Prior to the order coming into effect, the regulation was re-promulgated in January 2016, to which BUSA launched renewed review proceedings in the Labour Court to set the re-promulgated regulation aside. The Labour Court dismissed the review application and BUSA decided to put through an appeal to the decision through the Labour Appeal Court (LAC). During October 2019, the LAC ruled that the decision to re-promulgate Regulation 4(4) was "irrational and lacking in any legal justification". The regulation, as re-promulgated in 2016, was consequently set aside.

Despite the said regulation being set aside, the LAC ruling is silent on both the percentage quantum that can be claimed back by employers and on the effective date of the order. The effect of the ruling is that the Minister, in consultation with employers and BUSA, would have to decide on the percentage for mandatory grants in consultation with the sector, and these accordingly published in the Government Gazette. To date, there has been no communication regarding the approved mandatory grant percentage that can be claimed back by employers. These circumstances create uncertainty as to the percentage of mandatory grants that can be paid and/or accrued by the SETA during the year under review.

However, post the ruling, DHESI continues to split the mandatory grant levy income portion at a rate of 20% in the monthly levy download information. Consequently, the SETA has continued to pay and accrue mandatory grants at 20% in the 2019/20 financial year which is also aligned to the approved annual performance plan. The mandatory grant expenditure in Note 18 as well as the mandatory grant liability in Note 13 were calculated at a rate of 20%.

## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand

Note(s)

2022

2021

### 25. Contingencies (continued)

Pending the final agreement between the Minister and the employers (through BUSA) on the approved rate, there is therefore a possible liability due to additional or lesser grant payments over or under the amounts already paid and accrued in the current year based on a payment rate of 20%. Given the initial review application at the Labour Court whereby BUSA cited that the mandatory grant reduction is irrational and unreasonable; as well as latter reports by business arguing that the LAC judgement would revert back to the original position; it is therefore remotely likely that there would be a contingent asset. It is therefore submitted that the likelihood of a possible liability is greater, which can only be confirmed from the outcome of the agreements between the Minister and employers, which is not within the control of the entity. The amount of the possible obligation cannot be (reliably) estimated due to the uncertainty of the approved rate, as well as the effective date of application. In addition, the entity has had no experience in similar transactions to be able to reasonably estimate the outcome of the events nor the amount.

#### 25.2.2 InterSETA payables

The SETA has Inter-SETA balances that did not fully meet the recognition criteria for InterSETA payables in alignment to the Standard Operating Procedure issued by the Department of Higher Education and Training. Amounts have not been confirmed as yet. A payable will be raised once an invoice has been received from the receiving SETA.

#### 25.2.3 Terminated discretionary grant contracts

Historically, the SETA has had several appeals of terminated discretionary grant contracts where some of these appeals were successful.

The SETA honours payment requests post termination dates provided the learners have completed or achieved their learning programmes deliverables as stated in the contracts within the contract validity period. Timing of these payment requests and amounts to be paid is uncertain, therefore, no amount can be reliably estimated and disclosed.

### 26. Related parties

#### Relationships

Entities under common control of the Minister of Higher Education, Science and Technology

By virtue of the fact that AgriSETA is a national public controlled by Department of Higher Education, Science and Technology (DHET), it is considered related to other SETAs, TVETs, SAQA, Universities, the QCTO, NSFAS and the NSF. The transactions are consistent with normal operating relationships between the entities and are undertaken on terms and conditions that are normal for such.

## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand	Note(s)	2022	2021
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### 26. Related parties (continued)

#### 26.1 Related party transactions

##### Transactions from related parties

QCTO	2 131	2 956
Mandatory grants received		
<b>ServicesSETA</b>	(69)	(143)

Where there were transactions and balances arising due to the movement of funds between entities under common control of the DHEST, these amounts and outstanding balances are disclosed below :

##### TVETS, Universities and Other entities (included in Payables from Non- Exchange)

Boland TVET College	-	237
University of Limpopo	-	1 018
Northern Cape Urban FET College (600)	516	-
Lovedale FET College	2 385	-
Cape Peninsula University of Technology	209	-
Tshwane University of Technology	519	-
University of The Free State	923	-
University of South Africa	76	-
Durban University of Technology	179	-
National Agricultural Marketing	795	-
Fort Cox College Agricultural & Forestry	733	-
Limpopo Government Madzivhandila	1 271	-
University of Venda	1 145	-
University of Johannesburg	95	-
Motheo FET College	1 238	-
Coastal KZN TVET College	358	-
Vhembe FET College	922	-
Tompi Seleke College	-	488
University of Stellenbosch	835	-
Tshwane South TVET College	412	-
False Bay College	715	-
Central University of Technology Free State	189	-



## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand

Note(s)

2022

2021

### 26. Related parties (continued)

#### 26.2 Non-Executive (Accounting Authority)

##### Accounting Authority - Board members

2021/22

	Travel		
	Members fees	Reimbursement	Total
Ms E Pitzer	155	-	155
Mr A Kriel	86	-	86
Ms B Cele	173	-	173
Mr EL Mhlongo	190	-	190
Ms ME Mmako	173	-	173
Ms G Sepeng (Chairperson)	413	11	424
Mr KL Senyatsi	138	-	138
Mr K Tsimatsima	112	-	112
Mr M Mahanjana	121	-	121
Ms PS Luwaca	-	19	19
Mr C Van der Rheede	9	-	9
Ms S Mthembu	78	-	78
Mr MS Mngomezulu	257	6	263
Ms LV Gqokoma	216	-	216
	<b>2 121</b>	<b>36</b>	<b>2 157</b>

## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand

Note(s)

2022

2021

### 26. Related parties (continued)

2020/21

	Members fees	Travel Reimbursement	Total
Mr A Rabe	9	-	9
Mr C Van Der Rheede	200	-	200
Ms LV Gqokoma	242	-	242
Mr MS Mngomezulu	300	-	300
Mr A Kriel	147	-	147
Ms B Cele	242	-	242
Mr EL Mhlongo	224	-	224
Ms G Sepeng (Chairperson)	377	3	380
Ms KL Senyatsi	186	-	186
Mr K Tsimatsima	190	-	190
Mr ME Mmako	216	-	216
Mr M Mahanjana	164	-	164
Ms S Mthembu	138	-	138
	<b>2 635</b>	<b>3</b>	<b>2 638</b>

### Accounting Authority - Audit and Risk Committee

2021/22

	Members fees	Travel Reimbursement	Total
Dr G Buys	69	-	69
Ms E Pillay (Chairperson)	155	1	156
Ms M Phiri	94	-	94
Mr K Maja	142	-	142
Mr V Chonco	78	-	78
	<b>538</b>	<b>1</b>	<b>539</b>

## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand

Note(s)

2022

2021

### 26. Related parties (continued)

2020/21

	Members fees	Travel Reimbursement	Total
Mr GF Buys	95	-	95
Ms E Pillay (Chairperson)	142	-	142
Ms GL Maqubela	17	1	18
Mr M Oliver	35	-	35
Ms UM Oliphant	46	-	46
Ms M Phiri	60	-	60
Mr V Chonco	60	-	60
Mr K Maja	107	-	107
	<b>562</b>	<b>1</b>	<b>563</b>

### 26.3 Stakeholders: Companies related to Accounting Authority

2021/22

	Levies received from employers	Member fee paid to Employers	DG Expenditure	MG Expenditure	Total paid
Hortgro Services Mr Anton Rabe	-	234	-	-	234
Agri SA Mr C Van der Rheede	38	259	-	-	35
	<b>38</b>	<b>493</b>	<b>-</b>	<b>-</b>	<b>269</b>

