



ANNUAL REPORT
2017/18



**AGRICULTURE SECTOR EDUCATION TRAINING AUTHORITY
(AgriSETA)**

ANNUAL REPORT

2017/18

To the Honourable Minister of Higher Education and Training

Ms Grace Naledi Mandisa Pandor and
Deputy Minister, Mr Buti Manamela

2017/18 Financial Year



It is my pleasure to present to you the Annual Report of the Agriculture Sector
Education and Training Authority for the financial year ended 31 March 2018.

Mr Christo van der Rhee

Chairperson: Accounting Authority of AgriSETA

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The background of the slide is a photograph of a cornfield. In the foreground, large green corn leaves are visible, some showing signs of being eaten. In the background, several corn cobs are visible, some with yellow silk and others with brown husks. The image is overlaid with several geometric shapes: a large orange triangle in the top-left corner, a large white triangle in the center, and a large green triangle in the bottom-right corner. The text "PART A: GENERAL INFORMATION" is centered within the white triangle.

PART A: GENERAL INFORMATION

PUBLIC ENTITY'S GENERAL INFORMATION

Registered name: Agriculture Sector Education Training Authority (AgriSETA)

Registration number: 20/AgriSETA/1/07/11

Physical Address AgriSETA House
529 Belvedere Street
Arcadia
0083
Pretoria
Republic of South Africa

Postal Address P O Box 26024
Arcadia
0007
Pretoria
Republic of South Africa

Contact Details Telephone: (012) 301 5600
Email: info@agriseta.co.za
Website: www.agriseta.co.za

External Auditors: Auditor-General of South Africa

Banking Institution: Standard Bank of South Africa

Company Secretary: Mr Mzuyanda Dlanga

LIST OF ABBREVIATIONS/ ACRONYMS

18.1	Permanent employees	HE	Higher Education
18.2	Unemployed people and under-resourced farmers	HIV	Human Immunodeficiency Virus
AET	Adult Education and Training	HRD	Human Resource Development
AFS	Annual Financial Statements	ICT	Information Communication Technology
AGM	Annual General Meeting	INT	Internship
AgriSETA	Agriculture Sector Education Training Authority	LS	Learnership
AGSA	Auditor-General of South Africa	MG	Mandatory Grant
AIDS	Acquired Immuno Deficiency Syndrome	NARYSEC	National Rural Youth Service Corps
APACV	Association of Principals of Agricultural Colleges	NCV	National Certificate Vocational
APP	Annual Performance Plan	NDP	National Development Plan
APR	Annual Performance Reporting	NGO	Non- Governmental Organisation
AQPs	Assessment Quality Partners	NGP	National Growth Plan
ARC	Audit and Risk Committee	NLPE	Non Levy Paying Enterprises
ASB	Accounting Standard Board	NQF	National Qualifications Framework
B	Bursary	NSDS	National Skills Development Strategy
CBO	Community Based Organisation	NSF	National Skills Fund
CEO	Chief Executive Officer	NSFAS	National Student Financial Aid Scheme
CFO	Chief Financial Officer	NVC	New Venture Creation
CHE	Council for Higher Education	OFO	Organising Framework for Occupations
Co-Ops	Co Operatives	ORCA	Outsourced Risk and Compliance Assessment
CSD	Central Supplier Database	PFMA	Public Finance Management Act
DAFF	Department of Agriculture Forestry and Fisheries	POA	Programme of Action
DEA	Department of Environmental Affairs	PPPs	Public Private Partnership
DHET	Department of Higher Education and Training	QCTO	Quality Council for Trades and Occupations
DPME	Department of Performance Monitoring and Evaluation	RPL	Recognition of Prior Learning
DRDLR	Department of Rural Development and Land Reform	SCM	Supply Chain Management
DVD	Digital Video Disc	SD	Skills Delivery
ETQA	Education Training Quality Assurance	SDFs	Skills Development Facilitators
FET	Further Education and Training	SETA	Sector Education Training Authority
FLP	Further Learning programmes	SIU	Special Investigation Unit
FRC	Finance and Remuneration Committee	SP	Skills Programme
GPL	Graduate Placement	SSC	Sub Sector Committee
GRAP	Generally Recognised Accounting Practice	SSP	Sector Skills Plan
GQAC	Grants and Quality Assurance Committee	TVET	Technical Vocational Education and Training
GSC	Governance and Strategy Committee	UIF	Unemployment Insurance Fund
		WIL	Work Integrated Learning
		IPAP	Industrial Policy Action Plan
		NGP	New Growth Path
		SLA	Service Level Agreement



FOREWORD BY THE CHAIRPERSON

Chairperson of the Accounting Authority –
Mr Christo van der Rheede

Introduction and Commitment

'Stick to the spirit and the letter of our legislative and policy framework, guided amongst others, by the Skills Development Act, SETA Standard Constitution Regulations which covers an array of areas such as: objectives of the SETA, powers and functions of the SETA, duties and powers of the Accounting Authority (AA), establishment of the executive committee of the AA, Audit Committee, Governance and Strategy Committee etc., Public Finance Management Act and other applicable policy and legislative framework.' Minister of Higher Education, the honourable Naledi Pandor, June 2018

With these introductory remarks, the honourable Minister Naledi Pandor made her expectations very clear during her first meeting on 19 June 2018 with us as Chairpersons of the various SETAs. As the newly appointed Chairperson of AgriSETA and on behalf of the Board, I fully endorse the sentiments expressed by the Minister. We commit ourselves to at all times, respect and uphold these expectations and honouring the provisions outlined in the SETA Governance Charter & Standards.

This seeks not only to improve SETA governance and measure compliance, but it lays the foundation for the delivery of quality training programmes and growing the skills base of each and every economical sector.

Priorities

It is also against this backdrop, that the Board is paying particular attention to the training and development

priorities as presented by the DHET during the induction sessions held for the Board earlier this year. These priorities seek to address the following:


- Continued skills shortages in the artisanal, technical and professional fields which is fundamental for economic growth and development;
- Scarcity of skills to drive industrialisation and beneficiation strategy of the country as identified in the IPAP, NGP and NDP;
- Dominant urban bias of Economic Development activities resulting to urban bias in skills development initiatives and
- Weak linkages between HEI and workplaces.

Continued poor work readiness of many young people leaving formal secondary/tertiary education, entering the labour market.

Slow progression towards intermediate and higher skills required for identified growth sectors.

Weak monitoring and reporting system (data systems).

Huge emphasis is therefore placed on ensuring that these priorities find expression in the programmes of AgriSETA and that it resolves amongst others issues of skills shortages, scarcity of skills to drive industrialisation and poor work readiness.



“It is through growth, improved production and a highly skilled population that more wealth is created, more jobs are created and that more people do have the confidence to unlock entrepreneurial opportunities themselves.”

Planning, Targets, Validation and Reporting

During the induction session by the DHET, the AgriSETA Board was also requested to ensure that planning takes place on time so that training can be implemented throughout the financial year. Poor planning not only results in the late implementation of training interventions, but it also undermines the quality of training to be delivered.

In this respect the Board must ensure that performance reporting is a standing agenda item in all meetings. Quarterly submissions must however go hand in hand with a portfolio of evidence to ascertain the validity of the reported information. Exercising full oversight over both SETA management performance and governance requires much more than just accepting information on face value, but also that the accuracy of information and the impact of programmes are beyond reproach!

Compliance

The new Board also takes cognisance of the audit findings highlighted in the Report of the AG to Parliament on AgriSETA. We're indeed committed to prioritise, address and rectify any shortcomings, weaknesses and non-compliance and to implement all the controls necessary to ensure that financial management is beyond reproach.

Some of the most disappointing findings are as follows:

The AFS and APR contained material misstatements which were not prevented and detected by the entity's internal controls;

- Although the entity has developed and approved policies and procedures for the preparation of the financial statements, performance reporting and compliance with procurement regulations, these policies were not strictly adhered to;
- As a result, reliance was placed on the audit effort to identify misstatements to ensure that the AFS and the APR are fairly presented;
- AgriSETA did not address past material audit findings and internal control deficiencies adequately;
- The controls in place were not adequately implemented in order to detect and prevent misstatements. This resulted in a lack of improvement in the overall audit outcomes of the SETA for financial reporting, performance reporting and compliance with legislation;
- Payments were not made within 30 days after receipt of an invoice or an agreed period as required by Treasury Regulation 8.2.3 and
- The Financial Statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 55(1) (a) and (b) of the Public Finance Management Act.

There is an ongoing investigation by the Special Investigations Unit (SIU) on various allegations, including financial misconduct and contravention of SCM and Grants regulations.

The new Board views these findings in a very serious light and welcome the commitments by management to avoid such findings again in future. The Board values the dedication of our management team and the rest of the staff to help turn around the organisation and not to allow internal conflict to distract them from doing their jobs with the utmost zeal and professionalism. In this regard a new Human Resources manager was appointed in order to develop an HR strategy that will serve as a source of inspiration, loyalty, ethical conduct and continuous professional growth.

Risk Management and Mitigation

The following steps were taken to rectify the aforementioned and disconcerting findings:

- AgriSETA is now in the process of appointing an experienced CFO with a chartered accountancy qualification. Its key responsibilities include taking all the steps necessary to address the concerns mentioned, to assemble and capacitate a financial team consisting of experts to manage and mitigate all risks and to ensure that all financial procedures are complied with;
- A new ARC, consisting of highly qualified chartered accountants, auditors and legal experts, was also appointed. A key priority for this committee is to exercise full oversight over the annual internal and external audit processes to inform the Board timeously about anything that might compromise the integrity of AgriSETA's financial system and related processes;
- A new FRC was also selected and consist of Board members with in-depth financial expertise to ensure that all remuneration standards, procedures and controls are complied with;
- A new GSC was also appointed and its key responsibility is to ensure that AgriSETA upholds the highest levels of professional governance and that its strategy is executed accordingly and
- A new GQAC also consisting of experienced Board

members as well as senior staff members are responsible for overseeing the skills planning and delivery programmes and related funding support provided by AgriSETA.

Critical performance indicators for all of these committees are as follows:

- It should fulfil an oversight role, identify risks timeously and provide guidance to the Board and management to respond appropriately;
- It should validate and ensure the integrity of all information it receives from management and advise on appropriate steps management should take to comply and
- It must ensure that reports are submitted to the Board timeously and should guide the Board in terms of taking informed and appropriate decisions.

Delivery of Key Objectives

AgriSETA is responsible for disbursing grants in support of the following programme types:

- Learnerships;
- Internships;
- Artisan development;
- Bursaries;
- Skills programmes;
- Work Integrated Learning for public Universities and TVET colleges;
- Support to Co-operatives, community-based organisations, non-governmental organisations and
- AET.

In this respect a SLA with the DHET was signed. The commitment of the AgriSETA's Board and management is not only to focus on reaching targets, but to ensure that with the right skills and alignment of such skills with sectoral occupations in high demand, the agricultural sector and country's economy is moved to the next level of inclusivity, sustainability and competitiveness.

It is through growth, improved production and a highly

skilled population that more wealth is created, more jobs are created and that more people do have the confidence to unlock entrepreneurial opportunities themselves.

In this regard, the Agricultural sector can play a huge role to assist in realising these outcomes. With effective governance oversight and a highly skilled and professional management team, these are all possible. To this end we are committed to strengthen the hand of the honourable Minister Naledi Pandor, the DHET, the Agricultural sector and the South African population at large.



Mr Christo van der Rhee

AgriSETA

31 July 2018



ACTING CHIEF EXECUTIVE OFFICER'S OVERVIEW

Mr Frederik Fouché

General financial review of the public entity

Contrary to a business with the sole purpose of growing shareholders' wealth through increased profits, AgriSETA exists purely to provide a service within the post-school education and training arena of the Agricultural economy sector. The objective of its financial reporting is to provide users with information on how efficiently and effectively the allocated resources are used by the Accounting Authority.

It is also with great pleasure that I report that AgriSETA has once more achieved an unqualified audit opinion, being a financially unqualified audit opinion. The AGSA audited the organisation in respect of three aspects, namely its Financial Statements, pre-determined objectives (non-finance performance information as set out in the SP documents such as the SP, APP and the SSP and its compliance with legislation. A challenge that remains is reporting on performance in skills delivery.

The 2017/18 budget approved by our Executive Authority was R377 846 million and the budget was adjusted to R389 950 million. The management collected actual revenue of R433 584 million, achieving a favourable variance of R57 753 million compared to the previous financial year's actual collected revenue of R375 831 million. This represents an increase in total revenue of 15%. The bulk of the increase was as a result of increased levy income from participating employers and departments (revenue from non-exchange transactions). Going forward, revenue collection and identifying all possible revenue streams will be a priority, so that the entity is able to fulfil its mandate. This exercise started in the new financial year. AgriSETA's income consists of revenue from non-

exchange transactions, which amounted to R405 647 compared to R351 834 million in 2016/17 and revenue from exchange transactions totalling R27 937 million compared to R23 997 million in 2016/17.

The total expenditure was R359 712 million versus total revenue of R433 584 million, resulting in a surplus of R73 772 million. Eighty-seven percent of total expenditure was for employer grants and project expenditure, while 8% went towards general expenses, followed by 5% for employee costs.


AgriSETA's statement of position assets (SPA) are represented by non-current assets in the form of buildings, cash and cash equivalents (current assets). It is worth noting that the NSF debtor is receiving urgent attention from management. The bank balance is represented by the commitment schedule's total balance of R419 237 million (see note No.25).

The organisation continues to implement accounting policies and notes in compliance with the ASB policies as set out in the AFS' presentation section.

Spending trends of the public entity

The four programmes that the organisation uses e.g. Skills Delivery, Skills Planning, ETQA and Administration are all directed towards building capacity within the sector. It is notable that all 4 programmes are measured in terms of performance and all expenditure is focussed on achieving the key performance areas contained in the APP.

The bulk of the organisation expenditure is still within programme 2 that focusses on learning programmes



“Increased engagements and consultations with stakeholders allowed AgriSETA to gain access to expertise and sector intelligence to enhance the body of knowledge at the disposal of the organisation.”

directed to employed and unemployed learners especially within rural structures. The organisation for the first time also included qualitative targets in the APP, with the sole purpose of measuring the impact of the learning programmes.

The organisation succeeded during this reporting period to keep the Administrative expenditure within the legislated parameters.

Capacity constraints and challenges facing the public entity

The AgriSETA will remain focussed to ensure that the going concern status is maintained. The DHET extended the licence of SETA's to 2020, this places a lot of uncertainty on the employees of the SETA and continuously impact on the ability of the organisation to retain talent.

The previous CEO Mr Jerry Madiba and the AgriSETA Board separated in September 2017. The organisation in addition lost three senior managers (Manager Rural Development, Senior Human Resources Manager and the General Manager) in the 2017 financial year. This placed the organisation under severe strain to maintain business processes. Despite an acute shortage of Senior Managers the organisation successfully redesigned the organisational structure to fully support national programme implementation.

The registration of new occupational qualifications remained a struggle in this reporting period with various

qualifications still not registered. The implementation of the new qualifications remains on the back foot with various uncertainties especially in terms of the SETA's continued role in quality assurance.

The implementation of learning programmes remains slow with various contracts being extended beyond the normal implementation period. The organisation with the assistance in particular of the SDU managed to unblock some of this funding for the bulk of the R116 million that will be re-allocated to other projects.

Although revenue collection improved in this reporting period, levies payable by provincial departments remain slow. The number of employers that contribute to levies increased slightly in the 2017/18 financial year, however the large base of employers that do not pay levies places the organisation under continued strain.

Public institutions must account for all expenditure in fulfilling their mandate. Against this backdrop AgriSETA's financial performance reporting is focussed on providing information of the value that was created and that the Agricultural sector as a whole benefitted. As a non-profit organisation the focus will always be to show how efficiently scarce resources were used to create value.

Despite various challenges in the financial year under review, AgriSETA again obtained a financially unqualified opinion. The AGSA audited the organisation in respect of three aspects, namely its Financial Statements, pre-determined objectives (non-finance performance information) as set out in the SP.

Documents such as the SP, APP and the SSP and its compliance with legislation, predetermined objectives

were again highlighted as problematic with the need to strengthen the controls around this area.

The organisation succeeded during this reporting period to keep the Administrative expenditure within the legislated parameters.

Public Entity's general information

AgriSETA will continue to aggressively look for opportunities of participating in co-funded projects and various applications will be launched to leverage funding thus increasing the impact of projects.

Increased engagements and consultations with stakeholders allowed AgriSETA to gain access to expertise and sector intelligence to enhance the body of knowledge at the disposal of the organisations. The organisation embarked on various knowledge sharing and working engagements with stakeholders and these include sector skills committees and roadshows targeting levy payers and commodity organisation. The organisation concluded a organisational redesign process where the focus will shift towards visibility, monitoring and evaluation and increasing the value added to the agricultural sector.

AgriSETA continues to set realistic targets in response to critical and scarce skills identified in the SPs of the organisation. Sub-sector plans were developed for the various sectors within Agriculture as this will allow industries to use the focused research results to plan for projected capacity constraints as these plans formed the basis for the Sector skills plan that was submitted to DHET.

The registration of occupational qualifications with the

QCTO and the SAQA remain a challenge with significant delays experienced. The ETQA department will continue to engage with QCTO to find solutions to mitigate these delays.

The number of commodity organisations and stakeholders requesting assistance in the development of new qualifications is on the increase. AgriSETA will continue to support the development of qualifications and assessment quality partners ensuring that the vehicles exist to respond to the needs of the sector. AgriSETA will continue to explore opportunities to increase opportunities to increase WIL programmes with the support to Agricultural Colleges continuing into the new financial year.

Discontinued activities / activities to be discontinued

There are no activities that will be discontinued in the coming year or that were discontinued in the current financial year. AgriSETA is still guided by legislation and policies developed by the DHET.

New or proposed activities

AgriSETA's participation in Operation PHAKISA is set to increase in the new financial year, this programme will require AgriSETA to look at increasing partnership funding to respond to the challenges identified in the programme.

Requests for rollover of funds

We have not provided for surplus funds to be transferred to the NSF as we are committed up to the prescribed limit.



Supply Chain Management (SCM)

AgriSETA responded to the findings of the AG and separated the functions of the Finance and SCM offices. The new organisational structure supports the strengthening of the finance and SCM departments. AgriSETA acknowledges the risk that is associated with SCM processes if not properly strengthened. During this reporting period, the various SCM committees were strengthened and significant progress was made to reduce irregular expenditure incurred in the 2017/18 financial year. Irregular expenditure as per the AFS has increased by R431 000. However that is because last year irregular expenditure has not been condoned.

AgriSETA acknowledges that proper and successful procurement rests upon certain core principles of behaviour – the Five Pillars of Procurement. They are best described as pillars because if any one of them does not function, the procurement system fails.

These five pillars are:

- Value for Money
- Open and Effective Competition
- Ethics and Fair Dealing
- Accountability and Reporting
- Equity

AgriSETA will continue to work towards zero deviations and irregular expenditure.

The following were achieved for the year:

- AgriSETA continued to utilise the Central Supplier Database (CSD) thus ensuring that AgriSETA transacts only with suppliers that have been effectively vetted.

National Treasury

- AgriSETA ensured that the adoption and integration of all the applicable National Treasury SCM instructions during the year and implementation of all the guidelines and circulars issued during the year were adhered to;
- Management continuously engaged with National

Treasury to ensure that all applicable legislation and instructions are correctly implemented;

- Management ensured that AgriSETA's SCM policy is aligned to National Treasury instructions, norms and standards and
- The management of 33 SCM contracts amounting to R 20 million during the year whose counterparties operate their business enterprises within the province.

I, as the accounting officer, strategically supports the Accounting Authority (Board) in managing the SCM governance framework, including its design, development and implementation, monitoring and evaluation of compliance.

Through the office of Manager: Finance and SCM, the organisation continuously updates its SCM policy with the legislation applicable to procurement and National Treasury, Instructions, Notes, Circulars and Guidelines. This includes utilisation of the CSD as opposed to an internal supplier database, in terms of National Treasury circular No. 3 of 2015/16.

Events after the reporting date

It is worth noting that the president of South Africa Jacob Zuma signed a proclamation that the SUI conduct an investigation into alleged irregularities at the SETA. The cost of the investigation is estimated at R10,8 million and will be concluded in October 2018. AgriSETA is committed to give its full support to the investigation and supports any effort to eradicate any irregular activities within the organisation.

Economic viability

The SETA remains a viable entity with levies received regularly and continues to fulfil its mandate of skills development.

Acknowledgements

I would like to acknowledge the AgriSETA Board for their unwavering support during the 2017/18 financial year. The term of the Board came to an end on 31 March 2018 with a new Board that will take over until 2020.

The 2017/18 financial year was characterised by turmoil especially at Senior Management level and despite this,

Management and the AgriSETA employees remained focussed on the task ahead and continued to serve the AgriSETA clients. AgriSETA, for the last 13 years used Deloitte as a consultant for the financial and Information technology solution. The Deloitte contract came to an end on 31 March 2018 with the financial function being insourced, Deloitte must be thanked for their contribution to the successes of the organisation.

AgriSETA appreciates the leadership of Mr Thami Ka Plaatjie, who finished his tenure with the previous board on 31 March 2018. The Accounting Authority ensured that the SETA performed despite various challenges that were experienced in the year under review.

I would like to extend a special word of gratitude to our levy payers, despite significant challenges in the sector, for their positive attitude towards skills development and for entrusting us with their funds. The AgriSETA appreciates the work that training providers are doing to ensure that programmes are delivered at the correct quality level and

remain the delivery vehicle of programmes that can make a positive impact to the Agricultural sector.

To all our staff at AgriSETA, I am humbled by your continued commitment and attitude to remain focussed despite various challenges. You remain the engine driving the SETA forward. To all our stakeholders, including the national and local government departments we work with, thank you for commitment that you showed. AgriSETA will continue to foster and extend existing partnerships.



