PART E

Financial Information

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Agriculture Sector Education and Training Authority set out on pages 73 to 113, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, the statement of changes in net assets, the cash flow statement and the statement of comparison of budget information with actual information 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 2019, 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 of South Africa, 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 this auditor's report.

4. I am independent of the public entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) 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 codes.

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

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2018 were restated as a result of errors in the financial statements of the public entity at, and for the year ended, 31 March 2019.

Responsibilities of Accounting Authority for the financial statements

8. The Accounting Authority is responsible for the preparation and fair presentation of the financial statements in accordance with the 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 appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act 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 2019:

Programmes	Pages in the annual performance report
Programme 2 – Skills planning	26 – 30
Programme 3 – Learning programmes and projects	31 – 38
Programme 4 – Quality assurance	39

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 3: Learning Programmes and Projects

Various indicators

17. The reported achievement in the annual performance report did not agree with 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
3.1.4. Number of Internship and graduate placement programmes completed **(Internship)**	400	459
3.1.5. Number of bursaries to employed and un-employed learners and Artisan Development programmes **(Artisans)**	237	296
3.1.5. Number of bursaries to employed and un-employed learners and Artisan Development programmes **(Bursaries entered employed)**	110	121
3.2.1. Number of Learnership, Skills and mentorship programmes for unemployed learners and support to rural structures **(Mentorship)**	107	53

18. I did not raise any material findings on the usefulness and reliability of the reported performance information for these programmes:

- Programme 2 – Skills Planning
- Programme 4 – Quality Assurance

Other matters

19. I draw attention to the matters below.

Achievement of planned targets

20. Refer to the annual performance report on pages 22 to 39 for information on the achievement of planned targets for the year and explanations provided for the under/over achievement 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 paragraphs 17 and 18 of this report.

Adjustment of material misstatements

21. 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 planning, programme 3: learning programmes and projects and programme 4: quality assurance. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

22. In accordance with the Public Audit Act (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

23. The material findings on compliance with specific matters in key legislation are as follows:

Expenditure management

24. Effective steps were not taken to prevent irregular expenditure of R5 292 000 as disclosed in note 34 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA.

Annual financial statements

25. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1) (b) of the PFMA. Material misstatements on commitments, segment reporting, payables from exchange transactions and accounts receivable identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information

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

27. 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.

28. 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.

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

30. I have nothing to report in this regard.

Internal control deficiencies

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

32. Oversight and review controls relating to the preparation of financial statements and performance reports that are free from material misstatements were not always effective in detecting errors, as material misstatements were identified on the financial statements and annual performance report submitted for audit. These misstatements could have been prevented if effective oversight was exercised regarding the operation of implemented controls.

33. The accounting authority did not hold staff accountable for not addressing the previous year's reported internal control deficiencies within the committed dates.

34. The accounting authority did not ensure that compliance with laws and regulations was adequately monitored. Furthermore, where non-compliance was identified, consequence management was not implemented.

35. Although the entity has developed and approved policies to ensure compliance with procurement regulations, these policies were not strictly adhered to.

Other reports

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

Investigations

37. An ongoing investigation by the Special Investigating Unit on various allegations, including financial misconduct and contravention of supply chain management and grants regulations, was initiated during the 2017-18 financial year.

Auditor-General

Pretoria

31 July 2019

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-General's responsibility for the audit

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

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
- conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agriculture Sector 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 this auditor's report. However, future events or conditions may cause a public entity to cease continuing 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.

Annual Financial Statements

AgriSETA audited Annual Financial Statements

(Registration number 20/AgriSETA/1/07/11)

Financial Statements for the year ended 31 March 2019

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

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AgriSETA (20/AgriSETA/1/07/11)

Board of Members' Responsibilities and Approval

for the year ended 31 March 2019

The members are 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 annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

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

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

The entity is wholly dependent on the Skills Development Levies for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the Skills Development Levies Act will not be repealed in the forseable future, and AgriSETA has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the board of members are primarily responsible for the financial affairs of the AgriSETA, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on pages 66-69.

The annual financial statements set out on pages 73-113, which have been prepared on the going concern basis, were approved by the board of members on 31 May 2019 and were signed on its behalf by:

Christo Van Der Rheede

Accounting Authority Chairperson

AgriSETA (20/AgriSETA/1/07/11)

Statement of Financial Position as at 31 March 2019

for the year ended 31 March 2019

Figures in Rand thousand	Note(s)	2019	2018
Assets			
Current Assets			
Cash and cash equivalents	10	523 181	461 975
Inventories	5	584	440
Receivables from exchange transactions	7	607	471
NSF Receivables	8	-	6 456
Receivables from non-exchange transactions	9	4 659	2 046
		529 031	**471 388**
Non-Current Assets			
Property, plant and equipment	3	6 126	5 655
Intangible assets	4	245	13
		6 371	**5 668**
Total Assets		**535 402**	**477 056**
Liabilities			
Current Liabilities			
Payables from exchange transactions	15	4 364	7 520
Payables from non-exchange transactions	16	93 423	50 587
Provisions	14	30 798	39 091
Government grant and donor funding received in advance	13	1 443	1 443
		130 028	**98 641**
Total Liabilities		**130 028**	**98 641**
Net Assets		**405 374**	**378 415**
Reserves			
Capitalisation reserve	11	3 107	3 107
Discretionary reserve	11	395 896	373 573
Administration reserve	11	6 371	1 725
Employer Grant reserve	11	-	10
Accumulated surplus	11	-	-
Total Net Assets		**405 374**	**378 415**

AgriSETA (20/AgriSETA/1/07/11)

Statement of Financial Performance

for the year ended 31 March 2019

Figures in Rand thousand	Note(s)	2019	2018
Revenue			
Revenue from exchange transactions			
Proceeds from Insurance		15	-
Other income		9	211
Interest received-investment	18	32 231	27 726
Total revenue from exchange transactions		**32 255**	**27 937**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and donor funding	20	-	425
Skills Development Levy: Income	21	425 125	391 214
Skills Development Levy: Penalties and Interest		7 733	14 008
Total revenue from non-exchange transactions		**432 858**	**405 647**
Total revenue	17	**465 113**	**433 584**
Expenditure			
Employee related costs	22	(19 180)	(17 326)
Depreciation and amortisation		(779)	(794)
Government grants and donor expense		-	(425)
Lease expense	1.7&12	(311)	(321)
Employer grants and projects expenditure	19	(386 469)	(313 593)
Loss on disposal of assets and liabilities		(50)	-
General Expenses	23	(33 884)	(27 353)
Total expenditure		**(440 673)**	**(359 812)**
Surplus for the year		**24 440**	**73 772**

AgriSETA (20/AgriSETA/1/07/11)

Statement of Changes in Net Assets

for the year ended 31 March 2019

Figures in Rand thousand	Capitalisation reserve	Discretionary reserve	Employer grant reserve	Administration reserve	Total reserves	Accumulated surplus	Total net assets
Opening balance as previously reported	3 107	298 100	254	2 101	303 562	-	303 562
Adjustments							
Prior year adjustments	-	1 081	-	-	1 081	-	1 081
Balance at 01 April 2017 as restated*	**3 107**	**299 181**	**254**	**2 101**	**304 643**	**-**	**304 643**
Changes in net assets							
Surplus for the year	-	-	-	-	-	73 772	73 772
Allocation of accumulated surplus	-	23 762	43 776	6 234	73 772	(73 772)	-
Excess reserves transferred to discretionary reserves	-	50 630	(44 020)	(6 610)	-	-	-
Total changes	-	74 392	(244)	(376)	73 772	-	73 772
Balance at 01 April 2018	**3 107**	**373 573**	**10**	**1 725**	**378 415**	**-**	**378 415**
Changes in net assets							
Reversal of Accruals	-	2 519	-	-	2 519	-	2 519
Net income (losses) recognised directly in net assets	-	2 519	-	-	2 519	-	2 519
Surplus for the year	-	-	-	-	-	24 440	24 440
Total recognised income and expenses for the year	-	2 519	-	-	2 519	24 440	26 959
Allocation of accumulated surplus	-	(15 573)	36 756	3 257	24 440	(24 440)	-
Excess reserves transfered to discretionary	-	35 377	(36 766)	1 389	-	-	-
Total changes	-	22 323	(10)	4 646	26 959	-	26 959
Balance at 31 March 2019	**3 107**	**395 896**	**-**	**6 371**	**405 374**	**-**	**405 374**
Note(s)	11	11	11	11			

AgriSETA (20/AgriSETA/1/07/11)

Cash Flow Statement

for the year ended 31 March 2019

Figures in Rand thousand	Note(s)	2019	2018
Cash flows from operating activities			
Receipts			
Cash receipt from stakeholders and customers		430 048	402 561
Interest income		32 231	27 726
Special projects funds received/paid		-	4 047
		462 279	434 334
Payments			
Cash paid to stakeholders, suppliers and employees		(399 556)	(352 507)
Net cash flows from operating activities	24	**62 723**	**81 827**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(1 239)	(206)
Purchase of other intangible assets	4	(293)	-
Proceeds from insurance		15	-
Net cash flows from investing activities		**(1 517)**	**(206)**
Net increase/(decrease) in cash and cash equivalents		61 206	81 621
Cash and cash equivalents at the beginning of the year		461 975	380 354
Cash and cash equivalents at the end of the year	10	**523 181**	**461 975**

AgriSETA (20/AgriSETA/1/07/11)

Statement of Comparison of Budget and Actual Amounts

for the year ended 31 March 2019

Budget on Cash Basis						
Figures in Rand thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Proceeds from insurance	-	-	**-**	15	**15**	
Other income	-	-	**-**	9	**9**	
Interest received-investment	31 067	-	**31 067**	32 231	**1 164**	
Total revenue from exchange transactions	**31 067**	**-**	**31 067**	**32 255**	**1 188**	
Revenue from non-exchange transactions						
Transfer revenue						
Skills Development Levy:	367 232	116 730	**483 962**	425 125	**(58 837)**	
Income Skills Development Levy:	-	-	**-**	7 733	**7 733**	
Penalties and interest						
Total revenue from non-exchange transactions	**367 232**	**116 730**	**483 962**	**432 858**	**(51 104)**	
Total revenue	**398 299**	**116 730**	**515 029**	**465 113**	**(49 916)**	
Expenditure						
Employee related costs	(24 863)	-	**(24 863)**	(19 180)	**5 683**	
Depreciation and amortisation	(744)	-	**(744)**	(779)	**(35)**	
Lease expense	(331)	-	**(331)**	(311)	**20**	
Employer grants and project expenditure	(348 067)	(135 200)	**(483 267)**	(386 469)	**96 798**	
General Expenses	(24 294)	(13 533)	**(37 827)**	(33 884)	**3 943**	
Total expenditure	**(398 299)**	**(148 733)**	**(547 032)**	**(440 623)**	**106 409**	
Operating surplus	**-**	**-**	**-**	**24 490**	**24 490**	
Loss on assets (scrapped)	-	-	**-**	(50)	**(50)**	
Surplus before taxation	**-**	**-**	**-**	**24 440**	**24 440**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**24 440**	**24 440**	

Refer to Note 35

Accounting Policies

for the year ended 31 March 2019

1. Presentation of Annual Financial Statements

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

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

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

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

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

- They are presented in South African Rand.

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

1.1 Presentation currency

These Annual financial statements are presented in South African Rand, which is the functional currency of the AgriSETA.

All amounts in the Annual financial statements are rounding to the nearest thousand.

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

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

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.

Accounting Policies

for the year ended 31 March 2019

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14 - Provisions.

1.4 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

Property, plant and equipment is stated at cost less any subsequent accumulated depreciation and adjusted for any impairments. Depreciation is charged to write off the cost of assets over their estimated useful lives, using the straight- line method. Land is not depreciated as it is deemed to have indefinite useful life.The estimated useful life for the building is 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
Computer Hardware	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 services potential that are attributable to the asset will flow to the entity and,
- The cost or fair value of the asset can be measured reliably.

Intangible assets are stated at cost less any subsequent accumulated amortisation and adjusted for any impairments.

Accounting Policies

for the year ended 31 March 2019

1.5 Intangible assets (continued)

Amortisation is charged to write-off the cost of assets over thier estimated useful life, using the straight line methods.

The estimated useful life, residual values and amortisation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable (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 thier residual values as follows:

Item	Useful life.
Computer software, other	2 year

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

Accounting Policies

for the year ended 31 March 2019

1.6 Financial instruments (continued)

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.

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.

Accounting Policies

for the year ended 31 March 2019

1.6 Financial instruments (continued)

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.

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.

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.

Accounting Policies

for the year ended 31 March 2019

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.

Long-term provisions are discounted to net present value.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in notes to the Annual financial statement 27.

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.

Accounting Policies

for the year ended 31 March 2019

1.11 Revenue (continued)

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 Department of Higher Education and Training, income from the National Skills Fund, and grants from the national government.

Funds allocated by the National Skills Fund for Special Projects.

Funds transferred by the National Skills Fund (NSF) are accounted for in the financial statements of 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 NSF 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:

- 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;
- historical information on declarations previously submitted by defaulting levy payers; and

Accounting Policies

for the year ended 31 March 2019

1.11 Revenue (continued)

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 South African Revenue Services (SARS), who collects the levies on behalf of the Department of Higher Education and Training (DHET). Companies with an annual payroll cost less than 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 SETAs 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. Skills Development Levy (SDL) transfers are recognised on an accrual basis when it is probable that future economic benefits or service potential will flow to 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 Department of Higher Education and Training.

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.

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.

Accounting Policies

for the year ended 31 March 2019

1.13 Comparative figures

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

Certan 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 statement of financial performance.

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.
- 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.

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

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 Annual Financial Statements.

Accounting Policies

for the year ended 31 March 2019

1.17 Grants and Project Expenditure

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

Mandantory 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

for the year ended 31 March 2019

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's 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 2018 to 31 March 2019. 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 the AgriSETA at year-end and if material the financial statements are adjusted accordingly. Non-adjusting events which take place after the reporting date are not recognised in the financial statements.

1.21 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 the 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 of companies, and it is probable that AgriSETA will approve the grant application for payment. The liability is measured at the net present value of the expected future cash outflow as determined in accordance with the Act. This measurement involves an estimate , based on the amount of levies recieved.

Discretionary grant provision

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

Accounting Policies

for the year ended 31 March 2019

1.23 Reserves

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

- Administration Reserves
- Employer Grant Reserves
- Discretionary Grant Reserves
- Unappropriate 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 :

	2018/19	**2017/18**
	%	%
Administration & QCTO costs of AgriSETA	10.5	10.5
Employer Grant Fund Levy	20	20
Discretionary Grants and Projetcs	49.5	49.5
	80	**80**
Received by AgriSETA	80	80
Contribution to the National Skills Fund	20	20
	100	**100**

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

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

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

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

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 34: Separate Financial Statements	01 April 2020	Unlikely there will be a material impact
• IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	01 April 2020	Unlikely there will be a material impact
• IGRAP 20: Accounting for Adjustments to Revenue	01 April 2020	Unlikely there will be a material impact
• Directive 7 (revised): The Application of Deemed Cost	01 April 2019	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	Date not yet determined	Unlikely there will be a material impact
• Directive 13: Transitional Provisions for the Adoption of Standards of GRAP by Community Education and Training (CET) Colleges	01 April 2019	Unlikely there will be a material impact
• GRAP 104 (revised): Financial Instruments	Date not yet determined	Unlikely there will be a material impact
• GRAP 20: Related parties	01 April 2019	Unlikely there will be a material impact
• GRAP 108: Statutory Receivables	01 April 2019	Unlikely there will be a material impact

Historically, public entities have prepared financial statements in accordance with generally recognised accounting practice, unless the Accounting Standards Board (the Board) approved the application of generally accepted accounting practice for that entity. "Generally accepted accounting practice" has been taken to mean Statements of Generally Accepted Accounting Practice (Statements of GAAP), or for certain entities, International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board. Since Statements of GAAP have been withdrawn from 1 December 2012, public entities will be required to apply another reporting framework in the future.

The purpose of this Directive is to prescribe the criteria to be applied by public entities in selecting and applying an appropriate reporting framework.

The effective date of the directive is for years beginning on or after 01 April 2018.

The entity expects to adopt the directive for the first time in the 2018/2019 annual financial statements.

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

3. Property, plant and equipment

	2019			2018		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**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	(838)	512	1 350	(711)	639
Motor vehicles	252	(252)	-	252	(252)	-
Office equipment	1 441	(812)	629	1 332	(621)	711
Computer hardware	1 833	(841)	992	831	(487)	344
Projects assets	125	(75)	50	58	(40)	18
Total	**8 944**	**(2 818)**	**6 126**	**7 766**	**(2 111)**	**5 655**

Reconciliation of property, plant and equipment - 2019	**Opening balance**	**Additions**	**Disposals**	**Depreciation**	**Total**
Land	1 288	-	-	-	1 288
Buildings	2 655	-	-	-	2 655
Furniture and fixtures	639	-	-	(127)	512
Office equipment	711	110	-	(192)	629
Computer hardware	344	1 047	(40)	(359)	992
Projects assets	18	82	(11)	(39)	50
	5 655	**1 239**	**(51)**	**(717)**	**6 126**

Reconciliation of property, plant and equipment - 2018	**Opening balance**	**Additions**	**Disposals**	**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
Projects assets	36	-	-	(18)	18
	6 021	**206**	**211**	**(783)**	**5 655**

AgriSETA received R14 657 from insurance for lost laptop with carrying amount of R14 896, the net loss is R239. The loss on other three laptops were not recovered from insurers.

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

4. Intangible assets

	2019			2018		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software	518	(273)	245	224	(211)	13

Reconciliation of intangible assets - 2019	**Opening balance**	**Additions**	**Amortisation**	**Total**
Computer software	13	293	(61)	245

Reconciliation of intangible assets - 2018	**Opening balance**	**Amortisation**	**Total**
Computer software	24	(11)	13

5. Inventories

Cleaning	31	20
Cartridges	308	218
Stationery	245	202
	584	**440**

6. Repairs and Maintanance

Repairs and maintanance are separately disclosed in to comply with the requirements of GRAP 17, as well as to ensure the better presantation of the financial statements.

Repairs and Maintanance	**337**	**345**

7. Receivables from exchange transactions

Accrued interests and other Receivables	522	405
Staff debtor	85	66
	607	**471**

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

8. NSF Receivable

NSF Loan receivable	6 456	6 456
Less doubtful debt -NSF Receivable	(6 456)	-
TOTAL	**-**	**6 456**

The receivable is doubtful due to uncertainty raised by NSF during July 2019. Effectively the NSF contract expired 31 December 2016 and the work was done within the contract period. Currently AgriSETA and NSF are engaging to resolve their differences. Due reports have been submitted to NSF.

9. Receivables from non-exchange transactions

Departmental Levy receivable	3 126	597
Mandatory Grants Overpayment	56	56
Provision for doubtful debts	-	(77)
Employer receivable (SARS Adjustments)	1 477	1 470
	4 659	**2 046**

10. Cash and cash equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents include cash on hand 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 balnce sheet as follows.

Cash on hand	2	4
Bank balances	133 307	99 148
Short-term deposits	389 872	362 823
	523 181	**461 975**

As required by National Treasury Regulations 31.2, National Treasury approved the banks where the bank accounts are held. The average interest rate for the year on short-term bank deposits is 7.30% (2018 7.08%).

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 Regulations 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 with the Corporation for Public Deposits.

All surplus funds are kept at the Corporation for Public Deposits as at 31 March 2019.

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

11. Allocation of Surplus for the year

2018/19	Administration reserve	Employer Grants Reserve	Discretionary Grant Reserve	Other	Total
SDL Levy: Income	54 708	104 451	257 708	-	416 867
Interest received	-	-	-	32 231	32 231
Government levy - Department of Agriculture	2 753	-	5 505	-	8 258
SDL Levy: Penalties and Interest	-	-	-	7 733	7 733
Proceeds from Insurance and ServiceSETA grant income	-	-	-	24	24
Employer and discretionary grant expense	-	(67 695)	(318 774)	-	(386 469)
Administration expense	(54 204)	-	-	-	(54 204)
	3 257	**36 756**	**(55 561)**	**39 988**	**24 440**

2017/18	Administration reserve	Employer Reserve	Discretionary Reserve	Special Projects	Other	Total
SDL Levy: Income	52 027	97 640	241 547	-	-	391 214
Interest received	-	-	-	-	27 726	27 726
Government levy - Department of Agriculture	-	-	-	-	211	211
SDL Levy: Penalties and Interest	-	-	-	-	14 008	14 008
Proceeds from Insurance and serviceSETA grant income	-	-	-	425	-	425
Employer and discretionary grant expense	-	(53 864)	(259 728)	(425)	-	(314 017)
Administration expense	(45 795)	-	-	-	-	(45 795)
	6 232	**43 776**	**(18 181)**	**-**	**41 945**	**73 772**

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

12. Operating lease

Operating lease expense		
- within one year	270	134
- due between two and five years	108	85
Present value of minimum lease payments	**378**	**219**

The average monthly operating lease payments of R19 537 consists of payments made to AVIS, N&G Rentals, DCJ Technologies and First Technology for the rental of vehicle and printer machine, with the last lease payment ending in October 2021.

The Lease terms for both Vehicle and Equipment do not have an escalating clause, as a result the lease payments equals the GRAP 13 straightlining. A disclosure of duration and average monthly payments has been made.

13. Government grant and donor funding received in advance

Opening balance	1 443	1 625
Amount received	-	245
Amount utilised	-	(424)
Balance at year end	**1 443**	**1 443**

AgriSETA did not receive any donor funding in the current year. No payments were made from donor funding.

14. Provisions

Reconciliation of provisions - 2019

	Opening Balance	Additions	Total
Provision - Levies from small companies	6 606	439	7 045
Leave Pay Provision	688	350	1 038
Skills Development Grants Provision - Mandatory	29 835	(9 397)	20 438
Provision for Perfomance Bonuses and Ex-gratia	1 962	315	2 277
	39 091	**(8 293)**	**30 798**

Reconciliation of provisions - 2018

	Opening Balance	Additions	Total
Provision - Levies from small companies	6 742	(136)	6 606
Provision for Leave Pay	707	(19)	688
Skills Development Grants Provision - Mandatory	28 618	1 217	29 835
Provision for Perfomance Bonuses and Ex-gratia	2 542	(580)	1 962
	38 609	**482**	**39 091**

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

15. Payables from exchange transactions

Trade payables and other payables	3 503	6 884
Accruals	697	477
Staff creditors	164	159
	4 384	**7 520**

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

Trade and other payables comprises of Discretionary grants and Administration expenditure.

16. Payables from non-exchange transactions

InterSETA Payables	-	134
Accruals Discretionary Grants	54 498	18 737
Trade Payables Discretionary Grants	25 515	30 002
Levy Creditors	13 410	1 244
Employer Payables	-	470
	93 423	**50 587**

17. Revenue

Proceeds from Insurance	15	-
Other income	9	211
Interest received - investment	32 231	27 726
Government grants and subsidies	-	425
Skills Development Levy: Income	425 125	391 214
Skills Development Levy: Penalties and Interest	7 733	14 008
	465 113	**433 584**

The amount included in revenue arising from exchanges of goods or services are as follows:

Proceeds from Insurance	15	-
Other Income	9	211
Interest received - investment	32 231	27 726
	32 255	**27 937**

The amount included in revenue arising from non-exchange transactions is as follows:

Government grants and donor funding	-	425
Skills Development Levy: Income	425 125	391 214
Skills Development Levy: Penalties and Interest	7 733	14 008
	432 858	**405 647**

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018
18. Investment revenue		
Interest revenue		
Interest received - investment	27 049	24 959
Interest received - Bank	5 182	2 767
	32 231	**27 726**
19. Employer grants and project expenditure		
Discretionary Expenditure		
Discretionary Project Expenditure	305 406	248 920
Discretionary Admin Expenditure	3 355	1 691
Discretionary Emplyee costs (Skills delivery)	10 013	9 118
	318 774	**259 729**
Mandantory Expenditure		
Mandatory Grants Expenditure	67 695	53 864
	386 469	**313 593**
20. Government grants and subsidies		
Government Grant and Donor Expenditure	-	425
21. Levies		
Levy transfer -Administration	54 708	50 890
Levy transfer -Discretionary grants	257 708	239 273
Levy transfer -Mandatory grants	104 451	97 640
Levy transfer -Department of Agriculture (Discretionary)	5 505	2 274
Levy transfer -Department of Agriculture (Administration)	2 753	1 137
	425 125	**391 214**
22. Employee Related Costs		
Basic Salary	15 394	14 156
Overtime Expense	206	21
UIF Contributions	69	53
Medical Aid Expense	286	177
Pension Contributions	1 281	1 060
Perfomance Bonus and Ex-Gratia	1 696	1 801
Leave Expense	248	58
	19 180	**17 326**

As at 31 March 2019, AgriSETA had 77 total number of employees, resulted to an increase of 32% on employee costs compared to prior year 2017/18.

As at 31 March 2018, AgriSETA had 59 total number of employees.

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

23. General expenses

Accounting and Information Technology fees	6 127	9 179
Advertising	264	581
Auditors remuneration	2 648	2 868
Bank charges	96	68
Consulting and professional fees	661	1 700
Bad debts	6 379	16
Internal Audit fees	417	685
Entertainment	173	128
Quality Council for Trade and Occupations (QCTO)	2 455	1 827
Insurance	160	137
Postage and courier	95	72
Printing, stationery and cleaning	564	760
Fuel expense	9	31
Repairs and maintenance	337	345
Research and development costs	-	880
Security (Guarding of property)	211	220
Staff welfare	16	37
Subscriptions and membership fees	98	34
Telephone and fax	485	405
Training	346	140
Travel - local	2 563	2 596
Travel - overseas	-	2
Small assets expensed	4	40
Property expenses (i.e electricity, rates, sanitation, water, etc)	526	456
Forensic investigation (Refer to 23.1)	4 874	394
Recruitment costs	380	476
Board and Audit Committee fees	3 105	2 148
Workshop costs (AGM)	891	1 127
	33 884	**27 352**

23.1 The Forensic investigation relates to investigations conducted by the Special Investigations Unit (SIU) . R 10,8 million was approved in 2018/19 by Minister Higher Education and Training on 19 September 2018, R 5,2 million was spent and R 5,5 million is remaining as at 31 March 2019.

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

24. Cash flows from operating activities

Surplus	24 440	73 773
Adjustments for:		
Depreciation and amortisation	779	794
Proceeds from Insurance	(15)	-
Inventory adjustment	(144)	(5)
Movements in provisions	(8 995)	-
Changes in working capital:		
(Increase)/Decrease in exchange, non exchange and NSF receivable current year	3 771	1 272
Increase/(Decrease) in payables from exchange, non-exchange, consumables and provisions current year	40 369	5 993
Accruals reversal	2 518	-
	62 723	**81 827**

25. Financial instruments disclosure

Categories of financial instruments

2019

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	607	607
Other receivables from non-exchange transactions	4 659	4 659
Cash and cash equivalents	523 181	523 181
	528 447	**528 447**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	4 364	4 364
Payable from non-exchange transactions	93 425	93 425
	97 789	**97 789**

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

25. Financial instruments disclosure (continued)

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	461 975
	470 948	**470 948**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	7 520	7 520
Trade and other payables from non-exchange transactions	50 587	50 587
	58 107	**58 107**

Contractual maturities of Financial Liabilities

Due within 30 days	**97 787**	**58 107**

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

26. Commitments

Discretionary Funded Project

Already contracted for

• Partnerships	2 915	9 091
• Learnerships	122 401	167 715
• Skills Programs	5 821	9 459
• AET	2 982	5 865
• Commodity Organisations	4 272	4 289
• Internships	18 695	33 978
• Graduates Placements	9 755	14 196
• Artisans Development *	97 405	105 542
• Bursaries Post Graduate	3 934	5 013
• Bursaries Under Graduate	15 225	23 972
• Bursaries Continuation	14 398	15 705
• NSFAS Bursaries	-	1 575
• Mentorships	3 349	3 716
• New Venture Creation	3 610	7 230
• UIF (AgriSETA Portion)	-	723
• NSF (AgriSETA Portion)	-	72
• Agric College	5 985	5 914
• Occupational Qualifications	2 112	2 112
• AQP	1 126	783
• RPL	3 491	6 396
	317 476	**423 346**

Approved by the Accounting authority but not yet contracted		
• Letter of offers	13 250	9 721

Total operational commitments		
Already contracted for	317 476	423 346
Approved by the Accounting authority but not yet contracted	13 250	9 721
	330 726	**433 067**

This committed expenditure relates to Discretionary projects and will be financed by available retained surpluses and existing cash resources.

*The comparative figure for Artisans was increased by R12 550 000 due to errorneous ommision of contracts (i.e 2016/17 APP) extended on 31 March 2018 to 31 March 2020.

*The comparative figure for Commodity Organisations was increased by R599 554 due to errornous ommision of contracts.

*The comparative figure for Learnership 18.2 was increased by R679 360 due to errorneous ommision of contracts.