2020/21

	Levies received from employers	Member fee paid to Employers	DG Expenditure	MG Expenditure	Total paid
Hortgro Services (Pty) Ltd Mr A Rabe	-	164	1 170	-	1 334
Red Meat Abattoir Association Dr G Neethling	-	-	-	-	-
- Mr R Gerritzen	1 316	-	-	329	520
Beperk/Agriculture Ltd Agri SA Mr C Van Der Rheede	-	46	1 916	-	1 962
	<b>1 316</b>	<b>210</b>	<b>3 277</b>	<b>329</b>	<b>3 816</b>

## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand

Note(s)

2022

2021

### 26. Related parties (continued)

#### 26.4 Executive Management

2021/22

	Salary	Performance Bonus	Travel reimbursement and cellphone allowance	Total
Dr KI Sirovha (Chief Executive Officer)	2 068	-	47	2 115
Ms M Sebela ( Chief Financial Officer)	1 833	192	15	2 040
Mr M Dlanga ( Company secretary)	1 401	80	19	1 500
Ms KN Ndlovu (Chief Risk Officer)	1 129	90	14	1 233
Mr KMA Khoza (Chief Information Officer)	1 275	90	12	1 377
Mr M Shabangu (Executive Manager: LPP)	1 529	94	12	1 635
Mr MF Phetla (Executive Manager: ETQA)	1 529	160	35	1 724
Mr F Fouche (Executive Manager: SP&R)	1 529	160	28	1 717
Dr MB Letsoalo (Executive Manager : Corporate Service)	382	-	3	385
	<b>12 675</b>	<b>866</b>	<b>185</b>	<b>13 726</b>

2020/21

	Salary	Performance Bonus	Travel reimbursement and cellphone allowance	Total
Mr Myeza (Former Chief Executive Officer) 26.4.1	1 653	327	18	1 998
Dr KI Sirovha (Current Chief Executive Officer) 26.4.2	622	-	21	643
Ms M Sebela (Chief Financial Officer)	1 743	200	11	1 954
Mr M Dlanga (Company Secretary)	1 332	108	13	1 453
Mr F Phetla (Executive manager : ETQA)	1 465	160	26	1 651
Mr F Fouche (Executive Manager : Skills Planning)	1 453	167	8	1 628
Mr EM Shabangu (Executive Manager : LPP)	1 453	160	9	1 622
Mr KK Khoza (Chief Information Officer)	1 212	110	22	1 344
Ms KN Ndlovu ( Chief Risk Officer)	1 034	77	11	1 122
	<b>11 967</b>	<b>1 309</b>	<b>139</b>	<b>13 415</b>

26.4.1 Contract expired on 30 November 2020 at Executive position.

26.4.2 Appointed on 1 December 2020 at Executive position.



## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand

Note(s)

2022

2021

### 27. Prior-year adjustments

Payables from non-exchange transactions - Credit note of Discretionary grants were posted in the current financial year which relates to the invoice posted in the prior period. An adjustment to correct the error was made in the current financial year which reduces the payables and the project expenditure by R2,9 million. In addition, there were invoices that were not recognised as accruals in the 2020/21 financial year which were only identified in the current financial year resulting in adjustments to the prior period balance by R523 000; this will make the project expenditure and payables accruals to decrease.

Payables from exchange transactions - included under general administration expenditure is an increase in accruals for the property municipal rates and taxes that was omitted in the year 2020/21; the omission was due to the supplier billing statement not being received at year end 31 March 2021. The administration accruals were understated by R1,43 million; an adjustment to correct the error was made during the current financial year which increase payables from exchange and general expenditure.

Revenue from non-exchange transactions - In July 2020 the stakeholders has effected a reversal of R377 000 which resulted in a system indicating that AgriSETA levy for July 2020 has a negative balance due to this reversal AgriSETA received zero levy transfer, therefore, on uploading of levy file, the DHESI levy debtor and revenue were sitting with the negative balance of R377 000. An adjustment to net off the two was made in the current year, which increase the revenue and decrease the payables.