Mr Frederik Fouche
Acting Chief Executive Officer

31 July 2018

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

All information and amounts disclosed in the Annual Report is consistent with the AFS audited by the AG.

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

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

The AFS (Part E) have been prepared in accordance with the GRAP standards applicable to the Public Entity.

The Accounting Authority is responsible for the preparation

of the AFS and for the judgements made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the Performance Information, the Human Resources information and the AFS.

The AG who are the external auditors are engaged to express an independent opinion on the AFS.

In our opinion, the Annual Report fairly reflects the operations, the Performance Information, the Human Resources information and the financial affairs of the public entity for the financial year ended 31 March 2018.



Acting Chief Executive Officer
31 July 2018



Chairperson of the Board
31 July 2018

STRATEGIC OVERVIEW

VISION

AgriSETA will be a true and legitimate partner to the stakeholders that represent the Agricultural sector. AgriSETA will be a recognised and much appreciated vehicle to speed up training and development in order to establish sustainable, prosperous enterprises, also within rural communities and a competent workforce.

Through trust and honest efforts, AgriSETA will gain credibility which will enhance communication and create understanding among all Stakeholders. AgriSETA will stand tall as a successful authority that has improved productivity and the viability of enterprises and has conquered the menace of illiteracy and the scourge of unemployment.

Our success will benefit everyone. Workers will be proud of their widely recognized abilities and will enjoy a well-deserved, higher standard of living. Employees and employers countrywide, keen to participate in training will inundate our offices with requests for learnerships and skills programmes.

AgriSETA will be particularly recognized for its efforts to develop its learners as whole beings. Personal horizons will be recreated and an array of unique, market-related skills across the total value chain will be stimulated to help establish prosperous and stable enterprises. These critical skills will be jealously nurtured and protected by a highly specialized industry.

AgriSETA will serve as a model of excellence and perform like a smooth running engine, quite yet powerful, setting new standards, acclaimed both locally and internationally. Loyalty to one another will be our trademark. The tenacity to secure funds for achieving our objectives will be our obsession and quality will be our passion. AgriSETA will

challenge the peril and inherent risk of Agriculture in Africa with versatility and vigour, to meet the changing demands of the business world.

MISSION

AgriSETA creates and promotes opportunities for social, economic and employment growth for Agri-enterprises, in conjunction with other Stakeholders in Agriculture, through relevant, quality and accessible education, training and development in both primary and secondary Agriculture.

VALUES

Integrity: By **Integrity** the AgriSETA means “in all our relationships, interactions and transactions we will honour the spirit and letter of our agreements with our customers, colleagues, stakeholders and the communities we serve”.

Transparency: By **Transparency** the AgriSETA means “our decision making processes will at all times be subject to examination and the rationale behind such decisions will be openly revealed to affected and/or participating parties within or outside of the Authority”.

Respect: By **Respect** the AgriSETA means “we will govern our day to day operations and interpersonal interactions with respect for the cultures, customs and more so of the diverse backgrounds, environments and aspirations of our customers, colleagues, Stakeholders and society”.

Empowerment: By **Empowerment** the AgriSETA means “AgriSETA members will have the authority to take the responsibility for decisions within the scope of their role definitions. In this they will be supported and their ability to innovate will be recognized”.

LEGISLATIVE AND OTHER MANDATES

Constitution

The Constitution of the Republic of South Africa, 1996, Chapter 2: Bill of Rights section 29 states: that;

Everyone has the right

- to a basic education, including adult basic education and
- to further education, which the State, through reasonable measures, must make progressively available and accessible.

Everyone has the right to receive education in their official language or languages of their choice in public educational institutions where that education is reasonably practicable. In order to ensure the effective access to, and implementation of, this right, the State must consider all reasonable educational alternatives, including single medium institutions, taking into account

- equity;
- practicability and
- the need to redress the results of past racially discriminatory laws and practices.

Everyone has the right to establish and maintain, at their own expense, independent educational institutions that

- do not discriminate on the basis of race;
- are registered with the state and
- maintain standards that are not inferior to standards at comparable public educational institutions.

Subsection (3) does not preclude State subsidies for independent educational institutions.

Legislative mandates

AgriSETA is listed under Schedule 3 Part A of the PFMA as a public entity. The entity is enacted through the Skills Development Act of 1997 Chapter 3, Section 9.

Various legislations are also applicable in the business operations of the SETA, such as the following:

- Higher Education Act, 1997 (Act No. 101 of 1997) (HE Act);
- National Student Financial Aid Scheme Act, 1999 (Act No. 56 of 1999) (NSFAS Act);
- National Qualifications Framework Act, 2008 (Act No. 67 of 2008) (NQF Act);
- Skills Development Levies Act, 1999 (Act No.9 of 1999) (SDL Act);
- Public Finance Management Act;
- All related Regulations of this Acts;
- National Treasury Regulations and
- National Treasury Frameworks for SP and APP.

Policy mandates

The National Skills Development Strategy III (2011-2016)

The NSDS III outlines eight goals, each with its outcomes and outputs. The goals are listed as:

Goal 1: Establishing a credible institutional mechanism for skills planning;

Goal 2: Increasing access to occupationally-oriented programmes;



Goal 3: Promoting the growth of public FET college system that is responsive to sector, local, regional and national skills and priorities;

Goal 4: Addressing the low level of youth and adult language and numeracy skills to enable additional training;

Goal 5: Encouraging better use of workplace based skills development;

Goal 6: Encouraging and supporting cooperatives, small enterprise, worker-initiated, NGO and community training initiatives;

Goal 7: Increasing public sector capacity for improved service delivery and supporting the building of a developmental State and

Goal 8: Building career and vocational guidance.

White Paper for Post-School Education and Training

The White paper on Post-school Education and Training provides a framework that brings together in a coherent and articulated manner three major components of Post-school Education & Training: Education and Training, Skills Development and Employment. The following key implications for skills development can be deduced:

- Development of occupationally directed programmes that address real skills needs;
- Emphasis on skills development within government departments including DAFF, DEA, the dti and DRDLR. Inter-departmental skills programmes are ideal;
- Expansion of the role of public colleges and universities in the provision of occupational skills to the sector/

National Development Plan (NDP) 2030

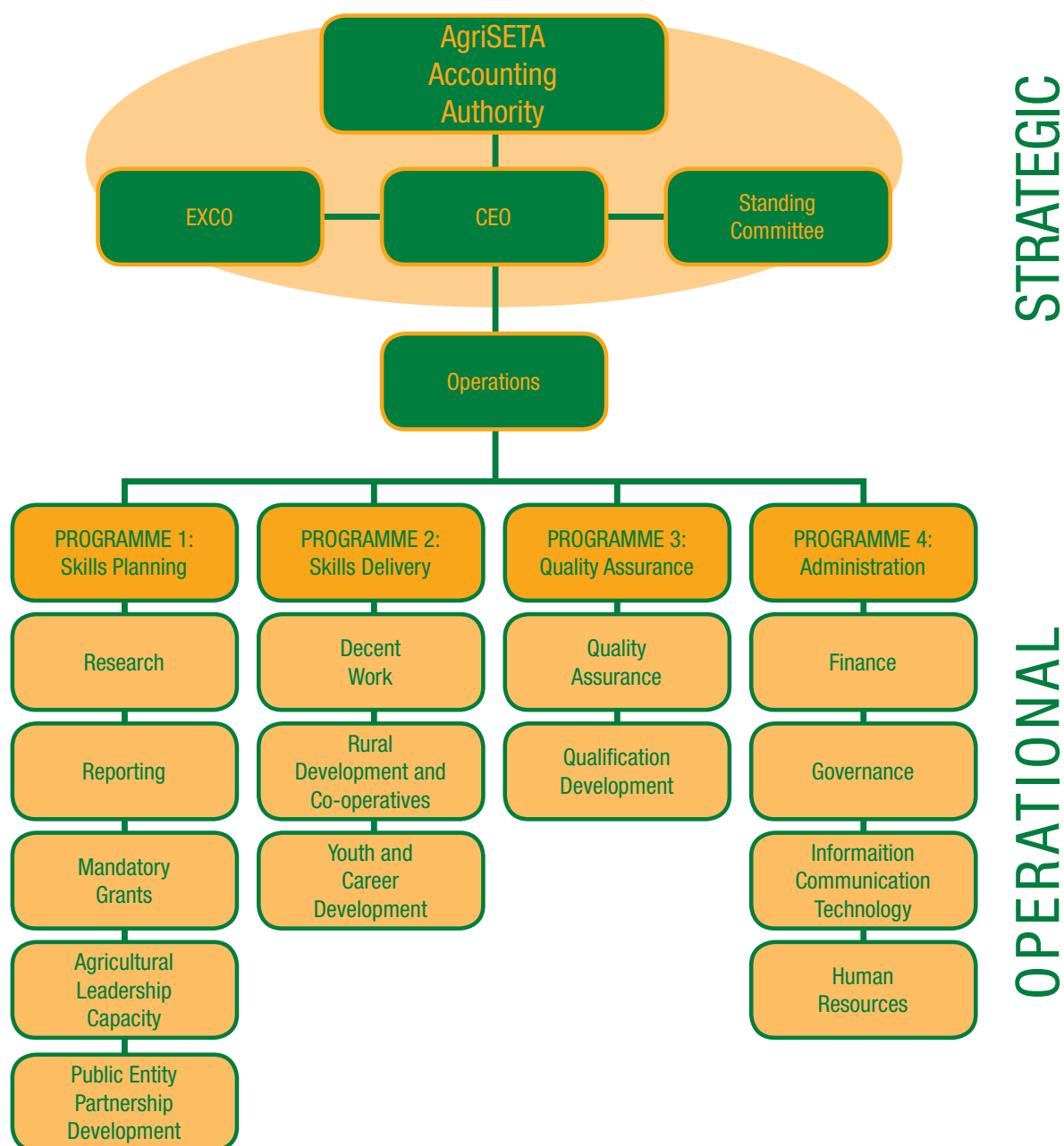
The plan sets out six interlinked priorities:

- Uniting all South Africans around a common programme to achieve prosperity and equity;
- Promoting active citizenry to strengthen development, democracy and accountability;
- Bringing about faster economic growth, higher investment and greater labour absorption;
- Focusing on key capabilities of people and the State;
- Building a capable and developmental State and
- Encouraging strong leadership throughout society to work together to solve problems.

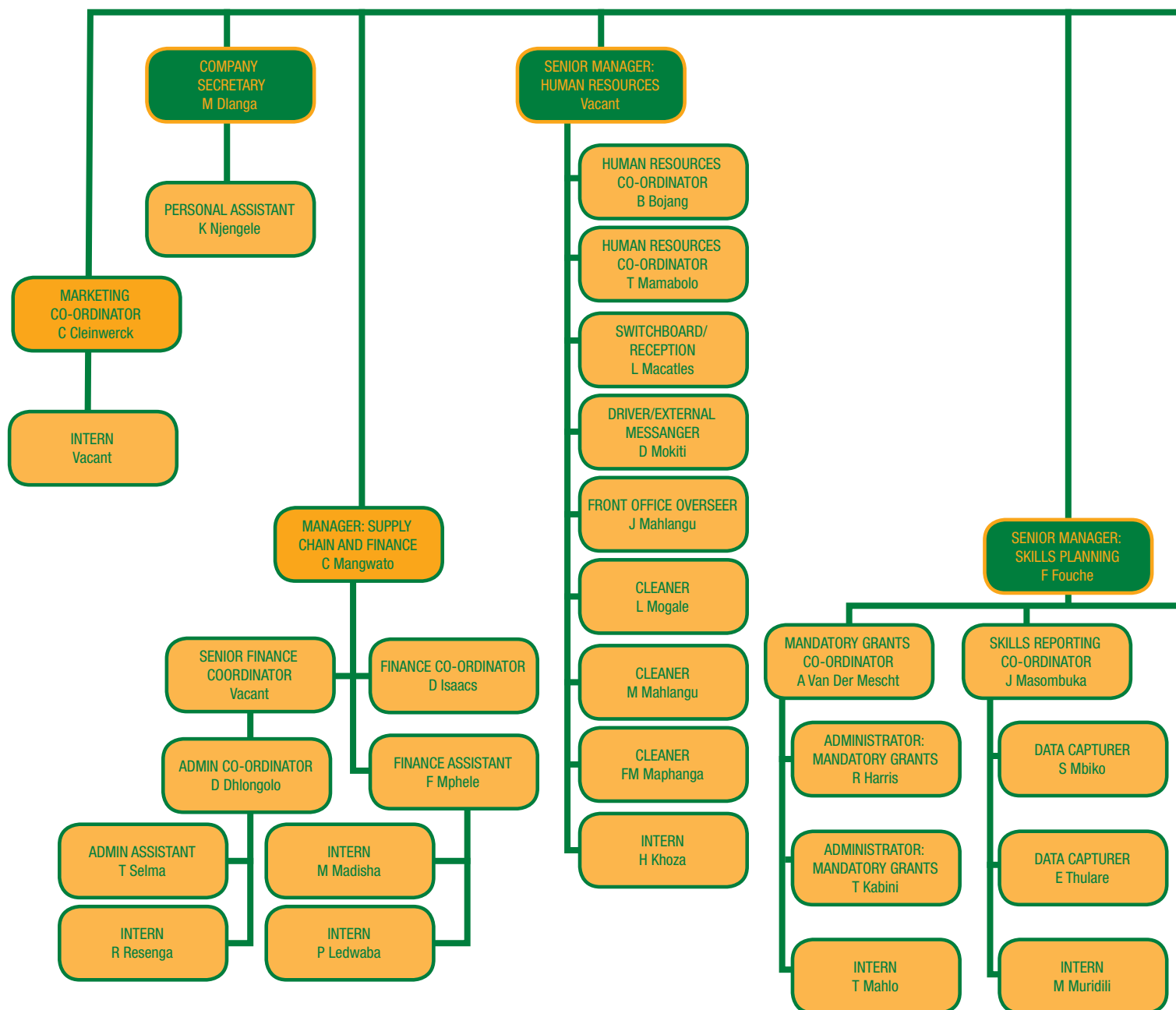
AgriSETA Organisational Environment

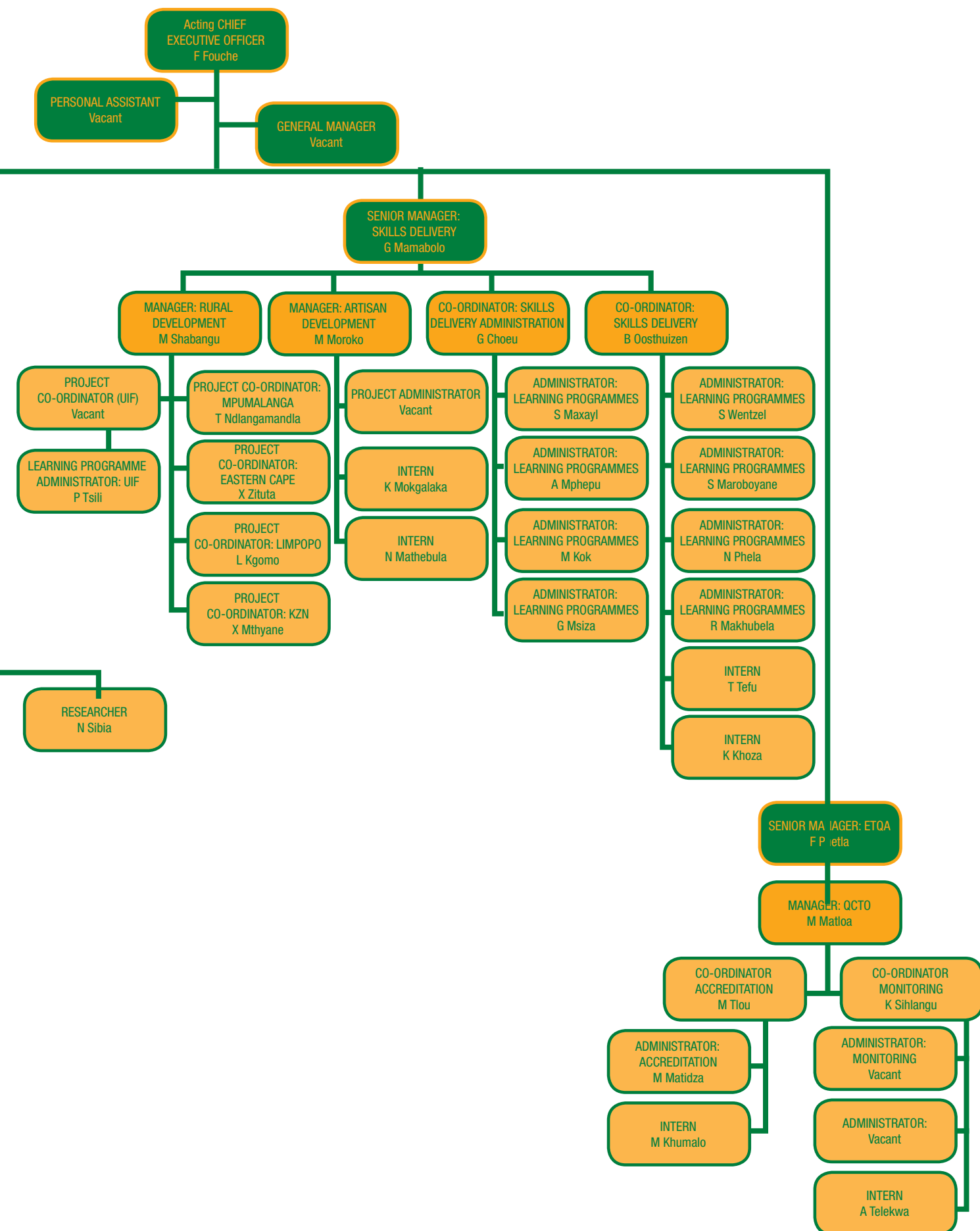
The AgriSETA structure is well balanced and is entrenched from Accounting Authority level to the operational structure. Stability and extensive institutional knowledge exist due to the low labour turnover rate and the fact that appropriately qualified staff members are employed.

National Council of Provinces (NCOP) select Committee on Education and Recreation & National Assembly Portfolio Committee on Higher Education and Training Executive Authority (DHET)



ORGANISATIONAL STRUCTURE





The background features a close-up of a sunflower with bright yellow petals and a brown center. A large, semi-transparent white circle is centered over the flower. The image is framed by geometric shapes: an orange triangle in the top-left corner, a light blue triangle in the bottom-left corner, and a dark green triangle in the bottom-right corner. The sky is blue with some white clouds.

PART B: PERFORMANCE INFORMATION

AUDITOR'S REPORT: PRE-DETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the Performance Information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against pre-determined objectives is included in the report to management, with material findings being reported under the pre-determined objectives heading in the report.

Refer to page 79 of the Auditors Report, published as Part E: Financial Information.

SITUATIONAL ANALYSIS

Service Delivery Environment

The following important realities which have a direct impact on the process of development of skills in the Agricultural sector:

- The global consensus on commitment to Agriculture as a key driver for achieving food security, poverty alleviation and economic growth in Sub-Saharan Africa, calls for new strategies and approaches in Agriculture for development. This commitment will directly encourage development of capacity towards smallholder and emerging farming sector;
- The sectoral challenges, which include *Inter Alia*: Equity, Growth and Competitiveness. Environmental Sustainability, and Governance as identified in the Integrated Growth and Development Plan of the DAFF for the period 2011-2031 shape the process of packaging these skills in the sector;
- Although not based on empirical evidence, AgriSETA's engagement with Stakeholders revealed that the age of people working in Agriculture projects from the vast non-commercial sector (emerging, subsistence, land reform beneficiaries and the like), are on average much older;
- The pressure on AgriSETA to balance the disbursement of discretionary funds to AET, NQF 1 and NQF 2 learning programme, due to the fact that the Agriculture sector relies heavily on unskilled and semi-skilled workers with higher pitched learning in response to technological advances and the increase in the need for skilled Agricultural workers.
- The required efforts of the Agriculture sector to change the image of Agriculture to attract the youth, to advocate prevalent career and business opportunities in the sector;
- The continued low success rate of land reform projects need to be factored into discretionary grant funding plans of the AgriSETA and the impact it has on food security;
- The need of AgriSETA to respond to national call for to engage with the public TVET colleges that exist in the country. The reality here is, most of these TVET Colleges do not offer Agriculture, a few of them though do offer NCV focusing on Agriculture. Moreover, they do not have the requisite infrastructure (such as experimental farms) that is a fundamental requirement in Agricultural training.

There are also 11 Agricultural Colleges that focus solely in Agricultural training. Some of these colleges are offering both Higher Education (degrees and diplomas) and Further Education Training bands (learnerships) and are accredited with the CHE. Supporting them will not only be strategic for AgriSETA, but also critical in influencing greater impact within the limitation of its human and financial resources base.

Organisational Environment

In terms of the organisational structure the following can be noted:

- AgriSETA managed to retain employees with the required experience and knowledge base. Challenges however exist to fill some critical positions that became vacant due to resignations and promotions are filled, new positions are created to deliver on an ever increasing scope;
- AgriSETA has provincial representation in 4 Provinces currently;
- The predominance of small sized employers in the sector and resulting lower levy base continues to place pressure on the availability of funding to deliver on the annual need for learning programmes and
- The SETA is experiencing increased challenges in the recruitment of new skilled employees.

AgriSETA is well positioned within the Agricultural sector especially in terms of its provincial footprint to access and increase its delivery to a predominately rural employer base, hence contributing to ensure food security and increased job creation.

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 set in the SPning documentation. The SP and APP are shared with all employees so that the short and medium term goals are internalised and collectively achieved.

Leadership style

All management levels within the SETA are implementing a democratic, participative management style. The oversight function of the Board is effectively executed through functional Board sub-committees that ensure that the Board is well informed of the SETA progress in implementing its mandate.

