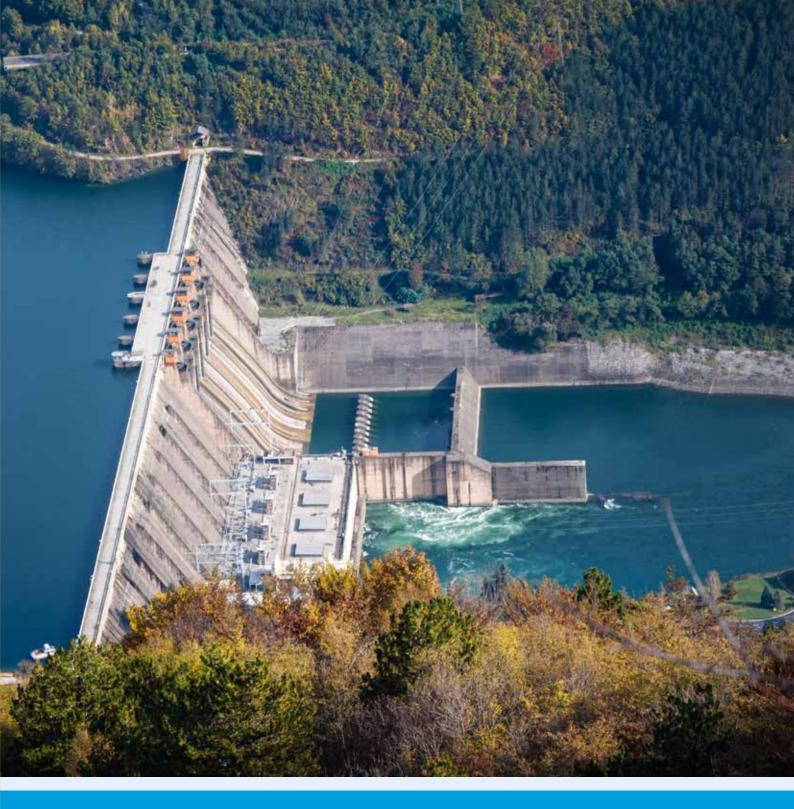
ANNUAL REPORT 2016/2017

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Energy and Water Sector Education and Training Authority Annual Report for the 2016/17 Financial Year

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PRESENTATION OF THE EWSETA ANNUAL REPORT

PRESENTATION OF THE EWSETA ANNUAL REPORT

In terms of Section 65 of the Public Finance Management Act, 1 of 1999, I am privileged to present the Energy and Water Sector Education and Training Authority (EWSETA) Annual Report for the period 1 April 2016 to 31 March 2017 to the Minister of Higher Education and Training, Dr Blade Nzimande.

This report reflects the overall performance of the EWSETA against its mandate and its contribution, in partnership with its stakeholders, to the skills pipeline in the water and energy sector.

The Auditor-General of South Africa has audited the annual financial statements and performance information in the report. As the EWSETA Board, we have relied on the assurances given by the EWSETA management and Internal Audit about the integrity and reliability of the performance information. We endorse this Annual Report.

The EWSETA remains committed to working with the Department of Higher Education and Training in establishing a sector skills pipeline that contributes meaningfully to governments' economic growth policies and employment creation and poverty reduction initiatives.



Mr Frans Baleni Accounting Authority Chairperson July 2017



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"We recognise that the future of our country is inextricably linked to our ability to empower our people – particularly our young people – with the skills and knowledge to allow them to participate actively in building and transforming Africa's most advanced industrial economy. [As a country] with economically important cities, we need plumbers, electricians, motor mechanics and people with all of the other skills required to keep the complex infrastructure, the mines and the factories ticking over."

 Budget speech to the National Council of Provinces by the Honourable Minister Blade Nzimande, April 2016.

PART A GENERAL INFORMATION

I ANNAN T

EWSETA INFORMATION

Registered Name:	Energy and Water Sector Education and Training Authority (EWSETA)	
Street Address:	2nd and 3rd Floors, Sentinel House, Sunnyside Office Park, 32 Princess of Wales Terrace	
	Parktown, Johannesburg, 2198, South Africa	
Postal Address:	P O Box 1273, Houghton 2041, Johannesburg	
Telephone:	+27 (0)11 274 4700	
Fax:	+27 (0)11 484 8953 / +27 (0)11 484 1078	
Email:	info@eseta.org.za	
Website:	http://www.ewseta.org.za	
RP:	RP156/2017	
ISBN:	978-0-621-45510-6	
External Auditors:	Auditor-General of South Africa	
Bankers:	First National Bank, Rand Merchant Bank, Standard Bank	