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

27. Contingencies

27.1 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 give more details to the surplus definition. According to this intruction, a surplus is based on the net assets. A submission has been made to the National Treasury on 31st May 2019 to retain the following surplus :

	67 693	**47 149**

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

28. Related parties

Relationships

Controlling entity Department of Higher Education and Training

Related party transactions

Transactions from related parties		
InterSETA payables	-	134
QCTO	2 455	1 827
NSF	-	6 456
Mandatory grants received		
ServiceSETA	(9)	(37)
Accounting Authority - Board members		
Prof GP Mayende (Former Chairperson)	-	1
Mr T Ka Plaatjie (Deputy Chairperson)	-	281
Mr C Van Der Rheede (Chairperson)	341	148
Mr D Schutte (Member)	269	154
Mr Jack Van Dyk (Member)	-	2
Mr Riaan Gerritzen (Member)	195	52
Mr A Hendricks (Member)	-	216
Mr K Masemola (Member)	-	166
Mr A Nazo (Member)	311	254
Mr M Phakedi (Member)	-	226
Ms P Nkomo (Member)	-	23
Mr B Mtshali	-	1
Mr D Hamman	246	124
Mrs J Breda	-	156
Dr M Ngoepe Ntsoane	344	-
Ms P Luwaca	3	-
Mr MS Mngomezulu	277	-
Mr A Rabe	36	-
Ms L Gqokoma	172	-
Mr G Benjamin	147	-
Ms A Pholoana	209	-

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

28. Related parties (continued)

Accounting Authority - Audit Risk Committe		
Ms A Ngwenya	-	104
Dr Z Qunta	-	162
Mr MH Oliver	104	97
Ms M Pholo	-	48
Dr G Buys	136	88
Ms E Pillay	170	-
Ms N Oliphant	140	-
Ms GL Maqubela	92	-
Key Management		
Mr J Madiba (former CEO)	-	3 185
Mr T Mangena (Operation Manager)	-	519
Mr M Dlanga (Board Administrator)	1 040	871
Mr F Phetla (Senior Manager ETQA)	1 188	1 106
Mr F Fouche (Senior Manager Skills planning)	1 481	1 114
Ms O Moloto (Senior Manager Skills HR)	-	1 010
Mr G Mamabolo (Senior Manager Skills Delivery)	1 111	1 046
Deloitte & Touche (Finance outsourced functions)	-	9 179
Mr Z Myeza (CEO)	362	-
Ms RM Sebela (CFO)	450	
Mrs G Geldenhuis (Senior Manager HR)	786	

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

28. Related parties (continued)

Stakeholders Payables : Companies related to Accounting Authority		
Tongaat Hulett Sugar Limited (Bhana Jacquiline)	-	1 720
Vrystaat Co-op BPK (Riaan Gerritzen)	94	186
Hortgro (Anton Rabe)	90	-
Dr (G Neethling)	186	-

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 consist 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.

Key management analysis	Basic	Bonus	Acting allowance	Total
Mr Myeza (Chief Executive Officer)	362	-	-	362
Ms RM Sebela (Chief Financial Officer)	450	-	-	450
Mr M Dlanga (Company Secretary)	1 040	-	-	1 040
Ms G Geldenhuis (Senior Manager : HR)	786	-	-	786
Mr F Fouche (Senior Manager : SP)	1 048	90	342	1 480
Mr G Mamabolo (Senior Manager : Skills delivery)	1 111	-	-	1 111
Mr F Phetla (Senior Mamager : ETQA)	1 188	-	-	1 188
Mr C Mangwato (Acting Chief Financial Officer)	820	-	136	956
	6 805	**90**	**478**	**7 373**

29. Prior-year adjustments

Adjustments were made to disclose separately Provisions for Leave, Bonuses and Mandatory grants. Provisions were previously disclosed as Trade payables in the 2017/18 financial year.

Statement of financial position

2018

	Note	As previously reported	Correction of error	Restated
Trade payables from exchange transaction		58 909	(51 389)	7 520
Trade payables from non exchange transaction		31 683	18 904	50 587
Provisions		6 606	32 485	39 091
		97 198	**-**	**97 198**

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

30. Risk management

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 South African Revenue Services (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:

2018/19	Gross	Impairment	Total
Receivables from exchange transactions	607	-	607
Cash and cash equivalent	523 181	-	523 181
	523 788	**-**	**523 788**

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

2018/19	Carrying amounts	Contractual cash flows	6 months or less	6-12 months	over 12 months	Total
Receivables from exchange transactions	607	607	607	-	-	607
Subtotal	607	607	607	-	-	607
	607	**607**	**607**	**-**	**-**	**607**

2017/18	Carrying amounts	Contractual cash flows	6 months or less	6-12 months	over 12 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	6 927	-	-	6 927
	6 927	**6 927**	**6 927**	**-**	**-**	**6 927**

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.Account receivable are presented net of allowance for doubtful debt.

Market risk

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

30. Risk management (continued)

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.

2018/19	Floating rate	Non-Interest Bearing	Total
Cash	523 181	-	523 181
Receivables from exchange transactions	-	607	607
Payables from exchange transactions	-	(4 364)	(4 364)
	523 181	**(3 757)**	**519 424**

2017/18	Floating rate	Non-Interest Bearing	Total
Cash	461 975	-	461 975
Receivables from exchange transactions	-	471	471
Payables from exchange transactions	-	(7 520)	(7 520)
	461 975	**(7 049)**	**454 926**

31. Going concern

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

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

32. Events after the reporting date

Adjusting event after the reporting date

NSF Receivables were impaired following the correspondence between NSF and SIU that came to AgriSETA's attention on 02 July 2019. Following the correspondence, AgriSETA convened the meeting with NSF on 08 July 2019 and discussed the correspodence. Based on the discussions, NSF and AgriSETA will close the project during 2019/20. NSF confirmed that they have overcommitted thier budget and it does not have funds to pay the R6,4 million.

Refer to note 8 of NSF Receivables.

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

33. Fruitless and wasteful expenditure

Opening balance	98	2
	-	96
	98	**98**

34. Irregular expenditure

Opening balance	31 379	30 948
Add: Irregular Expenditure - current year	5 292	431
	36 671	**31 379**

Analysis of expenditure awaiting condonation per age classification

Prior year	31 379	30 948
Current year	5 292	431
	36 671	**31 379**

Details of irregular expenditure

Incident		
Approval of a bidder other than the one recommended by BEC not approved at the appropriate level for internal Audit services.	418	-
Contract for Konica Minolta has expired.	18	-
Deviations approved not in accordance with Treasury Regulations. Written preapproval was not obtained from National Treasury before approval of appointment letter. Contravention of par 8.5 of National Treasury SCM Instruction Note 3 of 2016/17.	-	431
Amount paid exceed approved contract value	147	-
Amounts paid without Board approval	4 709	-
	5 292	**431**

An amount of R418 000 irregular expenditure relates to an Internal Audit contract. The contract has been subsequently condoned by the Accounting Authority on the 29 May 2019 because there was no financial loss to AgriSETA, and the Internal Audit function provided value added service.

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

35. 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 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 thier returns as required by legislation. These amounts typically vary significant year on year. The interest and penalties are charged by SARS. An increase in interest and penalties signifies non-compliances with laws and regulations by employers.

Employee related costs

Personnel expenditure is under budget due to the budgeting techiques, 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% 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 projects 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 2018/19 expenditure using levies received in the 2018/19 financial year and has not had the need to withdraw funds from the investment account.

36. 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.

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

36. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2019

Revenue	Administration	Mandatory	Discretionary	Other	Total
Skills development levy: income	54 708	104 451	257 708	8 258	425 125
Skills development levy: Penalties and interest	-	-	7 733	-	7 733
Investment Income	-	-	32 231	-	32 231
Other Income	-	-	-	9	9
Proceeds from insurance	-	-	-	15	15
Total segment revenue	**54 708**	**104 451**	**297 672**	**8 282**	**465 113**
Entity's revenue					**465 113**
Expenditure					
Employee Costs	19 180	-	-	-	19 180
Depreciation and amortisation	779	-	-	-	779
other administration expenses	33 934	-	-	-	33 934
Employer grant and project expenditure	-	67 695	318 774	-	386 469
Lease expense	311	-	-	-	311
Total segment expenditure	**54 204**	**67 695**	**318 774**	**-**	**440 673**
Total segmental surplus/(deficit)	**504**	**36 756**	**(21 102)**	**8 282**	**24 440**

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

36. Segment information (continued)

Assets	Administration	Mandatory	Discretionary	Other	Total
Non-current assets	6 371	-	-	-	6 371
Consumables	584	-	-	-	584
Accounts receivables from exchange transactions	-	-	607	-	607
Accounts receivables from non-exchange transactions	-	4 659	-	-	4 659
Cash and Cash Equivalents (Unallocated asset)	-	-	-	523 181	523 181
Total segment assets	**6 955**	**4 659**	**607**	**523 181**	**535 402**
Total assets as per Statement of financial Position					**535 402**
Liabilities					
Trade and other payables from non-exchange	-	93 423	-	-	93 423
Trade and other payables from exchange transactions	4 364	-	-	-	4 364
Provisions	30 798	-	-	-	30 798
Government Grant and Donor funding received in advance	-	1 443	-	-	1 443
Total segment liabilities	**35 162**	**94 866**	**-**	**-**	**130 028**
Total liabilities as per Statement of financial Position					**130 028**

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

36. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2018

Revenue	Administration	Mandatory	Discretionary	Other	Total
Revenue from non-exchange transactions					
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
Revenue from exchange transactions					
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
Lease expense	321	-	-	-	321
Government Grants And Donor Expenses	-	-	-	425	425
Other administration expenses	27 352	-	-	-	27 352
Employer grant and project expenditure	-	53 864	259 729	-	313 593
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**

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

36. Segment information (continued)

Assets	Administration	Mandatory	Discretionary	Other	Total
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 Receivables	-	-	-	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	-	50 453	134	-	50 587
Trade and other payables from exchange transactions	7 520	-	-	-	7 520
Provisions	-	39 091	-	-	39 091
Government Grant and Donor funding received in advance	-	1 443	-	-	1 443
Total segment liabilities	**7 520**	**90 987**	**134**	**-**	**98 641**
Total liabilities as per Statement of financial Position					**98 641**

Notes

Notes

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AgriSETA

Annual Report

2018/19

AgriSETA

OUR VISION

Enabling a skilled and prosperous agricultural sector

OUR MISSION

SERVES TO:

- Provide credible and quality learning programmes;
- Build true and sincere relationships;
- Always be results and impact driven;
- Be leading by example as the core of our culture;
- Champion career growth and professionalism;
- Ensure our clients remain our key asset;
- Always govern ethically;
- Ensure that actions are driven by research.

"Agriculture presents one of the greatest opportunities to significantly grow our economy and create jobs. Agriculture made the largest contribution, by a significant margin, to the improved growth of our economy in the second and third quarters of 2017."

President Cyril Ramaphosa

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AGRISETA INFORMATION

Registered name of the public entity	Agriculture Sector Education and Training Authority
ISBN number	978-0-621-47392-6
Registered office address	529 Belvedere Street, Arcadia, Pretoria
Contact telephone numbers	+ 27 12 301 5600
Email	info@agriseta.co.za
Website	www.agriseta.co.za

EXTERNAL AUDITORS

Auditor-General South Africa

Physical address	300 Middel street, New Muckleneuk, Pretoria, South Africa
Postal address	P O Box 446, Pretoria, 0001
Telephone	+ 27 12 426 8000
Fax	+ 27 12 426 8257

BANKER'S INFORMATION

Bank	Physical Address
Standard Bank	9th Floor Standard Bank Centre 5 Simmonds Street Johannesburg Gauteng 2001

ABBREVIATIONS/ACRONYMS

18.1	Permanent Employees
18.2	Unemployed people and under resourced farmers
AET	Adult Education and Training
AFET	Agricultural Further Education Training (Agricultural Colleges)
AG	Auditor-General
AgriSETA	Agriculture Sector Education Training Authority
AGSA	Auditor-General of South Africa
AIDS	Acquired Immune Deficiency Syndrome
APP	Annual Performance Plan
AQP	Assessment Quality Partner
ASB	Accounting Standard Board
ATR	Annual Training Report
B	Bursary
CBO(s)	Community-Based Organisation(s)
CEO	Chief Executive Officer
CET	Community Education and Training
CFO	Chief Financial Officer
CSD	Central Supplier Database
DAFF	Department of Agriculture Forestry and Fisheries
DHET	Department of Higher Education and Training
DRDLR	Department of Rural Development and Land Reform
DTI	Department of Trade and Industry
DVDs	Digital Video Disc(s)
E&T	Education and Training
ETQA	Education Training and Quality Assurance
EXCO	Executive Committee
FLP	Further Learning Programmes
GP	Graduate Placement
GRAP	Generally Recognised Accounting Practices
HIV	Human Immunodeficiency Virus
ICT	Information Communication Technology
INT	Internships
ISRDS	Integrated Sustainable Rural Development Strategy
LS	Learnerships
MG	Mandatory Grants

MIS	Management Information System
NCOP	National Council of Provinces
NDP	National Development Plan
NEET	Not in Education, Employment or Training
NGOs	Non-Governmental Organisation(s)
NGP	National Growth Plan
NLPE	Non-Levy Paying Entity
NQF	National Qualifications Framework
NSA	National Skills Authority
NSF	National Skills Fund
NSDS	National Skills Development Strategy
NT	National Treasury
NVC	New Venture Creation
PFMA	Public Finance Management Act
Pivotal	Professional Vocational Technical and Academic Learning
PSET	Post-School Education and Training
QCTO	Quality Council for Trades and Occupations
REMCO	Remuneration Committee
RPL	Recognition of Prior Learning
SAQA	South African Qualifications Authority
SARS	South African Revenue Service
SCM	Supply Chain Management
SDA	Skills Development Act
SDFs	Skills Development Facilitators
SDL	Skills Development Levy
SDL Act	Skills Development Levy Act
SETA	Sector Education Training Authority
SIU	Special Investigating Unit
SO	Strategic Objective
SONA	State of the Nation Address
SP	Skills Programme
SP	Strategic Plan
SRS	Support to Rural Structures
SSCs	Sub-sector Skills Committee(s)
SSP	Sector Skills Plan
TVET	Technical Vocational Education and Training
WSP	Workplace Skills Plan

PART A

General Information

ACKNOWLEDGEMENTS

Minister, Dr Blade Nzimande

Deputy Minister, Mr Buti Manamela

TO THE EXECUTIVE AUTHORITY

In accordance with the Public Finance Management Act (Act 1 of 1999, as amended), it is with great pleasure that we present to you the Annual Report of the Agriculture Sector Education and Training Authority (AgriSETA).

This report covers the period from 01 April 2018 to 31 March 2019 and provides an overview of the operations, financial performance and developments across all performance targets as encapsulated in the Annual Performance Plan (APP).

The AgriSETA Accounting Authority, management and staff would like to express their heartfelt appreciation for the visionary and thought leadership of both the Minister and Deputy Minister of Higher Education, Science and Technology. We look forward to another dynamic financial year with challenging targets to enhance the skills development and training of people in the sector we prudently serve.

Mr C van der Rheede
31 July 2019
Accounting Authority Chairperson

FOREWORD BY THE CHAIRPERSON OF THE ACCOUNTING AUTHORITY

The recent State of the Nation Address (SONA) delivered by our President Cyril Ramaphosa provided a sober and honest update of the challenges that our nation faces and the action steps that government intends to undertake to overcome these challenges. According to President Ramaphosa, the State has in this respect, a critical role to fulfil. In his SONA, he formulates it as follows:

'As an enabler that provides basic services and critical infrastructure, a regulator that sets rules that create equitable opportunities for all players and a redistributor that ensures that the most vulnerable in society are protected and given a chance to live up to their full potential, it must do so effectively.'[sic]

This vision also applies to AgriSETA. As an extension of the state, the board and the staff always strive to ensure a more effective and efficient institution. To achieve higher levels of effectiveness and efficiency a lot of attention has been directed the past year towards putting the following building blocks in place:

- **Integrity:** Practice high levels of integrity in everything we do.
- **Professionalism:** Always interact professionally with all stakeholders.
- **Delivery:** Ensure high quality training by service providers.
- **Risk Management:** Identify risks and mitigate it.
- **Monitoring and Evaluation:** Continuously determine delivery and impact of programmes.
- **Accountability:** Acknowledge and assume responsibility for all actions.
- **Innovative:** Understand the latest trends and respond appropriately.

As chairperson of the board, I wish to provide an overview of how each of these building blocks guided the work and achievements of each division of the AgriSETA and how it will continue to provide a solid foundation for all its future endeavours.

During the year under review, the Human Resources (HR) Division achieved significant progress in terms of its strategic objectives. The first achievement was the appointment of the Chief Executive Officer (CEO), Mr Zenzele Myeza. Furthermore, AgriSETA took a strategic decision to insource the finance function. This meant that critical positions had to be filled, including the Chief Financial Officer (CFO) position. Ms Mogau Sebela was appointed as CFO and most key positions within finance were also filled. This has stabilised the organisation and has reassured all stakeholders that AgriSETA is on a mission to fulfil its mandate as cost-effectively and efficiently as possible.

In terms of the Finance Division, the finalisation and expansion of AgriSETA's internal finance structure with qualified individuals the past year, was prioritised. It resulted in improved business processes. This has increased the SETA's ability to pay service suppliers on time. However, there is still room for improvement in terms of payment of invoices. This requires continuous assessment, identification of glitches and the implementation of action steps that will ensure that payment delays will soon be something of the past.

A big concern remains the stability and growth of the AgriSETA's revenue base. The agricultural sector faces serious challenges and a big question mark hangs over the ability of big levy players in the sugar sector to continue paying their levies. As a small SETA, there is a need to increase the number of levy payers to grow our revenue.

A scrutiny of SETA levy payers during the past year revealed that many employers within the AgriSETA sector are, in fact, also paying levies to other SETAs. We look forward to resolving this situation in the forthcoming financial year. Increasing the number of levy payers will lead to an increase of revenue. This will enable the AgriSETA to train more agricultural employers and employees.

In this regard, the AgriSETA Audit and Risk Committee (A&RC) has played a critical analytical and oversight role to ensure that the finances of the AgriSETA are well-managed and that all PFMA (1999) procedures and requirements are strictly adhered to.

In terms of the Skills Delivery division, the 2018/19 financial year was a one packed with activities that were geared at advancing the skills needs and interests of our agricultural stakeholders. These included ensuring that applications are received timeously during scheduled application window periods and that applications are evaluated according to the Discretionary Policy.

The Discretionary Grant Policy is reviewed annually. It is aimed at ensuring fair and equitable distribution of grant funds as per the Annual Performance Plan (APP) and to ensure that outcomes of applications are communicated in time to the approved stakeholders for implementation purposes. Stakeholders in the agricultural sector and from the rural development section of our sector are being prioritised by the Department as enshrined in the National Skills Development Strategy (NSDS) III.

During the 2018/19 financial year, the implementation of projects has been a worrying factor in the Skills Delivery space as all funds (100%) are committed during allocations. There are also still funds that remain unutilised due to non-implementation, as well as late implementation of projects. Measures to remedy this situation have already been implemented and we must see improvements in the 2019/20 financial year. There has also been stability in terms of staffing in the Skills Delivery division as more staff was appointed to deal with the ever-growing skills needs of the sector.

In terms of the Quality Assurance division, its dedicated focus on quality assurance of all processes and projects, is bearing fruit. It also records the successful completion of the Recognition of Prior Learning (RPL) project launches by various agricultural colleges. AgriSETA will now, in partnership with agricultural colleges, roll-out the RPL programmes on a bigger scale. The significance of developing credible mechanisms and valid tools for this programme was central for this period under review.

At least 1 200 candidates will be benefitting from the RPL process. The agricultural colleges participating in this programme are ready to receive 200 applications of RPL candidates each, to achieve the target of 1 200 participating learners.

In addition, the partnership between AgriSETA, Waterberg Technical Vocational Education and Training (TVET) College and the University of Limpopo seeks to equip TVET students with skills and knowledge in order for them to be admitted to university. This project has been completed and of the 30 learners supported by AgriSETA, 27 TVET students who previously did not meet university admission requirements had qualified for university degree admission.

In terms of the Skills Planning division, it has made huge strides in the year under review. The importance of credible research, monitoring and evaluation is receiving the attention that it needs. Its research, monitoring and evaluation capacity was expanded. It is within this context that AgriSETA will, for the first time in the 2019/20 financial year, be able to actively monitor the impact of learning programmes in all provinces.

The research function will also be expanded and strengthened through leveraging existing partnerships with institutions of higher learning to conclude impact studies to ensure that the AgriSETA programmes have the desired impact.

The mandatory grant function accelerated the payment of grants to employers in the year under review – AgriSETA had 21 901 employers registered with the South African Revenue Service (SARS), of which only 6 807 contribute levies to AgriSETA. This poses a significant risk to AgriSETA given that the top 20 levy payers contribute 13.34% of the overall levy income of the organisation. In the year under review, the mandatory grants payments to employers increased by 25.67% compared to the 2017/18 financial year.

In terms of governance, the organisation made great strides in the year under review. A new board was appointed by the Minister and that process was followed by the induction of the newly-appointed board members. The board established its own committees in line with the AgriSETA constitution.

In June 2018, the process to appoint members of the Audit and Risk Committee (A&RC) was completed and three independent members of the ARC, including its chairperson, were appointed. This committee continues to play a critical and oversight role concerning the affairs of the SETA.

The board members attended King IV Corporate Governance training to ensure that members understand their roles. The programme focused on board effectiveness as part of the process of ensuring that they are up to date with the latest governance developments. A number of policies, including the ethics and compliance policies, were approved by the board to ensure compliance with good corporate governance practices.

A strategic session was also held to review the vision, mission and programmes of the AgriSETA. Two leading experts shared their insights regarding the challenges faced by the agricultural sector, as well as the impact of the Fourth Industrial Revolution in the sector. The insights shared served to provide the board and management with constructive stastics and information about the industry. To this end, we recognized the need to determine whether our existing programmes address the skills gap and whether it prepares our sector for the Fourth Industrial Revolution.

A special thanks to the Senior Manager: Skills Planning, Mr Frikkie Fouche who acted as our CEO from 01 September 2017 until January 2019, when our newly-appointed CEO, Mr Zenzele Myeza resumed his duties. Thank you also to all board members, A&RC members and the staff for their dedication and professionalism in executing their duties.

As chairperson I also wish to, on behalf of the Board and staff, extend our sincerest appreciation and admiration to the previous Minister of Higher Education, Dr Grace Naledi Pandor, now the Minister of International Relations and Cooperation. Her hands-on approach and regular contact with the chairperson of the board greatly helped us to clearly understand the expectations of the Department of Higher Education and to ensure that there is alignment between these expectations and the work of AgriSETA. The board also wishes to welcome the new Minister of Higher Education, Science and Technology, Dr Blade Nzimande.

Last, but not least our sincerest appreciation to our CEO for his leadership and vision. Thank you also to all agricultural employer and employee organisations who contribute towards the strategic and operational sustainability of the AgriSETA and to our service providers who provide quality training to initiates,we express our sincerest appreciation.

The development of the South African agricultural ecosystem requires all hands on deck. Let us continue to forge partnerships, strengthen relationships and be innovative. Let us continue to put the interests of our nation first and give them hope. Thank you!

'We are the South African nation that with its Constitution gives hope to the hopeless, rights to the dispossessed and marginalised, and comfort and security to its men, women and children.'

President Ramaphosa

Mr C van der Rheede

31 July 2019

Accounting Authority Chairperson

CHIEF EXECUTIVE OFFICER'S OVERVIEW

The core mandate of AgriSETA is to enable growth in the agricultural sector, not only to increase the contribution to the overall gross domestic product (GDP) of the South African economy, but to ensure that more South African's become food secure.

AgriSETA serves to enable a skilled and prosperous agricultural sector, to increase access to relevant skills that is impact driven through strategic partnerships, and credible research leading to inclusive economic growth. Reporting on the effective and efficient management of resources to all AgriSETA's stakeholders is the main objective of this report.

AgriSETA achieved an unqualified audit opinion this year and maintained the status since 2005. The Auditor-General of South Africa (AGSA) audited the organisation in respect of three aspects, namely its annual financial statements, predetermined objectives, compliance with relevant legislation.

The 2018/19 budget approved by our Executive Authority was R 398.3 million; the budget was adjusted upward to R547 million. The management collected actual revenue of R465.1 million, achieving a favourable variance of R31.5 million compared to the previous financial year's actual collected revenue of R433.6 million. This represents an increase in total revenue of 7.27%. The bulk of the increase was as a result of growth in levy income from participating employers and departments (revenue from non-exchange transactions). AgriSETA will continue to prioritise strengthening its revenue streams to ensure that the mandate of the organisation can be more effectively executed.

AgriSETA's income from non-exchange transactions, amounted to R432.8 million compared to R 405.6 million in 2017/18 and revenue from exchange transactions totalling R32.2 million compared to R27.9 million in 2017/18, an increase of 15.45%.

Total expenditure was R440.7 million versus total revenue of R465.1 million, resulting in a surplus of R 24.4 million. Eighty-seven percent of total expenditure was for employer grants and project expenditure, while 7.6% went towards general expenses, followed by 4.35% for employee costs.

AgriSETA's statement of position assets are represented by non-current assets in the form of buildings, cash and cash equivalents (current assets). It is worth noting that the National Skills Fund (NSF) debtor is raised as a doubtful debtor. AgriSETA submitted reports to the NSF and work will continue for the parties to resolve their variances in concluding this matter.

The organisation continues to implement accounting policies and notes in compliance with the Accounting Standard Board (ASB) policies as set out in the Annual Financial Statements presentation section.

- **Spending trends of the public entity**

AgriSETA utilises four programmes (Administration, Skills Planning, Education Training Quality Assurance (ETQA) and Learning Programmes and Projects) that are all aligned towards building and strengthening capacity in the agriculture sector. The four programmes are measured in terms of the performance against set targets and all expenditure is linked to the achievement of these targets contained in the APP.

A major part of the organisation's overall expenditure is within the Learning Programmes and Projects that aim to build capacity in the sector by rolling-out projects to employed and unemployed learners. The organisation included a number of 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 administrative

expenditure within the legislated parameters despite an increase in employee numbers.

- **Capacity constraints and challenges facing the public entity**

AgriSETA implemented its new organisational structure to respond to the challenges within the sector and the organisations ability to improve the delivery of its mandate. During the year under review management posts were repositioned and include the appointment of a Chief Financial Officer and a Supply Chain Manager, this will further strengthen the controls within the finance function. The appointment of a Senior Human Resources Manager ensures that all in-sourced functions like the payroll and leave administration, can be effectively managed within the organisation.

The uncertainty of the role of the ETQA department impacts the morale of the employees within this programme. The development of qualifications remain a slow process with only a few occupational qualifications being developed. Extensive work is in progress to re-align existing qualifications in partnership with, among others, Sub Sector Skills Committees. The Recognition of Prior Learning (RPL) programme was officially launched at the Owen Sithole Agricultural College in KwaZulu-Natal (KZN), Glen College of Agriculture in Bloemfontein, Tompi Seleka College of Agriculture in Limpopo and Tsolo Agricultural Rural Development Institute in Eastern Cape.

The focus of the Learning and Programmes Projects was to ensure that the discretionary reserve be reduced and that contract management of projects is improved. This department made significant inroads in releasing funds from projects that were not implemented. AgriSETA re-focused funding in the Work Integrated Learning (WIL) programmes with additional resources allocated to increase the support to these programmes. Implementation remained slow in some programmes.

The levy income of AgriSETA increased, despite challenges to collect provincial levies and the organisation will explore alternatives to ensure that the contribution of provincial departments increase. The number of employers that contribute to levies increased slightly in the 2018/19 financial year, however, the agricultural sector is dominated by a large base of employers that do not pay levies and this places the organisation under continued strain to fulfil its mandate to all employers within the sector.

- **Public entity's general information**

AgriSETA embarked on a process to leverage funding through various sources to strengthen the capacity of the organisation and to broaden the implementation of its mandate.

AgriSETA made a conscious decision to engage stakeholders more regularly to share information and to update them on the organisation's performance. Various roadshows and information sharing sessions were held in provinces to obtain information that influenced AgriSETA's planning processes. The Sector Skills Committees were significantly strengthened for the period under review and provided AgriSETA research and planning with significant industry information. This information was utilised to draft 11 sub-sector plans that formed the basis for AgriSETAs Sector Skills Plans (SSPs). These sub-sector plans aim to assist the industry in planning for future projected occupational shortages.

AgriSETA continues to assess annual targets to ensure that they are relevant and realistic. The registration of occupational qualifications with the Quality Council for Trades and Occupations (QCTO) and the South African Qualifications Authority (SAQA) remain a challenge with significant delays being experienced. The Education Training and Quality Assurance (ETQA) department will continue to engage with the industry and the QCTO to unblock delays, especially given that existing qualifications need to be aligned with.

AgriSETA will continue to assist the industry with the development and alignment of qualifications despite uncertainties of the future role of the ETQA function within the SETA landscape. The support to assessment quality partners will continue to ensure that qualifications that meet the industry standards, are implemented.

In the year under review, AgriSETA focused on increasing opportunities for learners to enter work and integrated learning programmes, especially in support of agricultural colleges. This support is set to continue 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 Department of Higher Education and Training (DHET).

- **New or proposed activities**

AgriSETA will be aligning all its operations towards the National Skills Development Plan that was launched in February 2019; the official implementation date of which is 01 April 2020. All strategic and planning documents will be geared towards the implementation of this newly-adopted plan. AgriSETA will explore a new approach to the development of partnerships in strengthening the organisation's ability to implement capacity building projects that fall within its mandate.

- **Requests for rollover of funds**

We have not provided for surplus funds to be transferred to the National Skills Fund (NSF) as we are committed to the prescribed limit.

- **Supply Chain Management (SCM)**

AgriSETA responded to the findings of the Auditor-General and separated the functions of the Finance and SCM offices by appointing a SCM Manager and a CFO. The new organisational structure supports the strengthening of the finance and SCM departments with various middle management positions created to effectively manage levy collection, reporting and expenditure. AgriSETA acknowledges the risk that is associated with the SCM process if not properly strengthened. During this reporting period, the various SCM committees were strengthened and significant progress was made. Irregular expenditure relating to SCM activities increased from R431 000 in the previous financial year to R435 946 in the year under review. An irregular expenditure of R4 709 069 was noted due to discretionary grant contracts not being approved by the accounting authority, whilst another R147 294 related to paid contracted amounts in excess of what was approved by the accounting authority. The organisation will ensure that the governance controls are strengthened in this area.

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:

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

The following were achieved in 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 the adoption and integration of all the applicable National Treasury SCM instructions and the implementation of all the guidelines and circulars issued during the year.
- Management continuously engage 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 as well as norms and standards.

I, as the accounting officer, strategically support 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 the CFO, 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 the utilisation of the Central Supplier Database (CSD) as opposed to an internal supplier database, in terms of National Treasury Circular No. 3 of 2015/2016.

• Events after the reporting date

Minister of Higher Education, Science and Technology, Dr Blade Nzimande, on 22 July 2019, issued Government Gazette No.42589 to extend the SETA licences from March 2020 to March 2030.

The National Skills Fund (NSF) Receivable was impaired following a correspondence between the NSF and Special Investigating Unit (SIU) which came to AgriSETA's attention on 02 July 2019. Following the correspondence, AgriSETA convened a meeting with NSF on 08 July 2019 and discussed the correspodence. Based on the discussions, NSF and AgriSETA will close the project under discussion, during 2019/20. NSF confirmed that they have overcommitted their budget and that it does not have sufficient funds to pay the R6,4 million.