Shared values

AgriSETA management and staff is constantly striving to serve the interests of the sector as a whole and actions are geared towards the interests of learners in terms of progression. Furthermore AgriSETA prioritised its mandate in terms of discretionary and mandatory grants with a keen focus on rural development,

Key policy developments and legislative changes

SETA Landscape

The NSDS III was extended to the 2019/20 financial year. Institutionally, planning will go to 2019/20 as a result of an extension. Clarity will therefore be provided for the period following the 2019 financial year.

At an operational level, notwithstanding the extension, the replacement or employment of new staff becomes increasingly difficult as due to the uncertainty of the SETA beyond 2019. This also applies to governance structures such as the Accounting Authority and its various standing committees.

Strategic Outcome Oriented Goals

- **Strategic Outcome Oriented Goal 1:** Creditable institutional mechanisms;
- **Strategic Outcome Oriented Goal 2:** Increased professional, vocational, occupational and workplace learning to create decent jobs;
- **Strategic Outcome Oriented Goal 3:** Increased skills levels of Co-operatives, NGO's, CBO's in support of Land Reform and Rural Development;
- **Strategic Outcome Oriented Goal 4:** Improved Agricultural education and training systems;
- **Strategic Outcome Oriented Goal 5:** Increased Mandatory Grant participation of levy paying employers;
- **Strategic Outcome Oriented Goal 6:** Increased participation of youth in Agriculture and
- **Strategic Outcome Oriented Goal 7:** Increased Public Sector capacity.

PERFORMANCE INFORMATION BY PROGRAMME/ ACTIVITY/ OBJECTIVE

Programme 1: Skills Planning

- **Purpose:** To ensure that HRD information is available and contribute to skills development planning. This programme aims to address the challenges of lack of institutional mechanisms that provide credible information and analysis of the supply and demand for skills, thus informing the skills planning and delivery processes. It also looks at the gap in terms of the capacity to conduct and co-ordinate professional research and the dissemination of information.
- **Sub-programme 1.1: Research**
SO 1.1. Establish and maintain a credible mechanism for skills planning and delivery in the Agricultural sector;
- **Sub-programme 1.2: Reporting**
SO 1.2. Improved management of information and knowledge that is generated within and outside the AgriSETA to enhance performance and inform the overall SPning processes;
- **Sub-programme 1.3: Mandatory Grants**
SO 1.3. Improved Mandatory Grant Administration
- **Sub programme 1.4. Agricultural leadership capacity**
SO 1.4. Increase the internal and external leadership capacity to effectively direct and facilitate the delivery of sector-specific interventions.

Programme 2 Skills Delivery

Purpose: To, through skills development impact on the productivity and profitability of the Agricultural sector and to contribute to food security, vibrant entrepreneurship and self-reliance especially for rural economies.

- **Sub programme 2.1: Professional, Vocational, Occupational and Workplace Learning – Decent Work**

SO 2.1. Increase non-academic workplace based vocational learning opportunities in the Agricultural sector;

- **Sub programme 2.2: Rural Development**

SO 2.2. Increased governance and skills levels of NLPE to create stability and an environment for economic growth;

- **Sub programme 2.3: Youth and Career Development**

SO 2.3. The development of an integrated career development programme.

Programme 3: Quality assurance

Purpose: To ensure that there are sufficient, high quality skills development institutions serving the agricultural sector.

SO 3.1. Improve Agricultural education and training systems to be more responsive to the needs of the sector

Programme 4: Administration

Purpose: To provide strategic leadership, management and support services to AgriSETA. The programme include the Accounting Authority, CEOs Office, Corporate Services, Financial Administration; Internal Audit; Risk; Stakeholder Relations, Communication; Information Technology and the Human Resources Department

To improve the service delivery of public institutions in the Agricultural sector through the following offices:

- Accounting Authority: Provides leadership, decision-making strategic direction;

- Office of the CEO: Provides leadership, strategic direction, policy development, decision-making support and financial oversight for AgriSETA;
- Financial Administration: Provides the department with sound financial services;
- Corporate Services: Renders sound human resource management and development, security and information management services;
- Stakeholder Relations, Communication and marketing: establishes and strengthens inter-governmental and Stakeholder relations, manages communication and marketing services;
- Internal audit, provides auditing services to ensure compliance with policies and procedures;
- Information Technology, provides hardware and software support to AgriSETA and
- Human Resources department provides human capital support for AgriSETA to deliver on its mandate.

4.1. Sub programme 1: Finance

SO 4.1. To manage AgriSETA finances in alignment with PMFA and National Treasury guidelines;

4.2. Sub programme 2: Governance

SO 4.2. To provide strategic direction and oversight to AgriSETA for effective and direct facilitation of interventions in achievement of the organisational goals;

4.3. Sub programme 3 : Information Technology

SO 4.3. Provision of a hard and software solution to AgriSETA and

4.4. Sub programme 4: Human Resources

SO 4.4. Provision of Human Capital support to AgriSETA.

Key Performance indicators, planned targets and actual achievements

Programme 1: Skills Planning

Sub-programme 1.1.: Research

Strategic objective: Establish and maintain a credible mechanism for skills planning and delivery in Agricultural sector

STRATEGIC PLAN TARGET	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENTS ON DEVIATION
To establish and enhance a credible institutional mechanism for skill planning and delivery in the Agricultural sector by 2019.	1 system	1 system	1 system	0	No variance.
PERFORMANCE INDICATOR (SPECIFIC OUTCOME)	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/20	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENTS ON DEVIATION
1.1.1. Sector skills plans, APP and SP updated.	1	1	1	0	No variance.
1.1.2. Research agendas developed and approved.	-	1	1	0	No variance.
1.1.3. Number of SSC committees established and strengthened through capacity building sessions and plenaries.	-	11 SSC's	11 SSC's	0	Target achieved.
		2 Meetings	2 Meetings	0	Target achieved.
		1 Plenary	2 Plenary	-1	Target exceeded, additional meeting scheduled in the financial year.

Key Performance indicators, planned targets and actual achievements

Sub-programme 1. 2: Reporting

Strategic objective: Improved management of information and knowledge that is generated within and outside the AgriSETA to enhance performance and inform the overall SPning processes

STRATEGIC PLAN TARGET	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENTS ON DEVIATION
To increase the accessibility of Information and knowledge by 30%.	-	30% increase	0%	30%	Target not achieved due to plan not implemented.
PERFORMANCE INDICATOR (SPECIFIC OUTCOME)	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/20	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENTS ON DEVIATION
1.2.1. Number of internal knowledge exchange sessions.	-	4	4	0	No variance
1.2.2. Number of performance monitoring sessions facilitated with target holders within AgriSETA.	-	12 reports	12	0	No variance
1.2.3. Maintain a 10% Improvement in the validity of reported information.	-	10% improvement	10% improvement	0	No variance
1.2.4. Improve the quality of performance information by 10% through internal workshops and feedback.	-	10% improvement	10% improvement	0	No variance

Key Performance indicators, planned targets and actual achievements

Sub-programme 1.3: Mandatory Grants

Strategic objective: Improved Mandatory Grant Administration

STRATEGIC PLAN TARGET	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENTS ON DEVIATION
To increase employer access to grant information by 15% to enable the maximum number of enterprises in the sector to participate in the National Skills Development Strategy.	-	15% increase	31% increase	-16%	Target exceeded due to extensive sessions with stakeholders.
PERFORMANCE INDICATOR (SPECIFIC OUTCOME)	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/20	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENTS ON DEVIATION
1.3.1. Annual revision of the mandatory grant system to improve effectiveness.	1 system reviewed	1 system reviewed	1 system reviewed	0	No variance
1.3.2. An increase in the participation of employers in mandatory grants from 1790 to 1810.	361 large firms 545 medium firms 1 011 small firms	410 large firms 500 medium firms 900 small firms	592 large firms 678 medium firms 1176 small firms	- 182 large firms - 178 medium firms - 276 small firms	Target exceeded extensive capacity building sessions held in 2017.
1.3.3. Increasing the payment of mandatory grants to 76% annually.	-	76% of grants paid	38% of grants paid	38% of grants paid	Target not achieved due to the volume of submissions, evaluations are continuing.
1.3.4. Number of SDF's trained annually as part of support to employers.	412	50 SDFs trained	144 SDFs trained	-94	Target exceeded SDF's participated in the National Information session and tutorials were handed out to new SDF's.

Key Performance indicators, planned targets and actual achievements

Sub-programme 1.4. Agricultural leadership capacity

Strategic objective: Increase the internal and external leadership capacity to effectively direct and facilitate the delivery of sector-specific interventions.

STRATEGIC PLAN TARGET	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENTS ON DEVIATION
To increase leadership skills by 40% to establish sound social partner governance structures and systems.	-	40% increase	0%	40%	Target not achieved, project implementation not completed in the financial year.
PERFORMANCE INDICATOR (SPECIFIC OUTCOME)	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/20	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENTS ON DEVIATION
1.4.1. Number of learners participating in Agricultural leadership development programmes	40	40	0	40	Target not achieved-project not implemented in 2017.
1.4.2. Number of capacity building programmes for Board standing committees,	1	1	1	0	No variance.

Key Performance indicators, planned targets and actual achievements

Sub programme 1.5. Public Entity partnership development

Strategic objective: Increase public sector capacity for improved service delivery and to provide appropriate support for agricultural and rural development

STRATEGIC PLAN TARGET	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENTS ON DEVIATION
To increase the skills levels of beneficiaries of public sector capacity building programmes by 30%.	-	30% increase	0%	30%	Target not achieved not implemented in 2017.
PERFORMANCE INDICATOR (SPECIFIC OUTCOME)	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/20	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENTS ON DEVIATION
1.5.1. Number of co-funded projects supported through public entities.	-	8	56	-48	Target exceeded due to increased engagement with entities.
1.5.2. Number of research projects established.	-	10	11	-1	Target exceeded additional projects funded within budget.
1.5.3. Number of partnerships with public entities in support of Ministerial Projects.	-	7	7	0	Target achieved.

Key Performance indicators, planned targets and actual achievements

Programme 2 Skills Delivery

Sub programme 2.1: Professional, Vocational, Occupational and Workplace Learning – Decent Work

Strategic objective: Increase non-academic workplace based vocational learning opportunities in the agricultural sector

STRATEGIC PLAN TARGET		ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENTS ON DEVIATION
To increase the efficiency of beneficiaries/learners in the workplace by 30% annually and increase access to learning opportunities by 10% annually.		-	30% increase in efficiency and	7% increase in efficiency and	23% increase in efficiency and	Target not achieved- impact of programme implementation lower than expected.
			10% increase in access	1,5% increase in access	8.5% increase in access	Target not achieved due to increase in grant value less learners could be accommodated.
PERFORMANCE INDICATOR (SPECIFIC OUTCOME)		ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/20	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENTS ON DEVIATION
2.1.1. Number of learnerships, skills and AET programmes to employed learners and support to commodity organisations.	LS-1822		LS-2600	LS-1589	LS 1011	Target not achieved due to slow implementation.
	SP-2447		SP-2892	SP-4401	SP – 1509	Target exceeded project implementation started earlier.
	AET -1025		AET -850	AET -729	AET 121	Target not achieved due to contract cancellations.
	Commodity Orgs - 17		Commodity Orgs - 20	Commodity Orgs - 21	Commodity Orgs – 1	Target exceeded additional commodity projects identified for support within same budget.
INT	Internship	LS	Learnership	AET	Adult Education and Training	Graduate Placement
SP	Skills Programmes	B	Bursary	18.1	Permanent Employees	18.2 Unemployed

Key Performance indicators, planned targets and actual achievements

2.1.2. Number of employed learners completing learnerships, skills and AET programmes.	LS-466	LS-1150	LS-1096	LS – 54	Target not achieved due to low implementation rate.
	SP-2447	SP-1152	SP-4399	SP – 3247	Target exceeded due to earlier project implementation.
	AET -431	AET -425	AET - 343	AET 82	Target not achieved due to contract cancellations.
2.1.3. Number of Internship and graduate placement programmes.	INT-365	INT-365	INT 365	INT -0	No variance.
	G.PL -	G.PL 370	G.PL 357	G.PL 13	Target not achieved due to insufficient compliance documentation for learners
2.1.4. Number of Internship and graduate placement programmes completed.	-	INT-125	INT- 178	INT- 53	Target exceeded due to the completion of continuations.
		G.PL 138	G.PL 168	G.PL -30	Target exceeded due to the completion of continuations.
2.1.5. Number of bursaries to employed and un-employed learners and Artisan Development programmes.	B(18.1)–100	B(18.1)–125	B(18.1) –132	B(18.1) –7	Target over achieved due to increased approvals of bursaries.
	B(18.2)-372	B(18.2)-275	B(18.2) -325	B(18.2) -50	Target exceeded due to earlier contracting.
	Artisan 201	Artisan 235	Artisan 118	Artisan 117	Target not achieved due to contract cancellations.

Key Performance indicators, planned targets and actual achievements

2.1.6. Number of employed and unemployed learners completing bursary and Artisan Development programmes.	B(18.1)-50	B(18.1)-50	B(18.1)-7	B(18.1) 43	Target not achieved due to insufficient compliance documentation for learners.
	B(18.2)-65	B(18.2)-82	B(18.2)-22	B(18.2) 60	Target not achieved due to insufficient compliance documentation for learners.
	Artisan 165	Artisan 130	Artisan 166	Artisan -36	Target exceeded due to the completion of continuations.
2.1.7. Number of HIV and Aids DVD's distributed to create awareness.	563	850	1907	-1057	Target exceeded due to additional engagements with stakeholders and marketing events.

Sub programme 2.2. Rural Development

Strategic objective: Increased governance and skills levels of NLPE to create stability and an environment for economic growth.

STRATEGIC PLAN TARGET	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENTS ON DEVIATION
To increase the governance of NLPE's by 20% and skills levels of beneficiaries with 30% annually.	-	20% increase in governance and	0% increase in governance and	100% increase in governance and	Target not achieved-due to plan not implemented.
		30% increase in skills levels of unemployed beneficiaries	0% increase in skills levels of unemployed beneficiaries.	100% increase in skills levels of unemployed beneficiaries.	Target not achieved-due to plan not implemented.

Key Performance indicators, planned targets and actual achievements

PERFORMANCE INDICATOR (SPECIFIC OUTCOME)	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/20	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENTS ON DEVIATION
2.2.1. Number of Learnership, Skills and mentorship programmes for unemployed learners.	LS – 1258 SP – 3258 Mentor's -48	LS – 1900 SP – 3900 Mentor's 30	LS – 1692 SP – 4581 Mentor's 44	LS 208 SP -681 Mentor's-14	Target not achieved due to slow implementation rate. Target exceeded due to contracting being initiated earlier Target exceeded implementation started earlier more projects could be accommodated
2.2.2. Number of unemployed learners completing Learnership and Skills programmes.	LS – 670 SP – 3254	LS – 768 SP – 1750	LS – 1253 SP – 4582	LS -485 SP – 2832	Target exceeded due to improved contract management. Target exceeded due to earlier contracting.
2.2.3. Number of learners entering new venture creation programmes.	27	60	29	31	Target not achieved project implementation very slow.
2.2.4. Number of learners completing new venture creation programmes.	-	40	17	23	Target not achieved due to slow project uptake and implementation.
2.2.5. Number of organisations supported through learnerships and new venture creation programmes in partnership with NGOs, CBOs, Co-ops.	321	220	226	-6	Target exceeded due to increased number of organizational support within the available budget.
2.2.6. Number of extension officers to be trained.	56	60	0	60	Project not implemented in the current financial year.

Key Performance indicators, planned targets and actual achievements

Sub programme 2.3: Youth and Career Development

Strategic objective: The development of an integrated career development programme

STRATEGIC PLAN TARGET	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENTS ON DEVIATION
To change the perception of agriculture as a career by 30% by exposing youth to opportunities in Agriculture and rural development.	-	30% increase in perception.	0% increase in perception.	100% increase in perception	Target not achieved, there was no change in the pre and post assessment results.
PERFORMANCE INDICATOR (SPECIFIC OUTCOME)	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/20	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENTS ON DEVIATION
2.3.1. The development of an integrated career development programme.	-	1	1	0	No variance.
2.3.2. Number of strategic partnerships established for enhancing the capacity of youth in Agriculture and career development.	-	2	2	0	No variance.
2.3.3. Number of career exhibitions attended, schools involved and learners exposed.	18 x Exhibit 164 Schools 28 887x learners exposed	15 x Exhibit 100 Schools 5000x learners exposed	15 Exhibit 100 Schools 5000 learners exposed	0 x Exhibit 0 Schools 0x learners exposed	No variance.

Key Performance indicators, planned targets and actual achievements

Programme 3: Quality Assurance

Strategic objective: Improve agricultural education and training systems to be more responsive to the needs of the sector

STRATEGIC PLAN TARGET	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENTS ON DEVIATION
To increase the responsiveness of service providers to the sector, that benefit annually from capacity building initiatives by 30% and to enhance the quality of learning programmes .	-	30%	0%	100%	Target not achieved -due to plan not implemented.
PERFORMANCE INDICATOR (SPECIFIC OUTCOME)	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/20	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENTS ON DEVIATION
3.1.1. Number of AFETs and TVET's supported with capacity building programmes.	21	11	10	1	Target not achieved due to the delay in one contracts implementation.
3.1.2. Number of occupationally directed qualifications developed.	0	6	3	3	Target not achieved due to lower industry demands for new qualifications.
3.1.3. Number of AQP's supported through Alignment to the QCTO.	3	5 AQPs	4 AQPs	1 AQPs	Target not achieved due to long QCTO processes.
3.1.4. Number of RPL projects implemented.	6	6	6	0	No variance.

Key Performance indicators, planned targets and actual achievements

Programme 4: Administration

Sub programme 1: Finance

Strategic objective: To manage AgriSETA finances in alignment with PMFA and National Treasury guidelines

STRATEGIC PLAN TARGET	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENTS ON DEVIATION
To reduce the internal control deficiencies reported in the previous AG report by 10%.	-	10% reduction.	80.5% reduction.	70.5% reduction.	Target exceeded due to improved controls implemented.
PERFORMANCE INDICATOR (SPECIFIC OUTCOME)	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/20	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENTS ON DEVIATION
4.1.1. Percentage of budget variances and adjustments reduced.	-	10%	10%	0%	No variance.
4.1.2. 100% of invoices processed within PFMA guidelines.	-	100%	93%	7%	Target not achieved due to increased volume on disputes of invoices.
4.1.3. All service providers procured and managed within National Treasury guidelines.	-	100%	100%	0	No variance.
4.1.4. 30% Reduction in asset register variances .	-	30%	100%	70%	Target over achieved due to improved controls implemented.
4.1.5. Collection rate of 90% of provincial levies.	-	90%	35%	55%	Target not achieved because not all provincial departments are paying.

Key Performance indicators, planned targets and actual achievements

Sub-programme 2: Governance

Strategic objective: To provide strategic direction and oversight to AgriSETA for effective and direct facilitation of interventions in achievement of the organizational goals

STRATEGIC PLAN TARGET	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENTS ON DEVIATION
To improve the governance function of the Board by 15% annually.	-	15% improvement of governance function.	0% improvement of governance function.	15% improvement of governance function.	Target not achieved, the pre-assessment came out at 95%.
PERFORMANCE INDICATOR (SPECIFIC OUTCOME)	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/20	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENTS ON DEVIATION
4.2.1. Number of Board meetings.	-	4	4	0	No variance.
4.2.2 Number of Board sub-committee meetings.	-	4	11	-7	The planned number of meetings was exceeded due to special meetings that were held
4.2.3. 10% increase in the quality of the information that the Board receive from Board sub-committees.	-	10% increase in quality.	0% increase in quality.	10% increase in quality.	Target not achieved, there was no change in the pre and post assessment results.

Key Performance indicators, planned targets and actual achievements

Sub-programme 3 : Information Communication Technology

Strategic objective: Provision of a hard and software solution to AgriSETA

STRATEGIC PLAN TARGET	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENTS ON DEVIATION
To increase the responsiveness of the ICT solution by 10% annually.	-	10% increase	0% increase	100% increase	Target not achieved due to the plan that was not implemented during the year.
PERFORMANCE INDICATOR (SPECIFIC OUTCOME)	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/20	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENTS ON DEVIATION
4.3.1. 90% of all ICT (hard and software) related incidents resolved within 24 hours of first report.	-	90% resolved in 24 hours	90% resolved in 24 hours	0	No variance
4.3.2. ICT solution reviewed annually.	-	1	1	0	No variance

Key Performance indicators, planned targets and actual achievements

Sub programme 4: Human Resources

4.4. Strategic objective : Provision of Human Capital support to AgriSETA

STRATEGIC PLAN TARGET	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/18	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENTS ON DEVIATION
- To increase and maintain the level of employee satisfaction to 80% annually.		80% satisfaction	54% satisfaction	26% satisfaction	Target not achieved due to low employee active participation in engagements.
PERFORMANCE INDICATOR (SPECIFIC OUTCOME)	ACTUAL ACHIEVEMENT 2016/17	PLANNED TARGET 2017/20	ACTUAL ACHIEVEMENT 2017/18	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/18	COMMENTS ON DEVIATION
4.4.1. 90% of employees participate in further career development.	-	90%	9.43%	80,57%	Target not achieved due to the non-completion of previous training courses.
4.4.2. 90% of vacant positions filled.	-	90%	56.25%	33.75%	Target not achieved- various vacant positions on hold for organizational redesign.
4.4.3. All employees sign performance contracts annually.	-	53	35	18	Target not achieved due to vacancies and resignations.