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ABBREVIATIONS AND ACRONYMS

AQP	Assessment Quality Provider	
ATR	Annual Training Report	
CDC	Coega Development Corporation	
CEO	Chief Executive Officer	
CFO	Chief Financial Officer	
CHIETA	Chemical Industries Education & Training Authority	
COO	Chief Operating Officer	
CSE	Corporate Services Executive	
DG	Discretionary Grant	
DHET	Department of Higher Education and Training	
DoE	Department of Energy	
DQP	Development Quality Partner	
DWS	Department of Water and Sanitation	
ETQA	Education and Training Quality Assurance	
EWSETA	Energy and Water Sector Education and Training Authority	
FETWATER	Framework Programme for Research, Education and Training in the Water Sector	
HET	Higher Education and Training	
HETI	Higher Education and Training Institute	
IDC	Independent Development Corporation	
ITIL	Information Technology Infrastructure Library	
LAN	Local Area Network	
LMIS	Labour Market Information System	
MERSETA	Manufacturing, Engineering and Related Services Sector Education and Training Authority	

ABBREVIATIONS AND ACRONYMS (CONTINUED)

(10)

MoU	Memorandum of Understanding	
MIS	Management Information System	
MTEF	Medium-Term Expenditure Framework	
NDP	National Development Plan	
NECSA	South African Nuclear Energy Corporation	
NERSA	National Energy Regulator of South Africa	
NGP	New Growth Plan	
NIASA	Nuclear Industry Association of South Africa	
NNR	National Nuclear Regulator	
NRF	National Research Foundation	
NSDS	National Skills Development Strategy	
OFO	Organising Framework for Occupations	
PIVOTAL	Professional, Vocational, Technical and Academic Learning	
PFMA	Public Financial Management Act, 1 of 1999	
QAC	Quality Assurance and Compliance	
QACC	Quality Assurance and Compliance Committee	
QCTO	Quality Council for Trades and Occupations	
QDF	Quality Development Facilitator	
QMS	Quality Management System	
SAICE	South African Institution of Civil Engineering	
SAQA	South African Qualifications Authority	
SCM	Supply Chain Management	
SDA	Skills Development Act, 97 of 1998 (as amended)	
SDL	Skills Development Levy	
SETA	Sector Education and Training Authority	
SLA	Service Level Agreement	
SMME	Small, Medium and Micro Enterprises	
SSP	Sector Skills Plan	
SWOT	Strengths, Weaknesses, Opportunities, Threats	
TETA	Transport Education Training Authority	
TR	Treasury Regulations	
TVET	Technical and Vocational Education and Training	
WAN	Wide Area Network	
WISA	Water Institute of Southern Africa	
WSP	Workplace Skills Plan	

STRATEGIC OVERVIEW

The Energy and Water Sector Education and Training Authority (EWSETA) is one of the 21 SETAs established in terms of Section 9 of the Skills Development Act, 97 of 1998, as amended, and reports to the Honourable Minister of Higher Education and Training.

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Our mandate is to anticipate, build and manage the skills development and training needs of the energy and water services sector through strategic skills planning within the context of the National Skills Development Strategy (NSDS III).

We do this by:

- Establishing and registering learning programmes
- Approving Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs)
- Disbursing mandatory grants to levy-paying employers, and disbursing discretionary grants to stakeholders including skills development providers, public education and training institutions, learners, NGOs, CBOs, cooperatives and workerinitiated programmes
- Monitoring and assuring quality education and training in the energy and water sectors
- Promoting learnerships, internships, apprenticeships and other learning programmes in the sector
- Promoting sustainable socio-economic development.



Alignment with the NSDS III ensures that our strategy supports key national development strategies and macroeconomic policies, including the:

- National Development Plan (NDP)
- National Youth Accord
- New Growth Plan (NGP)
- National Energy Act, 34 of 2008
- Industrial Policy Action Plan (IPAP 2)
- Strategic Framework for Water Services
- Integrated Resource Plan (IRP)
- National Water Act, 36 of 1998
- Whitepaper on Post School Education and Training
- Human Resource Development Strategy of South Africa
- National Infrastructure Plan, which includes the Strategic Integrated Projects (SIPs).