• 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 2018/19 financial year. The current AgriSETA Board was appointed from 01 April 2018 and steered the organisation effectively and efficiently throughout their term.

The 2018/19 financial year, was one of rebuilding and repositioning AgriSETA given the difficulties of the previous financial year. The new organisational structure that was implemented will provide AgriSETA with the required impetus to improve its efficiency in implementing the mandate of the SETA.

The newly-appointed board that commenced their term on 01 April 2018 provided a new vision for the organisation. Under the leadership of Mr van der Rheede, AgriSETA made big strides to becoming an organisation of excellence. AgriSETA is well aware of the internal and external challenges and will continue to work hard at continuous improvement.

The agriculture sector faces various challenges both on a macro and micro level, despite this, levy payers in the sector remain positive towards skills development. The delivery vehicle or training providers of the SETA remain strong, despite uncertainty within the quality assurance framework. AgriSETA appreciates the efforts of all training providers and employers that continue to maintain the required quality levels of training.

To all our employees at AgriSETA, I am humbled by your continued commitment and positive attitude towards service delivery. You remain the core of our delivery model and your role can never be underplayed. To all national, provincial and local government departments that work with AgriSETA, thank you for your continued commitment to the SETA. AgriSETA will work hard to further extend and strengthen existing partnerships with all our stakeholders.

Mr Z Myeza
31 July 2019
Chief Executive Officer

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

- All information and amounts disclosed in the Annual Report is consistent with the Annual Financial Statements audited by the Auditor-General.
- The Annual Report is complete, accurate and is free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the South African Statements of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board,
- The Accounting Authority has an oversight role in the preparation of the Annual Financial Statements by the Chief Financial Officer and her team and is assisted by both the Finance and Audit Committees who review these financial statements prior to submission to the Accounting Authority, the National Treasury and the Department of Higher Education and Training.
- The Accounting Authority has an oversight role in the establishment and implementation of 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 Annual Financial Statements. The CEO and the management team, the internal auditors and the Audit Committee assist the Accounting Authority in accomplishing this task.
- The Auditor-General has been engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the AgriSETA for the financial year ended 31 March 2019.

Mr Z Myeza
31 July 2019
Chief Executive Officer

Mr C Van Der Rheede
31 July 2019
Accounting Authority Chairperson

STRATEGIC OVERIVEW

2.3 VALUES

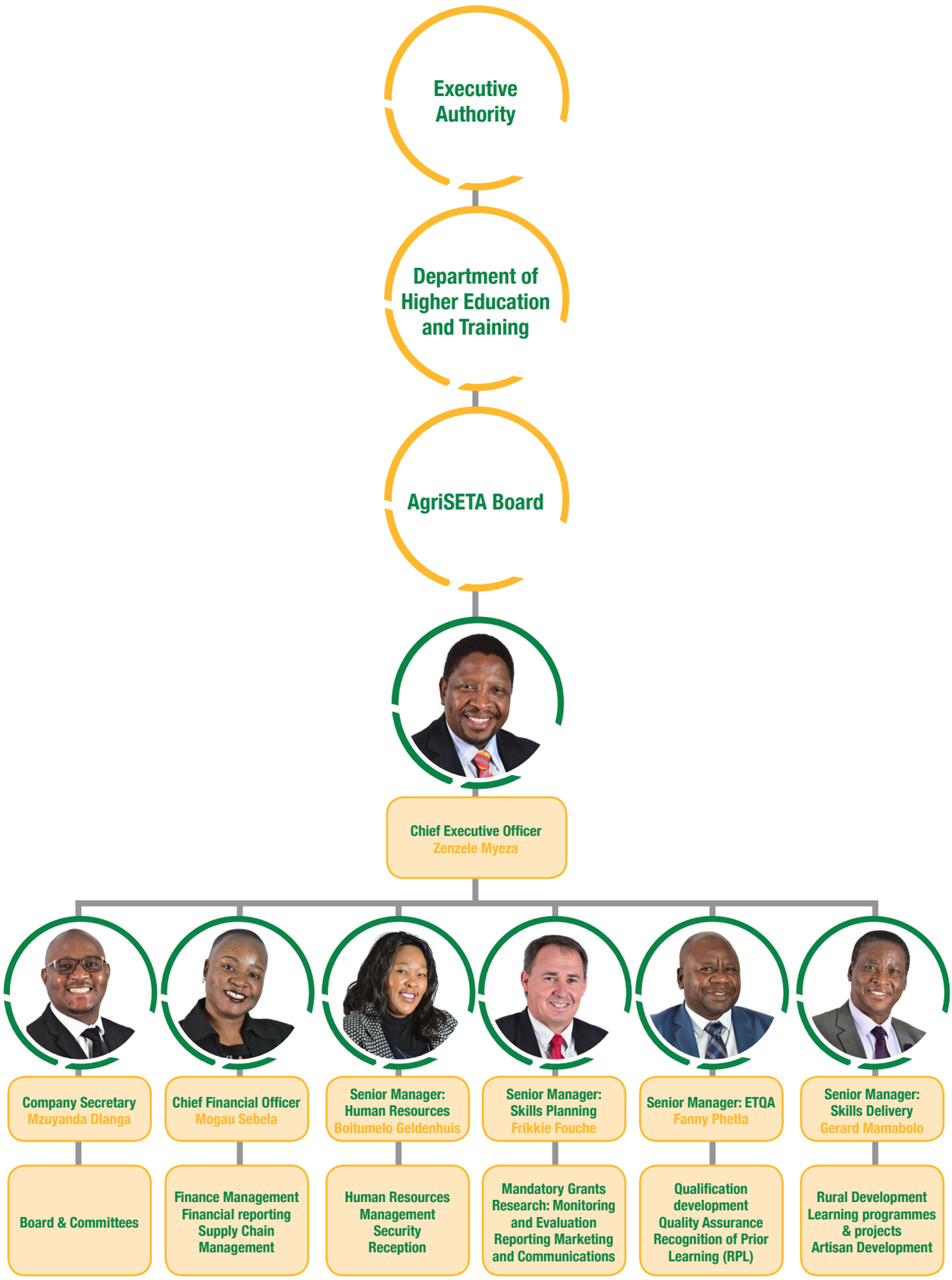
LEGISLATIVE AND OTHER MANDATES

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

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

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

ORGANISATIONAL STRUCTURE



PART B

Performance Information

SITUATIONAL ANALYSIS

2. SITUATIONAL ANALYSIS

Whilst the AgriSETA Sector Skills Plan (SSP) aims to address a wide range of issues in the agricultural sector, in essence it captures the following important realities which have a direct impact on the process of development of such skills in the 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 smallholders and the 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 Department of Agriculture, Forestry and Fisheries for the period 2011-2031 shape the process of packaging these skills in the sector.
- The pressure on AgriSETA to balance the disbursement of discretionary funds to the AET, NQF 1 and NQF 2 learning programmes, due to the fact that agriculture 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 needs to be factored into discretionary grant funding plans of the AgriSETA.

2.1. SERVICE DELIVERY ENVIRONMENT

The need for discretionary grant-funded support to deliver the required learning programmes in the sector outstrips the available resources of AgriSETA. The Strategic Plan has been updated to the National Treasury framework with the following significant changes:

- AgriSETA identified four programmes that will be driven to achieve the organisational goals aligned with the proposed DHET framework for Strategic Plans;
- Strategic outcome-orientated goals were devised for the organisation.

2.2. ORGANISATIONAL ENVIRONMENT

2.2.1. Organisational environment

The AgriSETA structure is well-balanced and is entrenched from Accounting Authority level to the operational structure. The stability and extensive institutional knowledge of, and in the organisation however exist in regard to fill vacancies, resulting from resignations. The AgriSETA registration that was extended only up to 2020, makes the management and retension of talent, challenging.

2.2.2. Organisational systems

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

2.2.3. Organisational strategy

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

2.2.4. 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 is mandate.

2.2.5. Shared values

AgriSETA management and staff are constantly striving to serve the interests of the sector as a whole; 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.

2.3. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

2.3.1. SETA Landscape

The NSDP, whilst it is referred to as a subsequent event, has brought certainty until 2030.

The organisation will plan for its 5-year medium term strategic plan, which is guided by the NSDP. [1]

2.4. STRATEGIC OUTCOME ORIENTED GOALS

Strategic Outcome Orientated Goal 1	Creditable institutional mechanisms.
Goal Statement	To establish and enhance a credible institutional mechanism for skill planning and delivery in the agricultural sector by 2019.
Strategic Outcome Orientated Goal 2	Increased professional, vocational, occupational and workplace learning to create decent jobs
Goal Statement	To increase exposure of workers/beneficiaries to workplaces through Professional Vocational Technical and Academic Learning (PIVOTAL) initiatives by 2019.
Strategic Outcome Orientated Goal 3	Increased skills levels of cooperatives, NGOs, CBOs in support of Land Reform and rural development.
Goal Statement	To support agriculture related rural development initiatives (cooperatives, non-governmental organisations, community-based organisations (NGOs), (CBOs) and (Land Reform) through skills development to improve the corporate governance of structures and skills levels of beneficiaries by 2019.
Strategic Outcome Orientated Goal 4	Improved agricultural education and training systems.
Goal Statement	To enhance agricultural education and training systems, through capacity building of TVET colleges and Agricultural Colleges to be more responsive to the needs of the sector by 2019.
Strategic Outcome Orientated Goal 5	Increased mandatory grant participation of levy paying employers.
Goal Statement	To ensure efficient disbursement of funding and increase disbursement of mandatory funds by 2019.
Strategic Outcome Orientated Goal 6	Increased participation of youth in agriculture.
Goal Statement	To expose young people to opportunities in agriculture and rural development initiatives and increase the participation of youth by 2019.
Strategic Outcome Orientated Goal 7	Increased public sector capacity.
Goal Statement	To increase the capacity of the public sector and other relevant stakeholders to improve service delivery and provide appropriate support for agricultural and rural development.

1 Minister of Higher Education, Science and Technology, Dr Blade Nzimande, on 22 July 2019, issued Government Gazette No.42589 to extend the SETA licences from March 2020 to March 2030.

PERFORMANCE INFORMATION BY PROGRAMME/ACTIVITY/OBJECTIVE

Key Performance indicators, planned targets and actual achievements

Programme 1: Administration

The programme achieved an average of 85 % performance, if KPI's are considered on an individual basis with equal weighting.

Sub-programme 1: Finance

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

Strategic Plan target	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
1.1 To reduce the internal control deficiencies reported in the previous Auditor-General report by 10%	80.5% reduction	10% reduction	89%	-79%	Target exceeded
Performance indicator (Specific outcomes)	**Actual achievement 2017/2018**	**Planned target 2018/2019**	**Actual achievement 2018/2019**	**Deviation from planned target to actual achievement for 2018/2019**	**Comments on deviation**
1.1.1. Percentage of budget variances and adjustments reduced	10%	10%	3%	7%	Target achieved
1.1.2. 100% of invoices processed within PFMA (1999) guidelines	93%	100%	84%	16%	Target not achieved, delays in invoice processing due to internal processes
1.1.3. All service providers procured and managed within National Treasury guidelines	100%	100%	99.9%	0.1%	Target not achieved
1.1.4. Maintain a 100% verification rate with the Asset Register	100%	100%	100%	0%	No variance
1.1.5. Collection rate of 90% of provincial levies	35%	90%	79%	11%	Target not achieved - not all provinces budget for the payment of levies.

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 organisational goals

Strategic Plan target	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
1.2 To improve the governance function of the board by 15% annually	0% improvement of governance function	15%	13%	2%	Target not achieved (96% indication of an improvement)
Performance indicator (Specific outcomes)	**Actual achievement 2017/2018**	**Planned target 2018/2019**	**Actual achievement 2018/2019**	**Deviation from planned target to Actual achievement for 2018/2019**	**Comments on deviation**
1.2.1. Number of board meetings	4	4	9	-5	Target exceeded, additional special board meetings were required
1.2.2 Number of board sub-committee meetings	11	4	20	-9	Target exceeded. additional special committee meetings were required
1.2.3. 10% increase in the quality of the information that the board receive from board sub-committees	0% increase in quality	10%	9.6%	0.4%	Target not achieved (96% indicated that the quality of information had improved)

Sub programme 3: Information Technology

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

Strategic Plan target	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
1.3 To increase the responsiveness of the ICT solution by 10% annually	0% increase	10%	8.4%	1.6%	Target not achieved (84% indicated that the solution was responsive)
Performance indicator (Specific outcomes)	**Actual achievement 2017/2018**	**Planned target 2018/2019**	**Actual achievement 2018/2019**	**Deviation from planned target to actual achievement for 2018/2019**	**Comments on deviation**
1.3.1. 90% of all ICT (hard and software) related incidents resolved within 24 hours of first report	90% resolved in 24 hours	90%	57%	33%	Target not achieved (57% achieved), service provider could not close matters in time due to complexities of matters logged
1.3.2. ICT solution reviewed annually	1	1	1	0	Target achieved

Sub programme 4: Human Resources

Strategic objective: Provision of Human Capital support to AgriSETA

Strategic Plan target	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
1.4 To increase and maintain the level of employee satisfaction to 80% annually	54% satisfaction	80%	34%	46%	Target not achieved (43% indicated that they were satisfied)
Performance indicator (Specific outcomes)	**Actual achievement 2017/2018**	**Planned target 2018/2019**	**Actual achievement 2018/2019**	**Deviation from planned target to actual achievement for 2018/2019**	**Comments on deviation**
1.4.1. 90% of employees participate in further career development	9.43%	90%	34%	56%	Target not achieved (34% of employees indicated that they were satisfied) Outcome due to uncertainty within the organisation
1.4.2. 90% of vacant positions filled	56.25%	90%	70%	20%	Target not achieved (70% achieved) AgriSETA implemented new organisational structure large number of new positions created
1.4.3. All employees sign performance contracts annually	35	100%	98%	2%	Target not achieved (98% achieved) - one employee did not sign performance agreement due to long term acting appointment

Programme 2: Skills Planning

The programme achieved an average of 91 % performance, if KPI's are considered on an individual basis with equal weighting.

Sub-programme 2.1.: Research

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

Strategic plan target	Actual achievement 2017/ 2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
2.1 To establish and enhance a credible institutional mechanism for skill planning and delivery in the agricultural sector by 2019.	1 system	1	1	0	No variance
Performance indicator (Specific outcome)	**Actual achievement 2017/2018**	**Planned target 2018/2019**	**Actual achievement 2018/2019**	**Deviation from planned target to actual achievement for 2018/2019**	**Comments on deviation**
2.1.1 SSPs, Annual Performance Plan and Strategic Plans updated	1	1 SSP 1 APP 1 SP	1 SSP 1 APP 1 SP	0	No variance
2.1.2 Research agendas developed and approved	1	1	1	0	No variance
2.1.3. Number of SSC committees established and strengthened through capacity building sessions and plenaries	11 SSCs 2 Meetings 2 Plenary	11 SSCs 2 Meetings 1 Plenary	11 SSCs 2 Meetings 2 Plenary	0	No variance

Sub-programme 2.2: Reporting

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

StrategicPlan target	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
2.2 To increase the accessibility of Information and knowledge by 30%	0%	30% increase	16,85% increase	13.15%	Target not achieved (56% indicated an increase, however the levels of access did not reach the planned target)
Performance indicator (Specific outcomes)	**Actual achievement 2017/2018**	**Planned target 2018/2019**	**Actual achievement 2018/2019**	**Deviation from planned target to actual achievement for 2018/2019**	**Comments on deviation**
2.2.1. Number of internal knowledge exchange sessions	4	4	8	-4	Target exceeded, additional sessions arranged with employees
2.2.2. Number of performance monitoring sessions facilitated with target holders within AgriSETA	12	12	13	-1	Target exceeded additional sessions arranged with employees
2.2.3. Maintain a 10% improvement in the validity of reported information	10% improvement	10% improvement	10% improvement	0	No variance
2.2.4. Improve the quality of performance information by 10% through internal workshops and feedback	10% improvement	10% improvement	10% improvement	0	No variance

Sub-programme 2.3: Mandatory grants

Strategic objective: Improved mandatory grant administration

Strategic Plan target	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
2.3 To increase employer access to grant information by 15% to enable the maximum number of enterprises in the sector to participate in the NSDS.	31%	15%	12%	3%	Target not achieved (80% indicated an increase, not all participants felt that access to grant information improved)
Performance indicator (Specific outcomes)	**Actual achievement 2017/2018**	**Planned target 2018/2019**	**Actual achievement 2018/2019**	**Deviation from planned target to actual achievement for 2018/2019**	**Comments on deviation**
2.3.1. Annual revision of the mandatory grant system to improve effectiveness	1 system reviewed	1	1	0	No variance
2.3.2. An increase in the participation of employers in mandatory grants from 1790 to 1810	592 large firms	410 large firms	447 large firms	-37 large firms	Target exceeded, system opened one month before submission
	678 medium firms	545 medium firms	551 medium firms	-6 medium firms	Target exceeded, system opened one month before submission
	1176 small firms	1011 small firms	879 small firms	132 small firms	Target not achieved (86% achieved). The reduction in the numbers can be attributed to the economic climate
2.3.3. Increasing the payment of mandatory grants to 76% annually	38% of grants paid	76%	65%	11%	Target not achieved (65% achieved). The last quarter payment not effected due to delay in levy upload
2.3.4. Number of SDF's trained annually as part of support to employers	144 SDFs trained	75	81	-6	Target exceeded, additional SDFs trained during roadshows

Sub-programme 2.4. 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 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
2.4 To increase leadership skills by 40% to establish sound social partner governance structures and systems	0%	40%	40%	0	No variance
Performance indicator (Specific outcomes)	**Actual achievement 2017/2018**	**Planned target 2018/2019**	**Actual achievement 2018/2019**	**Deviation from planned target to actual achievement for 2018/2019**	**Comments on deviation**
2.4.1 Number of learners participating in agricultural leadership development programmes	0	40	0	40	Target not achieved, project implementation not completed
2.4.2. Number of capacity building programmes for board standing committees	1	1	1	0	No variance

Sub-programme 2.5. 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 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
2.5 To increase the skills levels of beneficiaries of public sector capacity building programmes by 30%	0%	30%	30%	0	No variance
Performance indicator (Specific outcomes)	**Actual achievement 2017/2018**	**Planned target 2018/2019**	**Actual achievement 2018/2019**	**Deviation from planned target to actual achievement for 2018/2019**	**Comments on deviation**
2.5.1 Number of co-funded projects supported through public entities	56	8	4	4	Target not achieved (50% achieved, project implementation not concluded within financial year
2.5.2. Number of research projects established	11	10	13	-3	Target exceeded. additional research concluded within sub-sectors
2.5.3. Number of partnerships with public entities in support of Ministerial projects	7	7	4	3	Target not achieved (57% achieved), project contracting could not be concluded within financial year

Key Performance indicators, planned targets and actual achievements

Programme 3: Learning programmes and projects

The programme achieved an average of 90% performance, if KPI's are considered on an individual basis with equal weighting.

Sub-programme 3.1: 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 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
3.1 To increase the efficiency of beneficiaries/ learners in the workplace by 30% annually and increase access to learning opportunities by 10% annually	7% increase in efficiency 1,5% increase in access	30% increase 10% increase	26% increase 0.1% increase	4 % 9.9%	Target not achieved (87% indicated an increase) Target not achieved (Number of learners increased from 7703 to 7709)

Performance indicator (Specific outcomes)	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
3.1.1. Number of learnerships, skills and AET programmes to employed learners and support to commodity organisations	LS-1589	LS-2405	LS 2415	LS -10	Target exceeded Additional learners could be accommodated within budget
	SP-4401	SP 2919	SP 4074	SP -1155	Target exceeded more projects with fewer credits allowed for additional projects to be funded within budget
	AET-729	AET-830	AET-574	AET 256	Target not achieved, several projects cancelled
	Commodity Org - 21	Commodity Org-20	Commodity org 24	Commodity org-3	Target exceeded,additional projects funded within budget

Performance indicator (Specific outcomes)	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
3.1.2. Number of employed learners completing learnerships, skills and AET programmes	LS-1096	LS 1200	LS 868	LS 332	Target not achieved (72% achieved), slow implementation of learnership for employed learners
	SP-4399	SP 1350	SP 4074	SP -2724	Target exceeded, more projects with fewer credits allowed for additional projects to be funded within budget
	AET-343	AET 425	AET 238	AET 187	Target not achieved (56% achieved) lower uptake of learners affected the completions
Previous year targets achieved in current year			LS 680		
3.1.3. Number of internship and graduate placement programmes	INT 365	INT 400	INT 320	INT 78	Target not achieved slow learner contracting affected implementation
	G.PL 357	G.PL 365	G.PL 318	G.PL 47	Target not achieved (87.12% achieved) Slow graduate contracting and delayed implementation.
Previous year's targets achieved in the current year			INT 521 G.PL 85		

Performance indicator (Specific outcomes)	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
3.1.4. Number of Internship and Graduate Placement programmes completed Previous year targets achieved in the current year	INT-178 G.PL 168	INT 125 G.PL 138	INT 400 G.PL 54 G.PL 8	INT-275 G.PL 84	Target exceeded, Projects with lower value could be accommodated within additional learners assisted within budget Target not achieved (39.1% achieved) Graduate learners leave the project as and when they receive employment.
3.1.5. Number of bursaries to employed and unemployed learners and Artisan Development programmes Previous year's targets achieved	B (18.1)-143 B (18.2)-312 Artisan 119	B (18.1)-120 B (18.2)-250 Artisan 219	B(18.1) 110 B(18.2) 43 Artisan 237 B(18.1) 98 B(18.2) 279 Artisan 65	B(18.1) 10 B(18.2) -207 Artisan-18	Target not achieved Contracting of learners slowed implementation Target not achieved Slow contracting procedures of learners in the workplace slowed implementation Target exceeded improved learner contracting and employment process

Performance indicator (Specific outcomes)	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
3.1.6. Number of employed and unemployed learners completing bursary and Artisan Development programmes	B (18.1)–5	B (18.1) 45	B(18.1) 33	B(18.1) 12	Target not achieved Completions were slow due to delays in submission of evidence at completions
	B (18.2)-10	B (18.2) 82	B(18.2) 91	B(18.2) -9	Target exceeded Contracts awarded earlier in year
	Artisan 165	Artisan 130	Artisan 237	Artisan -107	Target exceeded learners complete projects earlier due to experience that differ at programme entry
Previous year's targets achieved in the current year			B(18.1) 36 B(18.2) 21		
3.1.7. Number of HIV and Aids DVDs distributed to create awareness	1907	1000	1018	-18	Target exceeded,various meetings used to distribute DVDs

Sub-programme 3.2. Rural Development

Strategic objective: Increased governance and skills levels of Non-Levy Paying Entities (NLPEs) to create stability and an environment for economic growth.

Strategic Plan target	Actual achievement 2017/2018	Planned target 2018/ 2019	Actual achievement 2018/ 2019	Deviation from planned target to actual achievement for 2018/ 2019	Comments on deviation
3.2 To increase the governance of NLPEs by 20% and skills levels of beneficiaries with 30% annually	0% increase in governance and	20%	16%	4%	Target not achieved (63% indicated an increase however governance did not increase as expected)
	0% increase in skills levels of unemployed beneficiaries	30%	29.7%	0.3%	Target not achieved (97% indicated an increase however the skills levels of individuals did not increase as expected)
Performance indicator (Specific outcomes)	**Actual achievement 2017/2018**	**Planned target 2018/ 2019**	**Actual achievement 2018/ 2019**	**Deviation from planned target to actual achievement for 2018/ 2019**	**Comments on deviation**
3.2.1. Number of learnership, skills and mentorship programmes for unemployed learners	LS-1692	LS-2000	LS 1694	LS 306	Target not achieved (84.7% achieved) Project implementation very slow
	SP-4581	SP-2667	SP 5003	SP -2336	Target exceeded, additional projects could be accommodated within budget
	Mentors 44	SRS-30	SRS 107	SRS -77	Target exceeded, additional projects could be accommodated within budget

Performance indicator (Specific outcomes)	Actual achievement 2017/2018	Planned target 2018/ 2019	Actual achievement 2018/ 2019	Deviation from planned target to actual achievement for 2018/ 2019	Comments on deviation
3.2.2. Number of unemployed learners completing learnership and skills programmes Targets achieved from previous year in the current year	LS-125 SP-4582	LS-760 SP-2280	LS 1114 SP 5003 LS-1009	LS -354 SP-2723	Target exceeded Improved Learner contracting and implementation processes Target exceeded, more learners could be accommodated within budget
3.2.3. Number of learners entering new venture creation programmes	29	64	99	-24	Target exceeded, projects contracting and implementation improved
3.2.4. Number of learners completing new venture creation programmes	17	45	16	29	Target not achieved (35.5% achieved), Delayed submission of evidence and verification procedures slowed completion
3.2.5. Number of organisations supported through learnerships and new venture creation programmes in partnership with NGOs, CBOs, co-ops	226	220	367	-147	Target exceeded, additional learners could be accommodated within budget
3.2.6. Number of extension officers to be trained	0	70	0	70	Project not implemented, contractual agreements could not be concluded timeously

Sub-programme 3.3: Youth and Career Development

Strategic objective: The development of an integrated career development programme

Strategic Plan target	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
3.3 To change the perception of agriculture as a career by 30%, by exposing youth to opportunities in agriculture and rural development	0% increase in perception	30%	11%	19%	Target not achieved (38% responded positively)

Performance indicator	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
3.3.1. The development of an integrated Career Development Programme	1	1	1	0	No variance
3.3.2. Number of strategic partnerships established for enhancing the capacity of youth in agriculture and career development	2	2	3	-1	Target exceeded, additional partnerships concluded within the financial year
3.3.3. Number of career exhibitions attended, schools involved and learners exposed	18 exhibitions	15 exhibitions	36 exhibitions	-21 exhibitions	Target exceeded, additional exhibitions attended
	164 schools	100 schools	269 schools	-169 schools	Target exceeded, additional exhibitions attended
	28 887 learners exposed	5 000 learners exposed	18 038 learners exposed	-13 038 learners exposed	Target exceeded. additional exhibitions attended

Programme 4: Quality assurance

The programme achieved an average of 61% performance, if KPI's are considered on an individual basis with equal weighting.

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

Strategic Plan target	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
4.1 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	0%	30%	29 %	0.3 %	Target not achieved (82% of respondents indicated increased responsiveness)
Performance indicator (Specific outcomes)	**Actual achievement 2017/2018**	**Planned target 2018/2019**	**Actual achievement 2018/2019**	**Deviation from planned target to actual achievement for 2018/2019**	**Comments on deviation**
4.1.1. Number of AFETs and TVETs supported with capacity building programmes	10	11	9	2	Target not achieved (81.8% achieved) All projects could not be concluded within he financial year
4.1.2. Number of occupationally directed qualifications developed	3	6	1	5	Target not achieved (16.6% achieved) Qualification submission to QCTO not concluded within the financial year
4.1.3. Number of AQP's supported through alignment to the QCTO	4 AQPs	5	2	3	Target not achieved additional capacity building projects were supported but did not lead to a formal agreement.
4.1.4. Number of RPL projects implemented	6	6	0	6	Target not achieved Projects could not be concluded within the financial year due to delays in concluding contracts.

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

1. Programme 1: Administration

SUB-PROGRAMME	MEASURES TO IMPROVE UNDERPERFORMANCE
Finance	1. Building of internal capacity and strengthening of controls.
Information Technology	2. Continuous system reviews.
Human Resources	3. Employee communication will be strengthened, 4. Talent management process must be strengthened,

2. Programme 2: Skills Planning

TARGET	MEASURES TO IMPROVE UNDERPERFORMANCE
An increase in the participation of employers in mandatory grants from 1790 to 1810	1. Improve communication with employers through regular roadshows and other forms of communication.
Increasing the payment of mandatory grants to 76% annually	1. Additional capacity within the department. 2. Build capacity of SDF's to submit accurate information.
Number of co-funded projects supported through public entities	1. Strategically re-assess the partnerships needed with the agricultural environment. 2. Enter into longer term co-funded partnerships

3. Programme 3: Learning Programmes and projects

SUB-PROGRAMME	MEASURES TO IMPROVE UNDERPERFORMANCE
Professional, vocational, occupational and workplace learning – decent work	1. Improved contract management especially in the learnership and skills programmes.
Rural Development	1. Improved contract management especially in learnership and skills programmes. 2. Re-evaluate the programme implementation and reporting structure especially in the WIL programmes.

4. Programme 4: Quality Assurance

PROGRAMME	MEASURES TO IMPROVE UNDERPERFORMANCE
ETQA	1. Industry mechanisms must be strengthened to increase the identification and participation in the development of occupationally directed occupations.

REVENUE COLLECTION

Sources of revenue	2018/2019			2017/2018		
	Estimate	Actual amount collected	(Over)/ under collection	Estimate	Actual amount collected	(Over)/ under collection
	R'000	R'000	R'000	R'000	R'000	R'000
Levy income	367 232	425 125	(57 893)	360 260	391 214	(30 954)
Penalties and interest	8 909	7 733	1 176	8 971	14 008	(5 037)
Investment income	22 157	32 231	(10 074)	20 719	27 726	(7 007)
Other income	0	23	(23)	0	211	(211)
Total (Excluding donor funding)	**398 298**	**465 112**	**66 814**	**389 950**	**433 159**	**(43 209)**

AgriSETA had a fairly good year in terms of revenue collection, actual levies collected exceeded the budget by R66 813 000. This was mainly due to the increase declaration submission by levy payers.

Interest received was also a contributor to the excess collection. This is 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 more focused approach was followed to ensure the provinces contribute their provincial levies as prescribed by the DHET circular. Several meetings were arranged with the provincial departments 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 R1 533 000 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 impact the public entity's current expenditure. The carrying amount of capital assets held at AgriSETA increased from R5 655 000 to R6 126 000 from the financial year 2017/18 to 2018/19.

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.