Strategy to overcome areas of underperformance

The new organizational structure must be implemented, this will ensure accountability for performance on all levels of the organization;

Changes to planned targets

No targets have been adjusted

Linking performance with budgets

	2017/18			2016/17		
	BUDGET	ACTUAL EXPENDITURE	(OVER) / UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER) UNDER EXPENDITURE
STRATEGIC OBJECTIVE 1: ESTABLISH A CREDIBLE MECHANISM FOR SKILLS PLANNING AND DELIVERY IN THE AGRICULTURAL SECTOR						
1.1.1 Skills planning, monitoring and evaluation system established, approved and SP policy developed Research agenda developed and approved	R 742 000	R 880 000	(R 138 000)	R 700 000	R 854 000	(R 154 000)
1.2.1 Learning and skills development, needs and opportunities communicated through Printing and distribution of careers info guides during the financial year; Participation in careers expo's and Through appointed stakeholders, visit schools and interacting directly with learners.	R465 116	0	R 465 116	R 500 000	R 476 658	R 23 342
1.3.1 SSCs strengthened and utilised	R 933 119	R 933 119	R 0	R 995 062	R 682 167	R 312 895

	2017/18			2016/17		
	BUDGET	ACTUAL EXPENDITURE	(OVER) / UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER) UNDER EXPENDITURE
STRATEGIC OBJECTIVE 2: ESTABLISH PPPs TO ENCOURAGE BETTER USE OF WORK-PLACE SKILLS DEVELOPMENT						
2.1.1 Learnerships (18.1).	R 47 320 000	R 36 565 711	R 10 754 289	R 41 860 000	R 31 117 375	R 26 447 933
2.1.2 Skills programmes (18.1).	R 13 195 728	R 12 342 168	R 853 560	R 10 063 872	R 9 403 274	R 660 598
2.1.3 Adult Education and Training.	R 3 609 100	R 2 271 700	R 1 337 400	R 3 511 442	R 3 212 757	R 298 685
2.1.4 Commodity organisations supported.	R 10 000 000	R 7 242 169	R 2 757 831	R 8 000 000	R 7 790 004	R 209 996
2.2.1 Internships awarded.	R 27 091 974	R 18 142 616	R 8 949 358	R 24 263 858	R 14 699 579	R 9 564 279
2.2.2 Graduate placement.	R 16 695 000	R 12 107 158	R 4 587 842	R 15 750 000	R 15 058 081	R 691 919
2.2.3 Candidacy Programme.	0	0	0	0	0	0
2.2.4 FLP(employed and unemployed).	0	0	0	0	0	0
2.3.1 Artisan training.	R 42 130 000	R 15 764 074	R 26 365 926	R 11 900 000	R 26 218 484	(R 14 318 484)
2.4.1 Bursaries for unemployed(post and under grad).	R 16 708 249	R 13 870 686	R 2 837 563	R 8 175 000	R 10 268 377	(R 2 093 377)
2.4.2 Bursaries for employed (post and under grad).	R 8 305 502	R 4 250 448	R 4 055 054	R 4 425 000	R 2 250 332	R 2 174 668
2.5.1 HIV/AIDS incl. in all learning intervention. Provide DVD to training providers.	R 215 000	0	R 215 000	R 200 000	0	R 200 000

	2017/18			2016/17		
	BUDGET	ACTUAL EXPENDITURE	(OVER) / UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER) UNDER EXPENDITURE
STRATEGIC OBJECTIVE 3: SUPPORT AGRICULTURAL AND RURAL DEVELOPMENT PROCESSES AND STRATEGIES TO PROMOTE FOOD SECURITY AND GROWTH OF THE RURAL ECONOMY						
3.1.1 Learnerships (18.2).	R 61 672 000	R 53 127 717	R 8 544 283	R 32 130 640	R 41 517 687	(R 9 387 047)
3.1.2 Skills programmes (18.2).	R 17 035 382	R 18 994 002	(R 1 958 620)	R20 386 435	R 13 389 194	R 6 997 241
3.1.3 Mentorships to support new farmers.	R 13 200 000	R 14 099 405	(R 899 405)	R 11 165 764	R 24 758 186	(R 13 592 422)
3.2.1 NVC programme implemented.	R 2 360 800	R 1 577 127	R 783 673	R 3 347 486	R 7 12 579	R 2 634 907
3.3.1 NGO/CBO's/Co-ops supported with learning interventions. AgriSETA to ensure that projects are contributing to NSDS.						

	2017/18			2016/17		
	BUDGET	ACTUAL EXPENDITURE	(OVER) / UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER) UNDER EXPENDITURE
STRATEGIC OBJECTIVE 4: ENHANCING AGRICULTURAL EDUCATION AND TRAINING SYSTEMS TO BE MORE RESPONSIVE TO THE NEEDS OF THE SECTOR						
4.1.1 Agric Colleges supported with capacity building programmes.	R 5 500 000	R 4 028 366	R 1 471 634	R 5 500 000	R 3 758 296	R 1 741 704
4.1.2 Partnership with DAFF and APAC maintained.	No project budget.					
4.1.3 Mainstream TVETCs supported through the placement of University agricultural graduates at colleges - 180 learners = R8 million.	Funded from Discretionary funding.					
4.2.1 Qualifications developed and/or learning material developed.	R 3 000 000	R 3 016 445	(R 16 445)	R 3 000 000	R 426 907	R 2 573 093
4.3.1 AQPs and workplaces identified and established.	R 1 200 000	R 1 611 720	(R 411 720)	R 1 200 000	0	R 1 200 000

	2017/18			2016/17		
	BUDGET	ACTUAL EXPENDITURE	(OVER) / UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER) UNDER EXPENDITURE
4.4.1 RPL projects implemented at Agric Colleges.	0	R 5 760 000	(R 5 760 000)	0	R 573 333	(R 573 333)
STRATEGIC OBJECTIVE 5: INCREASE PUBLIC SECTOR CAPACITY AND OTHER RELEVANT ACTORS FOR IMPROVED SERVICE DELIVERY AND TO PROVIDE APPROPRIATE SUPPORT FOR AGRICULTURAL AND RURAL DEVELOPMENT						
5.1.1 Board and Standing Committees capacity built.	0	0	0	R 537 500	R 69 825	R 467 675
5.2.1 Leaders selected from both employer and employee structures and developed.	R 1 600 000	0	R 1 600 000	R 1 720 000	R 2 882 376	(R 1 162 376)
5.3.1 Partnership with Onderstepoort Veterinary School - Skills Programmes.	0	0	0	0	0	0
5.3.2 Partnership with Onderstepoort Veterinary School - Bursaries.	0	0	0	0	0	0
5.3.3 Partnership with DAFF re. development of Extension Officers.	R 9 332 519	R 3 917 385	R 5 415 134	R 2 000 000	R 729 855	R 1 270 145

REVENUE COLLECTION

SOURCES OF REVENUE	2016/17			2017/18		
	ESTIMATE R'000	ACTUAL AMOUNT COLLECTED R'000	(OVER)/ UNDER COLLECTION R'000	ESTIMATE	ACTUAL AMOUNT COLLECTED R'000	(OVER)/ UNDER COLLECTION R'000
Levy Income	329 860	341 731	(11 871)	360 260	391 214	(30 954)
Penalties and Interest	6 575	9 325	(2 750)	8 971	14 008	(7 571)
Investment Income	13 466	22 287	(8 821)	20 719	27 726	(7 007)
Other Income	0	1 697	(1 697)	0	211	(211)
Total	349 901	375 040	(25 139)	389 950	433 159	(43 209)

AgriSETA had a fairly good year in terms of revenue collection, actual levies collected exceeded the budget by R30 954 000. This was mainly due to the increase in declaration submission by levy payers. Interest received due to the fact that no withdrawals were made from the investment account. Interest received from the investment is re-invested in the account, thus increasing the capital. A deposit was made to the investment account from

the NSF account in order to earn more interest. A more focused approach was followed to ensure the provinces contribute their provincial levies as prescribed by circular. Several meetings were arranged with the department to encourage them to contribute levies to the SETA, hence it exceeded the target for the collection of revenue from levies.





4.1. Capital investment

Capital investment at AgriSETA consists mainly of assets used on a daily basis. These include buildings, furniture and fittings and computer equipment. AgriSETA purchased new assets to the value of R206 000 in the current year. AgriSETA does not currently hold any infrastructure assets and does not have any plans to close down or downgrade any current facilities. There are currently no new developments relating to capital assets that are expected to the impact on the public entity's current expenditure. The carrying amount of capital assets held at AgriSETA decreased from R6 021 000 to

R5 655 000 from the financial year 2016/17 to 2017/18. AgriSETA has to ensure that quarterly asset counts are done and proper reconciliations are made to the assets register to ensure that the assets register remains accurate and complete. The condition of the public entity's capital assets is generally good; all assets in the assets register are still in a workable condition and will be able to sustain the SETA to the end of the current SETA licence. No major maintenance projects were undertaken during the period under review.

2016/17				2017/18		
CAPITAL ASSETS	BUDGET R'000	EXPENDITURE R'000	(OVER) UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER) UNDER EXPENDITURE R'000
Computer Hardware	149	103	46	149	159	(10)
Computer Software	45	20	25	45	0	45
Office Equipment	33	27	6	33	12	21
Furniture and Fitting	252	0	252	147	35	112
TOTAL	479	150	329	374	206	168

DEPARTMENTAL REPORTING

Marketing And Communications

Annual Information sessions

The annual information sessions were held in May 2017 as well as in January / February 2018. The first information sessions was mainly informing stakeholders of updates around the SETA which was:

- The extension of the National Skills Development Strategy from 31 March 2018 until 31 March 2020;
- The advertisement for the call for nominations for the appointment of the Chairperson of the Accounting Authority for the SETA;
- The appointment of two new Board members, Mr Neil Hamman and Mr Christo van der Rheede;
- The performance of the SETA and
- The new research which the SETA would be focusing on:
 - Analysing data from WSP/ATR's-drawing profiles and trends;
 - Assisting guiding Sector Skills Plan research;
 - Functioning of Sub Sector Committee's (SSC's);
 - Organising Framework for Occupations (OFO) updates.

The second information sessions merely focussed on the signing of the contractual agreements for the 2017/18 financial year. These were attended by Employers and Training Providers signing the two party contracts.

Annual General Meeting (AGM), Excellence Awards Dinner and annual seminar

The 13th AGM was held at Kopanong Hotel and Conference Centre in Benoni, Johannesburg. AgriSETA received an unqualified report from the AG. The AFS were presented and stakeholders were afforded the opportunity to ask questions which were responded to by Senior Management and the Acting CEO.



Annual Seminar

Ms Jeanette Spinkhuizen from the DPME at the Office of the Presidency presented with regard to Operation Phakisa: Agricultural, Rural Development and Land Reform. Reference was made to the NDP 2030 of which is expected of the DAFF to create one million decent jobs by 2030.

Mr Fumani Mboweni the Acting Director: Artisan Development at the Chief Directorate: National Artisan Development (INDLELA) at the DHET, responsible for the national artisan development strategy, stakeholder management, information analysis and management, occupational qualifications delivery and provincial artisan development steering committees presented on the Implementation of the National Artisan Development Strategy.

Both topics were well received by Stakeholders attending.

Excellence Awards competition

The Excellence Awards saw an increase in entries, specifically for the Graduate Placement, Internship and Leading Private Training Provider categories. Site visits were conducted nationally and at a Gala Dinner event held on Thursday, 5th October 2017, saw 10 categories being awarded with a winner and a runner-up.

2017 Excellence Awards Winners and Runners up were:

Best Performing Learner: Adult Education and Training

1. Mr Mhlangabezi Mati – HIK Abalone Farm
2. Miss Veliswa Mkosana - Wild Coast Abalone

Best Performing Learner: Learnerships

1. Miss Nontando Rosemary Sanda – Graaff – Fruit – Romansrivier
2. Mr Esau Theunissen – HIK Abalone Farm (Pty) Ltd

Best Performing Learner: Skills Programmes

1. Mrs Monique May – HIK Abalone Farm (Pty) Ltd
2. Mr Anele Bobi – HIK Abalone Farm (Pty) Ltd

Best Performing Learner: Graduate Placement

1. Mr Sicelo Nene – Springvale Farm Dairy
2. Miss Zinhle Vezi – Camelot Rabbit Farm

Best Performing Learner: Internship

1. Miss Mbali Motshwene – Dew Crisp – Western Cape
2. Mr James Potgieter – TWK Agri (Pty) Ltd

Best Performing Learner: Artisan Development

1. Ms Precious Lehutso – British American Tobacco South Africa
2. Mr Xolani Dlozi – RCL Foods Sugar & Milling

Best Performing Learner: Bursary

1. Miss Ligugu Sibanyoni – TWK Agri (Pty) Ltd
2. Mr Warren Meyer – Citrus Academy

Leading Private Service Provider: AgriSETA Skills Development

Shukela Training Centre

HIK Abalone Farm (Pty) Ltd

Leading Employer: AgriSETA Skills Development

1. Abagold Ltd
2. Suidwes Landbou (Edms) Bpk

Best Governed Rural Development Project

1. Ncera Macadamia Farming (Pty) Ltd
2. Thelumoya - Phansi

Youth and Career development

AgriSETA also had the opportunity to give career guidance at Thohoyandou Correctional Services in Limpopo and Kirkwood Correctional Services in Port Elizabeth with the assistance of DHE. Correctional Services invited various SETAs to participate. Agriculture which is generally practiced at most correctional centres benefitted from the information given to them.

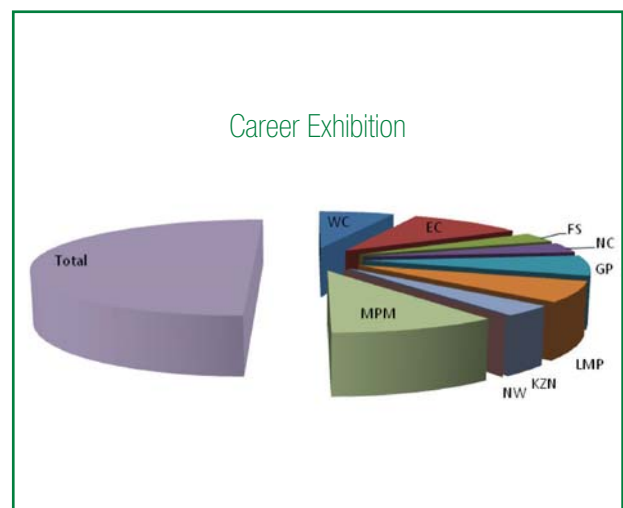
Career exhibitions were also attended nationally at Secondary Schools where they were informed of the time periods of which to apply to Universities and Colleges.

Nelson Mandela Celebrations were celebrated in the Northern Cape – Kimberley, where Secondary Schools attended as well as the National Rural Youth Service Corps (NARYSEC). The NARYSEC is a 24 month skills development programme within the DRDLR which targets the unemployed rural youth aged between 18 – 25 years. The youth focussed on Agriculture and were informed of the various funding options should they so wish to further their studies in Agriculture.

AgriSETA also aims to target the Agricultural High Schools nationally and form partnerships with the TVET Colleges.

Website

The website is still the best tool of communication

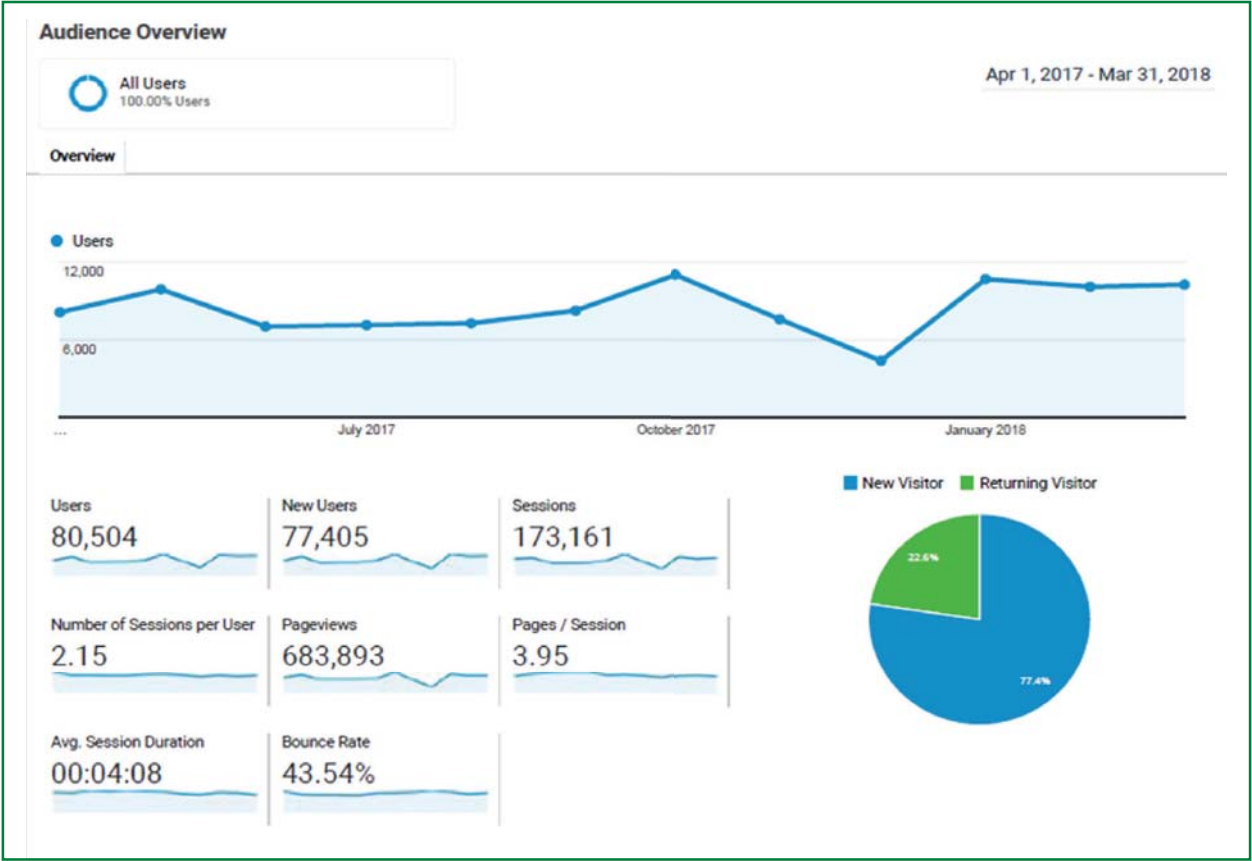


between stakeholders and the SETA. Mailshots are forwarded regularly to inform stakeholders of events and important notifications and updates.

Below are the statistics of the audience overview when

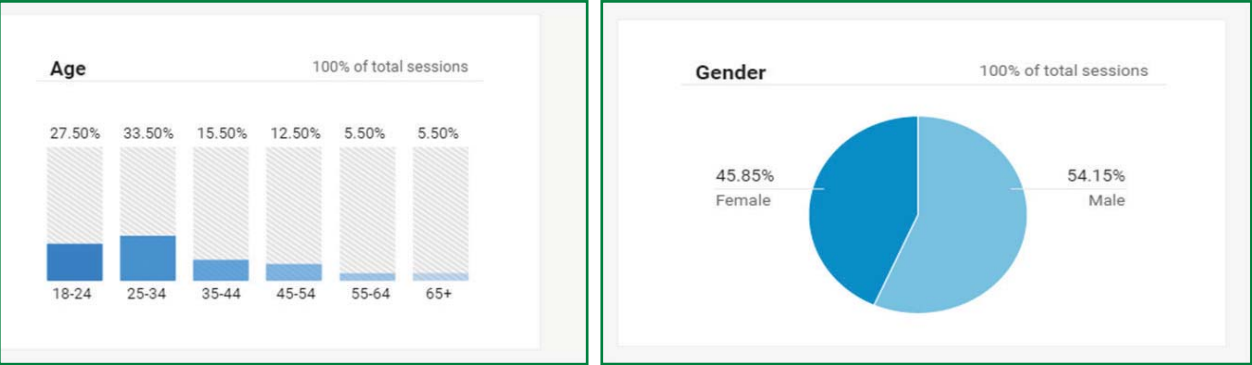
accessing the AgriSETA website for the period 1 April 2017 until 31 March 2018 and showing a huge increase in new users.

The demographics below also indicate that youth are also accessing the website often. This is information is



determined on how people share information on certain websites, such as social networking sites.

Education, Training and Quality Assurance (ETQA)





Overview

The Quality assurance department accounts to the GQAC which comprises of the following members:

MEMBER	PORTFOLIO	REPRESENTATION
Ms Phelisa Nkomo	Ministerial Appointee (Chairperson)	Ministerial Appointee
Mr Christopher Mason	South African Poultry Association (SAPA)	Employer
Mr Moleko Phakedi	Food and Allied Workers Union (FAWU)	Labour
Mr Augustinus Hendricks	National African Farmers Union (NAFU)	Employer
Ms Jackie Breda	Food and Allied Workers Union (FAWU)	Labour
Mr Christo van Rheede	AgriSA	Employer
Mr Neil Haman	Agri Western Cape	Employer

Quality Assurance Staff

Mr Fanny Phetla	Senior Manager: Quality Assurance
Ms Minah Matloa	Quality Control Co-ordinator: Monitoring
Mr Mmbulaheni Matidza	Quality Assurance Administration: Accreditation
Mr Koos Sihlangu	Quality Control Admin Assistant: Monitoring
Mr Marcus Tlou	Quality Control Co-ordinator: Accreditation

**It must also be noted that the new organogram has been put forward to strengthen the capacity of the Quality assurance function.*

The Quality Assurance Landscape

Quality Council for Trades and Occupations (QCTO)

The Quality Council on Trade and Occupation has extended the licenses of all the ETQA bodies to 2020. The extension implies that ETQA's will keep the current mandate, while phasing in the QCTO related functions such as:

- Development of new Occupational qualifications;
- Preparation of new assessment system;
- Alignment of the workplaces to take up new qualifications;
- Assisting industries to prepare assessment of those qualifications;
- Support industries to develop learning tutorials to implement the new qualifications and
- Align policies to new QCTO prescriptions.