Our 2016/17 strategic objectives were to:

- strengthen institutional and governance capabilities to meet the skills development needs of the energy and water services sectors
- build a positive image and reputation for the EWSETA
- maintain an effective information management system
- maintain a research strategy that informs sector skills planning
- increase access to occupationally-directed programmes for employed and unemployed learners
- enhance training institutional capacity to meet energy and water industry supply needs
- facilitate the increase in artisan skills capacity within the energy and water services sector
- raise awareness of career and vocational guidance
- promote learning and development that addresses socio-economic inequalities in society.

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VISION

Our vision is to be the recognised, reputable Authority in skills development facilitation for the energy and water services sector.

MISSION

Our mission is to:

- Comprehensively research and gain a sound understanding of the skills demand and supply forces in our sector.
- Co-ordinate, facilitate and provide quality assurance for sector-relevant skills development programmes for our stakeholders, as aligned with stated national skills development priorities.
- Generate, articulate and execute a skills sector pipeline with a positive impact on the government's economic growth policies, employment creation policies and poverty eradication strategies.

VALUES

We entrench an organisational culture that is conducive to instilling our values:

- Visionary leadership: Keeping the EWSETA's vision, mission, mandates and values at the forefront of associated decision-making and action.
- **Stakeholder orientation**: Cultivating strategic stakeholder relationships and ensuring that stakeholder perspectives are the driving force behind all value-added organisational activities.
- Continuous learning and research: Actively identifying new areas for organisational learning and positioning; regularly creating and taking advantage of learning opportunities; using newly-gained knowledge to drive organisational and personal performance and delivery.
- Driving for results: Setting high goals for personal and group accomplishment; measuring and monitoring progress towards goal attainment; meeting or exceeding those goals with tenacity; and deriving satisfaction from goal achievement and continuous improvement.
- **Building collaborative working relationships:** Developing and using collaborative relationships to accomplish business goals.
- **Quality orientation:** Accomplishing objectives and tasks holistically; being aware of all activities and engagements; establishing and controlling processes and systems accurately; and being continuously watchful.
- **Demonstrating personal integrity:** Interacting with others in a way that inspires confidence in the intentions of the EWSETA and its employees.

STRATEGIC OUTCOME-ORIENTATED GOALS

	GOAL	STATEMENT
	Strengthen institutional capabilities to meet the skills development needs of the energy and water sectors	Establish a management system within the EWSETA to govern all resources effectively and ensure sustainable organisational performance and reliable compliance.
	Address the skills shortage within the energy and water sectors	Utilise PIVOTAL programmes and establish a credible institutional research mechanism by March 2020 to address sector-specific skills shortages.
i : : : : : : :	Develop and implement a sustainable socio-economic development plan for informal sectors, including small, medium & micro enterprises (SMMEs)	Engage with small businesses, trade unions, NGOs and community-based organisations (CBOs) in the sector and identify skills needs and develop strategies to support sustainable economic development in rural areas and townships and for other relevant partners in the energy and water sectors.

The Constitution of the Republic of South Africa is the foundation of an education system that espouses the values of human dignity, equality, human rights, freedom, non-racism and nonsexism and guarantees basic education for all.

LEGISLATIVE AND OTHER MANDATES

CONSTITUTIONAL MANDATES

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The Constitution of the Republic of South Africa is the foundation of an education system that espouses the values of human dignity, equality, human rights, freedom, non-racism and non-sexism and guarantees basic education for all.

LEGISLATIVE MANDATES

The following legislation and associated regulations inform the strategy and operations of the EWSETA:

National legislation and regulations

- South African Qualifications Authority Act, 58 of 1995: Forms the framework for a national learning system that integrates education and training at all levels.
- Further Education and Training Act, 16 of 1998: Provides the basis for the development of nationally coordinated further education and training.
- General Education and Further Education and Training Quality Assessment Act, 58 of 2001: Provides for the development of norms and standards for curricula and assessments.
- Public Finance Management Act, 1 of 1999 and Treasury Regulations 2005: Promotes the objective of good financial management to maximise service delivery.
- The Preferential Procurement Policy Framework Act, 5 of 2000 and Regulations 2011: Guides procurement in government where a preference point system must be followed.
- National Skills Development Strategy NSDS III: Defines the national skills development framework and targets against which all SETAs must deliver.
- Skills Development Act, 97 of 1998: Forms the basis of the existence of all SETAs and their operating mandate.
- Employment Equity Act, 55 of 1998: Provides a framework for implementing affirmative action and protects workers and job seekers from unfair discrimination.
- Basic Conditions of Employment Act, 75 of 1997: Forms the basis of all employment relationships and is the backdrop to both learnership agreements and internal EWSETA employee relations.