Capital Assets	2017 / 2018			2018 / 2019		
	Budget	Actual expenditure	(Over) under expenditure	Budget	Actual expenditure	(Over) under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Computer hardware	149	159	(10)	664	1 130	(466)
Computer software	45	0	45	48	293	(245)
Office equipment	33	12	21	545	110	435
Furniture and fittings	147	35	112	658	0	658
TOTAL	**374**	**206**	**168**	**1915**	**1 533**	**382**

SKILLS PLANNING

The Skills Planning Department went through wholesome changes during the year under review. The ever increasing scope of work made it necessary for the department to revisit the way in which the mandate of the organisation is implemented. The introduction of a new departmental structure not only focused on strengthening existing functions like the mandatory grants and marketing and communication, but a total refocus of the research function and the establishment of a monitoring and evaluation department.

The need to understand the impact of the initiatives that AgriSETA annually drive and the importance of generating data that can direct future development has become a crucial part of planning and the future focus of resources.

A significant and positive move in the disbursement of mandatory grants was achieved in the 2018/19 financial year; the expectation is that this trend will continue in the new financial year with additional resources being added to the unit. The ratio of levy payers compared to non-levy payers, however, remain high, this is set to continue with the tough economic climate and wave of mechanisation in the Agricultural sector.

The marketing and communication function had a very successful year with all of its targets achieved. The leveraging on partnerships to expand the organisation's footprint and brand nationally had positive results. This is set to continue into the new financial year with envisaged sector partnerships that will carry the organisation further into the technological age.

A solid platform for generating data and sector information was achieved through further strengthening of the Sub-Sector Committees (SSCs). The outputs of these committees ensured that AgriSETA obtained the most updated sector information to include in its planning documents. It is a key focus of AgriSETA to further invest in this section and to ensure that research is credible and provides relevant and updated information. Partnerships with HEIs and commodity organisations are starting to bear fruit and this trend is set to continue with an expected increase in expenditure of research activities in the new financial year.

The Skills Planning Department successfully researched and submitted all strategic documents for the year under review. The strategy to solicit as much as possible inputs into the strategic planning documents is improving the quality of the indicators and setting the strategic direction of the organisation under the supervision of the Accounting Authority.

EDUCATION TRAINING AND QUALITY ASSURANCE (ETQA)

OVERVIEW

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

1.1.1 Accreditation of skills development providers.

1.1.2 Monitoring of training provisions.

1.1.3 Registration of practitioners.

1.1.4 Certification of learners.

1.1.5 Reporting of learner achievement to National Learners' Record Database (NLRD),

1.1.6 Maintaining Management Information System (MIS) for quality assurance activities.

2. Quality Assurance (QA) deliverables as per National Skills Development Plan (NSDP) vision:

i. Facilitate easy access and create different entry points (articulation and RPL).

ii. Collaborate with QCTO to identify and increase production of occupations in high demand.

iii. Increase access to occupationally directed programmes by supporting TVETs, CETS and agricultural colleges.

iv. Partnership development among TVETs, universities and industries.

Problem statement:

The agriculture sector requires more collaborative structures to enable the implementation of sectoral programmes. As Post-School Education and Training (PSET) system places emphasis of TVET colleges for implementation of occupations in high demand, a buy-in must be sought from DHET in collaboration with the Department Agriculture Forestry and Fisheries (DAFF) to formally recognise agricultural colleges as part of the PSET system.

QA strategic view:

- Strengthen agricultural colleges to become assessment centres.
- Establish collaboration between colleges and industries affected by the occupational qualifications.
- Administratively strong colleges will also be considered to be practical places for occupational qualifications.
- Roll-out RPL on large scale to ease access and articulation for entries.
- Include agriculturally biased TVETs, CETs and universities in capacity building for RPL, assessments and implementation of occupational programmes in the APP.

3. STREAMLINING QUALITY ASSURANCE FUNCTION

The White Paper on Post-School Education and Training highlighted the complexity with respect to the manner in which quality assurance is implemented in respective sectors and argued that the system needs to be streamlined and simplified.

Problem statement:

Over the years, the QCTO has not been able to fully discharge its quality assurance mandate, which created a stalemate at the SETA levels in terms of planning process, development of structures and systems.

QA strategic view:

- QA function must report to QCTO as opposed to current reporting lines.
- The function must be integrated entirely into the QCTO function to maximise coherence and minimise duplications.
- Contribution of 0,5% levied to SETAs to be optimised to include financing of incorporated QA functions.
- The funding allocation to QCTO requires a review to ensure that the institution fullfill its intended mandate.

4. CURRENT FUNCTIONS OF QUALITY ASSURANCE

The QCTO has been delegated accreditation of providers, certification of learners, registration of practitioners, monitoring of provision, management of assessment and moderation, data maintenance and reporting.

Problem statement:

The QCTO has created a dual system in the accreditation of providers and other QA functions - while the QAs are delegated these functions, the QCTO on the other hand is discharging the same functions. From a policy perspective, coherence and seamless implementation processes point of view, the dual system creates costs and non-compliance.

QA strategic view

- Current QA functions must be phased out.
- QA will engage QCTO to assist in fast tracking the alignment of current qualifications to the occupational format in the 2019/2020 financial year to allow the new system to start.
- QA to engage QCTO to start the process of taking over certification of learners.
- QCTO to migrate QA function to QCTO by 2021.
- QA experience will assist QCTO to simplify the planned assessment system for occupational qualifications which is currently complex and costly.
- QCTO's academic approach to assessment needs to be reviewed to accommodate people that are less literate.
- The RPL exam approach cannot be an exhaustive method of assessment as QCTO currently advocates. Policy review of this is necessary.

SKILLS DELIVERY DEPARTMENT

1. OVERVIEW: SKILLS DELIVERY DEPARTMENT

The Skills Delivery Department, as the custodian of all AgriSETA Learning Programmes, hereby present a report covering departmental activities for the 2018/19 reporting period.

Since the AgriSETA Board has identified and crafted its intervention priorities in 2011, delivery of programmes have been aligned to these priorities. Support to the youth has always been the focus of AgriSETA in encouraging them to participate in agricultural skills development, both in the employed and unemployed sections of the sector.

TVET and agricultural colleges were also identified and collaborations have been forged in this regard. NSDS III has identified co-operative support as one of its priorities and AgriSETA has aligned some programmes, such as learnerships, to be a vehicle in achieving this priority.

Of the programmes delivered, the Department played a significant role in ensuring that all programmes are accessible to all the identified stakeholders of the agricultural sector. In achieving the objects of the NDP, AgriSETA participates in Artisan Development and to this end, the desire to implement this programme is growing immensely. There are noticeable challenges which always go with skills development and this includes among others:

- Increasing access to training and skills development opportunities.
- Achieving fundamental transformation of inequalities.
- Skills shortages and mismatches.
- High demand for skills versus meager financial resources.
- Lack of desire for some employers in opening their workplaces.

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 in ensuring that management and payments of grants are effected.

The Discretionary Grant Policy is annually reviewed to be relevant to the sector needs and 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 24 with two vacancies which are in a process of being filled. From time to time, the Skills Delivery Department exposes young people to the world of work by providing the Internship Programme. During the period under review, the Department has accommodated seven 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.

2. SKILLS DELIVERY: LEARNING PROGRAMMES

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

2.1. Adult Education and Training (AET) for employed and unemployed learners.

2.2. Skills programmes (18.1 & 18.2).

2.3. Learnerships (18.1 & 18.2).

2.4. Artisan development (18.1 & 18.2) & FLP.

2.5. Bursary (18.1 & 18.2).

2.6. Graduate placement.

2.7. Internship.

2.8. New venture creation (NVC).

2.9. Support to Rural Structure, e.g. mentorship.

2.10. Commodity organisations.

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 Assistant Managers deployed in the four provinces responsible for rural development in line with the mandate of the DHET.

PART C
Governance

ACCOUNTING AUTHORITY MEMBERS

Mr Christo van der Rheede

Mr Atwell Nazo

Mr Mayoyo Mngomezulu

Ms Linda Gqokoma

Ms Anna Pholoana

Mr Danny Schutte

Mr Benjamin Gafeldien

Mr Neil Hamman

Ms Lebo Botsheleng

Mr Adrian Gerritzen

Dr Mokgadi-Ngoepe Ntsoane

Mr Anton Rabe

Ms Pinki Luwaca

1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and Companies Act, corporate governance with regard to public entities, is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King IV Report on Corporate Governance.

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

2. PORTFOLIO COMMITTEES AND SELECT COMMITTEES

The Portfolio Committee on Higher Education and Training and the Select Committee on Education of the National Council of Provinces (NCOP) exercises oversight over the 21 SETAs, Higher Educational Institutions (HEIs) and the DHET, and may invite any SETA to account on its strategic plan and annual performance plans from time to time. The entity has not appeared before the Portfolio Committee or any other Parliamentary Committee in the period under review.

3. EXECUTIVE AUTHORITY

The Executive Authority (EA) of AgriSETA is the Minister of Higher Education and Training, who is responsible for appointing members of the Board and determines their remuneration in accordance with the tariffs set by the Minister of Finance. The entity is required by the DHET to submit, on an annual basis, a Sector Skills Plan and Strategic and Annual Performance Plan. It is also required in terms of the SDA, to enter into a Service Level Agreement with the DHET and agree on expected deliverables that contribute towards the fulfilment of the Ministerial outcomes. Quarterly reports detailing the performance against set targets are submitted to the Department as required in terms of the Treasury Instruction Note.33 which amended part 5 and 30 of the Treasury Regulations, 2005. The EA convenes meetings with SETA Chairpersons and CEO's from time to time to discuss strategic policy imperatives affecting the sector and the Country. These engagements also present an opportunity for the leadership of SETAs to share the challenges that are encountered from time to time.

The Quarterly Monitoring Reports of the SETA are submitted to the Department of Higher Education and Training on a quarterly basis.

4. 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, Science and Technology for a period of five years and consists of the Chairperson and 14 Board members with one vacant position.

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 the SETA in accordance with the PFMA, the Skills Development Act of 1997 Chapter 3, Section 9 and 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 implement 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.
- Ensure that its members and 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
- Meetings of the Board

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

COMPOSITION OF THE AGRISETA ACCOUNTING AUTHORITY

The AgriSETA Accounting Authority consists of 14 members nominated as follows:

CONSTITUENCY	ORGANISATION
Ministerial appointee	Accounting Authority Chairperson (1)
Organised labour	FAWU – Food and Allied Workers Union (4) AFRIWU – Agriculture, Food, Fishing, and Retail Industry Workers Union (1) Solidarity (1)
Government departments and public entities	PPECB – Perishable Products Export Control Board (1) DAFF – Department of Agriculture Forestry and Fisheries (1)
Organised employers	AgriSA (1) Fruit SA (1) Grain SA (1) RMAA – Red Meat Abattoir Association (1)
Other stakeholders	Community Organisations (1) – Syringa Bio – Science

The AgriSETA Accounting Authority consists of 14 members nominated

NAME	DESIGNATION	QUALIFICATION	AREA OF EXPERTISE	ACCOUNTING AUTHORITY DIRECTORSHIPS	OTHER COMMITTEES
Mr C Van der Rheede	Ministerial Appointment Chairperson	MPA	Agricultural Economics	BUSA ATKTV Potchefstroom Business School Advisory Council	EXCO
Mr A Nazo	Member	Certificate in Public Management	Labour relations	Basebenzi	REMCO, EXCO
Ms A Pholoana	Member	Grade 12	Labour relations	n/a	EXCO
Dr M Ngoepe-Ntsoane	Member	PhD in Managements of Technology and Innovation	Strategic Management Organisational transformation Change management	Da Vinci Institute of Technology Council (Previous) Agricultural Research Council: Current	REMCO, Governance and Strategy
Ms P Luwaca	Member	Honours Human Resource Management	Strategic Management Human Resources	PPECB	REMCO, EXCO
Mr N Hamman	Member	Cost Management Accounting	Financial Management Tax	AGRI Western Cape	Governance and Strategy
Mr A Rabe	Member	MBA	Agricultural Economics	Hortgro Pty Ltd Fruitgro Science Fruit Mzanzi Afrika TPS Property Holdings SA Tug of War	Governance and Strategy Grants and Quality Assurance
Mr G Benjamin	Member	Certificate Labour Relations	Labour Relations	Wine Industry Transformation Levy Dal Josaphat Workers Empowerment Pty Ltd	Grants and Quality Assurance

NAME	DESIGNATION	QUALIFICATION	AREA OF EXPERTISE	ACCOUNTING AUTHORITY DIRECTORSHIPS	OTHER COMMITTEES
Mr M Mngomezulu	Member	Certificate in computer studies	Labour Relations	n/a	Governance and Strategy
Ms L Gqokoma	Member	Grade 12	Labour relations	n/a	Grants and Quality Assurance
Ms L Botsheleng	Member	Master's Degree	Agriculture Training and Education		Grants and Quality Assurance
Mr A Gerritzen	Member	NHD - Human Resource Management	Specialist in Human Resource Management and salary negotiations	n/a	REMCO
Dr G Neethling	Member	Bachelor of Veterinary Science	Veterinary	Abattoir Skills Training Mobile Agri Skills Development training	Governance and Strategy
Mr D Schutte	Member	B Com (Hons)	Labour Relations		REMCO, Grants and Quality Assurance

Meeting Attendance

NAME	CONSTITUENCY	DATE APPOINTED	NO OF MEETINGS HELD	NO OF MEETINGS ATTENDED
Mr C Van der Rheede	Chairperson Ministerial appointee	01 April 2018	9	9
Dr G Neethling	Organised Employers	01 April 2018	9	6
Dr M Ngoepe-Ntsoane	Community Organisation	01 April 2018	9	9
Mr N Hamman	Organised Employers	01 April 2018	9	9
Ms P Luwaca	Organised Employers	01 April 2018	9	5
Mr M Mngomezulu	Organised Labour	01 April 2018	9	9
Mr R Gerritzen	Organized	01 April 2018	9	6
Mr A Nazo	Organised Labour	01 April 2018	9	9
Mr A Rabe	Organised Employers	01 April 2018	9	6
Mr G Benjamin	Organised Labour	01 April 2018	9	8
Ms L Gqokoma	Organised Labour	01 April 2018	9	9
Ms A Pholoana	Organised Labour	01 April 2018	9	9
Mr D Schutte	Organised Labour	01 April 2018	9	9
Ms L Botsheleng	DAFF	01 April 2018	9	7

Accounting Authority Committees

- Accounting Authority Executive Committee
- Audit and Risk Committee
- The Governance and Strategy Committee
- Finance and Remuneration Committee
- Grants and Quality Assurance Committee

Accounting Authority Executive Committee

MEMBER	MEETINGS HELD	MEETINGS ATTENDED
Mr C van der Rheede	8	7
Ms A Pholoana	8	2
Mr A Nazo	8	8
Ms P Luwaca	8	4

Audit and Risk Committee

MEMBER	MEETINGS HELD	MEETINGS ATTENDED
Ms E Pillay	11	10
Dr G Buys	11	11
Ms N Oliphant	11	11
Ms L Maqubela	11	8
Mr M Oliver	11	11

Governance and Strategy Committee

MEMBER	MEETINGS HELD	MEETINGS ATTENDED
Dr M Ngoepe-Ntsoane	4	4
Mr G Benjamin	4	4
Mr N Hamman	4	4
Mr M Mngomezulu	4	4

Finance and Remuneration Committee

MEMBER	MEETINGS HELD	MEETINGS ATTENDED
Ms P Luwaca	6	5
Mr A Nazo	6	5
Dr M Ngoepe-Ntsoane	6	6
Mr D Schutte	6	5
Mr R Gerritzen	6	3

Grants and Quality Assurance Committee

MEMBER	MEETINGS HELD	MEETINGS ATTENDED
Ms L Gqokoma	4	4
Mr D Schutte	4	4
Ms A Pholoana*	4	3
Mr N Hamman	4	4
Mr A Rabe	4	1
Dr G Neethling	4	2
Mr M Mngomezulu *	4	1
Ms L Botsheleng	4	3
Mr G Benjamin	4	4

**Ms Pholoana was moved from Governance and Strategy to EXCO and she was replaced by Mr Mngomezulu in Governance and Strategy*

Remuneration of Board members

- The remuneration of Board members is determined by the National Treasury Regulations with amendments to the rate determined annually for a financial year.
- All Board members of AgriSETA are remunerated as per the National Treasury Regulations.
- Refer to the table for remuneration of Board members.

Board Members

MEMBERS OF THE ACCOUNTING AUTHORITY (BOARD MEMBERS)	MEETING ATTENDANCE ALLOWANCE	EXPENSES	TOTAL
Mr A Gerritzen	189 023	5 685	194 708
Mr A Nazo	287 386	23 525	310 911
Mr A Rabe	34 536	1 664	36 200
Ms P Luwaca	-	2 620	2 620
Mr D Schutte	208 216	61 226	269 442
Mr N Hamman	207 216	38 993	246 209
Mr C van der Rheede	326 391	14 125	340 516
Mr MS Mngomezulu	267 654	8 873	276 527
Ms A Pholoana	197 920	10 840	208 760
Dr M Ngoepe-Ntsoane	262 706	81 227	343 933
Ms L Gqokoma	162 804	9 679	172 483
Mr G Benjamin	145 461	1 699	147 160
Dr G Neethling	-	-	-
Ms L Botsheleng	-	-	-
	2 289 313	260 156	2 549 469

Remuneration of Audit and Risk Committee Members

- The remuneration of Board members is determined by the National Treasury Regulations with amendments to the rate determined annually for a financial year.

Audit and Risk Committee (A&RC)

MEMBERS OF THE AUDIT AND RISK REMUNERATION	MEETING ATTENDANCE ALLOWANCE	EXPENSES	TOTAL
Ms E Pillay	122 078	48 471	170 549
Ms GL Maqubela	77 706	14 233	91 939
Ms N Oliphant	103 608	36 825	140 433
Mr G Buys	116 559	19 289	135 848
Mr M Oliver	94 974	9 300	104 274
	514 925	**128 117**	**643 042**

5. RISK MANAGEMENT

AgriSETA has an approved risk management 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 strategic planning session. During the latter part of the previous financial year, the management reviewed and presented the risk register to the A&RC.

At each standing A&RC 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 A&RC their objective view of risks inherent to the institution.

6. INTERNAL CONTROLS

Internal controls are the responsibility of the management of the entity and is a fundamental requirement in all areas of the operations. Each manager is responsible for identifying areas of weakness and putting into effect mechanisms such as standards operating procedures to strengthen controls. Audit and Risk is responsible for playing an oversight role to ensure effectiveness of internal controls.

7. AUDIT AND RISK COMMITTEE

It is the task of the A&RC 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

8. INTERNAL AUDIT

Internal controls were reviewed and monitored by management. The Internal Audit function is outsourced to OMA Auditors.

9. COMPLIANCE WITH LAWS AND REGULATIONS

AgriSETA is a public entity tasked with the control of certain public funds. The entity is required to act in compliance with public prescripts: during the period under review, the following pieces of legislation were assessed for compliance and it is our view that we have complied with:

- 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)
- The Public Finance Management Act, 1999 (Act No.1 1999) as amended by Act No.29 1999

10. FRAUD AND CORRUPTION

- AgriSETA has a fraud prevention policy in place and actively implements it .
- 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 roadshow, stakeholders are made aware of the hotline and invited to use it if they suspect any wrongdoing. This is also permanently displayed on the AgriSETA web-site and 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
    - 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 Audit and Risk Committee meeting.

11. MINIMISING CONFLICT OF INTEREST

11.1 FRAUD HOTLINE:

AgriSETA has established a fraud hotline system that deals with the management of complaints and the allegations of abuse in the Supply Chain Management (SCM) System. The system provides for written, verbal or anonymous reporting of complaints.

The Chief Executive Officer investigates the complaints or allegations. The CEO ensures that the investigation reports are securely stored. The CEO informs the Accounting Authority through the Audit and Risk Committee of the outcome of the investigations together with proposed remedial actions.

The Accounting Authority will handle the financial misconduct process if applicable.

11.2 DECLARATION OF INTEREST:

Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee members, and SCM practitioners declare any business, commercial and financial interest or activities undertaken for financial gain that may arise from possible conflict of interest. The members are required to declare their financial interests annually.

All members of the Bid Committee teams are cleared at a level of 'confidential' and are required to declare their interest in each and every Bid Committee meeting.

If there is any conflict of interest detected or disclosed in a particular Bid Committee meeting, the member is recused from the activities of the bid.

11.3 STANDARD BIDDING DOCUMENT 4 (SBD4):

All bidders or his/her authorised representative are required to declare his/her position in relation to the evaluating/adjudicating authority where -

- The bidder is employed by the State.
- The legal person on whose behalf the bidding document is signed, has a relationship with persons/a person who are/is involved in the evaluation and or adjudication of the bid(s).
- Where it is known that such a relationship exists between the person or persons for or on whose behalf the declarant acts and persons who are involved with the evaluation.
- Adjudication of the bid, the Standard Bidding Document 4 (SBD4) is completed for each and every bid submission.

During the period under review, there was no case of misconduct or negligence of duty from the Accounting Authority members that required removal from office or termination of membership.

12. CODE OF CONDUCT

The AgriSETA's Code of Conduct, set out in the organisations Constitution is applicable to its Accounting Authority and Board sub-committees. A Code of Conduct for staff members is also in place.

13. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

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

14. COMPANY SECRETARY

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

15. SOCIAL RESPONSIBILITY

AgriSETA is 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 & RISK COMMITTEE (A&RC) REPORT

AUDIT & RISK COMMITTEE REPORT FOR THE PERIOD ENDING 31 MARCH 2019

I am pleased to present the Audit and Risk (A&RC) Committee Report for the financial year ended 31 March 2019.

1. Audit Committee members and attendance

The Audit Committee consists of the members listed below. The Committee meets at least four times per annum in line with its approved charter. Eleven meetings, including special meetings, were held during the year.

NAME	CONSTITUENCY	DESIGNATION	MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
Ms E Pillay	Independent	Chairperson	11	10
Dr G Buys	Organised employers	Member	11	11
Ms L Maqubela	Independent	Member	11	8
Ms N Oliphant	Independent	Member (Chairperson Risk Management Committee)	11	11
Mr M Oliver	Organised labour	Member	11	11

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee is pleased to report that it is properly constituted as required by the Public Financial Management Act, (PFMA, 1999) and has complied with its responsibilities arising from the PFMA (1999). The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Committee Charter, and has managed and regulated its affairs in compliance with this charter.

As mandated, the Audit Committee hereby reports on its functions for the year ended 31 March 2019.

For the financial year ended 31 March 2019 and in compliance with the PFMA (1999), the Audit Committee reviewed:

- The Annual Financial Statements before submission to the Auditor-General on 31 May 2019 and the audited Annual Financial Statements.
- The annual performance report prior to submission to the Auditor-General on 31 May 2019 and the audited annual performance report.
- 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 plans, work and reports of Internal Audit and the Auditor-General. The Audit Committee also conducted independent meetings with the assurance providers,
- The management letter and audit report of the Auditor-General related to the audit of the final 2018/19 Annual Financial Statements.

2. Risk management

AgriSETA has established a Risk Management Committee, which is being chaired by an independent member. There has been an improvement in the risk management processes of AgriSETA from the prior year. However, the risk management processes within the AgriSETA have not yet reached the desired level of maturity.

3. Internal audit

AgriSETA's Internal Audit function is outsourced and was operational for the entire period under review. The Committee was satisfied with the effectiveness of the internal audit function for the period under review. Internal audit follows a risked based approach, which incorporates management's risk assessment. All planned internal audits for the year were completed.

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

- SCM: a number of control weaknesses were identified and management was advised to implement corrective actions.
- ICT: Inadequate ICT governance was raised as a concern and as an area requiring urgent attention of the Board and management.
- Predetermined objectives: control weaknesses were identified in the performance reporting processes which resulted, in some instances, in inaccurate quarterly performance reports.
- Financial discipline review.
- Human resource management.
- Grant management.
- SCM.

4. Review of effectiveness of internal controls

The Committee's review of the findings of the work of Internal Audit, which was based on the risk assessments conducted, revealed weaknesses in the system of internal controls, which were raised with the management and the Board. A number of weaknesses were identified in the areas of grant management, financial management, SCM, ICT and performance management and reporting. The Committee consistently expressed its concern regarding the slow progress by management during the year, in addressing internal control deficiencies identified by internal and external audit.

5. In-year management and monthly/ quarterly reports

Management presented quarterly financial and performance reports to the Committee during the year and such reports were reviewed and interrogated by the Committee for accuracy and reliability. The SETA complied with all the reporting requirements.

6. Review of the Annual Financial Statements and performance report

- The draft Annual Financial Statements for the year ended 31 March 2019 were reviewed by the Committee and recommendations for improvements were made prior to submission to the Board for approval and to the Auditor-General for auditing. The audited financial statements were reviewed and recommended by the Committee to the Board, for approval.
- The Committee reviewed the draft and audited annual performance report for the period 31 March 2019.

7. The Audit Committee opinion

We have reviewed the entity's implementation plan for audit issues raised in the prior year and we are concerned that the matters reported 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 A&RC concurs and accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.

Ms E Pillay

31 July 2019

Chairperson of Audit and Risk Committee

PART D

Human Resources Management

INTRODUCTION

The attraction and retention of talented, skilled and passionate employees is critical to meeting the strategic goals and mandate of AgriSETA. The human resource division is evolving from being a conventional model to a business partner model. In this regard, the Strategic priorities of HR are aligned to the business strategy and NSDP, being the following:

- Prioritise training and development as identified in the strategy.
- Implement the Comprehensive Performance Management System.

The year under review has seen the organisation acquiring much needed talent to drive the strategic objectives of AgriSETA. In February 2018/19 financial year, AgriSETA welcomed a new CEO, Mr Zenzele Myeza. His appointment and that of the CFO has provided confidence to stakeholders and staff that AgriSETA is ready to serve and continue to execute its national mandate of providing skills to the agricultural sector.

1.1 RECRUITMENT DRIVE

AgriSETA's success in the skills development sector depends on its ability to attract, develop and retain engaged and capable employees. Competing for suitably skilled people to fill critical roles that support the strategic focus areas remains a challenge. However, AgriSETA has succeeded in the past financial year to recruit staff in critical positions such as the CEO, CFO, and the Supply Chain Manager.

1.2 EMPLOYEE WELLNESS PROGRAMMES

A safe and healthy workplace is a fundamental right. Adherence to health and safety standards purports AgriSETA to assume the responsibility of maintaining a productive workplace - through minimising the risk of accidents, injury, and exposure to health hazards. On the other hand, the organisation has approved an Employee Assistance Programme Policy and it has appointed a suitable provider to render proactive and balanced wellness services to staff members. The Employee Wellness Programme has been launched, and was indeed a success.

1.3 HR POLICY DEVELOPMENT AND MANAGEMENT

The HR Department has recently facilitated the review of all its policies. Among others, the Performance Management Policy was approved by the Board. Although the Performance Management Policy addresses issues of compliance, much work still need to be done to achieve a comprehensive performance management system. On the other hand, there are other new HR policies that were also introduced and approved such as the Bereavement Policy, Payroll Management Policy, and the Employee Assistance Programme Policy. In addition, the organisation has also reviewed the Remuneration Strategy framework to promote a flexible, balanced, integrated and cost-effective reward structure, covering variable pay and recognition incentives, benefits, career development and opportunities.

1.4 FUTURE HR PLANS GOALS 2019/20

1.4.1 HRs' strategic objective is the provision of effective and efficient human capital support to AgriSETA.

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

- To enhance operational and strategic efficiencies by implementing an optimal organisational structure for AgriSETA.
- To position AgriSETA as a high-performance, well-balanced work environment with a sound corporate culture.
- To ensure that AgriSETA effectively leverages employee skills by recruiting, retaining and developing high quality people.
- To ensure effective and efficient human resource management systems and processes to aid in effective management of people.

Our overall goal is to effectively implement policies and procedures positioned toward a comprehensive value proportioning that will achieve and drive a high-performance organisation.

1.5 HUMAN RESOURCES OVERSIGHT STATISTICS MARCH 2018 TO APRIL 2019

Personnel cost by programme/activity/objective

Employment vacancies

DIRECTORATE/ BUSINESS UNIT	2018/2019 NUMBER OF EMPLOYEES	2018/2019 APPROVED POSTS	2018/19 VACANCIES	% OF VACANCIES
Top management	1	1	0	0%
Senior management	6	6	0	0%
Middle management	5	9	-4	44%
Skilled	18	23	-5	4%
Semi-skilled	33	40	-6	18%
Unskilled	5	5	0	0%
TOTAL	***68**	**84**	**15**	**24%**

* Total 68 excludes 9 interns which was not included in the total approved funded structure

Employment and vacancies

Employment changes

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top management	0	1	0	1
Senior management	4	2	0	6
Middle management	4	1	0	5
Skilled	18	2	2	18
Semi-skilled	18	17	2	33
Unskilled	5	0	0	5
TOTAL	**49**	**23**	**4**	**68**

* Total 49 excludes 9 interns which was not included in the total approved funded structure

Reasons for staff leaving

REASON	NUMBER	% OF TOTAL NUMBER OF STAFF LEAVING
Death	0	0%
Resignation	2	3%
Dismissal	0	0%
Retirement	2	3%
Ill health	0	0%
Expiry of contract	0	0%
Other	0	0%
TOTAL	**4**	

* Total 4 excludes 9 interns which was not included in the total approved funded structure

Labour relations: Misconduct and disciplinary action

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal warning	0
Written warning	2
Final written warning	0
Dismissal	0
Total	2

Equity target and employment equity status

Levels	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	0	0	0	0	0	0	0
Senior management	3	0	0	0	0	0	1	0
Middle management	3	0	0	0	0	0	0	0
Skilled	7	0	0	1	0	0	0	0
Semi-skilled	9	0	0	0	0	0	0	0
Unskilled	2	0	0	0	0	0	0	0
TOTAL	**25**	**0**	**0**	**1**	**0**	**0**	**1**	**0**
Levels	**FEMALE**							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	0	0	0	0	0	0	0
Senior management	2	0	0	0	0	1	0	0
Middle management	2	0	0	0	0	0	0	0
Skilled	8	0	3	0	0	1	0	0
Semi-skilled	20	0	3	0	0	0	1	0
Unskilled	3	0	0	0	0	0	0	0
TOTAL	**35**	**0**	**6**	**0**	**0**	**2**	**1**	**0**
Levels	**DISABLED STAFF**							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0
Middle management	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

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Agriculture Sector Education and Training Authority set out on pages 73 to 113, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, the statement of changes in net assets, the cash flow statement and the statement of comparison of budget information with actual information 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 2019, 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 of South Africa, 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 this auditor's report.