The QCTO has opened windows on accreditation to enable stakeholders to start applying for accreditation for the new system. The Council has within the constraints of resources endeavoured to find right gears to hasten changes in most systematic areas, notably in qualification development, structural development which include establishment of administration and monitoring units. These strides give some assurance that the new regime will grow from strength to strength. In the midst of these steps, the stakeholders feel strongly that the Council requires anchors to hasten the pace. Despite the slow

pace of development of QCTO systems and structure, a breakthrough has been made in the process of handling qualifications. The council is moving in assisting the ETQA's to unlock the impasse of qualifications registration and it is hoped that it will (QCTO council) put resources to focus on systems and structures development culminating into better pace and times.

The Council has issued directives to phase out qualifications that historically have no learner intakes as of March 2018. In the same token, the directive has informed the quality assurance bodies on the takeover of accreditation of training providers by the Council as of end of June 2018.

Recognition of Prior Learning (RPL)

The Quality Assurance reports that the Board of AgriSETA resolved exercise oversight visits to some of the Agricultural colleges that are implementing RPL system which include *inter alia*:

- Glen College of Agriculture;
- Owen Sithole College of Agriculture;
- Potchefstroom College of Agriculture;
- Tsolo College of Agriculture;
- Elsenburg College of Agriculture and
- Tompi Seleka College of Agriculture.

The engagement with individual colleges that were visited has revealed the different empirical contexts in which colleges are operating and arguably identified contextual characteristics in each that require attention. The performance indicators and POA have been put forward by Board members to assist colleges with more resources to enable the RPL launch of 2018. The agreement is entered into between the colleges and the AgriSETA to:

- assist the college with the launch;

- build robust RPL administration within the colleges to remove tendencies and stigmas of 'past one pass all' reductionist myths;
- ensure continuous support to maximize understanding of RPL at college level to advance good practice in the sector and
- ensure the structure and Human Resources are aligned to the successful implementation of the RPL system.

Despite colleges having reported some challenges, it can proudly be reported that they are now in the position to launch the program to broader stakeholder base and start a mass roll out of the program.

RPL for access between Waterberg TVET and University of Limpopo

In line with the concept of building institutional bridges between colleges and universities to assist students with vertical progression and articulation, AgriSETA has supported the initiative between these two institutions to assist TVET NQF 5 students to access university degrees. The pilot launch is completed and 30 students from the TVET are set to be granted access to University of Limpopo.

AgriSETA's involvement with Colleges and Universities

The support for these institutions has been a long standing view of AgriSETA Accounting Authority (AA) as emanated from the need to capacitate institutions to make them ready to respond to a national call to amass resources to assist youth and communities with economic skills. The AA resolved that the key institutions that require more emphasis are Agricultural Colleges which are better placed to address amongst others, post school and NSDS III objectives focusing on rural youth, Co-operatives and the implementation of new occupational qualifications. On an annual basis AgriSETA pledges an amount of R500 000 per college toward achieving this goal. AgriSETA also

supports the new Agricultural University of Mpumalanga in its endeavour to articulate diploma students who formally



belong to Lowveld College of Agriculture. On completion of practical requirements the students are RPL- ed into degree programmes.

Skills Delivery Department

Grants and Quality Assurance (Qa) Committee

Members of Grants & QA Committee

MEMBER	PORTFOLIO	REPRESENTATION
Ms Phelisa Nkomo	Ministerial Appointee (Chairperson)	Ministerial Appointee
Mr Christopher Mason	South African Poultry Association (SAPA)	Employr
Mr Moleko Phakedi	Food and Allied Workers Union (FAWU)	Labour
Mr Augustinus Hendricks	National African Farmers Union (NAFU)	Employer
Ms Jacquie Breda	Food and Allied Workers Union (FAWU)	Labour

Mr Christo van Rheede	AgriSA	Employer
Mr Neil Haman	Agri Western Cape	Employer

Skills Delivery Departmental Staff

STAFF MEMBER	RESPONSIBILITY
Gerard Mamabolo	Senior Manager: Skills Delivery
Mashilo Moroko	Manager: Artisan Development
Medupi Shabangu	Manager: Rural Development
Granny Choeu	Skills Delivery Admin. Co-ordinator
Bronwynn Oosthuizen	Skills Delivery Co-ordinator
Rirhandzu Makhubele	Skills Delivery Administrator- Rural Development
Merriam Marobyane	Skills Delivery Administrator- LS 8.1
Andani Sengani-Mphephu	Skills Delivery Administrator- Bursaries
Vacant	Skills Delivery Administrator- Artisan Development
Marissa Kok	Skills Delivery Administrator – AET
Shereen Wentzel	Skills Delivery Administrator – LS 18.2
Gugu Msiza	Skills Delivery Administrator- Graduate Placement
Siphelo Maxayi	Skills Delivery Administrator- Internships
Nelisiwe Phala	Skills Delivery Administrator- Skills Programmes 18.1 & 18.2
Ledile Kgomo	Rural Development Co-ordinator – Limpopo
Tsepo Ndlangamandla	Rural Development Co-ordinator – Mpumalanga
Xolisile Mthiyane	Rural Development Co-ordinator – KwaZulu-Natal
Xolani Zituta	Rural Development Co-ordinator – Eastern Cape
Nombulelo Mathebula	Intern
Kgaugelo Mokgalaka	Intern
Khabonina Khoza	Intern
Tlou Tefu	Intern

Overview: Skills Delivery Department

The Skills Delivery Department, as the custodian of AgriSETA learning programmes, hereby presents a report covering departmental activities for the 2017/18 reporting period.

In 2011, AgriSETA Accounting Authority crafted three priority interventions areas in the Agricultural and rural development sector. As a result of the extension in SETA landscape, these priority areas were maintained and the following were endorsed:

- Youth Development;
- TVET/Agricultural Colleges collaboration and
- Co-operative development.

Out of the programmes delivered by the Department, the Department played a significant role in the Youth and Co-operative development through its Rural Development section as well as Artisan Development. This did not go without noticeable challenges being amongst others:

- Increase access to training and skills development opportunities;
- Achieving fundamental transformation of inequalities;
- Skills shortages and mismatches and
- High demand for skills versus meager financial resources.

The Skills Delivery Department has been structured to deal with skills needs of the sector and to receive such needs through expression of interest in the form of Discretionary Grants applications. The same Department plays an important role in liaising with AgriSETA stakeholders by ensuring that management and payments of grants are meticulously managed.

The Discretionary Grant Policy is annually reviewed to be relevant to the sector needs as well as to be in line

with the Grant Regulation which came into effect in December 2012 as well as NSDS III. The Departmental staff component currently stands at seventeen and four Interns.

The Skills Delivery Department continues to strive for human development and this is done through exposing youth to work opportunities through Internship programmes, bursaries and graduate placement among other learning programmes.

Skills Delivery: Learning Programmes

The Skills Delivery Department is responsible for the following learning programmes:

- AET (Adult Education and Training) for Employed and Unemployed learners;
- Skills Programmes (18.1 & 18.2);
- Learnerships (18.1 & 18.2);
- Artisan Development (18.1 & 18.2) & FLP;
- Bursary (18.1 & 18.2);
- Graduate Placement;
- Internship;
- New Venture Creation (NVC);
- Support to Rural Structure, e.g. Mentorship and
- Commodity Organizations.

Rural Development and Artisan Development are key units in the Skills Delivery Department. Employed section of the sector also benefits from skills development grants offered by AgriSETA.

AgriSETA has physical presence in the four Provinces, namely: Limpopo, Mpumalanga, Eastern Cape and KwaZulu-Natal although we service the whole country. There are four Provincial co-ordinators deployed in the four Provinces responsible for Rural Development in line with the mandate of the DHE and Training.



PART C: GOVERNANCE

GOVERNANCE

MINISTERIAL APPOINTEES



MR THAMI KA PLAATJIE



MS PHELISA NKOMO

ACCOUNTING AUTHORITY MEMBERS



MR ATWELL NAZO



MR KATISHI MASEMOLA



MS JACQUELINE BRED A



MR MOLEKO PHAKEDI



MR DANNY SCHUTTE



MR CHRISTO VAN DER RHEEDE



MR NEIL HAMMAN



MS JACQUELINE BHANA



MR ADRIAN GERRITZEN



MR AUGUSTINUS HENDRICKS

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 a public entity's enabling legislation and Companies Act, corporate governance with regard to public entities is applied through the precepts of the PFMA and run in tandem with the principles contained in the King Report on Corporate Governance.

Parliament, the Executive and the Accounting Authority of the public entity are responsible for corporate governance.

Portfolio Committees and Select Committees

AgriSETA did not attend any sessions with both Portfolio and Select Committees of Parliament.

Executive Authority

The organization is monitored quarterly by the SETA Performance Management team which comprises of the Sector Liaison Manager, Mr Trevor Tjale and Ms Namhla Mbhele and Mr Sipho Mkhathshwa.

The Quarterly Monitoring Reports of the SETA are submitted to the DHET on a quarterly basis.

First quarter submission – 17 July 2017

Second quarter submission – 16 October 2017

Third quarter submission – 15 January 2018

Fourth quarter submission – 13 April 2018

The Accounting Authority / Board

Introduction

- AgriSETA is guided by the Accounting Authority/Board as its highest decision making body. The Accounting Authority is appointed by the Minister of Higher Education and Training for a period of five years and consists of the Chairperson and 14 Board members.
- The Accounting Authority is responsible and accountable for the public entity's performance and strategic direction.

The role of the Accounting Authority is as follows:

The roles and responsibilities of the Accounting Authority are to:

- Govern and manage SETA in accordance with the PFMA, the Act and any other applicable legislation;
- Ensure that the SETA achieves the objectives contemplated in item 5 of its Constitution and



performs the functions contemplated in item 6 of the Constitution;

- Provide effective leadership and ensure that the SETA implements the goals of the NSDS III and the performance agreement with the Minister;
- Provides strategic direction for the SETA;
- Liaise with stakeholders;
- Ensure that the SETA complies with the relevant statutory requirements and its Constitution;
- Manage institutional risk;
- Monitor the performance of the SETA and
- Ensure that its members and including members of the committees established by it comply with the code of conduct.

Board Charter

AgriSETA has adopted a Board Charter and it operates in terms of its Constitution which covers the following:

- Composition of the Board;
- Roles and functions of the Board;
- Powers of the Board;
- Delegation of authority;
- Terms of office of the Board;
- Establishment of committees and
- Meetings of the Board.

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

Composition of the Accounting Authority

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS (LIST THE ENTITIES)	OTHER COMMITTEES OR TASK TEAMS (E.G.: AUDIT COMMITTEE / MINISTERIAL TASK TEAM)
Ms Phelisa Nkomo	Ministerial Representative	March 2011	n/a	Honours Degree in Economics. Completing Masters in Economics.	Economist and an Ministerial advisor.	n/a	Grants and Quality Assurance. Finance and Remuneration.
Mr Thami Ka Plaatjie	Acting Chairperson and Ministerial Representative	March 2011	31 March 2018	UED; BA: History and Education; BA (HON) History and Masters: History.	Researcher and Ministerial advisor.	n/a	Governance and Strategy.
Mr Adrian Gerritzen	Organised Employers	March 2011	n/a	NHD - Human Resource Management.	Specialist in Human Resource Management and salary negotiations.	n/a	Governance and Strategy. Finance and Remuneration
Mr Augustinus Hendricks	Organised Employers	2013	n/a	MBA	Agricultural leadership.	Wine Industry Development Association (WIDA) and National Agricultural Marketing Council (NAMC)	EXCO Grants and Quality Assurance

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS (LIST THE ENTITIES)	OTHER COMMITTEES OR TASK TEAMS (E.G.: AUDIT COMMITTEE / MINISTERIAL TASK TEAM)
Ms Jacquie Bhana	Organised Employers	2013	n/a	BA Soc.Sc; BAdmin,Hons -Industrial Relations and MA - Industrial Sociology.	Human Resources specialist and Executive leadership.	Tongaat Hulett Limited, Sugar - South Africa.	Governance and Strategy; Grants and Quality Assurance and Executive Committee.
Mr Katishi Masemola	Organised Labour	March 2011	n/a	MA: Philosophy; Economic Policy; Post Grad Certificate Competition Law and Bachelor of Arts.	Labour relations specialist.	Balondoloz Babeteki Financial Service .	Executive Committee; Grants and Quality Assurance; Finance & Remuneration and Governance and Strategy.
Mr Atwel Nazo	Organised Labour	March 2011	n/a	Certificate in Public Management.	Labour relations expert and leader of an employee union in the Agri sector.	Basemenzi.	Executive Committee and Governance and Strategy.
Mr Moleko Phakedi	Organised Labour	2013	n/a	Diploma Labour Relations Management.	Labour relations specialist.	Grain Bargaining Committee.	Grants & Quality Assurance and REMCO.

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS (LIST THE ENTITIES)	OTHER COMMITTEES OR TASK TEAMS (E.G.: AUDIT COMMITTEE / MINISTERIAL TASK TEAM)
Ms Jacquie Breda	Organised Labour	March 2011	n/a	Grade 8	Labour relations specialist.	n/a	Governance and Strategy
Mr Daniel Schutte	Organised Labour	2015	n/a	Grade 12; B Com Human Resources Management; B Com (Hons); Labour Relations and Post Grad TESOL.	Labour relations specialist.	n/a	Grants and Quality Assurance Grants and Quality Assurance
Mr Christo van Der Rheede	Member	January 2017	n/a	MPA	Financial Management; Risk Management and Agricultural Economics	BUSA; ATKTV and Potchefstroom Business School Advisory Council.	Grants and Quality Assurance
Mr Neil Hamman	Member	January 2017	n/a	Cost Management Accounting and Agriculture Leadership Development Programme.	Financial Management; Accounting; Agriculture and Tax.	AGRI Western Cape and AGRISA.	n/a

Special Board Meetings

MEMBER NAME	CAPACITY	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL PER MEMBER
Mr Thami Ka Plaatjie	Chairperson	Y	Y	Y			Y					Y		5
Ms. Jacqueline Bhana	Member	Y	N	N			Y							2
Ms Jacqueline Breda	Member	Y	Y	Y								Y		4
Mr Adrian Gerritzen	Member	N	Y	Y			Y					Y		4
Mr Neil Hamman	Member	Y	Y	Y								Y		4
Mr Augustinus Hendricks	Member	Y	Y	Y			Y					Y		5
Mr Christo van der Rheede	Member	Y	Y	Y		Y	Y					Y		5
Mr Katishi Masemola	Member	Y	Y	Y			Y							4
Mr Atwell Nazo	Member	Y	Y	Y			Y					Y		5
Ms Phelisa Nkomo	Member	N	N	N								Y		1
Mr Moleko Phakedi	Member	Y	Y	Y		Y	Y					Y		5
Mr Daniel Schutte	Member	N	Y	Y			Y					Y		4
	Total Members													4

Board Meeting Attendance

MEMBER NAME	CAPACITY	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL PER MEMBER
Mr Thami Ka Plaatjie	Chairperson		Y	Y	N	Y	Y	Y	Y				Y	8
Ms. Jacqueline Bhana	Member	N	Y		N	Y						N		2
Ms Jacqueline Breda	Member		Y		Y	Y	Y	Y	Y				Y	9
Mr Adrian Gerritzen	Member		Y		Y	Y	Y						N	6
Mr Neil Hamman	Member		Y		Y	Y		Y	Y				Y	8
Mr Augustinus Hendricks	Member		Y		Y	Y	Y	Y	Y				Y	9
Mr Christo van der Rheede	Member		Y		Y	Y	Y	Y					Y	8
Mr Katishi Masemola	Member		Y		Y	Y	Y	Y	Y				Y	9
Mr Atwell Nazo	Member		Y		Y	Y	Y	Y	Y				Y	9
Ms Phelisa Nkomo	Member		Y		N	N							Y	3
Mr Moleko Phakedi	Member		Y		Y	Y	Y	Y	Y				Y	9
Mr Daniel Schutte			N			Y	Y	Y	Y					4

Committees

MEETINGS OF THE EXECUTIVE COMMITTEE : COMMITTEE ATTENDANCE 2017/18

COMMITTEE NAME	CAPACITY	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL PER MEMBER
Mr Thami Ka Plaatjie	Chairperson							Y	Y			Y		3
Mr Atwell Nazo	Member							Y	Y			Y		3
Mr Katishi Masemola	Member							Y	Y			Y		3
Mr Augustinus Hendricks	Member							Y	Y			Y		3
Mr Adrian Gerritzen	Member							Y	Y					2

MEETINGS OF THE FINANCE AND REMUNERATION : COMMITTEE ATTENDANCE 2017/18

COMMITTEE NAME	CAPACITY	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL PER MEMBER
Mr Atwell Nazo	Chairperson			Y		Y		Y	Y			Y	Y	6
Ms Jacqueline Bhana	Member							N	N			N		0
Mr Moleko Phakedi	Member			Y				Y	N			Y	Y	4
Mr Adrian Gerritzen	Member			Y		Y		Y	Y			Y	Y	6
Ms Phelisa Nkomo	Member											Y		

MEETINGS OF THE GOVERNANCE AND STRATEGY : COMMITTEE ATTENDANCE 2017/18

COMMITTEE NAME	CAPACITY	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL PER MEMBER
Mr Thami Ka Plaatje	Chairperson					Y			Y		Y	Y	Y	6
Mr Katishi Masemola	Member			Y		Y			Y		Y	Y	Y	6
Mr Atwel Nazo	Member					Y			Y		Y	Y	Y	5
Mr Adrian Gerritzen	Member			Y		Y			N			Y	Y	4
Mr Augustinus Hendricks	Member			Y		Y			Y		Y	Y	Y	6

MEETINGS OF THE GRANTS AND QUALITY ASSURANCE : COMMITTEE ATTENDANCE 2017/18

COMMITTEE NAME	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL PER MEMBER
Ms Jacqueline Breda								Y					3
Mr Moleko Phakedi								Y					3
Mr Augustinus Hendricks								Y					3
Ms Phelisa Nkomo								N					1
Mr Christo van der Rheede								Y					1
Mr Daniel Schutte								Y					2

MEETINGS OF THE AUDIT & RISK COMMITTEE : COMMITTEE ATTENDANCE 2017/18

COMMITTEE NAME	APR	MAY	JUNE	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL PER MEMBER
Dr Nomusa Qunta		Y		Y	Y		Y	Y		Y		Y	12
Ms Antoinette Ngwenya		Y		Y	Y		Y	Y		Y		Y	11
Mr Mark Oliver		Y		Y	Y		Y	Y		Y		Y	11
Dr George Buys		Y		N	Y		Y	N		Y		Y	9
Ms Makgolane Pholo		Y		Y	Y		Y	N					6

Remuneration of board members

- The remuneration of Board members is determined by the National Treasury Regulations.
- All Board members are remunerated as per the National Treasury Regulations.
- Refer to the table for remuneration of Board members.

Treasury Regulations 28.1 – Amounts paid

MEMBERS OF THE ACCOUNTING AUTHORITY BOARD MEMBERS	MEETING ATTENDANCE ALLOWANCE	BONUSES	EXPENSES	TOTAL
Prof GP Mayende Former Chairperson	1 901	-	-	1 901.00
Mr T Ka Plaatjie Chairperson	249 942	-	31 003	280 945.00
Mr D Schutte Member	120 947	-	32 966	153 913.00
Citrus Academy (J de Klerk) Company	894	-	-	894.00
VKB (A Gerritzen) Company	186 476	-	-	186 476.00
Ms P Nkomo Member	20 460	-	2 444	22 904.00
Mr KD Masemola Member	162 464	-	3 367	165 831.00
Mr A Hendricks Member	198 580	-	17 267	215 847.00
Mr BM Mtshali Member		-	1 313	1 313.00
Mr SA Nazo Member	235 138	-	19 237	254 375.00
Mr MJ Phakedi Member	167 228	-	58 385	225 613.00
Mrs J Breda Member	149 558	-	6 903	156 461.00
Mr JG van Dyk Member	-	-	1 635	1 635.00
Mr AGW Gerritzen Member	71	-	52 011	52 082.00
Mr DN Hamman Member	101 756	-	22 627	124 383.00
Mr CO Van Der Rheede Member	142 676	-	5 351	148 027.00
Total Board Members: 14	1 738 091.00	-	254 509.00	1 992 600.00

Allowances of the Audit and Risk Committee

AUDIT COMMITTEE	BASIC SALARY /MEETING ALLOWANCE	BONUSES/ PERFORMANCE RELATED PAYMENTS	EXPENSES	TOTAL
Mr AR Ngwenya Former Chairperson	99 631.00		4 029.00	103 659.00
Dr NZ Qunta Chairperson	161 633.00		345.00	161 978.00
Mr MH Oliver Member	94 841.00		2 328.00	97 169.00
Ms MMN Pholo Member	45 665.00		2 445.00	48 110.00
Dr GF Buys Member	86 657.00		1 590.00	88 247.00
Total : Audit Committee				
Total: Members of the Accounting Authority: 5	488 427.00	-	10 737.00	499 163.00

Grants & Quality Assurance Committee

The GQAC committee discharges its function as per SAQA Act 58 of 1995, which include the following:

- Making recommendations to Accounting Authority with matters concerning the function of ETQA;
- Oversees the implementations of:
 - Accreditation of providers;
 - Monitoring of learning provision;
 - Registration of practitioners in the sector;
 - Execution of ETQA budgets;
 - Maintenance of National Learners Record Database;
 - Resourcing and staffing of the ETQA department and
 - Capacity building projects.
- Monitor the implementation of policies;
- Monitor national programmes and implementation of government programmes;
- Attend national programmes and conferences and
- It is the task of the SDC to oversee the disbursement of discretionary funds, to consider applications for funding and to approve submissions. It is their task to inform the Accounting Authority and gain its ratification for proposals on disbursing funds. It is their task to ensure that any applicaiton considered is aligned to the

NSDS and the SSP.