• Labour Relations Act, 60 of 1995: Governs both internal employee/employer relationships and external learner/employer relationships.

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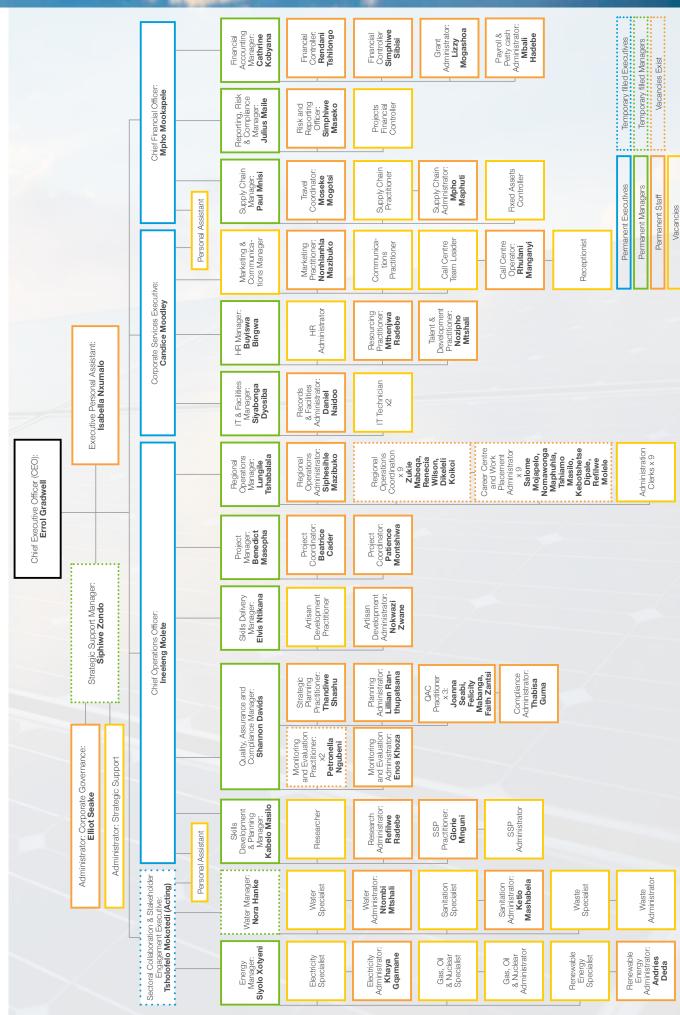
- The Division of Revenue Act, 38 of 2014 (enacted annually): Defines the budgetary allocations for governmental organisations.
- King III, 2009: Informs the functioning of the Board and its sub-committees.
- Quality Council for Trades and Occupations (QCTO) gazetted in Government Gazette No 33059, 1 April 2010: Oversees the quality of curricula development and the accreditation and assessment of qualifications.
- The Medium-Term Strategic Framework: Designed to guide governmental policy and the programme of action over the next five years.
- The Human Resource Development Strategy for South Africa, 2009: Promotes the acquisition of knowledge and skills to maximise the potential of the people of South Africa.
- New Growth Path (NGP) 2010: Provides bold, imaginative and effective strategies to create the millions of new jobs that South Africa needs.
- Green Economy Accord 2011: Aims to create 300,000 jobs by 2020 in the Green Economy.
- National Development Plan (NDP) 2013: Aims to eliminate poverty and reduce inequality by 2030.

Sector-specific regulatory framework

In addition to its legislative framework, the following sector regulations influence and inform the focus of EWSETA operations:

• The Strategic Framework for Water Services, 2003: Sets out a comprehensive approach to the provision of water services.

- The National Water Resource Strategy (NWRS), 2012: Provides a framework for the use, development, conservation, management and control of water resources.
- Industrial Policy Action Plan (IPAP 2), 2010/11 2012/13: Sets out in detail key actions and timeframes for the implementation of industrial policy.
- Water Services Amendment Act, 30 of 2004: Provides for the right of access to basic water supply and sanitation and the setting of national standards and tariffs.
- National Water Act, 36 of 1998: Acknowledges the National Government's overall responsibility for and authority over the nation's water resources and their use.
- Municipal Structures Act, 117 of 1998: Provides for the establishment of municipalities.
- The Municipal Systems Act, 32 of 2000: Provides for the core principles, mechanisms and processes that enable municipalities to move progressively towards the social and economic upliftment of local communities.
- Municipal Finance Management Act, 56 of 2003: Promotes good financial management to maximise service delivery.
- Nuclear Energy Act, 46 of 1999: Provides for the establishment of the South African Nuclear Energy Corporation Limited.
- National Nuclear Regulator (NNR) Act, 47 of 1999: Provides for the protection of persons, property and the environment against nuclear damage through the establishment of safety standards and regulatory practices.
- National Energy Act, 34 of 2008: Promotes the availability of diverse energy resources in sustainable quantities and at affordable prices.