4. I am independent of the public entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) 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 codes.

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

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2018 were restated as a result of errors in the financial statements of the public entity at, and for the year ended, 31 March 2019.

Responsibilities of Accounting Authority for the financial statements

8. The Accounting Authority is responsible for the preparation and fair presentation of the financial statements in accordance with the 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 appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act 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 2019:

Programmes	Pages in the annual performance report
Programme 2 – Skills planning	26 – 30
Programme 3 – Learning programmes and projects	31 – 38
Programme 4 – Quality assurance	39

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 3: Learning Programmes and Projects

Various indicators

17. The reported achievement in the annual performance report did not agree with 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
3.1.4. Number of Internship and graduate placement programmes completed **(Internship)**	400	459
3.1.5. Number of bursaries to employed and un-employed learners and Artisan Development programmes **(Artisans)**	237	296
3.1.5. Number of bursaries to employed and un-employed learners and Artisan Development programmes **(Bursaries entered employed)**	110	121
3.2.1. Number of Learnership, Skills and mentorship programmes for unemployed learners and support to rural structures **(Mentorship)**	107	53

18. I did not raise any material findings on the usefulness and reliability of the reported performance information for these programmes:

- Programme 2 – Skills Planning
- Programme 4 – Quality Assurance

Other matters

19. I draw attention to the matters below.

Achievement of planned targets

20. Refer to the annual performance report on pages 22 to 39 for information on the achievement of planned targets for the year and explanations provided for the under/over achievement 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 paragraphs 17 and 18 of this report.

Adjustment of material misstatements

21. 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 planning, programme 3: learning programmes and projects and programme 4: quality assurance. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

22. In accordance with the Public Audit Act (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

23. The material findings on compliance with specific matters in key legislation are as follows:

Expenditure management

24. Effective steps were not taken to prevent irregular expenditure of R5 292 000 as disclosed in note 34 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA.

Annual financial statements

25. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1) (b) of the PFMA. Material misstatements on commitments, segment reporting, payables from exchange transactions and accounts receivable identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information

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

27. 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.

28. 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.

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

30. I have nothing to report in this regard.

Internal control deficiencies

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

32. Oversight and review controls relating to the preparation of financial statements and performance reports that are free from material misstatements were not always effective in detecting errors, as material misstatements were identified on the financial statements and annual performance report submitted for audit. These misstatements could have been prevented if effective oversight was exercised regarding the operation of implemented controls.

33. The accounting authority did not hold staff accountable for not addressing the previous year's reported internal control deficiencies within the committed dates.

34. The accounting authority did not ensure that compliance with laws and regulations was adequately monitored. Furthermore, where non-compliance was identified, consequence management was not implemented.

35. Although the entity has developed and approved policies to ensure compliance with procurement regulations, these policies were not strictly adhered to.

Other reports

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

Investigations

37. An ongoing investigation by the Special Investigating Unit on various allegations, including financial misconduct and contravention of supply chain management and grants regulations, was initiated during the 2017-18 financial year.

Auditor-General

Pretoria

31 July 2019

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-General's responsibility for the audit

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

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
- conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agriculture Sector 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 this auditor's report. However, future events or conditions may cause a public entity to cease continuing 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.

Annual Financial Statements

AgriSETA audited Annual Financial Statements

(Registration number 20/AgriSETA/1/07/11)

Financial Statements for the year ended 31 March 2019

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

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AgriSETA (20/AgriSETA/1/07/11)

Board of Members' Responsibilities and Approval

for the year ended 31 March 2019

The members are 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 annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

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

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

The entity is wholly dependent on the Skills Development Levies for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the Skills Development Levies Act will not be repealed in the forseable future, and AgriSETA has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the board of members are primarily responsible for the financial affairs of the AgriSETA, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on pages 66-69.

The annual financial statements set out on pages 73-113, which have been prepared on the going concern basis, were approved by the board of members on 31 May 2019 and were signed on its behalf by:

Christo Van Der Rheede

Accounting Authority Chairperson

AgriSETA (20/AgriSETA/1/07/11)

Statement of Financial Position as at 31 March 2019

for the year ended 31 March 2019

Figures in Rand thousand	Note(s)	2019	2018
Assets			
Current Assets			
Cash and cash equivalents	10	523 181	461 975
Inventories	5	584	440
Receivables from exchange transactions	7	607	471
NSF Receivables	8	-	6 456
Receivables from non-exchange transactions	9	4 659	2 046
		529 031	**471 388**
Non-Current Assets			
Property, plant and equipment	3	6 126	5 655
Intangible assets	4	245	13
		6 371	**5 668**
Total Assets		**535 402**	**477 056**
Liabilities			
Current Liabilities			
Payables from exchange transactions	15	4 364	7 520
Payables from non-exchange transactions	16	93 423	50 587
Provisions	14	30 798	39 091
Government grant and donor funding received in advance	13	1 443	1 443
		130 028	**98 641**
Total Liabilities		**130 028**	**98 641**
Net Assets		**405 374**	**378 415**
Reserves			
Capitalisation reserve	11	3 107	3 107
Discretionary reserve	11	395 896	373 573
Administration reserve	11	6 371	1 725
Employer Grant reserve	11	-	10
Accumulated surplus	11	-	-
Total Net Assets		**405 374**	**378 415**

AgriSETA (20/AgriSETA/1/07/11)

Statement of Financial Performance

for the year ended 31 March 2019

Figures in Rand thousand	Note(s)	2019	2018
Revenue			
Revenue from exchange transactions			
Proceeds from Insurance		15	-
Other income		9	211
Interest received-investment	18	32 231	27 726
Total revenue from exchange transactions		**32 255**	**27 937**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and donor funding	20	-	425
Skills Development Levy: Income	21	425 125	391 214
Skills Development Levy: Penalties and Interest		7 733	14 008
Total revenue from non-exchange transactions		**432 858**	**405 647**
Total revenue	17	**465 113**	**433 584**
Expenditure			
Employee related costs	22	(19 180)	(17 326)
Depreciation and amortisation		(779)	(794)
Government grants and donor expense		-	(425)
Lease expense	1.7&12	(311)	(321)
Employer grants and projects expenditure	19	(386 469)	(313 593)
Loss on disposal of assets and liabilities		(50)	-
General Expenses	23	(33 884)	(27 353)
Total expenditure		**(440 673)**	**(359 812)**
Surplus for the year		**24 440**	**73 772**

AgriSETA (20/AgriSETA/1/07/11)

Statement of Changes in Net Assets

for the year ended 31 March 2019

Figures in Rand thousand	Capitalisation reserve	Discretionary reserve	Employer grant reserve	Administration reserve	Total reserves	Accumulated surplus	Total net assets
Opening balance as previously reported	3 107	298 100	254	2 101	303 562	-	303 562
Adjustments							
Prior year adjustments	-	1 081	-	-	1 081	-	1 081
Balance at 01 April 2017 as restated*	**3 107**	**299 181**	**254**	**2 101**	**304 643**	**-**	**304 643**
Changes in net assets							
Surplus for the year	-	-	-	-	-	73 772	73 772
Allocation of accumulated surplus	-	23 762	43 776	6 234	73 772	(73 772)	-
Excess reserves transferred to discretionary reserves	-	50 630	(44 020)	(6 610)	-	-	-
Total changes	-	74 392	(244)	(376)	73 772	-	73 772
Balance at 01 April 2018	**3 107**	**373 573**	**10**	**1 725**	**378 415**	**-**	**378 415**
Changes in net assets							
Reversal of Accruals	-	2 519	-	-	2 519	-	2 519
Net income (losses) recognised directly in net assets	-	2 519	-	-	2 519	-	2 519
Surplus for the year	-	-	-	-	-	24 440	24 440
Total recognised income and expenses for the year	-	2 519	-	-	2 519	24 440	26 959
Allocation of accumulated surplus	-	(15 573)	36 756	3 257	24 440	(24 440)	-
Excess reserves transfered to discretionary	-	35 377	(36 766)	1 389	-	-	-
Total changes	-	22 323	(10)	4 646	26 959	-	26 959
Balance at 31 March 2019	**3 107**	**395 896**	**-**	**6 371**	**405 374**	**-**	**405 374**
Note(s)	11	11	11	11			

AgriSETA (20/AgriSETA/1/07/11)

Cash Flow Statement

for the year ended 31 March 2019

Figures in Rand thousand	Note(s)	2019	2018
Cash flows from operating activities			
Receipts			
Cash receipt from stakeholders and customers		430 048	402 561
Interest income		32 231	27 726
Special projects funds received/paid		-	4 047
		462 279	434 334
Payments			
Cash paid to stakeholders, suppliers and employees		(399 556)	(352 507)
Net cash flows from operating activities	24	**62 723**	**81 827**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(1 239)	(206)
Purchase of other intangible assets	4	(293)	-
Proceeds from insurance		15	-
Net cash flows from investing activities		**(1 517)**	**(206)**
Net increase/(decrease) in cash and cash equivalents		61 206	81 621
Cash and cash equivalents at the beginning of the year		461 975	380 354
Cash and cash equivalents at the end of the year	10	**523 181**	**461 975**

AgriSETA (20/AgriSETA/1/07/11)

Statement of Comparison of Budget and Actual Amounts

for the year ended 31 March 2019

Budget on Cash Basis						
Figures in Rand thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Proceeds from insurance	-	-	**-**	15	**15**	
Other income	-	-	**-**	9	**9**	
Interest received-investment	31 067	-	**31 067**	32 231	**1 164**	
Total revenue from exchange transactions	**31 067**	**-**	**31 067**	**32 255**	**1 188**	
Revenue from non-exchange transactions						
Transfer revenue						
Skills Development Levy:	367 232	116 730	**483 962**	425 125	**(58 837)**	
Income Skills Development Levy:	-	-	**-**	7 733	**7 733**	
Penalties and interest						
Total revenue from non-exchange transactions	**367 232**	**116 730**	**483 962**	**432 858**	**(51 104)**	
Total revenue	**398 299**	**116 730**	**515 029**	**465 113**	**(49 916)**	
Expenditure						
Employee related costs	(24 863)	-	**(24 863)**	(19 180)	**5 683**	
Depreciation and amortisation	(744)	-	**(744)**	(779)	**(35)**	
Lease expense	(331)	-	**(331)**	(311)	**20**	
Employer grants and project expenditure	(348 067)	(135 200)	**(483 267)**	(386 469)	**96 798**	
General Expenses	(24 294)	(13 533)	**(37 827)**	(33 884)	**3 943**	
Total expenditure	**(398 299)**	**(148 733)**	**(547 032)**	**(440 623)**	**106 409**	
Operating surplus	**-**	**-**	**-**	**24 490**	**24 490**	
Loss on assets (scrapped)	-	-	**-**	(50)	**(50)**	
Surplus before taxation	**-**	**-**	**-**	**24 440**	**24 440**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**24 440**	**24 440**	

Refer to Note 35

Accounting Policies

for the year ended 31 March 2019

1. Presentation of Annual Financial Statements

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

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

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

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

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

- They are presented in South African Rand.

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

1.1 Presentation currency

These Annual financial statements are presented in South African Rand, which is the functional currency of the AgriSETA.

All amounts in the Annual financial statements are rounding to the nearest thousand.

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

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

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.

Accounting Policies

for the year ended 31 March 2019

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14 - Provisions.

1.4 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

Property, plant and equipment is stated at cost less any subsequent accumulated depreciation and adjusted for any impairments. Depreciation is charged to write off the cost of assets over their estimated useful lives, using the straight- line method. Land is not depreciated as it is deemed to have indefinite useful life.The estimated useful life for the building is 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
Computer Hardware	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 services potential that are attributable to the asset will flow to the entity and,
- The cost or fair value of the asset can be measured reliably.

Intangible assets are stated at cost less any subsequent accumulated amortisation and adjusted for any impairments.

Accounting Policies

for the year ended 31 March 2019

1.5 Intangible assets (continued)

Amortisation is charged to write-off the cost of assets over thier estimated useful life, using the straight line methods.

The estimated useful life, residual values and amortisation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable (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 thier residual values as follows:

Item	Useful life.
Computer software, other	2 year

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

Accounting Policies

for the year ended 31 March 2019

1.6 Financial instruments (continued)

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.

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.

Accounting Policies

for the year ended 31 March 2019

1.6 Financial instruments (continued)

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.

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.

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.

Accounting Policies

for the year ended 31 March 2019

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.

Long-term provisions are discounted to net present value.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in notes to the Annual financial statement 27.

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.

Accounting Policies

for the year ended 31 March 2019

1.11 Revenue (continued)

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 Department of Higher Education and Training, income from the National Skills Fund, and grants from the national government.

Funds allocated by the National Skills Fund for Special Projects.

Funds transferred by the National Skills Fund (NSF) are accounted for in the financial statements of 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 NSF 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:

- 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;
- historical information on declarations previously submitted by defaulting levy payers; and

Accounting Policies

for the year ended 31 March 2019

1.11 Revenue (continued)

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 South African Revenue Services (SARS), who collects the levies on behalf of the Department of Higher Education and Training (DHET). Companies with an annual payroll cost less than 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 SETAs 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. Skills Development Levy (SDL) transfers are recognised on an accrual basis when it is probable that future economic benefits or service potential will flow to 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 Department of Higher Education and Training.

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.

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.

Accounting Policies

for the year ended 31 March 2019

1.13 Comparative figures

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

Certan 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 statement of financial performance.

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.
- 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.

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

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 Annual Financial Statements.

Accounting Policies

for the year ended 31 March 2019

1.17 Grants and Project Expenditure

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

Mandantory 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

for the year ended 31 March 2019

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's 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 2018 to 31 March 2019. 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 the AgriSETA at year-end and if material the financial statements are adjusted accordingly. Non-adjusting events which take place after the reporting date are not recognised in the financial statements.

1.21 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 the 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 of companies, and it is probable that AgriSETA will approve the grant application for payment. The liability is measured at the net present value of the expected future cash outflow as determined in accordance with the Act. This measurement involves an estimate , based on the amount of levies recieved.

Discretionary grant provision

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

Accounting Policies

for the year ended 31 March 2019

1.23 Reserves

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

- Administration Reserves
- Employer Grant Reserves
- Discretionary Grant Reserves
- Unappropriate 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 :

	2018/19	2017/18
	%	%
Administration & QCTO costs of AgriSETA	10.5	10.5
Employer Grant Fund Levy	20	20
Discretionary Grants and Projetcs	49.5	49.5
	80	**80**
Received by AgriSETA	80	80
Contribution to the National Skills Fund	20	20
	100	**100**

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

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

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

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

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 34: Separate Financial Statements	01 April 2020	Unlikely there will be a material impact
• IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	01 April 2020	Unlikely there will be a material impact
• IGRAP 20: Accounting for Adjustments to Revenue	01 April 2020	Unlikely there will be a material impact
• Directive 7 (revised): The Application of Deemed Cost	01 April 2019	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	Date not yet determined	Unlikely there will be a material impact
• Directive 13: Transitional Provisions for the Adoption of Standards of GRAP by Community Education and Training (CET) Colleges	01 April 2019	Unlikely there will be a material impact
• GRAP 104 (revised): Financial Instruments	Date not yet determined	Unlikely there will be a material impact
• GRAP 20: Related parties	01 April 2019	Unlikely there will be a material impact
• GRAP 108: Statutory Receivables	01 April 2019	Unlikely there will be a material impact

Historically, public entities have prepared financial statements in accordance with generally recognised accounting practice, unless the Accounting Standards Board (the Board) approved the application of generally accepted accounting practice for that entity. "Generally accepted accounting practice" has been taken to mean Statements of Generally Accepted Accounting Practice (Statements of GAAP), or for certain entities, International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board. Since Statements of GAAP have been withdrawn from 1 December 2012, public entities will be required to apply another reporting framework in the future.

The purpose of this Directive is to prescribe the criteria to be applied by public entities in selecting and applying an appropriate reporting framework.

The effective date of the directive is for years beginning on or after 01 April 2018.

The entity expects to adopt the directive for the first time in the 2018/2019 annual financial statements.

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

3. Property, plant and equipment

	2019			2018		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**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	(838)	512	1 350	(711)	639
Motor vehicles	252	(252)	-	252	(252)	-
Office equipment	1 441	(812)	629	1 332	(621)	711
Computer hardware	1 833	(841)	992	831	(487)	344
Projects assets	125	(75)	50	58	(40)	18
Total	**8 944**	**(2 818)**	**6 126**	**7 766**	**(2 111)**	**5 655**

Reconciliation of property, plant and equipment - 2019	**Opening balance**	**Additions**	**Disposals**	**Depreciation**	**Total**
Land	1 288	-	-	-	1 288
Buildings	2 655	-	-	-	2 655
Furniture and fixtures	639	-	-	(127)	512
Office equipment	711	110	-	(192)	629
Computer hardware	344	1 047	(40)	(359)	992
Projects assets	18	82	(11)	(39)	50
	5 655	**1 239**	**(51)**	**(717)**	**6 126**

Reconciliation of property, plant and equipment - 2018	**Opening balance**	**Additions**	**Disposals**	**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
Projects assets	36	-	-	(18)	18
	6 021	**206**	**211**	**(783)**	**5 655**

AgriSETA received R14 657 from insurance for lost laptop with carrying amount of R14 896, the net loss is R239. The loss on other three laptops were not recovered from insurers.

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

4. Intangible assets

	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	518	(273)	245	224	(211)	13

Reconciliation of intangible assets - 2019	Opening balance	Additions	Amortisation	Total
Computer software	13	293	(61)	245

Reconciliation of intangible assets - 2018	Opening balance	Amortisation	Total
Computer software	24	(11)	13

5. Inventories

Cleaning	31	20
Cartridges	308	218
Stationery	245	202
	584	**440**

6. Repairs and Maintanance

Repairs and maintanance are separately disclosed in to comply with the requirements of GRAP 17, as well as to ensure the better presantation of the financial statements.

Repairs and Maintanance	**337**	**345**

7. Receivables from exchange transactions

Accrued interests and other Receivables	522	405
Staff debtor	85	66
	607	**471**

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

8. NSF Receivable

NSF Loan receivable	6 456	6 456
Less doubtful debt -NSF Receivable	(6 456)	-
TOTAL	**-**	**6 456**

The receivable is doubtful due to uncertainty raised by NSF during July 2019. Effectively the NSF contract expired 31 December 2016 and the work was done within the contract period. Currently AgriSETA and NSF are engaging to resolve their differences. Due reports have been submitted to NSF.

9. Receivables from non-exchange transactions

Departmental Levy receivable	3 126	597
Mandatory Grants Overpayment	56	56
Provision for doubtful debts	-	(77)
Employer receivable (SARS Adjustments)	1 477	1 470
	4 659	**2 046**

10. Cash and cash equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents include cash on hand 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 balnce sheet as follows.

Cash on hand	2	4
Bank balances	133 307	99 148
Short-term deposits	389 872	362 823
	523 181	**461 975**

As required by National Treasury Regulations 31.2, National Treasury approved the banks where the bank accounts are held. The average interest rate for the year on short-term bank deposits is 7.30% (2018 7.08%).

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 Regulations 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 with the Corporation for Public Deposits.

All surplus funds are kept at the Corporation for Public Deposits as at 31 March 2019.

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

11. Allocation of Surplus for the year

2018/19	Administration reserve	Employer Grants Reserve	Discretionary Grant Reserve	Other	Total
SDL Levy: Income	54 708	104 451	257 708	-	416 867
Interest received	-	-	-	32 231	32 231
Government levy - Department of Agriculture	2 753	-	5 505	-	8 258
SDL Levy: Penalties and Interest	-	-	-	7 733	7 733
Proceeds from Insurance and ServiceSETA grant income	-	-	-	24	24
Employer and discretionary grant expense	-	(67 695)	(318 774)	-	(386 469)
Administration expense	(54 204)	-	-	-	(54 204)
	3 257	**36 756**	**(55 561)**	**39 988**	**24 440**

2017/18	Administration reserve	Employer Reserve	Discretionary Reserve	Special Projects	Other	Total
SDL Levy: Income	52 027	97 640	241 547	-	-	391 214
Interest received	-	-	-	-	27 726	27 726
Government levy - Department of Agriculture	-	-	-	-	211	211
SDL Levy: Penalties and Interest	-	-	-	-	14 008	14 008
Proceeds from Insurance and serviceSETA grant income	-	-	-	425	-	425
Employer and discretionary grant expense	-	(53 864)	(259 728)	(425)	-	(314 017)
Administration expense	(45 795)	-	-	-	-	(45 795)
	6 232	**43 776**	**(18 181)**	**-**	**41 945**	**73 772**

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

12. Operating lease

Operating lease expense		
- within one year	270	134
- due between two and five years	108	85
Present value of minimum lease payments	**378**	**219**

The average monthly operating lease payments of R19 537 consists of payments made to AVIS, N&G Rentals, DCJ Technologies and First Technology for the rental of vehicle and printer machine, with the last lease payment ending in October 2021.

The Lease terms for both Vehicle and Equipment do not have an escalating clause, as a result the lease payments equals the GRAP 13 straightlining. A disclosure of duration and average monthly payments has been made.

13. Government grant and donor funding received in advance

Opening balance	1 443	1 625
Amount received	-	245
Amount utilised	-	(424)
Balance at year end	**1 443**	**1 443**

AgriSETA did not receive any donor funding in the current year. No payments were made from donor funding.

14. Provisions

Reconciliation of provisions - 2019

	Opening Balance	Additions	Total
Provision - Levies from small companies	6 606	439	7 045
Leave Pay Provision	688	350	1 038
Skills Development Grants Provision - Mandatory	29 835	(9 397)	20 438
Provision for Perfomance Bonuses and Ex-gratia	1 962	315	2 277
	39 091	**(8 293)**	**30 798**

Reconciliation of provisions - 2018

	Opening Balance	Additions	Total
Provision - Levies from small companies	6 742	(136)	6 606
Provision for Leave Pay	707	(19)	688
Skills Development Grants Provision - Mandatory	28 618	1 217	29 835
Provision for Perfomance Bonuses and Ex-gratia	2 542	(580)	1 962
	38 609	**482**	**39 091**

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

15. Payables from exchange transactions

Trade payables and other payables	3 503	6 884
Accruals	697	477
Staff creditors	164	159
	4 384	**7 520**

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

Trade and other payables comprises of Discretionary grants and Administration expenditure.

16. Payables from non-exchange transactions

InterSETA Payables	-	134
Accruals Discretionary Grants	54 498	18 737
Trade Payables Discretionary Grants	25 515	30 002
Levy Creditors	13 410	1 244
Employer Payables	-	470
	93 423	**50 587**

17. Revenue

Proceeds from Insurance	15	-
Other income	9	211
Interest received - investment	32 231	27 726
Government grants and subsidies	-	425
Skills Development Levy: Income	425 125	391 214
Skills Development Levy: Penalties and Interest	7 733	14 008
	465 113	**433 584**

The amount included in revenue arising from exchanges of goods or services are as follows:

Proceeds from Insurance	15	-
Other Income	9	211
Interest received - investment	32 231	27 726
	32 255	**27 937**

The amount included in revenue arising from non-exchange transactions is as follows:

Government grants and donor funding	-	425
Skills Development Levy: Income	425 125	391 214
Skills Development Levy: Penalties and Interest	7 733	14 008
	432 858	**405 647**

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

18. Investment revenue

Interest revenue		
Interest received - investment	27 049	24 959
Interest received - Bank	5 182	2 767
	32 231	**27 726**

19. Employer grants and project expenditure

Discretionary Expenditure		
Discretionary Project Expenditure	305 406	248 920
Discretionary Admin Expenditure	3 355	1 691
Discretionary Emplyee costs (Skills delivery)	10 013	9 118
	318 774	**259 729**
Mandantory Expenditure		
Mandatory Grants Expenditure	67 695	53 864
	386 469	**313 593**

20. Government grants and subsidies

Government Grant and Donor Expenditure	-	425

21. Levies

Levy transfer -Administration	54 708	50 890
Levy transfer -Discretionary grants	257 708	239 273
Levy transfer -Mandatory grants	104 451	97 640
Levy transfer -Department of Agriculture (Discretionary)	5 505	2 274
Levy transfer -Department of Agriculture (Administration)	2 753	1 137
	425 125	**391 214**

22. Employee Related Costs

Basic Salary	15 394	14 156
Overtime Expense	206	21
UIF Contributions	69	53
Medical Aid Expense	286	177
Pension Contributions	1 281	1 060
Perfomance Bonus and Ex-Gratia	1 696	1 801
Leave Expense	248	58
	19 180	**17 326**

As at 31 March 2019, AgriSETA had 77 total number of employees, resulted to an increase of 32% on employee costs compared to prior year 2017/18.

As at 31 March 2018, AgriSETA had 59 total number of employees.

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

23. General expenses

Accounting and Information Technology fees	6 127	9 179
Advertising	264	581
Auditors remuneration	2 648	2 868
Bank charges	96	68
Consulting and professional fees	661	1 700
Bad debts	6 379	16
Internal Audit fees	417	685
Entertainment	173	128
Quality Council for Trade and Occupations (QCTO)	2 455	1 827
Insurance	160	137
Postage and courier	95	72
Printing, stationery and cleaning	564	760
Fuel expense	9	31
Repairs and maintenance	337	345
Research and development costs	-	880
Security (Guarding of property)	211	220
Staff welfare	16	37
Subscriptions and membership fees	98	34
Telephone and fax	485	405
Training	346	140
Travel - local	2 563	2 596
Travel - overseas	-	2
Small assets expensed	4	40
Property expenses (i.e electricity, rates, sanitation, water, etc)	526	456
Forensic investigation (Refer to 23.1)	4 874	394
Recruitment costs	380	476
Board and Audit Committee fees	3 105	2 148
Workshop costs (AGM)	891	1 127
	33 884	**27 352**

23.1 The Forensic investigation relates to investigations conducted by the Special Investigations Unit (SIU) . R 10,8 million was approved in 2018/19 by Minister Higher Education and Training on 19 September 2018, R 5,2 million was spent and R 5,5 million is remaining as at 31 March 2019.

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

24. Cash flows from operating activities

Surplus	24 440	73 773
Adjustments for:		
Depreciation and amortisation	779	794
Proceeds from Insurance	(15)	-
Inventory adjustment	(144)	(5)
Movements in provisions	(8 995)	-
Changes in working capital:		
(Increase)/Decrease in exchange, non exchange and NSF receivable current year	3 771	1 272
Increase/(Decrease) in payables from exchange, non-exchange, consumables and provisions current year	40 369	5 993
Accruals reversal	2 518	-
	62 723	**81 827**

25. Financial instruments disclosure

Categories of financial instruments

2019

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	607	607
Other receivables from non-exchange transactions	4 659	4 659
Cash and cash equivalents	523 181	523 181
	528 447	**528 447**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	4 364	4 364
Payable from non-exchange transactions	93 425	93 425
	97 789	**97 789**

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

25. Financial instruments disclosure (continued)

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	461 975
	470 948	**470 948**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	7 520	7 520
Trade and other payables from non-exchange transactions	50 587	50 587
	58 107	**58 107**

Contractual maturities of Financial Liabilities

Due within 30 days	**97 787**	**58 107**

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

26. Commitments

Discretionary Funded Project

Already contracted for

• Partnerships	2 915	9 091
• Learnerships	122 401	167 715
• Skills Programs	5 821	9 459
• AET	2 982	5 865
• Commodity Organisations	4 272	4 289
• Internships	18 695	33 978
• Graduates Placements	9 755	14 196
• Artisans Development *	97 405	105 542
• Bursaries Post Graduate	3 934	5 013
• Bursaries Under Graduate	15 225	23 972
• Bursaries Continuation	14 398	15 705
• NSFAS Bursaries	-	1 575
• Mentorships	3 349	3 716
• New Venture Creation	3 610	7 230
• UIF (AgriSETA Portion)	-	723
• NSF (AgriSETA Portion)	-	72
• Agric College	5 985	5 914
• Occupational Qualifications	2 112	2 112
• AQP	1 126	783
• RPL	3 491	6 396
	317 476	**423 346**

Approved by the Accounting authority but not yet contracted		
• Letter of offers	13 250	9 721

Total operational commitments		
Already contracted for	317 476	423 346
Approved by the Accounting authority but not yet contracted	13 250	9 721
	330 726	**433 067**

This committed expenditure relates to Discretionary projects and will be financed by available retained surpluses and existing cash resources.

*The comparative figure for Artisans was increased by R12 550 000 due to errorneous ommision of contracts (i.e 2016/17 APP) extended on 31 March 2018 to 31 March 2020.

*The comparative figure for Commodity Organisations was increased by R599 554 due to errornous ommision of contracts.

*The comparative figure for Learnership 18.2 was increased by R679 360 due to errorneous ommision of contracts.

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

27. Contingencies

27.1 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 give more details to the surplus definition. According to this intruction, a surplus is based on the net assets. A submission has been made to the National Treasury on 31st May 2019 to retain the following surplus :

	67 693	**47 149**

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

28. Related parties

Relationships

Controlling entity Department of Higher Education and Training

Related party transactions

Transactions from related parties		
InterSETA payables	-	134
QCTO	2 455	1 827
NSF	-	6 456
Mandatory grants received		
ServiceSETA	(9)	(37)
Accounting Authority - Board members		
Prof GP Mayende (Former Chairperson)	-	1
Mr T Ka Plaatjie (Deputy Chairperson)	-	281
Mr C Van Der Rheede (Chairperson)	341	148
Mr D Schutte (Member)	269	154
Mr Jack Van Dyk (Member)	-	2
Mr Riaan Gerritzen (Member)	195	52
Mr A Hendricks (Member)	-	216
Mr K Masemola (Member)	-	166
Mr A Nazo (Member)	311	254
Mr M Phakedi (Member)	-	226
Ms P Nkomo (Member)	-	23
Mr B Mtshali	-	1
Mr D Hamman	246	124
Mrs J Breda	-	156
Dr M Ngoepe Ntsoane	344	-
Ms P Luwaca	3	-
Mr MS Mngomezulu	277	-
Mr A Rabe	36	-
Ms L Gqokoma	172	-
Mr G Benjamin	147	-
Ms A Pholoana	209	-

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

28. Related parties (continued)

Accounting Authority - Audit Risk Committe		
Ms A Ngwenya	-	104
Dr Z Qunta	-	162
Mr MH Oliver	104	97
Ms M Pholo	-	48
Dr G Buys	136	88
Ms E Pillay	170	-
Ms N Oliphant	140	-
Ms GL Maqubela	92	-
Key Management		
Mr J Madiba (former CEO)	-	3 185
Mr T Mangena (Operation Manager)	-	519
Mr M Dlanga (Board Administrator)	1 040	871
Mr F Phetla (Senior Manager ETQA)	1 188	1 106
Mr F Fouche (Senior Manager Skills planning)	1 481	1 114
Ms O Moloto (Senior Manager Skills HR)	-	1 010
Mr G Mamabolo (Senior Manager Skills Delivery)	1 111	1 046
Deloitte & Touche (Finance outsourced functions)	-	9 179
Mr Z Myeza (CEO)	362	-
Ms RM Sebela (CFO)	450	
Mrs G Geldenhuis (Senior Manager HR)	786	

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

28. Related parties (continued)

Stakeholders Payables : Companies related to Accounting Authority		
Tongaat Hulett Sugar Limited (Bhana Jacquiline)	-	1 720
Vrystaat Co-op BPK (Riaan Gerritzen)	94	186
Hortgro (Anton Rabe)	90	-
Dr (G Neethling)	186	-

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 consist 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.