Risk Management

AgriSETA has an approved risk policy and risk register in place.

Risks are addressed by departments on a continuous basis and an integrated register is revised annually during the SETAs annual SPning session.

In defining risks, the AgriSETA works in close co-operation with its appointed internal auditors. During the latter part of the previous financial year, the internal auditors reviewed and presented the risk register to the ARC.

At each standing ARC meeting, risks are submitted and considered by the committee. In the case of AgriSETA, the risk forms an integral part of the Audit Committee. Quarterly the internal auditors will submit directly to the ARC their objective view of risks inherent to the institution.

Internal Control Unit

Internal controls were reviewed and monitored by Management. Outsourced Risk and Compliance Assessment (Pty) Ltd (ORCA) assists AgriSETA with internal audit matters.

Internal Audit and Risk Committee

It is the task of the ARC to meet at least once quarterly (prior to the Accounting Authority) to consider:

- Finances of the SETA;
- Internal Auditors quarterly reports;
- Fraud and fraud hotline matters and
- Any misappropriation of funds.

The table below discloses relevant information on the ARC members for 2017/18.

Name	Qualification	Constituency	Date appointed
Dr Nomusa Qunta (Chairperson)	PhD Master of Commerce B Comm, B Admin	External	May 2016
Mrs Makgolane Pholo	MDP, M Com, CA B Com (Hons) B Com (Accounting)	External	May 2016
Ms Antoinette Ngwenya	MBA B Com	External	May 2016
Mr Mark Oliver	Diploma: Operations Damelin Management Current: Advance Diploma in Management ADM UWC	External	May 2016
Dr George Buys	PhD MBA B.Min (Hons) L.TH	External	July 2016

Compliance with Laws and Regulations

- The National Treasury Regulations;
- The National Skills Development Strategy III;
- The New SETA Grants Regulations;
- National Development Plan Vision 2030;

- Medium Term Strategic Framework 2014-2019;
- Human Resources Development Strategy for South Africa, 2030;
- The Skills Development Act , 1998 (Act No.97 1998) as amended in 2008;
- The Skills Development Levies Act, 199 (Act No.9 of 1999) and
- The Public Finance Management Act, 1999 (Act No.1 1999) as amended by Act No.29 1999.

Fraud and Corruption

- AgriSETA has a fraud prevention policy in place and implements it actively;
- Apart from the policy, AgriSETA has a formal and well communicated Fraud Hotline in place which is managed by an external autonomous provider. Each year on the annual road show stakeholders are made aware of the hotline and invited to use it if they suspect any wrong doing. This is also permanently displayed on the AgriSETA web-site and also appears under the signature of staff members' e-mails;
- Cases are reported anonymously (if so preferred) via;
 - Fraud hotline toll free number;
 - e-mail;
 - fax and
 - Post.

The service provider will immediately record the complaint and forward it directly to the Internal Auditors and the CEO. Cases are then handed down to the relevant manager to investigate and conclude. All these cases are then reported upon at the next ARC meeting.

Minimising Conflict of Interest

AgriSETA employees are required to sign a Declaration of Interest to inform the SETA of any potential conflicts of interests.

Code of Conduct

The Accounting Authority approved a "Code of Conduct" policy for AgriSETA employees. The code is designed to outline the ethical standards and norms adhered to and upheld by AgriSETA in the provision of services and doing business. The code acts as a guideline to employees in terms of what is expected of them from an ethical point of view, both in their individual conduct and in their

relationship with others. Compliance with the code is expected to enhance professionalism. The code applies to all AgriSETA employees.

Health Safety and Environmental Issues

A Health and Safety Committee is established at the AgriSETA.

Company Secretary

The Company Secretary provides Accounting Authority Members with guidance and advice about matters of good governance and ethics as well as nature and extent of their duties and responsibilities and how the duties should be discharged.

Social Responsibility

AgriSETA is still in partnership with AgriSA in distributing a dvd which highlights the Code of Best Practice for HIV and AIDS which is freely available for companies to distribute to their employees.

Audit and Risk Committee (ARC) Report

Report of the Audit and Risk Committee

I am pleased to present our report for the financial year ended 31 March 2018.

Committee members

ARC composition is reflected below as follows:

NAME	CONSTITUENCY	DESIGNATION
Dr N Z Qunta	Independent	• Chairperson
Ms M Pillay	Independent	Chairperson*
Ms R A Ngwenya	Independent	• Member
Ms M Pholo	Independent	• Member
Mr M Olivier	Organised Labour Representative	• Member*
Dr G Buys	Organised Employer Representative	• Member*
Ms N Oliphant	Independent	Member*
Ms L Maqubela	Independent	Member*

* Appointed as ARC members with effect from 4 May 2018.

• The previous ARC members' term of office ended on 31 March 2018.

Audit and Risk Committee responsibility

The ARC reports that it has complied with its responsibilities arising from Section 77 of the Public Finance Management Act and Treasury Regulation 27.1. The ARC also, reports that it has adopted appropriate formal terms of reference as its ARCC, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

As mandated, the ARC hereby, reports on its functions for the year ended 31 March 2018.

For the financial year ended 31 March 2018 and in compliance with the PFMA, the ARC reviewed:

- The AFS prior to submission to the AG on 31 May 2018 and the final AFS after audit;
- The effectiveness of internal controls;
- The adequacy, reliability and integrity of management's reports, including operational and financial information;

- The appropriateness of accounting policies, practices and potential changes;
- The effectiveness of the system of risk management, including emerging risks;
- Compliance with relevant laws and regulations;
- ICT controls, risks and governance;
- The reports on significant investigations and outcomes;
- The APR prior to submission to the AG on 31 May 2018 and the APR after audit; and
- The plans, work and reports of internal auditors and the AG. The ARC also conducted independent meetings with the assurance providers.

Risk management

There has been an improvement in the risk management processes of the AgriSETA from the prior year. However, the risk management processes within the AgriSETA have not yet reached the desired level of maturity. There was no fraud prevention plan in place for the year.

Investigations that commenced by the SIU are still in progress.

The Effectiveness of Internal Control

Our review of the findings of the internal audit work, which was based on the risk assessments conducted in the public entity revealed certain weaknesses, which were then raised with the AgriSETA.

The following internal audit work was completed during the year under review:

- Performance information;
- Discretionary grant funded projects;
- Financial controls;
- Supply chain management;
- Human resources and payroll management;
- ETQA;
- Information technology;
- Mandatory grants;
- Fixed assets;
- Governance abd

- Marketing.

The following were areas of concern:

- Financial controls;
- Supply chain management;
- Human resources and payroll management;
- ETQA;
- Fixed assets and
- Governance.

Due to management comments that were not forthcoming in the areas of performance information and discretionary grant funded projects, internal audit was not able to finalise these audits and conclude on the overall control environment of the AgriSETA.

The ARC remains concerned about the lack of progress in the improvement in the internal control environment of the AgriSETA.

Quarterly Report

Management presented quarterly reports to the ARC during the year and such reports were reviewed and interrogated by the ARC for accuracy and reliability. In some cases, the ARC was not satisfied with the quality of the reports and improvements were recommended to management.

The AgriSETA complied with all the reporting requirements and all the quarterly reports were recommended to the Board for approval and submission to the DHET.

Evaluation of Financial Statements

The draft AFS for the year ended 31 March 2018 were reviewed by this committee on 28 May 2018 and recommendations were made for improvements before submission to the Board for approval and to the AG for auditing. The AFS for the year ended 31 March 2018 were reviewed by this committee on 23 July 2018 and recommended to the Board for approval.

Auditor's Report

We have reviewed the entity's implementation plan for audit issues raised in the prior year and we are concerned that the matters reported on in the prior year have not been adequately resolved by AgriSETA. This led to the unchanged audit outcome for the year under review when compared to the prior year.

The ARC concurs and accepts the conclusions of the AG on the AFS and is of the opinion that the audited AFS be accepted and read together with the report of the AG.



Michelle Pillay
Chairperson of the ARC

31 July 2018



**PART D:
HUMAN RESOURCES
DEVELOPMENT**

Introduction

The Human Resources department in AgriSETA is a critical component of the organisation in order to achieve the strategic objectives. It is borne in mind that an organisation is operationalized through a competent and skilled workforce. Thus, AgriSETA Human Resources is conceptually viewed as transitioning from being just a conventional Human Resources to a modern Human Resources practice commonly known as a business partner model. In essence, the impact of Human Resources management and processes must enhance and support the strategic objectives together with the vision, mission, and values of the AgriSETA.

With such a critical view on the Human Resources section of AgriSETA, there are initiatives to move the workforce of the organisation towards modernized practices of Human Capital Management and/or People Management. In detail, the review and approval of a new organizational structure was one of the key focuses on this financial year. Another focus was the insourcing of the payroll system to be managed as a Human Resources sub-process in AgriSETA. The review of the Institutional Performance Management Policy was also one of the priorities set by management and Board sub-committee. In that regard, these initiatives have set up a baseline for value proportioning and strategic implementation support for the organisation.

Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce

The strategic initiatives of AgriSETA has triggered the need to review the entire organizational structure, in turn, these informs the workplace planning for the Human Resources section. In addition, value propositioning to the current workforce serve as an attracting instrument for competent and highly skilled resources in the market.

Future Human Resources plans/goals 2018/19

The Human Resources section has set its strategic goals towards these strategic business areas:

- Capacitation of the organisation in line with approved organizational structure;
- Review the entire Human Resources policies with goal to produce an HR Policy booklet;
- Create procedure manuals as part of internal controls for the Human Resources division;
- Improvement the employee health and wellness within the organisation, in order to increase productivity;

wellness management and achieve work and life balance and

- Through performance management policy establish a performance driven culture within the organisation.

The Committee to improve Human Resources offerings within the organisation, will assist in greater objectives of value propositioning, staff retention and talent acquisition for the AgriSETA.

Employee Performance Management Framework

The Human Resources section has recently facilitated the review of the Performance Management Policy of the organisation. The AgriSETA Performance Management Policy has, after numerous review sessions, been approved and now management is implementing the policy. A performance management procedure and process is being crafted in order to successfully operationalize the newly approved Performance Management Policy.

Employee Wellness programmes

The employee health and wellness of AgriSETA is also moving toward being employee centric. This shall be achieved through developing a wellness programme that will attract motivational speakers, physiotherapist, medical practitioners, and other service providers to assist on the physical wellbeing of employees. The employee wellness of AgriSETA from 2018/19 shall develop a wellness plan in consultation with various stakeholders.

Policy Development

The review and development of the entire Human Resources policies of AgriSETA is a priority to management. The tactical plan for 2018/19 is to ensure mechanisms for review of Human Resources policy manual for AgriSETA. These forms part of the Human Resources section modernisation roadmap. As such, all stakeholders affected shall be consulted during the development stages of the policy manual.

Challenges faced by the Public Entity

There are challenges in the external environment due to the periodic licencing of SETAs because it can threaten skills acquisition and skills retention within the organisation. However, though the modernisation of Human Resources section some of the workforce risks shall be mitigated and controlled with optimal precision. All in all, the workforce of AgriSETA will always be encouraged to achieve the strategic initiatives of the organisation.

Human Resources Oversight Statistics March 2017 to April 2018

Personnel Cost by Programme/Activity/Objective

PROGRAMME	PROGRAMME TOTAL EXPENDITURE FOR THE ENTITY (R'000)	PERSONNEL EXPENDITURE (R'000)	PROGRAMME PERSONNEL EXPENDITURE AS A % OF TOTAL PERSONNEL EXPENDITURE. (R'000)	PERSONNEL EXPENDITURE AS A % PROGRAMME TOTAL EXPENDITURE	NUMBER OF EMPLOYEES SALARIED	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Admin	45 794	17 326	66%	38%	47	369
Discretionary/ Mandatory	313 593	9 118	34%	3%	29	314
National Skills Fund	n/a	n/a	n/a	n/a	n/a	n/a
Total	359 387	26 444	100%		76	348

Personnel Cost by Salary Band

LEVEL	NUMBER OF SALARIED EMPLOYEES	% OF PERSONNEL EXP TOTAL PERSONNEL COST	PERSONNEL EXPENDITURE	AVERAGE PERSONNEL COST PER EMPLOYEE
Professional qualified	2	3%	1,644	822
Top Management	1	1%	3,185	3,185
Senior Management	5	7%	4,795	959
Skilled	31	41%	12,016	388
Semi skilled	30	39%	4,377	146
Unskilled	7	9%	427	61
	76	100%	26,444	348

Training Costs

DIRECTORATE/ BUSINESS UNIT	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	TRAINING EXPENDITURE AS % OF PERSONNEL COST	NO. OF EMPLOYEES TRAINED	AVERAGE TRAINING COST PER EMPLOYEE (R'000)
Skills Delivery Unit	9 118	73	0.80%	4	18
Administration	10 608	0	0%	0	0
ETQA Unit	3 536	6	0.17%	2	3
Skills Planning	3 182	61	1.92%	9	7
Total	26 444	140		16	9

DIRECTORATE/BUSINESS UNIT	2017/18 NUMBER OF EMPLOYEES	2017/18 APPROVED POSTS	2017/18 VACANCIES	% OF VACANCIES
Top Management	0	1	1	100%
Senior Management	4	6	2	33%
Professionally qualified	2	4	2	50%
Skilled	17	17	0	0%
Semi-skilled	21	23	2	8.7%
Unskilled	3	5	2	40%
TOTAL	47	56	9	16%

The table above excludes interns.

In the 2016/17 Annual Report 8 interns were incorrectly included under unskilled category. This has been corrected in this report as such, this number differs from the 2016/17 published Annual Report.

Employment and vacancies

Employment changes

SALARY BAND	EMPLOYMENT AT 01 APR 2017	CREATED & FILLED POSTS	GRADING OF POSTS	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT 31 MAR 2017
Top Management	1	0		0	-1	0
Senior Management	5	0	1*	0	-2	4
Professionally qualified	2	-1*	0	1	0	2
Skilled	16	0	0	1	0	17
Semi-skilled	21	1	0	1	-2	21
Unskilled	3*	0	0	1	-1	3
TOTAL	48	0	1	4	-6	47

* Company Secretary position was downgraded in 2016/17 from Senior Manager to Professionally qualified and was restored back to Senior Manager during 2017/18.

- 8 interns were incorrectly included under unskilled category during 2016/17 and are currently corrected under adjustment.

Reasons for staff leaving

REASON	NUMBER	% OF TOTAL NO OF STAFF LEAVING
Death	0	0%
Resignation	3	50%
Dismissal	0	0%
Retirement	0	0%
Ill health	1	17%
Expiry of contract	0	0%
Other	2	33%
Total	6	

Labour Relations: Misconduct and disciplinary action

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal Warning	0
Written Warning	1
Final Written Warning	2
Dismissal	0
Total	3

Equity Target and Employment Equity Status

LEVELS	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
MALE								
Top Management	0	0	0	0	0	0	0	0
Senior Management	3	0	0	0	0	0	1	0
Professionally qualified	3	0	0	0	0	0	0	0
Skilled	5	0	0	0	0	0	0	0
Semi-Skilled	4	0	0	0	0	0	0	0
Unskilled	5	0	0	0	0	0	0	0
TOTAL	20	0	0	0	0	0	1	0
FEMALE								
Top Management	0	0	0	1	0	0	0	0
Senior Management	1	0	0	0	0	1	0	0
Professionally qualified	1	0	0	0	0	0	0	0
Skilled	7	0	3	0	0	1	1	0
Semi-Skilled	11	0	3	0	0	0	1	0
Unskilled	10							
TOTAL	30	0	6	1	0	2	2	0
DISABLED STAFF								
Top Management	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0
Professionally qualified	0	0	0	0	0	0	0	0
Skilled	0	0	0	0	0	0	0	0
Semi-Skilled	0	1	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	0	1	0	0	0	0	0	0

PART E: FINANCIAL INFORMATION

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ABBREVIATIONS

DHET	Department of Higher Education and Training	SETA	Sector of Education and Training Authorities
AGRISETA	Agricultural Sector of Education and Training Authorities	IAS	International Accounting Standards
NSF	National Skills Funds	PFMA	Public Finance Management Act
SARS	South Africa Revenue Services	IPSAS	International Public Sector Accounting Standards
GRAP	Generally Recognised Accounting Practice	QCTO	Quality Council for Trades and Occupations
SDL	Skills Development Levies	UIF	Unemployment Insurance Funds

Report of the Auditor-General to Parliament on the Agricultural Sector Education and Training Authority (AgriSETA)

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 88 to 130, which comprise statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amount for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Agriculture Sector Education and Training Authority as at 31 March 2018 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and the Skills Development Act of South Africa, 1998 (Act No. 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' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 34 to the financial statements, the corresponding figures for 31 March 2017 were restated as a result of errors in the financial statements of the public entity at, and for the year ended, 31 March 2018.

Responsibilities of the accounting authority for the financial statements

8. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the PFMA and 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 Agriculture Sector Education and Training Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

10. My objectives are to obtain reasonable assurance about whether the financial

statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented

in the annual performance report of the public entity for the year ended 31 March 2018:

Programme	Pages in the annual performance report
Programme 2: Skills delivery	31 - 35
Programme 3: Quality assurance	36

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

Programme 2: Skills delivery

Various indicators

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

Indicator description	Reported achievement	Audited value
2.1.5. Number of bursaries to employed and un-employed learners and artisan development programmes Target: bursaries to unemployed learners	317	388
2.1.5. Number of bursaries to employed and un-employed learners and artisan development programmes Target: artisans development programmes	119	101
2.2.2. Number of unemployed learners completing learnership and skills programmes Target: learnerships	1 253	0

Other matters

18. I draw attention to the matters below:

Achievement of planned targets

19. Refer to the annual performance report on pages 26 to 40 for information on the achievement of planned targets for the year and explanations provided for the under-/overachievement of a significant number of targets. This information should be considered in the context of 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 on the reported performance information of programme 2: skills delivery. As management subsequently corrected only some of the misstatements, I raised material findings on the reliability of the reported performance information. Those that were not corrected are reported above.

Report on 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. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements

23. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by sections 55(1)(a) and (b) of the PFMA. Material misstatements of the disclosure note on commitments, accounts payable and related parties identified by the auditors

in the submitted financial statement were subsequently corrected and the supporting records provided, resulting in the financial statements receiving an unqualified audit opinion.

Consequence management

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

Other information

25. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the foreword by the acting chairperson of the board, the chief executive officer's overview, the strategic overview and the audit committee's report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
26. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
27. 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.
28. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

29. 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 thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

30. There has been no improvement in the control environment as repeat findings were raised on internal control deficiencies, which indicated that the action plan to address audit recommendations was not effectively implemented and adequately monitored.

Financial and performance management

31. Although the entity has developed and approved policies and procedures for the preparation of the financial statements, performance reporting and compliance with procurement regulations, these policies were not strictly adhered to. As a result, reliance was placed on the audit effort to identify misstatements to ensure that the annual financial statements and the annual performance report are fairly presented.

Other reports

32. I draw attention to the following engagements conducted by various parties that have or could potentially have an impact on the public entity's financial statements, reported performance information and compliance with applicable legislation and other related matters. These engagements do not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

Investigations

33. There is an ongoing investigation by the special investigating unit (SIU) on various allegations, including financial misconduct and contravention of SCM and Grants regulations.