#### Statement of financial position

2021

Note	As previously reported	Correction of error	Restated
Decrease in payables from non-exchange transactions	(68 619)	3 819	(64 800)
Increase in payables from exchange transactions	(4 098)	(1 425)	(5 523)
Total net assets	(508 613)	(2 394)	(511 007)
	<b>(581 330)</b>	-	<b>(581 330)</b>

#### Statement of financial performance

2021

Note	As previously reported	Correction of error	Restated
Decrease in discretionary project expenditure	(218 963)	3 442	(215 521)
Increase in general expenses	(23 138)	(1 425)	(24 563)
Increase in skills development levy	344 574	377	344 951
Accumulated surplus	(28 679)	(2 394)	(31 073)
<b>Surplus for the year</b>	<b>73 794</b>	-	<b>73 794</b>

## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand

Note(s)

2022

2021

### 27. Prior-year adjustments (continued)

#### Statement of Changes in Net Assets

	Administration reserves	Discretionary reserves	Total net Assets
Opening balance as previously reported	-	493 869	493 869
Increase in discretionary reserves	-	2 394	2 394
	-	<b>496 263</b>	<b>496 263</b>

### 28. Risk management

#### Liquidity risk

The AgriSETA will be able to meet its payment obligations in a timely manner as and when they become due, in this regard the AgriSETA does not have any liquidity risk.

#### Credit risk

The SETA limits its counter-party exposure by only dealing with well-established financial institutions approved by National Treasury. The SETA's exposure is continuously monitored by the Accounting Authority. Credit risk in respect of SARS is limited as it is a government entity of sound reputation.

Credit risk with respect to levy-paying employers is limited due to the nature of the income received. The SETA's concentration of credit risk is limited to the Agriculture sector in which the SETA operates. No events occurred in the Agriculture industry during the financial year that may have an impact on the accounts receivable that has not been adequately provided for. The SETA is exposed to a concentration of credit risk, as significant amounts is owed by the South African Revenue Services (SARS). This concentration of risk is limited as DHEST is a government entity with sound reputation.

### 29. Going concern

The Annual Financial Statement have been prepared on the basis of accounting policies applicable to a going concern. This 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.

SETA's has been re-established until 31 March 2030 as per Gazette No 42290 dated 7 March 2019.

### 30. Events after the reporting date

AgriSETA management has not identified any adjusting or non-adjusting event after the reporting period date which would result in the financial statements being adjusted, or where such events required disclosure within the financial statements

## Notes to the Annual Financial Statements (continued)

Figures in Rand thousand

Note(s)

2022

2021

### 31. Fruitless and wasteful expenditure

Opening balance as previously reported	-	98
Less: Amount condoned - current year	-	(98)
Closing balance	-	-

AgriSETA has not incurred any fruitless and wasteful expenditure in the current financial year.

There is an alleged fruitless and wasteful expenditure relating to interest charged from City of Tshwane municipality with an amount of R79 631,46. This was formally disputed by the SETA thus assessment in this regard has not yet been concluded'

### 32. Irregular expenditure

Opening balance	4 967	4 745
Less: Amount deemed not irregular expenditure (32.1)	-	(897)
<b>Opening balance as restated</b>	<b>4 967</b>	<b>3 848</b>
Add: Irregular Expenditure - current year ( 32.2)	1 409	1 119
Less: Amount written off - current year (32.3)	(3 848)	-
	-	-
<b>Closing balance</b>	<b>2 528</b>	<b>4 967</b>

#### Analysis of expenditure awaiting condonation per age classification

Prior year	4 967	4 745
Current year	(2 439)	222
	<b>2 528</b>	<b>4 967</b>

#### Details of irregular expenditure incurred during the year

##### Incident

The appointment of some members of the Accounting authorities was not in compliance with applicable legislation, in relation to the Skills Development Act.