Key management analysis	Basic	Bonus	Acting allowance	Total
Mr Myeza (Chief Executive Officer)	362	-	-	362
Ms RM Sebela (Chief Financial Officer)	450	-	-	450
Mr M Dlanga (Company Secretary)	1 040	-	-	1 040
Ms G Geldenhuis (Senior Manager : HR)	786	-	-	786
Mr F Fouche (Senior Manager : SP)	1 048	90	342	1 480
Mr G Mamabolo (Senior Manager : Skills delivery)	1 111	-	-	1 111
Mr F Phetla (Senior Mamager : ETQA)	1 188	-	-	1 188
Mr C Mangwato (Acting Chief Financial Officer)	820	-	136	956
	6 805	**90**	**478**	**7 373**

29. Prior-year adjustments

Adjustments were made to disclose separately Provisions for Leave, Bonuses and Mandatory grants. Provisions were previously disclosed as Trade payables in the 2017/18 financial year.

Statement of financial position

2018

	Note	As previously reported	Correction of error	Restated
Trade payables from exchange transaction		58 909	(51 389)	7 520
Trade payables from non exchange transaction		31 683	18 904	50 587
Provisions		6 606	32 485	39 091
		97 198	**-**	**97 198**

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

30. Risk management

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 South African Revenue Services (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:

2018/19	Gross	Impairment	Total
Receivables from exchange transactions	607	-	607
Cash and cash equivalent	523 181	-	523 181
	523 788	**-**	**523 788**

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

2018/19	Carrying amounts	Contractual cash flows	6 months or less	6-12 months	over 12 months	Total
Receivables from exchange transactions	607	607	607	-	-	607
Subtotal	607	607	607	-	-	607
	607	**607**	**607**	**-**	**-**	**607**

2017/18	Carrying amounts	Contractual cash flows	6 months or less	6-12 months	over 12 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	6 927	-	-	6 927
	6 927	**6 927**	**6 927**	**-**	**-**	**6 927**

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.Account receivable are presented net of allowance for doubtful debt.

Market risk

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

30. Risk management (continued)

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.

2018/19	Floating rate	Non-Interest Bearing	Total
Cash	523 181	-	523 181
Receivables from exchange transactions	-	607	607
Payables from exchange transactions	-	(4 364)	(4 364)
	523 181	**(3 757)**	**519 424**

2017/18	Floating rate	Non-Interest Bearing	Total
Cash	461 975	-	461 975
Receivables from exchange transactions	-	471	471
Payables from exchange transactions	-	(7 520)	(7 520)
	461 975	**(7 049)**	**454 926**

31. Going concern

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

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

32. Events after the reporting date

Adjusting event after the reporting date

NSF Receivables were impaired following the correspondence between NSF and SIU that came to AgriSETA's attention on 02 July 2019. Following the correspondence, AgriSETA convened the meeting with NSF on 08 July 2019 and discussed the correspodence. Based on the discussions, NSF and AgriSETA will close the project during 2019/20. NSF confirmed that they have overcommitted thier budget and it does not have funds to pay the R6,4 million.

Refer to note 8 of NSF Receivables.

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

33. Fruitless and wasteful expenditure

Opening balance	98	2
	-	96
	98	**98**

34. Irregular expenditure

Opening balance	31 379	30 948
Add: Irregular Expenditure - current year	5 292	431
	36 671	**31 379**

Analysis of expenditure awaiting condonation per age classification

Prior year	31 379	30 948
Current year	5 292	431
	36 671	**31 379**

Details of irregular expenditure

Incident		
Approval of a bidder other than the one recommended by BEC not approved at the appropriate level for internal Audit services.	418	-
Contract for Konica Minolta has expired.	18	-
Deviations approved not in accordance with Treasury Regulations. Written preapproval was not obtained from National Treasury before approval of appointment letter. Contravention of par 8.5 of National Treasury SCM Instruction Note 3 of 2016/17.	-	431
Amount paid exceed approved contract value	147	-
Amounts paid without Board approval	4 709	-
	5 292	**431**

An amount of R418 000 irregular expenditure relates to an Internal Audit contract. The contract has been subsequently condoned by the Accounting Authority on the 29 May 2019 because there was no financial loss to AgriSETA, and the Internal Audit function provided value added service.

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

35. 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 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 thier returns as required by legislation. These amounts typically vary significant year on year. The interest and penalties are charged by SARS. An increase in interest and penalties signifies non-compliances with laws and regulations by employers.

Employee related costs

Personnel expenditure is under budget due to the budgeting techiques, 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% 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 projects 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 2018/19 expenditure using levies received in the 2018/19 financial year and has not had the need to withdraw funds from the investment account.

36. 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.

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

36. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2019

Revenue	Administration	Mandatory	Discretionary	Other	Total
Skills development levy: income	54 708	104 451	257 708	8 258	425 125
Skills development levy: Penalties and interest	-	-	7 733	-	7 733
Investment Income	-	-	32 231	-	32 231
Other Income	-	-	-	9	9
Proceeds from insurance	-	-	-	15	15
Total segment revenue	**54 708**	**104 451**	**297 672**	**8 282**	**465 113**
Entity's revenue					**465 113**
Expenditure					
Employee Costs	19 180	-	-	-	19 180
Depreciation and amortisation	779	-	-	-	779
other administration expenses	33 934	-	-	-	33 934
Employer grant and project expenditure	-	67 695	318 774	-	386 469
Lease expense	311	-	-	-	311
Total segment expenditure	**54 204**	**67 695**	**318 774**	**-**	**440 673**
Total segmental surplus/(deficit)	**504**	**36 756**	**(21 102)**	**8 282**	**24 440**

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

36. Segment information (continued)

Assets	Administration	Mandatory	Discretionary	Other	Total
Non-current assets	6 371	-	-	-	6 371
Consumables	584	-	-	-	584
Accounts receivables from exchange transactions	-	-	607	-	607
Accounts receivables from non-exchange transactions	-	4 659	-	-	4 659
Cash and Cash Equivalents (Unallocated asset)	-	-	-	523 181	523 181
Total segment assets	**6 955**	**4 659**	**607**	**523 181**	**535 402**
Total assets as per Statement of financial Position					**535 402**
Liabilities					
Trade and other payables from non-exchange	-	93 423	-	-	93 423
Trade and other payables from exchange transactions	4 364	-	-	-	4 364
Provisions	30 798	-	-	-	30 798
Government Grant and Donor funding received in advance	-	1 443	-	-	1 443
Total segment liabilities	**35 162**	**94 866**	**-**	**-**	**130 028**
Total liabilities as per Statement of financial Position					**130 028**

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

36. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2018

Revenue	Administration	Mandatory	Discretionary	Other	Total
Revenue from non-exchange transactions					
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
Revenue from exchange transactions					
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
Lease expense	321	-	-	-	321
Government Grants And Donor Expenses	-	-	-	425	425
Other administration expenses	27 352	-	-	-	27 352
Employer grant and project expenditure	-	53 864	259 729	-	313 593
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**

Notes to the Annual Financial Statements

for the year ended 31 March 2019

Figures in Rand thousand	2019	2018

36. Segment information (continued)

Assets	**Administration**	**Mandatory**	**Discretionary**	**Other**	**Total**
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 Receivables	-	-	-	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	-	50 453	134	-	50 587
Trade and other payables from exchange transactions	7 520	-	-	-	7 520
Provisions	-	39 091	-	-	39 091
Government Grant and Donor funding received in advance	-	1 443	-	-	1 443
Total segment liabilities	**7 520**	**90 987**	**134**	**-**	**98 641**
Total liabilities as per Statement of financial Position					**98 641**

Notes

Notes

Notes

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Email: info@agriseta.co.za

ISBN Number: 978-0-621-47392-6
RP Number: 144/2019

AgriSETA

OUR VISION

Enabling a skilled and prosperous agricultural sector

OUR MISSION

SERVES TO:

- Provide credible and quality learning programmes;
- Build true and sincere relationships;
- Always be results and impact driven;
- Be leading by example as the core of our culture;
- Champion career growth and professionalism;
- Ensure our clients remain our key asset;
- Always govern ethically;
- Ensure that actions are driven by research.

"Agriculture presents one of the greatest opportunities to significantly grow our economy and create jobs. Agriculture made the largest contribution, by a significant margin, to the improved growth of our economy in the second and third quarters of 2017."

President Cyril Ramaphosa

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AGRISETA INFORMATION

Registered name of the public entity	Agriculture Sector Education and Training Authority
ISBN number	978-0-621-47392-6
Registered office address	529 Belvedere Street, Arcadia, Pretoria
Contact telephone numbers	+ 27 12 301 5600
Email	info@agriseta.co.za
Website	www.agriseta.co.za

EXTERNAL AUDITORS

Auditor-General South Africa

Physical address	300 Middel street, New Muckleneuk, Pretoria, South Africa
Postal address	P O Box 446, Pretoria, 0001
Telephone	+ 27 12 426 8000
Fax	+ 27 12 426 8257

BANKER'S INFORMATION

Bank	Physical Address
Standard Bank	9th Floor Standard Bank Centre 5 Simmonds Street Johannesburg Gauteng 2001

ABBREVIATIONS/ACRONYMS

18.1	Permanent Employees
18.2	Unemployed people and under resourced farmers
AET	Adult Education and Training
AFET	Agricultural Further Education Training (Agricultural Colleges)
AG	Auditor-General
AgriSETA	Agriculture Sector Education Training Authority
AGSA	Auditor-General of South Africa
AIDS	Acquired Immune Deficiency Syndrome
APP	Annual Performance Plan
AQP	Assessment Quality Partner
ASB	Accounting Standard Board
ATR	Annual Training Report
B	Bursary
CBO(s)	Community-Based Organisation(s)
CEO	Chief Executive Officer
CET	Community Education and Training
CFO	Chief Financial Officer
CSD	Central Supplier Database
DAFF	Department of Agriculture Forestry and Fisheries
DHET	Department of Higher Education and Training
DRDLR	Department of Rural Development and Land Reform
DTI	Department of Trade and Industry
DVDs	Digital Video Disc(s)
E&T	Education and Training
ETQA	Education Training and Quality Assurance
EXCO	Executive Committee
FLP	Further Learning Programmes
GP	Graduate Placement
GRAP	Generally Recognised Accounting Practices
HIV	Human Immunodeficiency Virus
ICT	Information Communication Technology
INT	Internships
ISRDS	Integrated Sustainable Rural Development Strategy
LS	Learnerships
MG	Mandatory Grants

MIS	Management Information System
NCOP	National Council of Provinces
NDP	National Development Plan
NEET	Not in Education, Employment or Training
NGOs	Non-Governmental Organisation(s)
NGP	National Growth Plan
NLPE	Non-Levy Paying Entity
NQF	National Qualifications Framework
NSA	National Skills Authority
NSF	National Skills Fund
NSDS	National Skills Development Strategy
NT	National Treasury
NVC	New Venture Creation
PFMA	Public Finance Management Act
Pivotal	Professional Vocational Technical and Academic Learning
PSET	Post-School Education and Training
QCTO	Quality Council for Trades and Occupations
REMCO	Remuneration Committee
RPL	Recognition of Prior Learning
SAQA	South African Qualifications Authority
SARS	South African Revenue Service
SCM	Supply Chain Management
SDA	Skills Development Act
SDFs	Skills Development Facilitators
SDL	Skills Development Levy
SDL Act	Skills Development Levy Act
SETA	Sector Education Training Authority
SIU	Special Investigating Unit
SO	Strategic Objective
SONA	State of the Nation Address
SP	Skills Programme
SP	Strategic Plan
SRS	Support to Rural Structures
SSCs	Sub-sector Skills Committee(s)
SSP	Sector Skills Plan
TVET	Technical Vocational Education and Training
WSP	Workplace Skills Plan

PART A
General Information

ACKNOWLEDGEMENTS

Minister, Dr Blade Nzimande

Deputy Minister, Mr Buti Manamela

TO THE EXECUTIVE AUTHORITY

In accordance with the Public Finance Management Act (Act 1 of 1999, as amended), it is with great pleasure that we present to you the Annual Report of the Agriculture Sector Education and Training Authority (AgriSETA).

This report covers the period from 01 April 2018 to 31 March 2019 and provides an overview of the operations, financial performance and developments across all performance targets as encapsulated in the Annual Performance Plan (APP).

The AgriSETA Accounting Authority, management and staff would like to express their heartfelt appreciation for the visionary and thought leadership of both the Minister and Deputy Minister of Higher Education, Science and Technology. We look forward to another dynamic financial year with challenging targets to enhance the skills development and training of people in the sector we prudently serve.

Mr C van der Rheede
31 July 2019
Accounting Authority Chairperson

FOREWORD BY THE CHAIRPERSON OF THE ACCOUNTING AUTHORITY

The recent State of the Nation Address (SONA) delivered by our President Cyril Ramaphosa provided a sober and honest update of the challenges that our nation faces and the action steps that government intends to undertake to overcome these challenges. According to President Ramaphosa, the State has in this respect, a critical role to fulfil. In his SONA, he formulates it as follows:

'As an enabler that provides basic services and critical infrastructure, a regulator that sets rules that create equitable opportunities for all players and a redistributor that ensures that the most vulnerable in society are protected and given a chance to live up to their full potential, it must do so effectively.'[sic]

This vision also applies to AgriSETA. As an extension of the state, the board and the staff always strive to ensure a more effective and efficient institution. To achieve higher levels of effectiveness and efficiency a lot of attention has been directed the past year towards putting the following building blocks in place:

- **Integrity:** Practice high levels of integrity in everything we do.
- **Professionalism:** Always interact professionally with all stakeholders.
- **Delivery:** Ensure high quality training by service providers.
- **Risk Management:** Identify risks and mitigate it.
- **Monitoring and Evaluation:** Continuously determine delivery and impact of programmes.
- **Accountability:** Acknowledge and assume responsibility for all actions.
- **Innovative:** Understand the latest trends and respond appropriately.

As chairperson of the board, I wish to provide an overview of how each of these building blocks guided the work and achievements of each division of the AgriSETA and how it will continue to provide a solid foundation for all its future endeavours.

During the year under review, the Human Resources (HR) Division achieved significant progress in terms of its strategic objectives. The first achievement was the appointment of the Chief Executive Officer (CEO), Mr Zenzele Myeza. Furthermore, AgriSETA took a strategic decision to insource the finance function. This meant that critical positions had to be filled, including the Chief Financial Officer (CFO) position. Ms Mogau Sebela was appointed as CFO and most key positions within finance were also filled. This has stabilised the organisation and has reassured all stakeholders that AgriSETA is on a mission to fulfil its mandate as cost-effectively and efficiently as possible.

In terms of the Finance Division, the finalisation and expansion of AgriSETA's internal finance structure with qualified individuals the past year, was prioritised. It resulted in improved business processes. This has increased the SETA's ability to pay service suppliers on time. However, there is still room for improvement in terms of payment of invoices. This requires continuous assessment, identification of glitches and the implementation of action steps that will ensure that payment delays will soon be something of the past.

A big concern remains the stability and growth of the AgriSETA's revenue base. The agricultural sector faces serious challenges and a big question mark hangs over the ability of big levy players in the sugar sector to continue paying their levies. As a small SETA, there is a need to increase the number of levy payers to grow our revenue.

A scrutiny of SETA levy payers during the past year revealed that many employers within the AgriSETA sector are, in fact, also paying levies to other SETAs. We look forward to resolving this situation in the forthcoming financial year. Increasing the number of levy payers will lead to an increase of revenue. This will enable the AgriSETA to train more agricultural employers and employees.

In this regard, the AgriSETA Audit and Risk Committee (A&RC) has played a critical analytical and oversight role to ensure that the finances of the AgriSETA are well-managed and that all PFMA (1999) procedures and requirements are strictly adhered to.

In terms of the Skills Delivery division, the 2018/19 financial year was a one packed with activities that were geared at advancing the skills needs and interests of our agricultural stakeholders. These included ensuring that applications are received timeously during scheduled application window periods and that applications are evaluated according to the Discretionary Policy.

The Discretionary Grant Policy is reviewed annually. It is aimed at ensuring fair and equitable distribution of grant funds as per the Annual Performance Plan (APP) and to ensure that outcomes of applications are communicated in time to the approved stakeholders for implementation purposes. Stakeholders in the agricultural sector and from the rural development section of our sector are being prioritised by the Department as enshrined in the National Skills Development Strategy (NSDS) III.

During the 2018/19 financial year, the implementation of projects has been a worrying factor in the Skills Delivery space as all funds (100%) are committed during allocations. There are also still funds that remain unutilised due to non-implementation, as well as late implementation of projects. Measures to remedy this situation have already been implemented and we must see improvements in the 2019/20 financial year. There has also been stability in terms of staffing in the Skills Delivery division as more staff was appointed to deal with the ever-growing skills needs of the sector.

In terms of the Quality Assurance division, its dedicated focus on quality assurance of all processes and projects, is bearing fruit. It also records the successful completion of the Recognition of Prior Learning (RPL) project launches by various agricultural colleges. AgriSETA will now, in partnership with agricultural colleges, roll-out the RPL programmes on a bigger scale. The significance of developing credible mechanisms and valid tools for this programme was central for this period under review.

At least 1 200 candidates will be benefitting from the RPL process. The agricultural colleges participating in this programme are ready to receive 200 applications of RPL candidates each, to achieve the target of 1 200 participating learners.

In addition, the partnership between AgriSETA, Waterberg Technical Vocational Education and Training (TVET) College and the University of Limpopo seeks to equip TVET students with skills and knowledge in order for them to be admitted to university. This project has been completed and of the 30 learners supported by AgriSETA, 27 TVET students who previously did not meet university admission requirements had qualified for university degree admission.

In terms of the Skills Planning division, it has made huge strides in the year under review. The importance of credible research, monitoring and evaluation is receiving the attention that it needs. Its research, monitoring and evaluation capacity was expanded. It is within this context that AgriSETA will, for the first time in the 2019/20 financial year, be able to actively monitor the impact of learning programmes in all provinces.

The research function will also be expanded and strengthened through leveraging existing partnerships with institutions of higher learning to conclude impact studies to ensure that the AgriSETA programmes have the desired impact.

The mandatory grant function accelerated the payment of grants to employers in the year under review – AgriSETA had 21 901 employers registered with the South African Revenue Service (SARS), of which only 6 807 contribute levies to AgriSETA. This poses a significant risk to AgriSETA given that the top 20 levy payers contribute 13.34% of the overall levy income of the organisation. In the year under review, the mandatory grants payments to employers increased by 25.67% compared to the 2017/18 financial year.

In terms of governance, the organisation made great strides in the year under review. A new board was appointed by the Minister and that process was followed by the induction of the newly-appointed board members. The board established its own committees in line with the AgriSETA constitution.

In June 2018, the process to appoint members of the Audit and Risk Committee (A&RC) was completed and three independent members of the ARC, including its chairperson, were appointed. This committee continues to play a critical and oversight role concerning the affairs of the SETA.

The board members attended King IV Corporate Governance training to ensure that members understand their roles. The programme focused on board effectiveness as part of the process of ensuring that they are up to date with the latest governance developments. A number of policies, including the ethics and compliance policies, were approved by the board to ensure compliance with good corporate governance practices.

A strategic session was also held to review the vision, mission and programmes of the AgriSETA. Two leading experts shared their insights regarding the challenges faced by the agricultural sector, as well as the impact of the Fourth Industrial Revolution in the sector. The insights shared served to provide the board and management with constructive stastics and information about the industry. To this end, we recognized the need to determine whether our existing programmes address the skills gap and whether it prepares our sector for the Fourth Industrial Revolution.

A special thanks to the Senior Manager: Skills Planning, Mr Frikkie Fouche who acted as our CEO from 01 September 2017 until January 2019, when our newly-appointed CEO, Mr Zenzele Myeza resumed his duties. Thank you also to all board members, A&RC members and the staff for their dedication and professionalism in executing their duties.

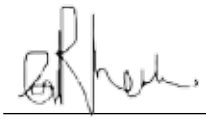
As chairperson I also wish to, on behalf of the Board and staff, extend our sincerest appreciation and admiration to the previous Minister of Higher Education, Dr Grace Naledi Pandor, now the Minister of International Relations and Cooperation. Her hands-on approach and regular contact with the chairperson of the board greatly helped us to clearly understand the expectations of the Department of Higher Education and to ensure that there is alignment between these expectations and the work of AgriSETA. The board also wishes to welcome the new Minister of Higher Education, Science and Technology, Dr Blade Nzimande.

Last, but not least our sincerest appreciation to our CEO for his leadership and vision. Thank you also to all agricultural employer and employee organisations who contribute towards the strategic and operational sustainability of the AgriSETA and to our service providers who provide quality training to initiates,we express our sincerest appreciation.

The development of the South African agricultural ecosystem requires all hands on deck. Let us continue to forge partnerships, strengthen relationships and be innovative. Let us continue to put the interests of our nation first and give them hope. Thank you!

'We are the South African nation that with its Constitution gives hope to the hopeless, rights to the dispossessed and marginalised, and comfort and security to its men, women and children.'

President Ramaphosa



Mr C van der Rheede

31 July 2019

Accounting Authority Chairperson

CHIEF EXECUTIVE OFFICER'S OVERVIEW

The core mandate of AgriSETA is to enable growth in the agricultural sector, not only to increase the contribution to the overall gross domestic product (GDP) of the South African economy, but to ensure that more South African's become food secure.

AgriSETA serves to enable a skilled and prosperous agricultural sector, to increase access to relevant skills that is impact driven through strategic partnerships, and credible research leading to inclusive economic growth. Reporting on the effective and efficient management of resources to all AgriSETA's stakeholders is the main objective of this report.

AgriSETA achieved an unqualified audit opinion this year and maintained the status since 2005. The Auditor-General of South Africa (AGSA) audited the organisation in respect of three aspects, namely its annual financial statements, predetermined objectives, compliance with relevant legislation.

The 2018/19 budget approved by our Executive Authority was R 398.3 million; the budget was adjusted upward to R547 million. The management collected actual revenue of R465.1 million, achieving a favourable variance of R31.5 million compared to the previous financial year's actual collected revenue of R433.6 million. This represents an increase in total revenue of 7.27%. The bulk of the increase was as a result of growth in levy income from participating employers and departments (revenue from non-exchange transactions). AgriSETA will continue to prioritise strengthening its revenue streams to ensure that the mandate of the organisation can be more effectively executed.

AgriSETA's income from non-exchange transactions, amounted to R432.8 million compared to R 405.6 million in 2017/18 and revenue from exchange transactions totalling R32.2 million compared to R27.9 million in 2017/18, an increase of 15.45%.

Total expenditure was R440.7 million versus total revenue of R465.1 million, resulting in a surplus of R 24.4 million. Eighty-seven percent of total expenditure was for employer grants and project expenditure, while 7.6% went towards general expenses, followed by 4.35% for employee costs.

AgriSETA's statement of position assets are represented by non-current assets in the form of buildings, cash and cash equivalents (current assets). It is worth noting that the National Skills Fund (NSF) debtor is raised as a doubtful debtor. AgriSETA submitted reports to the NSF and work will continue for the parties to resolve their variances in concluding this matter.

The organisation continues to implement accounting policies and notes in compliance with the Accounting Standard Board (ASB) policies as set out in the Annual Financial Statements presentation section.

- **Spending trends of the public entity**

AgriSETA utilises four programmes (Administration, Skills Planning, Education Training Quality Assurance (ETQA) and Learning Programmes and Projects) that are all aligned towards building and strengthening capacity in the agriculture sector. The four programmes are measured in terms of the performance against set targets and all expenditure is linked to the achievement of these targets contained in the APP.

A major part of the organisation's overall expenditure is within the Learning Programmes and Projects that aim to build capacity in the sector by rolling-out projects to employed and unemployed learners. The organisation included a number of 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 administrative

expenditure within the legislated parameters despite an increase in employee numbers.

- **Capacity constraints and challenges facing the public entity**

AgriSETA implemented its new organisational structure to respond to the challenges within the sector and the organisations ability to improve the delivery of its mandate. During the year under review management posts were repositioned and include the appointment of a Chief Financial Officer and a Supply Chain Manager, this will further strengthen the controls within the finance function. The appointment of a Senior Human Resources Manager ensures that all in-sourced functions like the payroll and leave administration, can be effectively managed within the organisation.

The uncertainty of the role of the ETQA department impacts the morale of the employees within this programme. The development of qualifications remain a slow process with only a few occupational qualifications being developed. Extensive work is in progress to re-align existing qualifications in partnership with, among others, Sub Sector Skills Committees. The Recognition of Prior Learning (RPL) programme was officially launched at the Owen Sithole Agricultural College in KwaZulu-Natal (KZN), Glen College of Agriculture in Bloemfontein, Tompi Seleka College of Agriculture in Limpopo and Tsolo Agricultural Rural Development Institute in Eastern Cape.

The focus of the Learning and Programmes Projects was to ensure that the discretionary reserve be reduced and that contract management of projects is improved. This department made significant inroads in releasing funds from projects that were not implemented. AgriSETA re-focused funding in the Work Integrated Learning (WIL) programmes with additional resources allocated to increase the support to these programmes. Implementation remained slow in some programmes.

The levy income of AgriSETA increased, despite challenges to collect provincial levies and the organisation will explore alternatives to ensure that the contribution of provincial departments increase. The number of employers that contribute to levies increased slightly in the 2018/19 financial year, however, the agricultural sector is dominated by a large base of employers that do not pay levies and this places the organisation under continued strain to fulfil its mandate to all employers within the sector.

- **Public entity's general information**

AgriSETA embarked on a process to leverage funding through various sources to strengthen the capacity of the organisation and to broaden the implementation of its mandate.

AgriSETA made a conscious decision to engage stakeholders more regularly to share information and to update them on the organisation's performance. Various roadshows and information sharing sessions were held in provinces to obtain information that influenced AgriSETA's planning processes. The Sector Skills Committees were significantly strengthened for the period under review and provided AgriSETA research and planning with significant industry information. This information was utilised to draft 11 sub-sector plans that formed the basis for AgriSETAs Sector Skills Plans (SSPs). These sub-sector plans aim to assist the industry in planning for future projected occupational shortages.

AgriSETA continues to assess annual targets to ensure that they are relevant and realistic. The registration of occupational qualifications with the Quality Council for Trades and Occupations (QCTO) and the South African Qualifications Authority (SAQA) remain a challenge with significant delays being experienced. The Education Training and Quality Assurance (ETQA) department will continue to engage with the industry and the QCTO to unblock delays, especially given that existing qualifications need to be aligned with.

AgriSETA will continue to assist the industry with the development and alignment of qualifications despite uncertainties of the future role of the ETQA function within the SETA landscape. The support to assessment quality partners will continue to ensure that qualifications that meet the industry standards, are implemented.

In the year under review, AgriSETA focused on increasing opportunities for learners to enter work and integrated learning programmes, especially in support of agricultural colleges. This support is set to continue 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 Department of Higher Education and Training (DHET).

- **New or proposed activities**

AgriSETA will be aligning all its operations towards the National Skills Development Plan that was launched in February 2019; the official implementation date of which is 01 April 2020. All strategic and planning documents will be geared towards the implementation of this newly-adopted plan. AgriSETA will explore a new approach to the development of partnerships in strengthening the organisation's ability to implement capacity building projects that fall within its mandate.

- **Requests for rollover of funds**

We have not provided for surplus funds to be transferred to the National Skills Fund (NSF) as we are committed to the prescribed limit.

- **Supply Chain Management (SCM)**

AgriSETA responded to the findings of the Auditor-General and separated the functions of the Finance and SCM offices by appointing a SCM Manager and a CFO. The new organisational structure supports the strengthening of the finance and SCM departments with various middle management positions created to effectively manage levy collection, reporting and expenditure. AgriSETA acknowledges the risk that is associated with the SCM process if not properly strengthened. During this reporting period, the various SCM committees were strengthened and significant progress was made. Irregular expenditure relating to SCM activities increased from R431 000 in the previous financial year to R435 946 in the year under review. An irregular expenditure of R4 709 069 was noted due to discretionary grant contracts not being approved by the accounting authority, whilst another R147 294 related to paid contracted amounts in excess of what was approved by the accounting authority. The organisation will ensure that the governance controls are strengthened in this area.

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:

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

The following were achieved in 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 the adoption and integration of all the applicable National Treasury SCM instructions and the implementation of all the guidelines and circulars issued during the year.
- Management continuously engage 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 as well as norms and standards.

I, as the accounting officer, strategically support 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 the CFO, 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 the utilisation of the Central Supplier Database (CSD) as opposed to an internal supplier database, in terms of National Treasury Circular No. 3 of 2015/2016.

• Events after the reporting date

Minister of Higher Education, Science and Technology, Dr Blade Nzimande, on 22 July 2019, issued Government Gazette No.42589 to extend the SETA licences from March 2020 to March 2030.

The National Skills Fund (NSF) Receivable was impaired following a correspondence between the NSF and Special Investigating Unit (SIU) which came to AgriSETA's attention on 02 July 2019. Following the correspondence, AgriSETA convened a meeting with NSF on 08 July 2019 and discussed the correspodence. Based on the discussions, NSF and AgriSETA will close the project under discussion, during 2019/20. NSF confirmed that they have overcommitted their budget and that it does not have sufficient funds to pay the R6,4 million.