Pretoria

31 July 2018



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 the 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 board of directors, which constitutes the accounting authority.
 - conclude on the appropriateness of the board of directors, which constitute 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 Construction Education and Training Authority's ability to continue as a going concern. If I

conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the 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 whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

Board Of Members' Responsibilities and Approval

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

The AFS have been prepared in accordance with Standards of GRAP including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The AFS are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The AFS set out on pages 85 to 127 which have been prepared on the going concern basis, were approved by the Accounting Authority/Board on 31 May 2018 and were signed on its behalf by:



Christo Van Der Rhee
Accounting Authority

STATEMENT OF FINANCIAL POSITION

as at 31 March 2018

Figures in Rand thousand	Note(s)	2018	2017 Restated*
Assets			
Current Assets			
Inventories	3	440	435
Receivables from exchange transactions	4	471	348
NSF Receivables	5	6,456	6,456
Receivables from non-exchange transactions	6	2,046	3,441
Cash and cash equivalents	7	461,975	380,354
		471,388	391,034
Non-Current Assets			
Property, plant and equipment	8	5,655	6,021
Intangible assets	9	13	24
		5,668	6,045
Total Assets		477,056	397,079
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	58,909	54,479
Payables from non-exchange transactions	12	31,683	29,590
Provisions	13	6,606	6,742
Government grant and donor funding received in advance	14	1,443	1,625
		98,641	92,436
Total Liabilities		98,641	92,436
Net Assets		378,415	304,643
Reserves			
Capitalisation reserve		3,107	3,107
Discretionary reserve		373,573	299,181
Administration reserve		1,725	2,101
Employer Grant reserve		10	254
Total Net Assets		378,415	304,643

STATEMENT OF FINANCIAL PERFORMANCE

AFS for the year ended 31 March 2018

Figures in Rand thousand	Note(s)	2018	2017 Restated*
Revenue			
Revenue from exchange transactions			
Recoveries		-	13
Other income		211	1,697
Interest received - investment	23	27,726	22,287
Total revenue from exchange transactions		27,937	23,997
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & donor funding	18	425	778
Skills development Levy: Income	17	391,214	341,731
Skills Development Levy: Penalties and Interest		14,008	9,325
Total revenue from non-exchange transactions		405,647	351,834
Total revenue	16	433,584	375,831
Expenditure			
Employee related costs	21	(17,326)	(15,350)
Depreciation and amortisation	21	(794)	(703)
Government grants & donor expense	18	(425)	(778)
Lease expense		(321)	(355)
Employer grants and project expenditure	19	(313,593)	(289,191)
General expenses	20	(27,353)	(28,625)
Total expenditure		(359,812)	(335,002)
Surplus for the year		73,772	40,829

STATEMENT OF CHANGES IN NET ASSETS

AFS for the year ended 31 March 2018

Figures in Rand thousand	Capitalisation reserve	Administration reserve	Employer grant reserve	Discretionary grant reserve	Total reserves	Accumulated surplus	Total net assets
Opening balance as previously reported	3,107	977	301	258,318	262,703	-	262,703
Adjustments							
Correction of errors	-	-	-	1,181	1,181	-	1,181
Balance at 01 April 2016 as restated*	3,107	977	301	259,499	263,884	-	263,884
Changes in net assets							
Surplus for the year	-	-	-	-	-	40,828	40,828
Allocation of accumulated surplus	-	1,346	28,564	9,766	39,676	(39,676)	-
Excess reserves transferred to discretionary reserve	-	(224)	(28,611)	28,835	-	-	-
Total changes	-	1,122	(47)	38,601	39,676	1,152	40,828
Opening balance as previously reported	3,107	2,101	254	298,100	303,562	-	303,562
Adjustments							
Correction of errors	-	-	-	1,081	1,081	-	1,081
Restated* Balance at 01 April 2017 as restated*	3,107	2,101	254	299,181	304,643	-	304,643
Changes in net assets							
Surplus for the year	-	-	-	-	-	73,772	73,772
Allocation of accumulated surplus	-	6,234	43,776	23,762	73,772	(73,772)	-
Excess reserves transferred to discretionary	-	(6,610)	(44,020)	50,630	-	-	-
Total changes	-	(376)	(244)	74,392	73,772	-	73,772
Balance at 31 March 2018	3,107	1,725	10	373,573	378,415	-	378,415

CASH FLOW STATEMENT

AFS for the year ended 31 March 2018

Figures in Rand thousand	Note(s)	2018	2017 Restated*
Receipts			
Cash receipts from stakeholders and customers		402,561	366,795
Interest income		27,726	22,287
Special Project funds received/paid		4,047	1,444
		434,334	390,526
Payments			
Cash paid to stakeholders, suppliers and employees		(352,507)	(317,548)
Net cash flows from operating activities	24	81,827	72,978
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(206)	(130)
Proceeds from sale of property, plant and equipment	-		13
Purchase of other intangible assets	9	-	(20)
Net cash flows from investing activities		(206)	(137)
Net increase/(decrease) in cash and cash equivalents		81,621	72,841
Cash and cash equivalents at the beginning of the year		380,354	307,513
Cash and cash equivalents at the end of the year	7	461,975	380,354

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

AFS for the year ended 31 March 2018

Budget on Accrual Basis

Figures in Rand thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	-	-	-	211	211	
Interest received - investment	17,586	3,133	20,719	27,726	7,007	33
Total revenue from exchange transactions	17,586	3,133	20,719	27,937	7,218	
Revenue from non-exchange transactions						
Transfer revenue						
Grants and donor funding	-	-	-	425	425	
Skills development levy :	360,260	-	360,260	391,214	30,954	33
Income						
Skills development levy:						
Penalties and interest	-	8,971	8,971	14,008	5,037	
Total revenue from non-exchange transactions	360,260	8,971	369,231	405,647	36,416	
Total revenue	377,846	12,104	389,950	433,584	43,634	
Expenditure						
Employee related costs	(19,295)	(1,031)	(20,326)	(17,326)	3,000	33
Depreciation and amortisation	-	-	-	(794)	(794)	
Repairs and maintenance	(441)	150	(291)	(345)	(54)	
Government grants and donor expense	-	-	-	(425)	(425)	
Lease expense	(315)	-	(315)	(321)	(6)	
Employer grants and project expenditure	(328,743)	(12,104)	(340,847)	(313,593)	27,254	33
General Expenses	(29,052)	881	(28,171)	(27,007)	1,164	33
Total expenditure	(377,846)	(12,104)	(389,950)	(359,811)	30,139	
Surplus before taxation	-	-	-	73,773	73,773	
Actual Amount on Comparable Basis as presented in the Budget and Actual Comparative Statement	-	-	-	73,773	73,773	

ACCOUNTING POLICIES

1. Presentation of AFS

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 AFS have been prepared in accordance with the Standards of GRAP, issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999), and directives issued by the Accounting Standards Board.

These AFS 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.

1.1 Presentation currency

These AFS are presented in South African Rand, which is the functional currency of the entity.

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

In preparing the AFS, Management is required to make judgements, estimates and assumptions that affect the amounts represented in the AFS 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 AFS.

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:

Property, plant and equipment

The SETA reviews the estimated useful lives of property, plant and equipment and intangible assets at each reporting date.

Refer to note 1.4 and 1.5.

Going Concern

The SETA's licence was extended by the Minister of Higher Education and Training until 31 March 2020:

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.

ACCOUNTING POLICIES

1.4 Property, plant and equipment (continued)

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 twenty years, however 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	10 years
Motor vehicles	2 years
Office equipment	5 years
IT equipment	3 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 are 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 service potential that are attributable to the asset will flow to the entity and
- the cost or fair value of the asset can be measured reliably.

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 lives, using the straight-line methods.

The estimated useful lives, 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 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, other	2 years

ACCOUNTING POLICIES

AFS for the year ended 31 March 2018

1.6 Financial instruments

Classification

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

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.

- Financial liabilities:

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

- Financial liabilities at FVTPL:

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

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.

Initial recognition and measurement

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

ACCOUNTING POLICIES

AFS for the year ended 31 March 2018

1.6 Financial instruments (continued)

Subsequent measurement

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

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

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.

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.

Trade and other receivables are classified as loans and receivables.

Payables

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

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.

ACCOUNTING POLICIES

AFS for the year ended 31 March 2018

1.7 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 the Treasury Regulations refer to a contract that transfers the risks, rewards, rights and obligations incident to ownership to the lessee and is recorded as a purchase of 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.

1.8 Consumables

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

1.9 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 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 recognized 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.

1.10 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.

ACCOUNTING POLICIES

AFS for the year ended 31 March 2018

1.10 Provisions and contingencies (continued)

Long-term provisions are discounted to net present value.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the AFS.

1.11 Revenue

1.11.1 Revenue from non-exchange transactions

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

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

The asset and the corresponding revenue are measured on the basis of the fair value of the asset on initial recognition.

Non-exchange revenue transactions include the receipt of levy income from the DHET, income from the NSF, and grants from the national government.

Funds allocated by the NSF for Special Projects.

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

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

Measurement

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

Rates, including collection charges and penalties interest

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

Levies

Levies are recognised as revenue 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.

Levies are based on declarations completed by levy payers. The estimate of levies revenue when a levy payer has not submitted a declaration are based on the following factors:

ACCOUNTING POLICIES

AFS for the year ended 31 March 2018

1.11 Revenue (continued)

- the extent and success of procedures to investigate the non-submission of a declaration by defaulting levy payers;
- internal records maintained of historical comparisons of estimated levies with actual levies received from individual levy payers; and
- historical information on declarations previously submitted by defaulting levy payers;

The accounting policy for the recognition and measurement of skills development levy income has been amended on the basis of a revised interpretation of the Skills Development Act, Act No 97 of 1998 and the Skills Development Levies Act, Act No 9 of 1999 as amended.

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act No. 9 of 1999 as amended), registered member companies of AgriSETA pay a skills development levy of 1% of the total payroll cost to the SARS, who collects the levies on behalf of the DHET. Companies with an annual payroll cost less than R 500 000 are exempted in accordance with section 4 (b) of the Skills Development Levies Act, No. 9 of 1999 as amended, effective 1 August 2005.

80% of skills development levies are paid over to AgriSETA (net of the 20% contribution to the National Skills Fund).

Levy income is recognised on the accrual basis.

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

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

Other grants and donations

Conditional government grants and other conditional donor funding received is recorded as deferred income when they become receivable and is then recognised as income on a systematic basis over the year, necessary to match the grants with the related costs which they are intended to compensate. Unconditional grants received are recognised when the amounts have been received.

1.11.2 Revenue from exchange transactions

Revenue from exchange transactions is recognised when it is probable that future economic benefits or service potential will flow to AgriSETA and these benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. The only exchange revenue received by AgriSETA is the interest earned on the investment. Unconditional grants received are recognised when the amounts have been received.

ACCOUNTING POLICIES

AFS for the year ended 31 March 2018

1.12 Investment income

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

1.13 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in 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 AFS.

1.14 Fruitless and wasteful expenditure

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

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

1.15 Irregular expenditure

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

- The PFMA, as amended and
- The Skills Development Act (the Act), 1998 (Act No. 97 of 1998) as amended.

Irregular expenditure is recognised against the respective class of expense in the year in which it is incurred.

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

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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

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 AFS.

ACCOUNTING POLICIES

AFS for the year ended 31 March 2018

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, 1998 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

AgriSETA may allocate discretionary grants to employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off year. The grant payable and the related expenditure are recognised when the application has been approved.

AgriSETA may out of any surplus monies determine and allocate funds to employers, education and training providers and workers of the employers who have submitted an application for the funds in the prescribed form within the agreed upon cut-off year.

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.

Project costs are recognised as expenses in the year in which they are incurred.

Retrospective adjustments by SARS

AgriSETA refunds amounts to employers in the form of grants, based on information from SARS. Where SARS retrospectively amends the information on levies collected, it may result in grants that have been under/over paid to certain employers that are in excess of the amount the SETA is permitted to have granted to employers. A receivable/payable relating to the over/underpayment to 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.

ACCOUNTING POLICIES

AFS for the year ended 31 March 2018

1.18 Segment Reporting

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

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of AgriSETA that provides specific outputs or achieves particular operating objectives that are in line with AgriSETA's overall mission. AgriSETA service segments are mandatory, discretionary and administration activities. These segments are based on the Skills Development Levies Act, 1999 and the SETA Grant Regulations.

1.19 Budget Information

The approved budget covers the fiscal period from 01 April 2017 to 31 March 2018.

The 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.

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

1.20 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 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.

1.21 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 AgriSETA will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

1.22 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 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 a project has been approved, but has not been accrued for or provided for, it is disclosed as commitments in the notes to the financial statements.

ACCOUNTING POLICIES

AFS for the year ended 31 March 2018

1.23 Reserves

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

- Administration reserve;
- Employer grant reserve;
- Discretionary reserve and
- 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:

	2017/18	2016/17
	%	%
Administration & QCTO costs of AgriSETA	10.5	10.5
Employer Grant Fund levy	20	20
Discretionary grants and projects	49.5	49.5
	80	80
Received by AgriSETA	80	80
Contribution to the NSF	20	20
	100	100

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to fund AgriSETA's administration costs. One third of the amounts received from national & 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 reserve 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 net assets related to building and is transferred directly to accumulated surplus or deficit when the building derecognised.

NOTES TO THE AFS

AFS for the year ended 31 March 2018

Figures in Rand thousand	2018	2017
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2. New standards and interpretations

2.1 Standards issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2018 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 20: Related parties	01 April 2019	Unlikely there will be a material impact
• GRAP 32: Service Concession Arrangements: Grantor	01 April 2019	Unlikely there will be a material impact
• GRAP 108: Statutory receivables	01 April 2019	Unlikely there will be a material impact
• GRAP 109: Accounting by principals and agents	01 April 2019	Unlikely there will be a material impact
• IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	Date not yet determined	Unlikely there will be a material impact
• Directive 12: The Selection of an Appropriate Reporting Framework by public entities	01 April 2019	Unlikely there will be a material impact

3. Inventories

Cleaning	20	4
Cartridges	218	342
Stationery costs	202	89
	440	435

AUDITED AFS

AFS for the year ended 31 March 2018

Figures in Rand thousand	2018	2017
4. Receivables from exchange transactions		
Sundry receivable	405	348
Staff debtor	66	-
	471	348
5. NSF Receivables		
Opening balance	6,456	19,896
Utilised and recognised as revenue-condition met	-	(13,440)
	6,456	6,456
The effect of discounting, where applicable, was considered and found to be immaterial given the short term nature of these receivables. The carrying amount approximates the fair value for each class of receivables.		
6. Receivables from non-exchange transactions		
Departmental levy receivables	597	1,483
Grant overpayment	56	56
Provision for doubtful debts	(77)	(61)
Employer receivable	1,470	1,963
	2,046	3,441
7. Cash and cash equivalents		
For the purposes of the Cash Flow Statement, cash and cash equivalents include cash on hand and in banks and investments in fixed 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	4	7
Bank balances	99,148	82,483
Short-term deposits	362,823	297,864
	461,975	380,354

As required by National Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short-term bank deposits was 7.08% (2017: 7.35%).

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

Treasury Regulation 31.3 requires that, unless exempted by the National Treasury, the SETA as a public entity that is listed in Schedule 3A of the Act must invest surplus funds with the Corporation for Public Deposits. As at 31 March 2018 all surplus funds were deposited at the Corporation for Public Deposits.

AUDITED AFS

AFS for the year ended 31 March 2018

Figures in Rand thousand	2018			2017		
8. Property, plant and equipment						
	Cost / Valuation	2018 Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	2017 Accumulated depreciation and accumulated impairment	Carrying value
Land	1,288	-	1,288	1,288	-	1,288
Buildings	2,655	-	2,655	2,655	-	2,655
Furniture and fixtures	1,350	(711)	639	1,297	(486)	811
Motor vehicles	252	(252)	-	252	(252)	-
Office equipment	1,332	(621)	711	1,245	(327)	918
Computer hardware	831	(487)	344	556	(243)	313
Project assets	58	(40)	18	58	(22)	36
Total	7,766	(2,111)	5,655	7,351	(1,330)	6,021

Repairs and Maintenance of R1 346 were incurred in the current year.

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Other changes, movements	Depreciation	Total
Land	1,288	-	-	-	1,288
Buildings	2,655	-	-	-	2,655
Furniture and fixtures	811	35	18	(225)	639
Office equipment	918	12	76	(295)	711
Computer hardware	313	159	117	(245)	344
Project assets	36	-	-	(18)	18
Total	6,021	206	211	(783)	5,655

The value in other changes, movements column is in relation to the reassessment of assets with zero values, assets on the floor but not on the register that was done at the market related value of a similar asset depreciated on the SETA lifespan being 31 March 2020.

AUDITED AFS

AFS for the year ended 31 March 2018

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Other changes, movements	Depreciation	Total
Land	1,288	-	-	-	1,288
Buildings	2,655	-	-	-	2,655
Furniture and fixtures	435	-	595	(219)	811
Office equipment	304	27	862	(275)	918
Computer hardware	192	64	230	(173)	313
Project assets	23	39	(11)	(15)	36
	4,897	130	1,676	(682)	6,021

9. Intangible assets

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer Software	224	(211)	13	224	(200)	24

Reconciliation of intangible assets - 2018

	Opening balance	Amortisation	Total balance
Computer software	24	(11)	13

The value in other changes, movements column is in relation to the reassessment of assets with zero values, assets on the floor but not on the register that was done at the market related value of a similar asset depreciated on the SETA lifespan being 31 March 2020.

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Other changes, movements	Depreciation	Total
Computer software	24	20	(1)	(19)	24

AUDITED AFS

AFS for the year ended 31 March 2018

Figures in Rand thousand	2018	2017
10. Operating lease expense		
within one year	134	325
due between two and five years	85	74
	219	399

Operating lease payments of R321 948 consists of payments made to AVIS, N&G Rentals and First Technology for the rental of vehicle and printer machine.

The lease terms for both vehicle and equipment do not have an escalation clause, as a result the lease payments equal the GRAP 13 straightlining. A disclosure of duration and average monthly payments has been made.

11. Payables from exchange transactions

Trade payables	36,886	30,745
Provision for bonuses	1,962	2,542
Accruals	19,214	20,485
Staff creditors	159	-
Provision for leave pay	688	707
	58,909	54,479

The carrying amount of trade and other payables approximate their fair value due to relatively short-term maturity of these financial liabilities.

12. Payables from non-exchange transactions

Skills Development Grants Payable-Mandatory	29,835	28,629
InterSETA payables	134	5
Levy Creditors	1,244	320
Employer payables	470	636
	31,683	29,590

13. Provisions

Reconciliation of provisions - 2018

	Opening balance	Reversed during the year	Total
Levies Incorrectly received	6,742	(136)	6,606

Reconciliation of provisions - 2017

	Opening balance	Reversed during the year	Total
Levies Incorrectly received	5,666	1,076	6,742

AUDITED AFS

AFS for the year ended 31 March 2018

13. Provisions (continued)

Figures in Rand thousand	2018	2017
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An amount of R 6 605 682 (2017 R6 741 574) relates to levies incorrectly contributed by employers and paid over by SARS and DHET, after being exempted from contributing skills development levies due to legislation which came into effect 1 August 2005.

In terms of the Skills Development Circular No.09/2013 issued by the DHET on 25 August 2013, SETAs are able to utilise exempted amounts contributed after the expiry date of five years stipulated in terms of section 190(4) of the Tax Administration Act.

14. Government grant and donor funding received in advance

Opening balance	1,625	960
Amount received	245	1,444
Amount utilised	(424)	(1,089)
Expense incorrectly recognised in 2016/17 year	-	310
Balance year end	1,443	1,625

15. Financial instruments disclosure

Categories of financial instruments

2018

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	471	471
Other receivables from non-exchange transactions	2,046	2,046
NSF receivables	6,456	6,456
Cash and cash equivalents	461,975	461,974
	470,948	470,947

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	58,908	58,908
Payable from non-exchange transactions	31,683	31,683
	90,591	90,591

AUDITED AFS

AFS for the year ended 31 March 2018

15. Financial instruments disclosure (continued)

Figures in Rand thousand	2018	2017
2017		
Financial assets		
	At amortised cost	Total
Trade and other receivables from exchange transactions	348	348
Other receivables from non-exchange transactions	3,441	3,441
NSF receivables	6,456	6,456
Cash and cash equivalents	380,354	380,354
	390,599	390,599
Financial liabilities		
	At amortised cost	Total
Trade and other payables from exchange transactions	54,477	54,477
Trade and other payables from non exchange transactions	29,520	29,520
	83,997	83,997

16. Revenue

Recoveries	-	13
Other income	211	1,697
Interest received - investment	27,726	22,287
Government grants & subsidies	425	778
Levies	391,214	341,731
Levies: Penalties & interest	14,008	9,325
	433,584	375,831
The amount included in revenue arising from exchanges of goods or services are as follows:		
Recoveries	-	13
Other income	211	1,697
Interest received - investment	27,726	22,287
	27,937	23,997

AUDITED AFS

AFS for the year ended 31 March 2018

16. Revenue (continued)

Figures in Rand thousand	2018	2017
The amount included in revenue arising from non-exchange transactions is as follows:		
Non exchange revenue		
Government grants and subsidies	425	778
Levies	391,214	341,731
Levies: Penalties and interest	14,008	9,325
	405,647	351,834

17. Levies

Levy transfer-Administration	50,890	43,641
Levy transfer- Discretionary grants	239,273	206,363
Levy transfer-Mandatory grants	97,640	81,960
Levy transfer- Dept of Agriculture Discretionary	2,274	6,511
Levy transfer- Dept of Agriculture Admin	1,137	3,256
	391,214	341,731

18. Government grants and subsidies

Government grant and donor funding income	425	778
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19. Employer grants and project expenditure

Mandatory Expenditure		
Mandatory grants paid in the current year	53,864	53,364
Discretionary Expense		
Discretionary Project expenditure	248,920	224,319
Project Administrative expenditure	1,691	3,945
Project related employee costs	9,118	7,563
	259,729	235,827

AUDITED AFS

AFS for the year ended 31 March 2018

19. Employer grants and project expenditure (continued)

Figures in Rand thousand	2018	2017
Total Expenditure		
Employer grant and project expenditure	313,593	289,191
20. General expenses		
Accounting & Information Technology fees	9,179	8,560
Advertising	581	697
Auditors remuneration	2,868	2,195
Bank charges	68	84
Cleaning	42	56
Repairs and Maintenance 22	345	335
Consulting and professional fees	1,700	4,064
Bad debts	16	(10)
Internal Audit fees	685	715
Entertainment	128	256
Quality Council for Trade and Occupations (QCTO)	1,827	1,640
Insurance	137	153
Postage and courier	72	80
Printing and stationery	718	229
Fuel expense	31	23
Research and development costs	880	854
Security (Guarding of property)	220	202
Staff welfare	37	13
Subscriptions and membership fees	34	52
Telephone and fax	405	454
Training	140	383
Travel - local	2,596	3,320
Travel - overseas	2	-
Small assets expensed	40	284
Electricity	456	525
Audit Committee fees	576	366
Forensic Investigation	394	-
Recruitment costs	476	282
Board Members' Remuneration & Travel costs	1,572	2,179
Library charges	-	2
Workshop costs	1,127	632
	27,352	28,625

AUDITED AFS

AFS for the year ended 31 March 2018

Figures in Rand thousand	2018	2017
21. Employee related costs		
Basic	14,156	11,659
Bonus	1,801	2,107
Medical aid - Company contributions	177	321
UIF	53	56
Leave pay provision charge	58	42
Defined contribution plans	1,060	1,157
Overtime payments	21	8
	17,326	15,350

As at 31 March 2018 AgriSETA had 59 total number of employees, resulted to increase of 21% on employee costs compared to prior year 2016/17.

22. Repairs and Maintenance

Repairs and maintenance	345	335
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Repairs and maintenance are separately disclosed in to comply with the requirements of GRAP 17, as well as to ensure the better presentation of the financial statements.