FOREWORD BY THE CHAIRPERSON, MR FRANS BALENI

"The EWSETA Board takes pride in presenting an Annual Report that reflects significant improvement in the performance of the EWSETA and its positioning as a true catalyst in economic development in our country."

As a country, South Africa requires skills for sustainable socio-economic development. The Sector Education and Training Authorities (SETAs) are legislated to develop and implement sector-specific skills training programmes. The need for SETAs to align their activities, through the National Skills Development Strategy (NSDS) III, with key national development strategies and macro-economic policies, such as the National Development Plan (NDP), remains critical.

Their role in developing Sector Skills Plans (SSPs) to build a connected information system across all market sectors is vital to determining the current and future learning and qualifications needs of workers and employers. In addition, their expertise in labour market intelligence and strategies to address these needs and their interventions to match education and training supply and demand are key to meeting sector-specific needs.

In my opinion, these authorities should remain as the key drivers in skills development and training, even beyond 2020 when the promulgation of the proposed new SETA landscape, as detailed in the 2014 Whitepaper on Public Education and Training Authorities, will irrevocably change the way they function. Even so, it will not lessen their task or the need to fast-track the creation of a skills pipeline that will catapult our youth into gainful employment and position our country as a recognised player in the global marketplace.

This task has an emotional element to it, a need for us to develop empathy by putting ourselves in the shoes of those less privileged who need to acquire their skills through SETA training before we talk about using those skills to help build a new and sustainable economy.

My view is that the EWSETA, through skilling and upskilling people in the energy and water sectors, is already a major contributor to sector growth. The Board, therefore, takes pride in presenting an Annual Report that reflects significant progress in positioning the SETA as a true catalyst to economic development in our country. This performance is especially gratifying for a SETA with a low levy base and, until recently, insufficient capacity to meet all its targets.

HIGHLIGHTS

The increase in learners enrolled in and qualified through the EWSETA's skills development and training programmes resulted in the SETA closing considerable gaps between NSDS III targets and outputs delivered during the past year.

I am keenly aware of a noticeable improvement in employee morale and a greater willingness to accept responsibility for their actions and impact on organisational performance. In addition, my interaction with EWSETA beneficiaries regarding the impact of the SETA's interventions has been singularly rewarding and encouraging.

STRATEGIC OVERVIEW

As a public entity responding to government's national priorities, the EWSETA must deliver the quality services that will position it as a reputable and leading skills development and training authority in the energy and water sector. I believe that with the entity's focus on strategic planning for improved performance during the past year, we have made significant strides towards achieving this vision.

In giving effect to its 2015/16-2019/20 strategy, the EWSETA continued to implement an operational plan that was, *inter alia*, informed by a strengths and weaknesses analysis to resolve performance gaps. Operations were directed by and monitored against sound governance principles and Board members received training in their oversight and fiduciary responsibilities to improve the coordination between Board subcommittees and management.

The appointment of a Company Secretary not only assisted with governance and provided much needed support to Board subcommittees but also led to an improvement in the quality of Board documentation. As a result, Board members are better informed to participate fully in Board meetings and engage EWSETA issues.

The EWSETA's strategic and operational focus during the extended period of the NSDS III will continue to be on artisan development; work-integrated learning placements, learnerships and internships of TVET and Universities of Technology (UoT) graduates; establishing centres of specialisation at TVET colleges and close involvement with new college campuses; and the revitalisation of the township and rural economy.

During the reporting period, a number of long-standing executive and management vacancies were filled. With the additional expertise on board, specifically those of the Chief Financial Officer, Chief Operating Officer and Human Resources Manager, the SETA could address issues of accountability and succession planning. I am pleased to report significant progress in corrective measures to address urgent issues, such as implementing systems to minimise non-performance and fruitless expenditure and monitor and manage any event that could give rise to corruption.

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The EWSETA's policies and procedures, with the required check and balances and corrective measures, have all been approved by the Board and compliance is being monitored. In this regard, I worked closely with the Audit and Risk Committee and Finance Committee to, respectively, ensure that the activities of the EWSETA are compliant with the regulations of its legislative framework and there is no misappropriation of funds.