• 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 2018/19 financial year. The current AgriSETA Board was appointed from 01 April 2018 and steered the organisation effectively and efficiently throughout their term.

The 2018/19 financial year, was one of rebuilding and repositioning AgriSETA given the difficulties of the previous financial year. The new organisational structure that was implemented will provide AgriSETA with the required impetus to improve its efficiency in implementing the mandate of the SETA.

The newly-appointed board that commenced their term on 01 April 2018 provided a new vision for the organisation. Under the leadership of Mr van der Rheede, AgriSETA made big strides to becoming an organisation of excellence. AgriSETA is well aware of the internal and external challenges and will continue to work hard at continuous improvement.

The agriculture sector faces various challenges both on a macro and micro level, despite this, levy payers in the sector remain positive towards skills development. The delivery vehicle or training providers of the SETA remain strong, despite uncertainty within the quality assurance framework. AgriSETA appreciates the efforts of all training providers and employers that continue to maintain the required quality levels of training.

To all our employees at AgriSETA, I am humbled by your continued commitment and positive attitude towards service delivery. You remain the core of our delivery model and your role can never be underplayed. To all national, provincial and local government departments that work with AgriSETA, thank you for your continued commitment to the SETA. AgriSETA will work hard to further extend and strengthen existing partnerships with all our stakeholders.

Mr Z Myeza
31 July 2019
Chief Executive Officer

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

- All information and amounts disclosed in the Annual Report is consistent with the Annual Financial Statements audited by the Auditor-General.
- The Annual Report is complete, accurate and is free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the South African Statements of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board,
- The Accounting Authority has an oversight role in the preparation of the Annual Financial Statements by the Chief Financial Officer and her team and is assisted by both the Finance and Audit Committees who review these financial statements prior to submission to the Accounting Authority, the National Treasury and the Department of Higher Education and Training.
- The Accounting Authority has an oversight role in the establishment and implementation of 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 Annual Financial Statements. The CEO and the management team, the internal auditors and the Audit Committee assist the Accounting Authority in accomplishing this task.
- The Auditor-General has been engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the AgriSETA for the financial year ended 31 March 2019.

Mr Z Myeza
31 July 2019
Chief Executive Officer

Mr C Van Der Rheede
31 July 2019
Accounting Authority Chairperson

STRATEGIC OVERIVEW

2.1 VISION

Enabling a skilled and prosperous agricultural sector.

2.2 MISSION

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

2.3 VALUES

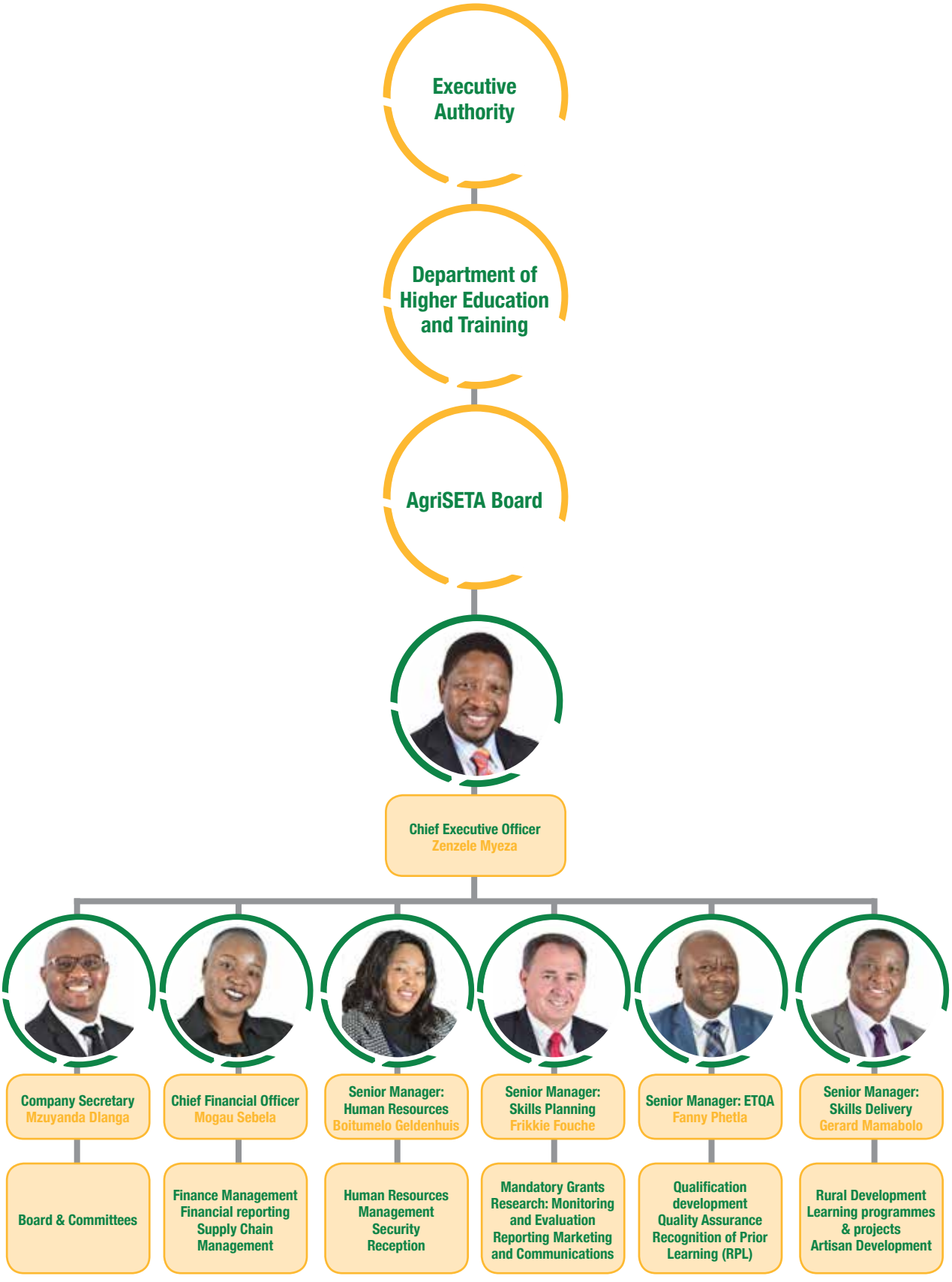
LEGISLATIVE AND OTHER MANDATES

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

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

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

ORGANISATIONAL STRUCTURE



PART B

Performance Information

SITUATIONAL ANALYSIS

2. SITUATIONAL ANALYSIS

Whilst the AgriSETA Sector Skills Plan (SSP) aims to address a wide range of issues in the agricultural sector, in essence it captures the following important realities which have a direct impact on the process of development of such skills in the 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 smallholders and the 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 Department of Agriculture, Forestry and Fisheries for the period 2011-2031 shape the process of packaging these skills in the sector.
- The pressure on AgriSETA to balance the disbursement of discretionary funds to the AET, NQF 1 and NQF 2 learning programmes, due to the fact that agriculture 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 needs to be factored into discretionary grant funding plans of the AgriSETA.

2.1. SERVICE DELIVERY ENVIRONMENT

The need for discretionary grant-funded support to deliver the required learning programmes in the sector outstrips the available resources of AgriSETA. The Strategic Plan has been updated to the National Treasury framework with the following significant changes:

- AgriSETA identified four programmes that will be driven to achieve the organisational goals aligned with the proposed DHET framework for Strategic Plans;
- Strategic outcome-orientated goals were devised for the organisation.

2.2. ORGANISATIONAL ENVIRONMENT

2.2.1. Organisational environment

The AgriSETA structure is well-balanced and is entrenched from Accounting Authority level to the operational structure. The stability and extensive institutional knowledge of, and in the organisation however exist in regard to fill vacancies, resulting from resignations. The AgriSETA registration that was extended only up to 2020, makes the management and retension of talent, challenging.

2.2.2. Organisational systems

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

2.2.3. Organisational strategy

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

2.2.4. 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 is mandate.

2.2.5. Shared values

AgriSETA management and staff are constantly striving to serve the interests of the sector as a whole; 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.

2.3. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

2.3.1. SETA Landscape

The NSDP, whilst it is referred to as a subsequent event, has brought certainty until 2030.

The organisation will plan for its 5-year medium term strategic plan, which is guided by the NSDP. [1]

2.4. STRATEGIC OUTCOME ORIENTED GOALS

Strategic Outcome Orientated Goal 1	Creditable institutional mechanisms.
Goal Statement	To establish and enhance a credible institutional mechanism for skill planning and delivery in the agricultural sector by 2019.
Strategic Outcome Orientated Goal 2	Increased professional, vocational, occupational and workplace learning to create decent jobs
Goal Statement	To increase exposure of workers/beneficiaries to workplaces through Professional Vocational Technical and Academic Learning (PIVOTAL) initiatives by 2019.
Strategic Outcome Orientated Goal 3	Increased skills levels of cooperatives, NGOs, CBOs in support of Land Reform and rural development.
Goal Statement	To support agriculture related rural development initiatives (cooperatives, non-governmental organisations, community-based organisations (NGOs), (CBOs) and (Land Reform) through skills development to improve the corporate governance of structures and skills levels of beneficiaries by 2019.
Strategic Outcome Orientated Goal 4	Improved agricultural education and training systems.
Goal Statement	To enhance agricultural education and training systems, through capacity building of TVET colleges and Agricultural Colleges to be more responsive to the needs of the sector by 2019.
Strategic Outcome Orientated Goal 5	Increased mandatory grant participation of levy paying employers.
Goal Statement	To ensure efficient disbursement of funding and increase disbursement of mandatory funds by 2019.
Strategic Outcome Orientated Goal 6	Increased participation of youth in agriculture.
Goal Statement	To expose young people to opportunities in agriculture and rural development initiatives and increase the participation of youth by 2019.
Strategic Outcome Orientated Goal 7	Increased public sector capacity.
Goal Statement	To increase the capacity of the public sector and other relevant stakeholders to improve service delivery and provide appropriate support for agricultural and rural development.

1 Minister of Higher Education, Science and Technology, Dr Blade Nzimande, on 22 July 2019, issued Government Gazette No.42589 to extend the SETA licences from March 2020 to March 2030.

PERFORMANCE INFORMATION BY PROGRAMME/ACTIVITY/OBJECTIVE

Key Performance indicators, planned targets and actual achievements

Programme 1: Administration

The programme achieved an average of 85 % performance, if KPI's are considered on an individual basis with equal weighting.

Sub-programme 1: Finance

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

Strategic Plan target	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
1.1 To reduce the internal control deficiencies reported in the previous Auditor-General report by 10%	80.5% reduction	10% reduction	89%	-79%	Target exceeded
Performance indicator (Specific outcomes)	**Actual achievement 2017/2018**	**Planned target 2018/2019**	**Actual achievement 2018/2019**	**Deviation from planned target to actual achievement for 2018/2019**	**Comments on deviation**
1.1.1. Percentage of budget variances and adjustments reduced	10%	10%	3%	7%	Target achieved
1.1.2. 100% of invoices processed within PFMA (1999) guidelines	93%	100%	84%	16%	Target not achieved, delays in invoice processing due to internal processes
1.1.3. All service providers procured and managed within National Treasury guidelines	100%	100%	99.9%	0.1%	Target not achieved
1.1.4. Maintain a 100% verification rate with the Asset Register	100%	100%	100%	0%	No variance
1.1.5. Collection rate of 90% of provincial levies	35%	90%	79%	11%	Target not achieved - not all provinces budget for the payment of levies.

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 organisational goals

Strategic Plan target	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
1.2 To improve the governance function of the board by 15% annually	0% improvement of governance function	15%	13%	2%	Target not achieved (96% indication of an improvement)
Performance indicator (Specific outcomes)	**Actual achievement 2017/2018**	**Planned target 2018/2019**	**Actual achievement 2018/2019**	**Deviation from planned target to Actual achievement for 2018/2019**	**Comments on deviation**
1.2.1. Number of board meetings	4	4	9	-5	Target exceeded, additional special board meetings were required
1.2.2 Number of board sub-committee meetings	11	4	20	-9	Target exceeded. additional special committee meetings were required
1.2.3. 10% increase in the quality of the information that the board receive from board sub-committees	0% increase in quality	10%	9.6%	0.4%	Target not achieved (96% indicated that the quality of information had improved)

Sub programme 3: Information Technology

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

Strategic Plan target	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
1.3 To increase the responsiveness of the ICT solution by 10% annually	0% increase	10%	8.4%	1.6%	Target not achieved (84% indicated that the solution was responsive)
Performance indicator (Specific outcomes)	**Actual achievement 2017/2018**	**Planned target 2018/2019**	**Actual achievement 2018/2019**	**Deviation from planned target to actual achievement for 2018/2019**	**Comments on deviation**
1.3.1. 90% of all ICT (hard and software) related incidents resolved within 24 hours of first report	90% resolved in 24 hours	90%	57%	33%	Target not achieved (57% achieved), service provider could not close matters in time due to complexities of matters logged
1.3.2. ICT solution reviewed annually	1	1	1	0	Target achieved

Sub programme 4: Human Resources

Strategic objective: Provision of Human Capital support to AgriSETA

Strategic Plan target	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
1.4 To increase and maintain the level of employee satisfaction to 80% annually	54% satisfaction	80%	34%	46%	Target not achieved (43% indicated that they were satisfied)
Performance indicator (Specific outcomes)	**Actual achievement 2017/2018**	**Planned target 2018/2019**	**Actual achievement 2018/2019**	**Deviation from planned target to actual achievement for 2018/2019**	**Comments on deviation**
1.4.1. 90% of employees participate in further career development	9.43%	90%	34%	56%	Target not achieved (34% of employees indicated that they were satisfied) Outcome due to uncertainty within the organisation
1.4.2. 90% of vacant positions filled	56.25%	90%	70%	20%	Target not achieved (70% achieved) AgriSETA implemented new organisational structure large number of new positions created
1.4.3. All employees sign performance contracts annually	35	100%	98%	2%	Target not achieved (98% achieved) - one employee did not sign performance agreement due to long term acting appointment

Programme 2: Skills Planning

The programme achieved an average of 91 % performance, if KPI's are considered on an individual basis with equal weighting.

Sub-programme 2.1.: Research

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

Strategic plan target	Actual achievement 2017/ 2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
2.1 To establish and enhance a credible institutional mechanism for skill planning and delivery in the agricultural sector by 2019.	1 system	1	1	0	No variance
Performance indicator (Specific outcome)	**Actual achievement 2017/2018**	**Planned target 2018/2019**	**Actual achievement 2018/2019**	**Deviation from planned target to actual achievement for 2018/2019**	**Comments on deviation**
2.1.1 SSPs, Annual Performance Plan and Strategic Plans updated	1	1 SSP 1 APP 1 SP	1 SSP 1 APP 1 SP	0	No variance
2.1.2 Research agendas developed and approved	1	1	1	0	No variance
2.1.3. Number of SSC committees established and strengthened through capacity building sessions and plenaries	11 SSCs 2 Meetings 2 Plenary	11 SSCs 2 Meetings 1 Plenary	11 SSCs 2 Meetings 2 Plenary	0	No variance

Sub-programme 2.2: Reporting

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

StrategicPlan target	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
2.2 To increase the accessibility of Information and knowledge by 30%	0%	30% increase	16,85% increase	13.15%	Target not achieved (56% indicated an increase, however the levels of access did not reach the planned target)

Performance indicator (Specific outcomes)	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
2.2.1. Number of internal knowledge exchange sessions	4	4	8	-4	Target exceeded, additional sessions arranged with employees
2.2.2. Number of performance monitoring sessions facilitated with target holders within AgriSETA	12	12	13	-1	Target exceeded additional sessions arranged with employees
2.2.3. Maintain a 10% improvement in the validity of reported information	10% improvement	10% improvement	10% improvement	0	No variance
2.2.4. Improve the quality of performance information by 10% through internal workshops and feedback	10% improvement	10% improvement	10% improvement	0	No variance

Sub-programme 2.3: Mandatory grants

Strategic objective: Improved mandatory grant administration

Strategic Plan target	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
2.3 To increase employer access to grant information by 15% to enable the maximum number of enterprises in the sector to participate in the NSDS.	31%	15%	12%	3%	Target not achieved (80% indicated an increase, not all participants felt that access to grant information improved)
Performance indicator (Specific outcomes)	**Actual achievement 2017/2018**	**Planned target 2018/2019**	**Actual achievement 2018/2019**	**Deviation from planned target to actual achievement for 2018/2019**	**Comments on deviation**
2.3.1. Annual revision of the mandatory grant system to improve effectiveness	1 system reviewed	1	1	0	No variance
2.3.2. An increase in the participation of employers in mandatory grants from 1790 to 1810	592 large firms	410 large firms	447 large firms	-37 large firms	Target exceeded, system opened one month before submission
	678 medium firms	545 medium firms	551 medium firms	-6 medium firms	Target exceeded, system opened one month before submission
	1176 small firms	1011 small firms	879 small firms	132 small firms	Target not achieved (86% achieved). The reduction in the numbers can be attributed to the economic climate
2.3.3. Increasing the payment of mandatory grants to 76% annually	38% of grants paid	76%	65%	11%	Target not achieved (65% achieved). The last quarter payment not effected due to delay in levy upload
2.3.4. Number of SDF's trained annually as part of support to employers	144 SDFs trained	75	81	-6	Target exceeded, additional SDFs trained during roadshows

Sub-programme 2.4. 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 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
2.4 To increase leadership skills by 40% to establish sound social partner governance structures and systems	0%	40%	40%	0	No variance
Performance indicator (Specific outcomes)	**Actual achievement 2017/2018**	**Planned target 2018/2019**	**Actual achievement 2018/2019**	**Deviation from planned target to actual achievement for 2018/2019**	**Comments on deviation**
2.4.1 Number of learners participating in agricultural leadership development programmes	0	40	0	40	Target not achieved, project implementation not completed
2.4.2. Number of capacity building programmes for board standing committees	1	1	1	0	No variance

Sub-programme 2.5. 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 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
2.5 To increase the skills levels of beneficiaries of public sector capacity building programmes by 30%	0%	30%	30%	0	No variance
Performance indicator (Specific outcomes)	**Actual achievement 2017/2018**	**Planned target 2018/2019**	**Actual achievement 2018/2019**	**Deviation from planned target to actual achievement for 2018/2019**	**Comments on deviation**
2.5.1 Number of co-funded projects supported through public entities	56	8	4	4	Target not achieved (50% achieved, project implementation not concluded within financial year
2.5.2. Number of research projects established	11	10	13	-3	Target exceeded. additional research concluded within sub-sectors
2.5.3. Number of partnerships with public entities in support of Ministerial projects	7	7	4	3	Target not achieved (57% achieved), project contracting could not be concluded within financial year

Key Performance indicators, planned targets and actual achievements

Programme 3: Learning programmes and projects

The programme achieved an average of 90% performance, if KPI's are considered on an individual basis with equal weighting.

Sub-programme 3.1: 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 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
3.1 To increase the efficiency of beneficiaries/ learners in the workplace by 30% annually and increase access to learning opportunities by 10% annually	7% increase in efficiency 1,5% increase in access	30% increase 10% increase	26% increase 0.1% increase	4 % 9.9%	Target not achieved (87% indicated an increase) Target not achieved (Number of learners increased from 7703 to 7709)

Performance indicator (Specific outcomes)	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
3.1.1. Number of learnerships, skills and AET programmes to employed learners and support to commodity organisations	LS-1589	LS-2405	LS 2415	LS -10	Target exceeded Additional learners could be accommodated within budget
	SP-4401	SP 2919	SP 4074	SP -1155	Target exceeded more projects with fewer credits allowed for additional projects to be funded within budget
	AET-729	AET-830	AET-574	AET 256	Target not achieved, several projects cancelled
	Commodity Org - 21	Commodity Org-20	Commodity org 24	Commodity org-3	Target exceeded,additional projects funded within budget

Performance indicator (Specific outcomes)	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
3.1.2. Number of employed learners completing learnerships, skills and AET programmes	LS-1096	LS 1200	LS 868	LS 332	Target not achieved (72% achieved), slow implementation of learnership for employed learners
	SP-4399	SP 1350	SP 4074	SP -2724	Target exceeded, more projects with fewer credits allowed for additional projects to be funded within budget
	AET-343	AET 425	AET 238	AET 187	Target not achieved (56% achieved) lower uptake of learners affected the completions
Previous year targets achieved in current year			LS 680		
3.1.3. Number of internship and graduate placement programmes	INT 365	INT 400	INT 320	INT 78	Target not achieved slow learner contracting affected implementation
	G.PL 357	G.PL 365	G.PL 318	G.PL 47	Target not achieved (87.12% achieved) Slow graduate contracting and delayed implementation.
Previous year's targets achieved in the current year			INT 521 G.PL 85		

Performance indicator (Specific outcomes)	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
3.1.4. Number of Internship and Graduate Placement programmes completed Previous year targets achieved in the current year	INT-178 G.PL 168	INT 125 G.PL 138	INT 400 G.PL 54 G.PL 8	INT-275 G.PL 84	Target exceeded, Projects with lower value could be accommodated within additional learners assisted within budget Target not achieved (39.1% achieved) Graduate learners leave the project as and when they receive employment.
3.1.5. Number of bursaries to employed and unemployed learners and Artisan Development programmes Previous year's targets achieved	B (18.1)-143 B (18.2)-312 Artisan 119	B (18.1)-120 B (18.2)-250 Artisan 219	B(18.1) 110 B(18.2) 43 Artisan 237 B(18.1) 98 B(18.2) 279 Artisan 65	B(18.1) 10 B(18.2) -207 Artisan-18	Target not achieved Contracting of learners slowed implementation Target not achieved Slow contracting procedures of learners in the workplace slowed implementation Target exceeded improved learner contracting and employment process

Performance indicator (Specific outcomes)	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
3.1.6. Number of employed and unemployed learners completing bursary and Artisan Development programmes	B (18.1)–5	B (18.1) 45	B(18.1) 33	B(18.1) 12	Target not achieved Completions were slow due to delays in submission of evidence at completions
	B (18.2)-10	B (18.2) 82	B(18.2) 91	B(18.2) -9	Target exceeded Contracts awarded earlier in year
	Artisan 165	Artisan 130	Artisan 237	Artisan -107	Target exceeded learners complete projects earlier due to experience that differ at programme entry
Previous year's targets achieved in the current year			B(18.1) 36 B(18.2) 21		
3.1.7. Number of HIV and Aids DVDs distributed to create awareness	1907	1000	1018	-18	Target exceeded,various meetings used to distribute DVDs

Sub-programme 3.2. Rural Development

Strategic objective: Increased governance and skills levels of Non-Levy Paying Entities (NLPEs) to create stability and an environment for economic growth.

Strategic Plan target	Actual achievement 2017/2018	Planned target 2018/ 2019	Actual achievement 2018/ 2019	Deviation from planned target to actual achievement for 2018/ 2019	Comments on deviation
3.2 To increase the governance of NLPEs by 20% and skills levels of beneficiaries with 30% annually	0% increase in governance and	20%	16%	4%	Target not achieved (63% indicated an increase however governance did not increase as expected)
	0% increase in skills levels of unemployed beneficiaries	30%	29.7%	0.3%	Target not achieved (97% indicated an increase however the skills levels of individuals did not increase as expected)
Performance indicator (Specific outcomes)	**Actual achievement 2017/2018**	**Planned target 2018/ 2019**	**Actual achievement 2018/ 2019**	**Deviation from planned target to actual achievement for 2018/ 2019**	**Comments on deviation**
3.2.1. Number of learnership, skills and mentorship programmes for unemployed learners	LS-1692	LS-2000	LS 1694	LS 306	Target not achieved (84.7% achieved) Project implementation very slow
	SP-4581	SP-2667	SP 5003	SP -2336	Target exceeded, additional projects could be accommodated within budget
	Mentors 44	SRS-30	SRS 107	SRS -77	Target exceeded, additional projects could be accommodated within budget

Performance indicator (Specific outcomes)	Actual achievement 2017/2018	Planned target 2018/ 2019	Actual achievement 2018/ 2019	Deviation from planned target to actual achievement for 2018/ 2019	Comments on deviation
3.2.2. Number of unemployed learners completing learnership and skills programmes Targets achieved from previous year in the current year	LS-125 SP-4582	LS-760 SP-2280	LS 1114 SP 5003 LS-1009	LS -354 SP-2723	Target exceeded Improved Learner contracting and implementation processes Target exceeded, more learners could be accommodated within budget
3.2.3. Number of learners entering new venture creation programmes	29	64	99	-24	Target exceeded, projects contracting and implementation improved
3.2.4. Number of learners completing new venture creation programmes	17	45	16	29	Target not achieved (35.5% achieved), Delayed submission of evidence and verification procedures slowed completion
3.2.5. Number of organisations supported through learnerships and new venture creation programmes in partnership with NGOs, CBOs, co-ops	226	220	367	-147	Target exceeded, additional learners could be accommodated within budget
3.2.6. Number of extension officers to be trained	0	70	0	70	Project not implemented, contractual agreements could not be concluded timeously

Sub-programme 3.3: Youth and Career Development

Strategic objective: The development of an integrated career development programme

Strategic Plan target	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
3.3 To change the perception of agriculture as a career by 30%, by exposing youth to opportunities in agriculture and rural development	0% increase in perception	30%	11%	19%	Target not achieved (38% responded positively)
Performance indicator	**Actual achievement 2017/2018**	**Planned target 2018/2019**	**Actual achievement 2018/2019**	**Deviation from planned target to actual achievement for 2018/2019**	**Comments on deviation**
3.3.1. The development of an integrated Career Development Programme	1	1	1	0	No variance
3.3.2. Number of strategic partnerships established for enhancing the capacity of youth in agriculture and career development	2	2	3	-1	Target exceeded, additional partnerships concluded within the financial year
3.3.3. Number of career exhibitions attended, schools involved and learners exposed	18 exhibitions	15 exhibitions	36 exhibitions	-21 exhibitions	Target exceeded, additional exhibitions attended
	164 schools	100 schools	269 schools	-169 schools	Target exceeded, additional exhibitions attended
	28 887 learners exposed	5 000 learners exposed	18 038 learners exposed	-13 038 learners exposed	Target exceeded. additional exhibitions attended

Programme 4: Quality assurance

The programme achieved an average of 61% performance, if KPI's are considered on an individual basis with equal weighting.

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

Strategic Plan target	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comments on deviation
4.1 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	0%	30%	29 %	0.3 %	Target not achieved (82% of respondents indicated increased responsiveness)
Performance indicator (Specific outcomes)	**Actual achievement 2017/2018**	**Planned target 2018/2019**	**Actual achievement 2018/2019**	**Deviation from planned target to actual achievement for 2018/2019**	**Comments on deviation**
4.1.1. Number of AFETs and TVETs supported with capacity building programmes	10	11	9	2	Target not achieved (81.8% achieved) All projects could not be concluded within he financial year
4.1.2. Number of occupationally directed qualifications developed	3	6	1	5	Target not achieved (16.6% achieved) Qualification submission to QCTO not concluded within the financial year
4.1.3. Number of AQP's supported through alignment to the QCTO	4 AQPs	5	2	3	Target not achieved additional capacity building projects were supported but did not lead to a formal agreement.
4.1.4. Number of RPL projects implemented	6	6	0	6	Target not achieved Projects could not be concluded within the financial year due to delays in concluding contracts.

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

1. Programme 1: Administration

SUB-PROGRAMME	MEASURES TO IMPROVE UNDERPERFORMANCE
Finance	1. Building of internal capacity and strengthening of controls.
Information Technology	2. Continuous system reviews.
Human Resources	3. Employee communication will be strengthened, 4. Talent management process must be strengthened,

2. Programme 2: Skills Planning

TARGET	MEASURES TO IMPROVE UNDERPERFORMANCE
An increase in the participation of employers in mandatory grants from 1790 to 1810	1. Improve communication with employers through regular roadshows and other forms of communication.
Increasing the payment of mandatory grants to 76% annually	1. Additional capacity within the department. 2. Build capacity of SDF's to submit accurate information.
Number of co-funded projects supported through public entities	1. Strategically re-assess the partnerships needed with the agricultural environment. 2. Enter into longer term co-funded partnerships

3. Programme 3: Learning Programmes and projects

SUB-PROGRAMME	MEASURES TO IMPROVE UNDERPERFORMANCE
Professional, vocational, occupational and workplace learning – decent work	1. Improved contract management especially in the learnership and skills programmes.
Rural Development	1. Improved contract management especially in learnership and skills programmes. 2. Re-evaluate the programme implementation and reporting structure especially in the WIL programmes.

4. Programme 4: Quality Assurance

PROGRAMME	MEASURES TO IMPROVE UNDERPERFORMANCE
ETQA	1. Industry mechanisms must be strengthened to increase the identification and participation in the development of occupationally directed occupations.

REVENUE COLLECTION

Sources of revenue	2018/2019			2017/2018		
	Estimate	Actual amount collected	(Over)/ under collection	Estimate	Actual amount collected	(Over)/ under collection
	R'000	R'000	R'000	R'000	R'000	R'000
Levy income	367 232	425 125	(57 893)	360 260	391 214	(30 954)
Penalties and interest	8 909	7 733	1 176	8 971	14 008	(5 037)
Investment income	22 157	32 231	(10 074)	20 719	27 726	(7 007)
Other income	0	23	(23)	0	211	(211)
Total (Excluding donor funding)	**398 298**	**465 112**	**66 814**	**389 950**	**433 159**	**(43 209)**

AgriSETA had a fairly good year in terms of revenue collection, actual levies collected exceeded the budget by R66 813 000. This was mainly due to the increase declaration submission by levy payers.

Interest received was also a contributor to the excess collection. This is 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 more focused approach was followed to ensure the provinces contribute their provincial levies as prescribed by the DHET circular. Several meetings were arranged with the provincial departments 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 R1 533 000 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 impact the public entity's current expenditure. The carrying amount of capital assets held at AgriSETA increased from R5 655 000 to R6 126 000 from the financial year 2017/18 to 2018/19.

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.