23. Investment revenue		
Interest revenue		
Interest received- investment	24,959	20,124
Interest received-Bank	2,767	2,163
	27,726	22,287

24. Cash flows from operating activities

AUDITED AFS

AFS for the year ended 31 March 2018

Figures in Rand thousand	2018	2017
Surplus	73,773	40,828
Adjustments for:		
Depreciation and amortisation	794	703
Recoveries	-	(13)
Donor funding income	-	1,444
Inventory adjustment	(5)	263
Income adjustment	-	(1,697)
Interest income	(27,726)	(22,287)
Allowance for doubtful debt prior year	-	10
Other assets	-	201
Increase in consumables prior year		
(Increase)/Decrease in exchange,non-exchange and NSF receivables current year	1,272	15,776
Increase/(Decrease) in payables from exchange,non-exchange,consumables and provisions current year	5,993	15,463
Interest Income	27,726	22,287
	81,827	72,978

AUDITED AFS

AFS for the year ended 31 March 2018

Figures in Rand thousand	2018	2017
25. Commitments and Contingencies		
25.1 Discretionary projects		
2008-2017 projects		
Mentorship	3,716	5,765
Artisan development	92,991	66,625
AET	5,865	4,591
Bursaries 18.1	12,662	8,607
Bursaries 18.2	16,323	13,485
Commodity organisations	3,690	2,463
Learnership 18.1	89,139	19,707
Learnership 18.2	77,896	14,936
New venture creation	7,230	3,228
Skills programmes 18.1	3,023	2,911
Skills programmes 18.2	6,436	8,468
Internships	33,978	25,178
Graduate placements	14,196	9,878
Recognition of prior learning (RPL)	6,396	6,157
UIF (AgriSETA portion)	723	5,931
NSF (AgriSETA) portion	72	612
Agric College	5,914	5,262
Occupational qualification	2,112	3,506
AQP	783	1,286
Bursaries continuation	15,705	13,892
CEO projects (continuation)	-	548
Extension officers	-	1,270
Career guidance (youth)	-	6
Sub-Sector Skills Committee (SSC)	-	3
Board and standing committees capacity	-	468
MG roadshow	-	277
NSFAS bursaries	1,575	-
Partnerships	9,091	3,754
	409,516	228,814
Approved but not yet contracted commitments	9,721	3,559
	419,237	232,373

AUDITED AFS

AFS for the year ended 31 March 2018

25. Commitments and Contingencies (continued)

Figures in Rand thousand	2018	2017
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The above commitments amounting to R419 237 will be funded by Reserves of (R373 573) and 2018/19 Discretionary budget (R132 576).

25.3 Contingencies

25.3.1 Retention of Surplus Funds

In terms of section 53 (3) of PFMA, public entities listed in schedule 3A and 3C to PFMA may not retain cash surpluses that were realised in the previous financial year without obtaining the prior written approval of National Treasury. During May 2018, National Treasury Issued Instruction No.6 of 2017/18 which gave more details to the surplus definition. According to this instruction, a surplus is based on the net assets.

A submission has been made to the National Treasury on 31st May 2018 to retain the following surplus

	47,149	69,351
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25.3.2 First time employer registrations

The Skills Development legislation allows an employer, registering for the first time, 6 months to submit an application for a mandatory grant. At the reporting date it is estimated that, as a result, additional mandatory grant expenditure of R10 073 (2017 R253 506) will be payable. The amount is contingent on the number of submissions received and approved.

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AFS for the year ended 31 March 2018

Figures in Rand thousand	2018	2017
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26. Related parties

Relationships

Controlling entity: Department of Higher Education and Training

Related party balances

Amounts included in payables from exchange/non-exchange transactions regarding related parties

SA-Uniglobe Agricultural Skills Dynamic	-	800
Tsakane Agriculture Co-operative Limited	-	300
Related party transactions		
Transactions from related parties		
InterSETA payables	134	5
QCTO	1,827	1,630
NSF	6,456	(13,439)
Sales to related parties		
W&R SETA	-	18
FASSET	-	51
SERVICES	(37)	23
	-	6

Remuneration of Key Management

The key management personnel (as defined by IPSAS 20, Related Party Disclosures) of the SETA are: the members of the Accounting Authority and the members of the Senior Management Group.

The Accounting Authority consists of members appointed in terms of its constitution; the CEO and the CFO attend meetings of the Accounting Authority but are not members of the Accounting Authority. The aggregate remuneration of members of the Accounting Authority and the number of members receiving remuneration within this category, are:

Accounting Authority

Board Members

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AFS for the year ended 31 March 2018

26. Related parties (continued)

Figures in Rand thousand	2018	2017
Prof GP Mayende (Former Chairperson)	1	102
Mr T Ka Plaatjie (Chairperson)	281	358
Ms P Nkomo (Member)	23	71
Mr D Schutte (Member)	154	171
Mr Jack van Dyk (Member)	2	83
Mr Riaan Gerritzen (Member)	52	44
Mr G Nefdt	-	4
Mr A Hendricks (Member)	216	217
Mr K Masemola (Member)	166	223
Mr A Nazo (Member)	254	257
Mr M Phakedi (Member)	226	225
Mr C van der Rhee (Member)	148	23
Mr D Hamman (Member)	124	41
Mr B Mtshali	1	78
Mrs J Breda	156	164
Audit Committee		
Ms A Ngwenya	104	70
Dr Z Qunta	162	154
Mr MH Oliver	97	54
Mr L Hansen	-	1
Ms M Pholo	48	35
Dr G Buys	88	50
Key Management		
Mr J Madiba (CEO)	3,185	1,500
Mr T Mangena (Operations Manager)	519	854
Mr M Dlanga (Board Administrator)	871	435
Mr F Phetla (Senior Manager ETQA)	1,106	837
Mr F Fouche (Senior Manager: Skills Planning)	1,114	799
Ms O Moloto (Senior Manager: HR)	1,010	784
Mr G Mamabolo (Senior Manager: Skills Delivery)	1,046	822
Deloitte & Touche (Finance & IT)	9,179	8,446
Stakeholder Payables: Companies related to Accounting Authority		
Tonga Sugar Limited: Bhana Jacque	1,720	38
Vrystaat Co-op BPK: Riaan Gerritzen	186	164
Citrus Academy: Jacomien de Klerk	-	211

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AFS for the year ended 31 March 2018

27. Risk management

Liquidity risk

AgriSETA manages liquidity risk through proper management of working capital, capital expenditure and actual vs. forecasted cash flows and its cash management policy. Adequate reserves and liquid resources are also maintained.

2017/18	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years
Payables from exchange transactions	(58,909)	(58,909)	(58,909)	-	-
Subtotal	(58,909)	(58,909)	(58,909)	-	-
	(58,909)	(58,909)	(58,909)	-	-

2016/17	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years
Payables from exchange transactions	(54,477)	(54,477)	(54,477)	-	-
Subtotal	(54,477)	(54,477)	(54,477)	-	-
	(54,477)	(54,477)	(54,477)	-	-

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 sectors 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 SARS. This concentration of risk is limited as DHET is a government entity with sound reputation.

Financial assets exposed to credit risk at year end were as follows:

The entity is exposed to a number of guarantees for the overdraft facilities of economic entities and for guarantees issued in favour of the creditors of A (Pty) Ltd. Refer to note for additional details.

AUDITED AFS

AFS for the year ended 31 March 2018

27. Risk management (continued)

2017/18	Gross	Impairment	Total 2018
Receivables from exchange transactions	471	-	471
Cash and cash equivalent	461,975	-	461,975
	462,446	-	462,446

2016/17	Gross	Impairment	Total 2017
Receivables from exchange transactions	348	-	348
Cash and cash equivalent	380,354	-	380,354
	380,702	-	380,702

2017/18	Carrying amounts	Contractual cash flows	6 months or less	6-12 months	1-2 months	Total
Receivables from exchange transactions	471	471	471	-	-	471
NSF receivables	6,456	6,456	-	6,456	-	6,456
Subtotal	6,927	6,927	471	6,456	-	6,927
	6,927	6,927	471	6,456	-	6,927

2016/17	Carrying amounts	Contractual cash flows	6 months or less	6-12 months	1-2 months	Total
Receivables from exchange transactions	348	348	348	-	-	348
NSF receivables	6,456	6,456	6,456	-	-	6,456
Subtotal	6,804	6,804	6,804	-	-	6,804
	6,804	6,804	6,804	-	-	6,804

The SETA has a material exposure to NSF of which the amount has been disclosed as a receivable as it is still recoverable. Except for the NSF the SETA does not have any material exposure to any individual or counter-party. The SETA's concentration of credit risk is limited to the industry in which the SETA operates. No events occurred in the industry during the financial year that may have an impact on the accounts receivable that has not been adequately provided for. Accounts receivable are presented net of allowance for doubtful debt.

AUDITED AFS

AFS for the year ended 31 March 2018

27. Risk management (continued)

Market risk

Interest rate risk

AgriSETA manages interest rate risk by effectively investing surplus cash in term deposits with the Corporation for Public Deposits according to AgriSETA investment policy.

2017/18	Floating rate	Non-Interest Bearing	Total
Cash	461,975	-	461,975
Receivables from exchange transactions	-	471	471
Payables from exchange transactions	-	(58,908)	(58,908)
	461,975	(58,437)	403,538

2016/17	Floating rate	Non-Interest Bearing	Total
Cash	380,354	-	380,354
Receivables from exchange transactions	-	348	348
Payables from exchange transactions	-	(54,477)	(54,477)
	380,354	(54,129)	326,225

28. Going concern

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

The Minister has extended the SETA licence until 31 March 2020. There are no known instances that cast doubt on AgriSETA's ability to continue as a going concern except the uncertainty caused by the new SETA landscape post 2020.

29. Events after the reporting date

There were no significant events since the end of the financial year to the date of signature of these financial statements.

30. Fruitless and wasteful expenditure

Figures in Rand thousand	2018	2017
Opening balance	2	2
Fruitless and wasteful expenditure for the year	96	-
	98	2

In the current year AgriSETA incurred fruitless and wasteful expenditure from penalties and interest incurred on late payment of Telkom invoice as well as fruitless and wasteful from cancelled hearings, amount incurred was R95 760.

AUDITED AFS

AFS for the year ended 31 March 2018

26. Related parties (continued)

Figures in Rand thousand	2018	2017
31. Irregular expenditure		
Opening balance	30,948	-
Add: Irregular Expenditure - current year	431	9,283
	-	21,665
	31,379	30,948

Details of irregular expenditure

During the 2015/16 year AgriSETA received condonation of R1 145 000 relating to the Irregular expenditure from prior years. The amount of R 61 000 incorrectly classified as irregular is as a result of a typo error in the financials of the year 2012/13.

During 2016/17 financial year, SCM irregular expenditure was mainly made up of Deloitte invoices to the sum of R6 255 439 and ORCA invoice totalling R1 302 275, the Deloitte irregular expenditure was as a result of the extension of contract that was more than R15 million without the prior approval of the National Treasury. The ORCA irregular expenditure was due to the supplier being appointed without a tender being advertised as required by the National Treasury Regulation. The balance of the SCM irregular expenditure of R1 611 833 is due to SCM processes not being fully adhered as required by the National Treasury Regulation.

During 2016/17 financial year, Project expenditure irregular expenditure of R 21 665 167 is due to approval letters and contracts being awarded to suppliers without the prior approval of the board as required by the Discretionary Grant policy.

Irregular expenditure of R430 722 incurred in the current year was due to contravention of SCM regulations.

The balance of irregular expenditure in the current year will be presented to the AgriSETA Board for possible condonation.

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AFS for the year ended 31 March 2018

32. Allocation of Surplus for the year

2017/18	Administration reserve	Mandatory reserve	Discretionary Grant reserve	Special Projects	Other	Total
Levies	52,027	97,640	241,547	-	-	391,214
Interest received	-	-	-	-	27,726	27,726
Other income	-	-	-	-	211	211
Penalties and interest	-	-	-	-	14,008	14,008
Donations for Special Projects	-	-	-	425	-	425
Employer and discretionary grant expense	-	(53,864)	(259,728)	-	-	(313,592)
Donation for Special Projects	-	-	-	(425)	-	(425)
Administration expense	(45,794)	-	-	-	-	(45,794)
Subtotal	(45,794)	(53,864)	(259,728)	(425)	-	(359,811)
	6,233	43,776	(18,181)	-	41,945	73,773
2016/17	Administration reserve	Mandatory reserve	Discretionary Grant reserve	Special Projects	Project	Total
Levies	46,925	81,932	212,874	-	-	341,731
Interest received	-	-	-	-	22,287	22,287
Recoveries	-	-	-	-	13	13
Other income	-	-	-	-	1,697	1,697
Penalties and interest	-	-	-	-	9,325	9,325
Donations for Special Projects	-	-	-	778	-	778
Administration expense	(45,033)	-	-	-	-	(45,033)
Employer grants expense	-	(53,368)	(235,823)	-	-	(289,191)
Donations for Special Projects	-	-	-	(778)	-	(778)
Subtotal	1,892	28,564	(22,949)	-	33,322	40,829
	1,892	28,564	(22,949)	-	33,322	40,829

AUDITED AFS

AFS for the year ended 31 March 2018

33. Comparison of budget and actual amounts

Notes to comparison of actual and budget amounts

Legislation requires that the SETA annually, in September submit a budget to the Minister for approval. Any subsequent changes required to the initial budget are approved by the AgriSETA Board.

Explanations have been provided below for significant variances.

Levies

AgriSETA collected 9% more levies than anticipated. This is consistent with the anticipated increase in the minimum wage in South Africa, as this line item is dependent on growth in employment in the Agricultural sector.

Penalties and Interest

Income from penalties and interest arise when employers fail to submit their returns as required by legislation. These amounts typically vary significantly year on year. The interest and penalties are charged by SARS. An increase in interest and penalties signifies non-compliance with laws and regulations by employers.

Employee related costs

Personnel expenditure is under budget due to the budgeting techniques, during the budgeting process it is assumed that all vacancies will be filled however in the current year AgriSETA has not filled vacancies budgeted for. Resignation of certain key personnel also contributed to the under spending of the budget.

General expenses

General expenses are limited to 10.5% of levies received. Any funds remaining from under spending are transferred to discretionary grants. During the current year AgriSETA exercised strict control over general expenditure to ensure that expenditure does not exceed budget.

Employer grants and project expenditure

Actual Employer grants and project expenditure were lower than the budget due to delays on expenditure in implementation of discretionary contracts allocated to service providers.

Interest Received

Investment and other income mainly comprise interest received on the CPD investment account. The increase is mainly attributed to consistent investment balances held during the year. This is due to the fact that AgriSETA funded most of the 2017/18 expenditure using levies received in the 2017/18 financial year and has not had the need to withdraw funds from the investment account.

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AFS for the year ended 31 March 2018

Figures in Rand thousand	2018	2017
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34. Prior-year adjustments

During the 2015/16 and 2016/17 financial years, it was noted that trade payables were overstated with invoices that were duplicated on the system, these invoices were identified during the current financial year and have been reversed retrospectively.

During 2013/14 financial year AgriSETA received a letter of demand to make a payment of R61 294 within 10 days, at the time of payment AgriSETA was unaware of what the liability related to, however to avoid penalties and interest payment was made to SARS. After evaluation of supporting documents submitted it was concluded that the amounts should have been PAYE.

During the financial year 2017/18 it was noted that NSF Receivables was omitted from disclosure note financial instruments in 2017. Disclosure note 15 : Financial instruments has been updated to reflect NSF Receivables of R6 456 000 in the prior year.

During the financial year 2016/17 contracts related to partnership were omitted from the commitments by R3 754 044; the opening balance has been restated.

2017

	Note	As previously reported	Correction of error	Restated
Trade payables from exchange transactions		56,865	(2,387)	54,478
Trade payables from non-exchange transactions		29,527	(7)	29,520
Trade receivables from non-exchange		3,502	(61)	3,441
		89,894	(2,455)	87,439

Financial Assets

	Note	As previously reported	Correction of error	Column heading	Column heading	Restated
NSF Receivables	15	-	6,456	-	-	6,456
Commitments	Note	As previously reported	Correction of error	Column heading	Column heading	Restated
Partnership	25	-	3,754	-	-	3,754

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AFS for the year ended 31 March 2018

34. Prior-year adjustments (continued)

Figures in Rand thousand		2018	2017	
Statement of Financial Performance				
2017				
	Note	As previously reported	Correction of error	Restated
Employee cost		15,354	(4)	15,350
Project expenditure		289,798	(607)	289,191
General expenditure		29,166	(541)	28,625
Surplus for the year		334,318	(1,152)	333,166

35. Segment information

AgriSETA reports to management on the basis of three functional segments namely; administration, mandatory and discretionary. Management uses these segments in determining strategic objectives and allocating resources.

The reporting of these segments is also appropriate for external reporting purposes. Refer to Annexure A for the applicable disclosure of the segment reporting.

Segment surplus or deficit, assets and liabilities

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AFS for the year ended 31 March 2018

35. Segment information (continued)

2018

Figures in Rand thousand					
Revenue	Administration	Mandatory	Discretionary	Other	Total
Skills development levy: income	50,890	97,640	239,273	3,411	391,214
Skills development levy: Penalties and interest	-	-	14,008	-	14,008
Government grants and donor income	-	-	-	425	425
Investment income	-	-	27,726	-	27,726
Other income	-	-	211	-	211
Total segment revenue	50,890	97,640	281,218	3,836	433,584
Entity's revenue					433,584
Expenditure					
Employee costs	17,326	-	-	-	17,326
Depreciation and amortisation	794	-	-	-	794
Government grants and donor expense	-	-	-	425	425
Other administration expenses	27,352	-	-	-	27,352
Employer grant and project expenditure	-	53,864	259,729	-	313,593
Lease expense	321	-	-	-	321
Total segment expenditure	45,793	53,864	259,729	425	359,811
Total segmental surplus/(deficit)	5 097	43 776	21 489	3 411	73,773

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AFS for the year ended 31 March 2018

35. Segment information (continued)

Figures in Rand thousand						
	Administration	Mandatory	Discretionary	Other	Total	
Assets						
Non-current assets	5,668	-	-	-	5,668	
Consumables	440	-	-	-	440	
Accounts receivables from exchange transactions	-	-	471	-	471	
Accounts receivables from non-exchange transactions	-	2,046	-	-	2,046	
NSF receivable	-	-	-	6,456	6,456	
Cash and cash equivalents (unallocated asset)	-	-	-	461,975	461,975	
Total segment assets	6,108	2,046	471	468,431	477,056	
Total assets as per Statement of financial Position					477,056	
Liabilities						
Trade and other payables from non-exchange	-	31,549	134	-	31,683	
Trade and other payables from exchange transactions	58,909	-	-	-	58,909	
Provisions	-	6,606	-	-	6,606	
Government grant and donor funding received in advance	-	1,443	-	-	1,443	
Total segment liabilities	58,909	39,598	134	-	98,641	
Total liabilities as per statement of financial position					98,641	

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AFS for the year ended 31 March 2018

35. Segment information (continued)

Figures in Rand thousand						
2017	Administration	Mandatory	Discretionary	Other	Total	
Revenue						
Revenue from non-exchange transactions						
Skills development levy: Income	46,897	81,960	212,874	-	341,731	
Skills development levy: Penalties and interest	-	-	9,325	-	9,325	
Government grants and donor income	-	-	-	778	778	
Revenue from exchange transactions recoveries	-	-	13	-	13	
Investment income	-	-	22,287	-	22,287	
Other income	-	-	1,697	-	1,697	
Total segment revenue	46,897	81,960	246,196	778	375,831	
Entity's revenue					375,831	
Expenditure employee cost	15,350	-	-	-	15,350	
Depreciation and amortisation	703	-	-	-	703	
Government grants and donor expense	-	-	-	778	778	
Other administration expenses	28,980	-	-	-	28,980	
Employer grant and project expenditure	-	53,364	235,827	-	289,191	
Total segment expenditure	45,033	53,364	235,827	778	335,002	
Total segmental surplus/(deficit)	1 864	28 596	10 369		40,829	

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AFS for the year ended 31 March 2018

35. Segment information (continued)

Figures in Rand thousand						
	Administration	Mandatory	Discretionary	Other	Total	
Assets						
Non-current assets	6,045	-	-	-	-	6,045
Consumables	435	-	-	-	-	435
Account receivables from exchange transactions	-	-	348	-	-	348
Account receivables from non-exchange transactions	-	3,441	-	-	-	3,441
NSF receivables	-	-	-	6,456	-	6,456
Cash and Cash equivalents (Unallocated asset)	-	-	-	380,354	-	380,354
Total segment assets	6,480	3,441	348	386,810		397,079
Total assets as per Statement of Financial Position						397,079
Liabilities						
Trade and other payables from non-exchange	-	29,585	5	-	-	29,590
Trade and other payables from exchange transactions	54,477	-	-	-	-	54,477
Provisions	-	6,742	-	-	-	6,742
Government grant and donor funding received in advance	-	-	1,625	-	-	1,625
Total segment liabilities	54,477	36,327	1,630	-		92,434
Total liabilities as per Statement of Financial Position						92,434

This image shows a full page of blank handwriting practice paper. It features approximately 20 evenly spaced horizontal green lines across the entire page, providing a guide for letter height and placement. The background is plain white, and there are no margins, text, or other markings present.

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

This image shows a full page of blank handwriting practice paper. It features approximately 20 evenly spaced horizontal green lines across the entire page, providing a guide for letter height and placement. The background is plain white, and there are no margins, text, or other markings present.



Physical Address:

AgriSETA House
529 Belvedere Street
Arcadia
Pretoria
0083
South Africa

Telephone: (012) 301 5600

Facsimile: (012) 325 1677/24

Website: <http://www.agriseta.co.za>

Email: info@agriseta.co.za

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