1 409	1 119
-------	-------

32.1 An amount of R897 000 was erroneously included as irregular expenditure in 2018/19 financial year.

32.2 The department (DHEST) has concluded its determination test over the irregular expenditure (Appointment of Accounting Authority in the 2019/20 financial year). They have now applied for condonation with National Treasury.

## 32. Irregular expenditure (continued)

32.3 An independent investigation was conducted to verify the recorded irregular expenditure following which in line with the irregular expenditure framework as issued by the National Treasury, a resolution to write off R3 848 000 from the note of the irregular expenditure was passed by the accounting authority of AgriSETA in the current financial year.

## 33. Comparison of budget and actual amounts

Notes to comparison of actual and budget amounts

Legislation requires that the SETA on an annual basis, in September, submit a budget to the Minister for approval.

Explanations have been provided below for significant variances.

### 33.1 Skills Development Levy (SDL) Income

In the current financial year, AgriSETA collected R4,8 million (1,1%) more revenue than what was budgeted for. The four months levy holiday in 2020/21 financial year due to Covid-19 impact resulted in the lower collection of SDL revenue in previous years. The current year has seen an increase of 53,4% in revenue collection.

### 33.2 Penalties and Interest

Income from penalties and interest arise when employers fail to submit their returns as required by legislation. These amounts typically vary year on year. Penalties and interest on SDL is not budgeted for.

### 33.3 Investment income - Interest received

Investment and other income mainly comprise of interest received on the CPD investment account. The budgeted return on investment was R19,6 million, however actual yield was R19,2 million. The R374 000 under collection is due to the decline in the Repo rate by the Reserve Bank during the Covid-19 season on 2020/21.

### 33.4 Employer grants and project expenditure

Actual employer grants and projects expenditure were lower than the budget by R21 million due to delays on expenditure in implementation of discretionary contracts allocated to service providers. Covid-19 had an adverse impact to payments due to slow or halted implementation of Skills Development programmes and projects in the previous year. The mandatory grants paid was higher in 2021/22 and the major contributor was the 100% approval of Work Skills Programme.

### 33.5 Employee related costs

Personnel expenditure is R2,6 million above the budget. The administration employee costs in 2021/22 increase marginally with a variance of 7,6% due to salary increases as well as increase in the expenditure due to provisions raised for leave and performance bonus by R423 000 and R2,4 million respectfully

### 33.6 General expenses

There was an overspending of R4,2 million under general expenditure. This is mainly attributed to the following:



### 33. Comparison of budget and actual amounts (continued)

#### 33.6.1 Information technology costs

In the current financial year the budget was R5 million, while the budget was exceeded by R2,4 million with R7,4 million being spent. This is due to a parallel run being commissioned during the migration from the old to a new configured Enterprise Resource Planning (ERP) system. The SETA was granted approval by National Treasury to extend the old contract with eight months to ensure business continuity while the new system was being built.

#### 33.6.2 Audit fees – External

The budget for the 2021/22 was R2,9 million based on the audit strategy to cover the audit cycle of 2021/22, while the actual spending amounted to R4,2 million. The R1,8 million exceeded budget relates to audit activities of the 2020/21 cycle also invoiced in the current financial year, having been received between April 2022 to July 2022.

#### 33.6.3 Municipal cost (rates, water & electricity)

During the current financial year AgriSETA experienced significant municipal charges for water and lights. The municipality indicated that there was a change in the water meter as the old meter gave an incorrect usage reading. This has resulted in the SETA spending R1,4 million above the budgeted figure of R840 000.

### 33.7 Government grants and donor-funded projects

During 2020/21, AgriSETA entered into an agreement to implement an Artisans project for the Department of Public Works over a period of three years, the project costs amounted to R19,7 million in the current financial year 2021/22. The programme is picking up momentum in the current 2021/22 financial year.



**Facilities Management**





**AgriSETA's employees photographed with the CEO (row 2, centre) at the Union Building**

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