Capital Assets	2017 / 2018			2018 / 2019		
	Budget	Actual expenditure	(Over) under expenditure	Budget	Actual expenditure	(Over) under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Computer hardware	149	159	(10)	664	1 130	(466)
Computer software	45	0	45	48	293	(245)
Office equipment	33	12	21	545	110	435
Furniture and fittings	147	35	112	658	0	658
TOTAL	**374**	**206**	**168**	**1915**	**1 533**	**382**

SKILLS PLANNING

The Skills Planning Department went through wholesome changes during the year under review. The ever increasing scope of work made it necessary for the department to revisit the way in which the mandate of the organisation is implemented. The introduction of a new departmental structure not only focused on strengthening existing functions like the mandatory grants and marketing and communication, but a total refocus of the research function and the establishment of a monitoring and evaluation department.

The need to understand the impact of the initiatives that AgriSETA annually drive and the importance of generating data that can direct future development has become a crucial part of planning and the future focus of resources.

A significant and positive move in the disbursement of mandatory grants was achieved in the 2018/19 financial year; the expectation is that this trend will continue in the new financial year with additional resources being added to the unit. The ratio of levy payers compared to non-levy payers, however, remain high, this is set to continue with the tough economic climate and wave of mechanisation in the Agricultural sector.

The marketing and communication function had a very successful year with all of its targets achieved.

The leveraging on partnerships to expand the organisation's footprint and brand nationally had positive results. This is set to continue into the new financial year with envisaged sector partnerships that will carry the organisation further into the technological age.

A solid platform for generating data and sector information was achieved through further strengthening of the Sub-Sector Committees (SSCs). The outputs of these committees ensured that AgriSETA obtained the most updated sector information to include in its planning documents. It is a key focus of AgriSETA to further invest in this section and to ensure that research is credible and provides relevant and updated information. Partnerships with HEIs and commodity organisations are starting to bear fruit and this trend is set to continue with an expected increase in expenditure of research activities in the new financial year.

The Skills Planning Department successfully researched and submitted all strategic documents for the year under review. The strategy to solicit as much as possible inputs into the strategic planning documents is improving the quality of the indicators and setting the strategic direction of the organisation under the supervision of the Accounting Authority.

EDUCATION TRAINING AND QUALITY ASSURANCE (ETQA)

OVERVIEW

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

1.1.1 Accreditation of skills development providers.

1.1.2 Monitoring of training provisions.

1.1.3 Registration of practitioners.

1.1.4 Certification of learners.

1.1.5 Reporting of learner achievement to National Learners' Record Database (NLRD),

1.1.6 Maintaining Management Information System (MIS) for quality assurance activities.

2. Quality Assurance (QA) deliverables as per National Skills Development Plan (NSDP) vision:

i. Facilitate easy access and create different entry points (articulation and RPL).

ii. Collaborate with QCTO to identify and increase production of occupations in high demand.

iii. Increase access to occupationally directed programmes by supporting TVETs, CETS and agricultural colleges.

iv. Partnership development among TVETs, universities and industries.

Problem statement:

The agriculture sector requires more collaborative structures to enable the implementation of sectoral programmes. As Post-School Education and Training (PSET) system places emphasis of TVET colleges for implementation of occupations in high demand, a buy-in must be sought from DHET in collaboration with the Department Agriculture Forestry and Fisheries (DAFF) to formally recognise agricultural colleges as part of the PSET system.

QA strategic view:

- Strengthen agricultural colleges to become assessment centres.
- Establish collaboration between colleges and industries affected by the occupational qualifications.
- Administratively strong colleges will also be considered to be practical places for occupational qualifications.
- Roll-out RPL on large scale to ease access and articulation for entries.
- Include agriculturally biased TVETs, CETs and universities in capacity building for RPL, assessments and implementation of occupational programmes in the APP.

3. STREAMLINING QUALITY ASSURANCE FUNCTION

The White Paper on Post-School Education and Training highlighted the complexity with respect to the manner in which quality assurance is implemented in respective sectors and argued that the system needs to be streamlined and simplified.

Problem statement:

Over the years, the QCTO has not been able to fully discharge its quality assurance mandate, which created a stalemate at the SETA levels in terms of planning process, development of structures and systems.

QA strategic view:

- QA function must report to QCTO as opposed to current reporting lines.
- The function must be integrated entirely into the QCTO function to maximise coherence and minimise duplications.
- Contribution of 0,5% levied to SETAs to be optimised to include financing of incorporated QA functions.
- The funding allocation to QCTO requires a review to ensure that the institution fullfill its intended mandate.

4. CURRENT FUNCTIONS OF QUALITY ASSURANCE

The QCTO has been delegated accreditation of providers, certification of learners, registration of practitioners, monitoring of provision, management of assessment and moderation, data maintenance and reporting.

Problem statement:

The QCTO has created a dual system in the accreditation of providers and other QA functions - while the QAs are delegated these functions, the QCTO on the other hand is discharging the same functions. From a policy perspective, coherence and seamless implementation processes point of view, the dual system creates costs and non-compliance.

QA strategic view

- Current QA functions must be phased out.
- QA will engage QCTO to assist in fast tracking the alignment of current qualifications to the occupational format in the 2019/2020 financial year to allow the new system to start.
- QA to engage QCTO to start the process of taking over certification of learners.
- QCTO to migrate QA function to QCTO by 2021.
- QA experience will assist QCTO to simplify the planned assessment system for occupational qualifications which is currently complex and costly.
- QCTO's academic approach to assessment needs to be reviewed to accommodate people that are less literate.
- The RPL exam approach cannot be an exhaustive method of assessment as QCTO currently advocates. Policy review of this is necessary.

SKILLS DELIVERY DEPARTMENT

1. OVERVIEW: SKILLS DELIVERY DEPARTMENT

The Skills Delivery Department, as the custodian of all AgriSETA Learning Programmes, hereby present a report covering departmental activities for the 2018/19 reporting period.

Since the AgriSETA Board has identified and crafted its intervention priorities in 2011, delivery of programmes have been aligned to these priorities. Support to the youth has always been the focus of AgriSETA in encouraging them to participate in agricultural skills development, both in the employed and unemployed sections of the sector.

TVET and agricultural colleges were also identified and collaborations have been forged in this regard. NSDS III has identified co-operative support as one of its priorities and AgriSETA has aligned some programmes, such as learnerships, to be a vehicle in achieving this priority.

Of the programmes delivered, the Department played a significant role in ensuring that all programmes are accessible to all the identified stakeholders of the agricultural sector. In achieving the objects of the NDP, AgriSETA participates in Artisan Development and to this end, the desire to implement this programme is growing immensely. There are noticeable challenges which always go with skills development and this includes among others:

- Increasing access to training and skills development opportunities.
- Achieving fundamental transformation of inequalities.
- Skills shortages and mismatches.
- High demand for skills versus meager financial resources.
- Lack of desire for some employers in opening their workplaces.

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 in ensuring that management and payments of grants are effected.

The Discretionary Grant Policy is annually reviewed to be relevant to the sector needs and 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 24 with two vacancies which are in a process of being filled. From time to time, the Skills Delivery Department exposes young people to the world of work by providing the Internship Programme. During the period under review, the Department has accommodated seven 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.

2. SKILLS DELIVERY: LEARNING PROGRAMMES

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

2.1. Adult Education and Training (AET) for employed and unemployed learners.

2.2. Skills programmes (18.1 & 18.2).

2.3. Learnerships (18.1 & 18.2).

2.4. Artisan development (18.1 & 18.2) & FLP.

2.5. Bursary (18.1 & 18.2).

2.6. Graduate placement.

2.7. Internship.

2.8. New venture creation (NVC).

2.9. Support to Rural Structure, e.g. mentorship.

2.10. Commodity organisations.

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 Assistant Managers deployed in the four provinces responsible for rural development in line with the mandate of the DHET.

PART C
Governance

ACCOUNTING AUTHORITY MEMBERS

Mr Christo van der Rheede

Mr Atwell Nazo

Mr Mayoyo Mngomezulu

Ms Linda Gqokoma

Ms Anna Pholoana

Mr Danny Schutte

Mr Benjamin Gafeldien

Mr Neil Hamman

Ms Lebo Botsheleng

Mr Adrian Gerritzen

Dr Mokgadi-Ngoepe Ntsoane

Mr Anton Rabe

Ms Pinki Luwaca

1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and Companies Act, corporate governance with regard to public entities, is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King IV Report on Corporate Governance.

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

2. PORTFOLIO COMMITTEES AND SELECT COMMITTEES

The Portfolio Committee on Higher Education and Training and the Select Committee on Education of the National Council of Provinces (NCOP) exercises oversight over the 21 SETAs, Higher Educational Institutions (HEIs) and the DHET, and may invite any SETA to account on its strategic plan and annual performance plans from time to time. The entity has not appeared before the Portfolio Committee or any other Parliamentary Committee in the period under review.

3. EXECUTIVE AUTHORITY

The Executive Authority (EA) of AgriSETA is the Minister of Higher Education and Training, who is responsible for appointing members of the Board and determines their remuneration in accordance with the tariffs set by the Minister of Finance. The entity is required by the DHET to submit, on an annual basis, a Sector Skills Plan and Strategic and Annual Performance Plan. It is also required in terms of the SDA, to enter into a Service Level Agreement with the DHET and agree on expected deliverables that contribute towards the fulfilment of the Ministerial outcomes. Quarterly reports detailing the performance against set targets are submitted to the Department as required in terms of the Treasury Instruction Note.33 which amended part 5 and 30 of the Treasury Regulations, 2005. The EA convenes meetings with SETA Chairpersons and CEO's from time to time to discuss strategic policy imperatives affecting the sector and the Country. These engagements also present an opportunity for the leadership of SETAs to share the challenges that are encountered from time to time.

The Quarterly Monitoring Reports of the SETA are submitted to the Department of Higher Education and Training on a quarterly basis.

4. 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, Science and Technology for a period of five years and consists of the Chairperson and 14 Board members with one vacant position.

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 the SETA in accordance with the PFMA, the Skills Development Act of 1997 Chapter 3, Section 9 and 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 implement 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.
- Ensure that its members and 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
- Meetings of the Board

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

COMPOSITION OF THE AGRISETA ACCOUNTING AUTHORITY

The AgriSETA Accounting Authority consists of 14 members nominated as follows:

CONSTITUENCY	ORGANISATION
Ministerial appointee	Accounting Authority Chairperson (1)
Organised labour	FAWU – Food and Allied Workers Union (4) AFRIWU – Agriculture, Food, Fishing, and Retail Industry Workers Union (1) Solidarity (1)
Government departments and public entities	PPECB – Perishable Products Export Control Board (1) DAFF – Department of Agriculture Forestry and Fisheries (1)
Organised employers	AgriSA (1) Fruit SA (1) Grain SA (1) RMAA – Red Meat Abattoir Association (1)
Other stakeholders	Community Organisations (1) – Syringa Bio – Science

The AgriSETA Accounting Authority consists of 14 members nominated

NAME	DESIGNATION	QUALIFICATION	AREA OF EXPERTISE	ACCOUNTING AUTHORITY DIRECTORSHIPS	OTHER COMMITTEES
Mr C Van der Rheede	Ministerial Appointment Chairperson	MPA	Agricultural Economics	BUSA ATKTV Potchefstroom Business School Advisory Council	EXCO
Mr A Nazo	Member	Certificate in Public Management	Labour relations	Basebenzi	REMCO, EXCO
Ms A Pholoana	Member	Grade 12	Labour relations	n/a	EXCO
Dr M Ngoepe-Ntsoane	Member	PhD in Managements of Technology and Innovation	Strategic Management Organisational transformation Change management	Da Vinci Institute of Technology Council (Previous) Agricultural Research Council: Current	REMCO, Governance and Strategy
Ms P Luwaca	Member	Honours Human Resource Management	Strategic Management Human Resources	PPECB	REMCO, EXCO
Mr N Hamman	Member	Cost Management Accounting	Financial Management Tax	AGRI Western Cape	Governance and Strategy
Mr A Rabe	Member	MBA	Agricultural Economics	Hortgro Pty Ltd Fruitgro Science Fruit Mzanzi Afrika TPS Property Holdings SA Tug of War	Governance and Strategy Grants and Quality Assurance
Mr G Benjamin	Member	Certificate Labour Relations	Labour Relations	Wine Industry Transformation Levy Dal Josaphat Workers Empowerment Pty Ltd	Grants and Quality Assurance

NAME	DESIGNATION	QUALIFICATION	AREA OF EXPERTISE	ACCOUNTING AUTHORITY DIRECTORSHIPS	OTHER COMMITTEES
Mr M Mngomezulu	Member	Certificate in computer studies	Labour Relations	n/a	Governance and Strategy
Ms L Gqokoma	Member	Grade 12	Labour relations	n/a	Grants and Quality Assurance
Ms L Botsheleng	Member	Master's Degree	Agriculture Training and Education		Grants and Quality Assurance
Mr A Gerritzen	Member	NHD - Human Resource Management	Specialist in Human Resource Management and salary negotiations	n/a	REMCO
Dr G Neethling	Member	Bachelor of Veterinary Science	Veterinary	Abattoir Skills Training Mobile Agri Skills Development training	Governance and Strategy
Mr D Schutte	Member	B Com (Hons)	Labour Relations		REMCO, Grants and Quality Assurance

Meeting Attendance

NAME	CONSTITUENCY	DATE APPOINTED	NO OF MEETINGS HELD	NO OF MEETINGS ATTENDED
Mr C Van der Rheede	Chairperson Ministerial appointee	01 April 2018	9	9
Dr G Neethling	Organised Employers	01 April 2018	9	6
Dr M Ngoepe-Ntsoane	Community Organisation	01 April 2018	9	9
Mr N Hamman	Organised Employers	01 April 2018	9	9
Ms P Luwaca	Organised Employers	01 April 2018	9	5
Mr M Mngomezulu	Organised Labour	01 April 2018	9	9
Mr R Gerritzen	Organized	01 April 2018	9	6
Mr A Nazo	Organised Labour	01 April 2018	9	9
Mr A Rabe	Organised Employers	01 April 2018	9	6
Mr G Benjamin	Organised Labour	01 April 2018	9	8
Ms L Gqokoma	Organised Labour	01 April 2018	9	9
Ms A Pholoana	Organised Labour	01 April 2018	9	9
Mr D Schutte	Organised Labour	01 April 2018	9	9
Ms L Botsheleng	DAFF	01 April 2018	9	7

Accounting Authority Committees

- Accounting Authority Executive Committee
- Audit and Risk Committee
- The Governance and Strategy Committee
- Finance and Remuneration Committee
- Grants and Quality Assurance Committee

Accounting Authority Executive Committee

MEMBER	MEETINGS HELD	MEETINGS ATTENDED
Mr C van der Rheede	8	7
Ms A Pholoana	8	2
Mr A Nazo	8	8
Ms P Luwaca	8	4

Audit and Risk Committee

MEMBER	MEETINGS HELD	MEETINGS ATTENDED
Ms E Pillay	11	10
Dr G Buys	11	11
Ms N Oliphant	11	11
Ms L Maqubela	11	8
Mr M Oliver	11	11

Governance and Strategy Committee

MEMBER	MEETINGS HELD	MEETINGS ATTENDED
Dr M Ngoepe-Ntsoane	4	4
Mr G Benjamin	4	4
Mr N Hamman	4	4
Mr M Mngomezulu	4	4

Finance and Remuneration Committee

MEMBER	MEETINGS HELD	MEETINGS ATTENDED
Ms P Luwaca	6	5
Mr A Nazo	6	5
Dr M Ngoepe-Ntsoane	6	6
Mr D Schutte	6	5
Mr R Gerritzen	6	3

Grants and Quality Assurance Committee

MEMBER	MEETINGS HELD	MEETINGS ATTENDED
Ms L Gqokoma	4	4
Mr D Schutte	4	4
Ms A Pholoana*	4	3
Mr N Hamman	4	4
Mr A Rabe	4	1
Dr G Neethling	4	2
Mr M Mngomezulu *	4	1
Ms L Botsheleng	4	3
Mr G Benjamin	4	4

**Ms Pholoana was moved from Governance and Strategy to EXCO and she was replaced by Mr Mngomezulu in Governance and Strategy*

Remuneration of Board members

- The remuneration of Board members is determined by the National Treasury Regulations with amendments to the rate determined annually for a financial year.
- All Board members of AgriSETA are remunerated as per the National Treasury Regulations.
- Refer to the table for remuneration of Board members.

Board Members

MEMBERS OF THE ACCOUNTING AUTHORITY (BOARD MEMBERS)	MEETING ATTENDANCE ALLOWANCE	EXPENSES	TOTAL
Mr A Gerritzen	189 023	5 685	194 708
Mr A Nazo	287 386	23 525	310 911
Mr A Rabe	34 536	1 664	36 200
Ms P Luwaca	-	2 620	2 620
Mr D Schutte	208 216	61 226	269 442
Mr N Hamman	207 216	38 993	246 209
Mr C van der Rheede	326 391	14 125	340 516
Mr MS Mngomezulu	267 654	8 873	276 527
Ms A Pholoana	197 920	10 840	208 760
Dr M Ngoepe-Ntsoane	262 706	81 227	343 933
Ms L Gqokoma	162 804	9 679	172 483
Mr G Benjamin	145 461	1 699	147 160
Dr G Neethling	-	-	-
Ms L Botsheleng	-	-	-
	2 289 313	260 156	2 549 469

Remuneration of Audit and Risk Committee Members

- The remuneration of Board members is determined by the National Treasury Regulations with amendments to the rate determined annually for a financial year.

Audit and Risk Committee (A&RC)

MEMBERS OF THE AUDIT AND RISK REMUNERATION	MEETING ATTENDANCE ALLOWANCE	EXPENSES	TOTAL
Ms E Pillay	122 078	48 471	170 549
Ms GL Maqubela	77 706	14 233	91 939
Ms N Oliphant	103 608	36 825	140 433
Mr G Buys	116 559	19 289	135 848
Mr M Oliver	94 974	9 300	104 274
	514 925	**128 117**	**643 042**

5. RISK MANAGEMENT

AgriSETA has an approved risk management 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 strategic planning session. During the latter part of the previous financial year, the management reviewed and presented the risk register to the A&RC.

At each standing A&RC 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 A&RC their objective view of risks inherent to the institution.

6. INTERNAL CONTROLS

Internal controls are the responsibility of the management of the entity and is a fundamental requirement in all areas of the operations. Each manager is responsible for identifying areas of weakness and putting into effect mechanisms such as standards operating procedures to strengthen controls. Audit and Risk is responsible for playing an oversight role to ensure effectiveness of internal controls.

7. AUDIT AND RISK COMMITTEE

It is the task of the A&RC 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

8. INTERNAL AUDIT

Internal controls were reviewed and monitored by management. The Internal Audit function is outsourced to OMA Auditors.

9. COMPLIANCE WITH LAWS AND REGULATIONS

AgriSETA is a public entity tasked with the control of certain public funds. The entity is required to act in compliance with public prescripts: during the period under review, the following pieces of legislation were assessed for compliance and it is our view that we have complied with:

- 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)
- The Public Finance Management Act, 1999 (Act No.1 1999) as amended by Act No.29 1999

10. FRAUD AND CORRUPTION

- AgriSETA has a fraud prevention policy in place and actively implements it .
- 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 roadshow, stakeholders are made aware of the hotline and invited to use it if they suspect any wrongdoing. This is also permanently displayed on the AgriSETA web-site and 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
    - 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 Audit and Risk Committee meeting.

11. MINIMISING CONFLICT OF INTEREST

11.1 FRAUD HOTLINE:

AgriSETA has established a fraud hotline system that deals with the management of complaints and the allegations of abuse in the Supply Chain Management (SCM) System. The system provides for written, verbal or anonymous reporting of complaints.

The Chief Executive Officer investigates the complaints or allegations. The CEO ensures that the investigation reports are securely stored. The CEO informs the Accounting Authority through the Audit and Risk Committee of the outcome of the investigations together with proposed remedial actions.

The Accounting Authority will handle the financial misconduct process if applicable.

11.2 DECLARATION OF INTEREST:

Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee members, and SCM practitioners declare any business, commercial and financial interest or activities undertaken for financial gain that may arise from possible conflict of interest. The members are required to declare their financial interests annually.

All members of the Bid Committee teams are cleared at a level of 'confidential' and are required to declare their interest in each and every Bid Committee meeting.

If there is any conflict of interest detected or disclosed in a particular Bid Committee meeting, the member is recused from the activities of the bid.

11.3 STANDARD BIDDING DOCUMENT 4 (SBD4):

All bidders or his/her authorised representative are required to declare his/her position in relation to the evaluating/adjudicating authority where -

- The bidder is employed by the State.
- The legal person on whose behalf the bidding document is signed, has a relationship with persons/a person who are/is involved in the evaluation and or adjudication of the bid(s).
- Where it is known that such a relationship exists between the person or persons for or on whose behalf the declarant acts and persons who are involved with the evaluation.
- Adjudication of the bid, the Standard Bidding Document 4 (SBD4) is completed for each and every bid submission.

During the period under review, there was no case of misconduct or negligence of duty from the Accounting Authority members that required removal from office or termination of membership.

12. CODE OF CONDUCT

The AgriSETA's Code of Conduct, set out in the organisations Constitution is applicable to its Accounting Authority and Board sub-committees. A Code of Conduct for staff members is also in place.

13. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

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

14. COMPANY SECRETARY

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

15. SOCIAL RESPONSIBILITY

AgriSETA is 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 & RISK COMMITTEE (A&RC) REPORT

AUDIT & RISK COMMITTEE REPORT FOR THE PERIOD ENDING 31 MARCH 2019

I am pleased to present the Audit and Risk (A&RC) Committee Report for the financial year ended 31 March 2019.

1. Audit Committee members and attendance

The Audit Committee consists of the members listed below. The Committee meets at least four times per annum in line with its approved charter. Eleven meetings, including special meetings, were held during the year.

NAME	CONSTITUENCY	DESIGNATION	MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
Ms E Pillay	Independent	Chairperson	11	10
Dr G Buys	Organised employers	Member	11	11
Ms L Maqubela	Independent	Member	11	8
Ms N Oliphant	Independent	Member (Chairperson Risk Management Committee)	11	11
Mr M Oliver	Organised labour	Member	11	11

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee is pleased to report that it is properly constituted as required by the Public Financial Management Act, (PFMA, 1999) and has complied with its responsibilities arising from the PFMA (1999). The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Committee Charter, and has managed and regulated its affairs in compliance with this charter.

As mandated, the Audit Committee hereby reports on its functions for the year ended 31 March 2019.

For the financial year ended 31 March 2019 and in compliance with the PFMA (1999), the Audit Committee reviewed:

- The Annual Financial Statements before submission to the Auditor-General on 31 May 2019 and the audited Annual Financial Statements.
- The annual performance report prior to submission to the Auditor-General on 31 May 2019 and the audited annual performance report.
- 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 plans, work and reports of Internal Audit and the Auditor-General. The Audit Committee also conducted independent meetings with the assurance providers,
- The management letter and audit report of the Auditor-General related to the audit of the final 2018/19 Annual Financial Statements.

2. Risk management

AgriSETA has established a Risk Management Committee, which is being chaired by an independent member. There has been an improvement in the risk management processes of AgriSETA from the prior year. However, the risk management processes within the AgriSETA have not yet reached the desired level of maturity.

3. Internal audit

AgriSETA's Internal Audit function is outsourced and was operational for the entire period under review. The Committee was satisfied with the effectiveness of the internal audit function for the period under review. Internal audit follows a risked based approach, which incorporates management's risk assessment. All planned internal audits for the year were completed.

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

- SCM: a number of control weaknesses were identified and management was advised to implement corrective actions.
- ICT: Inadequate ICT governance was raised as a concern and as an area requiring urgent attention of the Board and management.
- Predetermined objectives: control weaknesses were identified in the performance reporting processes which resulted, in some instances, in inaccurate quarterly performance reports.
- Financial discipline review.
- Human resource management.
- Grant management.
- SCM.

4. Review of effectiveness of internal controls

The Committee's review of the findings of the work of Internal Audit, which was based on the risk assessments conducted, revealed weaknesses in the system of internal controls, which were raised with the management and the Board. A number of weaknesses were identified in the areas of grant management, financial management, SCM, ICT and performance management and reporting. The Committee consistently expressed its concern regarding the slow progress by management during the year, in addressing internal control deficiencies identified by internal and external audit.

5. In-year management and monthly/ quarterly reports

Management presented quarterly financial and performance reports to the Committee during the year and such reports were reviewed and interrogated by the Committee for accuracy and reliability. The SETA complied with all the reporting requirements.

6. Review of the Annual Financial Statements and performance report

- The draft Annual Financial Statements for the year ended 31 March 2019 were reviewed by the Committee and recommendations for improvements were made prior to submission to the Board for approval and to the Auditor-General for auditing. The audited financial statements were reviewed and recommended by the Committee to the Board, for approval.
- The Committee reviewed the draft and audited annual performance report for the period 31 March 2019.

7. The Audit Committee opinion

We have reviewed the entity's implementation plan for audit issues raised in the prior year and we are concerned that the matters reported 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 A&RC concurs and accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.

Ms E Pillay
31 July 2019
Chairperson of Audit and Risk Committee

PART D

Human Resources Management

INTRODUCTION

The attraction and retention of talented, skilled and passionate employees is critical to meeting the strategic goals and mandate of AgriSETA. The human resource division is evolving from being a conventional model to a business partner model. In this regard, the Strategic priorities of HR are aligned to the business strategy and NSDP, being the following:

- Prioritise training and development as identified in the strategy.
- Implement the Comprehensive Performance Management System.

The year under review has seen the organisation acquiring much needed talent to drive the strategic objectives of AgriSETA. In February 2018/19 financial year, AgriSETA welcomed a new CEO, Mr Zenzele Myeza. His appointment and that of the CFO has provided confidence to stakeholders and staff that AgriSETA is ready to serve and continue to execute its national mandate of providing skills to the agricultural sector.

1.1 RECRUITMENT DRIVE

AgriSETA's success in the skills development sector depends on its ability to attract, develop and retain engaged and capable employees. Competing for suitably skilled people to fill critical roles that support the strategic focus areas remains a challenge. However, AgriSETA has succeeded in the past financial year to recruit staff in critical positions such as the CEO, CFO, and the Supply Chain Manager.

1.2 EMPLOYEE WELLNESS PROGRAMMES

A safe and healthy workplace is a fundamental right. Adherence to health and safety standards purports AgriSETA to assume the responsibility of maintaining a productive workplace - through minimising the risk of accidents, injury, and exposure to health hazards. On the other hand, the organisation has approved an Employee Assistance Programme Policy and it has appointed a suitable provider to render proactive and balanced wellness services to staff members. The Employee Wellness Programme has been launched, and was indeed a success.

1.3 HR POLICY DEVELOPMENT AND MANAGEMENT

The HR Department has recently facilitated the review of all its policies. Among others, the Performance Management Policy was approved by the Board. Although the Performance Management Policy addresses issues of compliance, much work still need to be done to achieve a comprehensive performance management system. On the other hand, there are other new HR policies that were also introduced and approved such as the Bereavement Policy, Payroll Management Policy, and the Employee Assistance Programme Policy. In addition, the organisation has also reviewed the Remuneration Strategy framework to promote a flexible, balanced, integrated and cost-effective reward structure, covering variable pay and recognition incentives, benefits, career development and opportunities.

1.4 FUTURE HR PLANS GOALS 2019/20

1.4.1 HRs' strategic objective is the provision of effective and efficient human capital support to AgriSETA.

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

- To enhance operational and strategic efficiencies by implementing an optimal organisational structure for AgriSETA.
- To position AgriSETA as a high-performance, well-balanced work environment with a sound corporate culture.
- To ensure that AgriSETA effectively leverages employee skills by recruiting, retaining and developing high quality people.
- To ensure effective and efficient human resource management systems and processes to aid in effective management of people.

Our overall goal is to effectively implement policies and procedures positioned toward a comprehensive value proportioning that will achieve and drive a high-performance organisation.

1.5 HUMAN RESOURCES OVERSIGHT STATISTICS MARCH 2018 TO APRIL 2019

Personnel cost by programme/activity/objective

Employment vacancies

DIRECTORATE/ BUSINESS UNIT	2018/2019 NUMBER OF EMPLOYEES	2018/2019 APPROVED POSTS	2018/19 VACANCIES	% OF VACANCIES
Top management	1	1	0	0%
Senior management	6	6	0	0%
Middle management	5	9	-4	44%
Skilled	18	23	-5	4%
Semi-skilled	33	40	-6	18%
Unskilled	5	5	0	0%
TOTAL	***68**	**84**	**15**	**24%**

* Total 68 excludes 9 interns which was not included in the total approved funded structure

Employment and vacancies

Employment changes

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top management	0	1	0	1
Senior management	4	2	0	6
Middle management	4	1	0	5
Skilled	18	2	2	18
Semi-skilled	18	17	2	33
Unskilled	5	0	0	5
TOTAL	**49**	**23**	**4**	**68**

* Total 49 excludes 9 interns which was not included in the total approved funded structure

Reasons for staff leaving

REASON	NUMBER	% OF TOTAL NUMBER OF STAFF LEAVING
Death	0	0%
Resignation	2	3%
Dismissal	0	0%
Retirement	2	3%
Ill health	0	0%
Expiry of contract	0	0%
Other	0	0%
TOTAL	**4**	

* Total 4 excludes 9 interns which was not included in the total approved funded structure

Labour relations: Misconduct and disciplinary action

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal warning	0
Written warning	2
Final written warning	0
Dismissal	0
Total	2

Equity target and employment equity status

Levels	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	0	0	0	0	0	0	0
Senior management	3	0	0	0	0	0	1	0
Middle management	3	0	0	0	0	0	0	0
Skilled	7	0	0	1	0	0	0	0
Semi-skilled	9	0	0	0	0	0	0	0
Unskilled	2	0	0	0	0	0	0	0
TOTAL	**25**	**0**	**0**	**1**	**0**	**0**	**1**	**0**
Levels	**FEMALE**							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	0	0	0	0	0	0	0
Senior management	2	0	0	0	0	1	0	0
Middle management	2	0	0	0	0	0	0	0
Skilled	8	0	3	0	0	1	0	0
Semi-skilled	20	0	3	0	0	0	1	0
Unskilled	3	0	0	0	0	0	0	0
TOTAL	**35**	**0**	**6**	**0**	**0**	**2**	**1**	**0**
Levels	**DISABLED STAFF**							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0
Middle management	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**