The increase in learners enrolled in and qualified through the EWSETA's skills development and training programmes enabled us to close considerable gaps between our NSDS III targets and outputs delivered during the past year.

The SETA's recruitment drive to address capacity issues delivered satisfactory results, as did staff training and empowerment to optimise internal capacitation. Increasing our revenue base through levy income was high on management's list of priorities through a number of direct employer interactions and will remain so in the years ahead. My interaction with staff and exposure to stakeholders provided elucidating insights into the ways in which we can improve the EWSETA environment. I have been impressed by the high levels of employee alertness and collegiality and feel confident that we are building a team that is excited by our vision and mission and committed to realising the SETA's purpose, enunciated in its strategic plan.

STRATEGIC RELATIONSHIPS

South Africa has a unique opportunity to create employment opportunities in its renewable natural resources, including energy, water and biodiversity. The implementation of the Green Economy Accord, as aligned with the government's New Growth Path (NGP), will see the development of green skills which could create more 5 million new jobs by 2020.

The EWSETA is fully committed to developing renewable energy and 'green economy' skills to support the Green Economy Accord and we are already active in a number of significant projects. These include the War on Leaks programme to train 15 000 of our youth as plumbers and artisans in local communities; partnering with the South African Independent Power Producers Association (SAIPPA) to establish the UN Women in Oil South Africa programme; and events such as the planned Richard's Bay IDZ Skills Summit to develop skills for the solar, biomass and fuel cells and oil and gas subsectors of the renewable energy sector. The SETA also participated in the Green Youth Indaba with the Fibre Processing and Manufacturing (FP&M) SETA and Department of Environmental Affairs where the focus is on creating 'green' skills and career paths for our youth.

Developing the scarce skills needed to manage South Africa's water resources and mitigate the impact of drought in the country is an urgent priority for the EWSETA. Our Sectoral Collaboration and Stakeholder Engagement (SC&SE) branch is actively engaged in key interventions, such as the Young Water Professional Conference and FETwater programme.

Visits to key stakeholders such as Eskom and the Water Boards and the Annual General Meeting were successful and informative and provided the SETA with constructive feedback about areas of improvement. The SETA's interaction with our shareholder, the Department of Higher Education and Training, has also been progressive and enabled us to plan ahead to meet our compliance deadlines. Continued collaboration with other key stakeholders, such as the Department of Water and Sanitation, Water Institute of South Africa and education and training partners, also affirms our steadfast commitment to collectively overcome the skills development challenges in the water and energy sectors.

CONCLUSION

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We were saddened by the passing of fellow Board member, Stephen Nhlapo in August 2016. On behalf of the Board and the EWSETA, we again express our sincere condolences to his family and reiterate our appreciation of his wise counsel and contribution to the business and well-being of the EWSETA.

With 2018 in sight, the Board will continue to raise the bar for the EWSETA's performance towards achieving all its targets in preparation for the new SETA environment. In this regard, early engagement with our shareholder will mitigate low levels of performance against imposed targets due to a lack of resources.

We will expand our stakeholder outreach and entrench our structure to take the EWSETA to the highest level of meeting and exceeding stakeholder expectations. We will increase our visibility in the provinces and in schools and relentlessly pursue the best practices learnt from some of the best performing SETA's, such as Fasset, to drive our operations along a trajectory towards service excellence.

My message to the EWSETA team and stakeholders is that our task is that of an army at war, a war against poverty, unemployment and an unskilled workforce. We must tackle the challenges that lie ahead with vigour and a commitment to facilitating world-class skills for the energy and water sectors. In this, we must be victorious.

My gratitude and appreciation is to our shareholder, the DHET, my fellow Board members, the EWSETA leadership and staff and all our stakeholders for their continued support. We look forward to their contributions to the achievements of the EWSETA in the years ahead.

Mr Frans Baleni Chairperson July 2017



OVERVIEW BY THE CHIEF EXECUTIVE OFFICER, MR ERROL GRADWELL

"The EWSETA will need to play a catalytic role in the transformation of the economy to help ignite job growth, alleviate poverty and improve economic competitiveness."

South Africa's Sector Education and Training Authorities (SETAs) are mandated to ensure that our employed workforce, especially the youth, people with disabilities and new labour market entrants, have the knowledge and skills to find meaningful employment and participate gainfully in the economy. This includes developing scarce and critical skills in all business sectors throughout the country.

We share this mandate with our peers and are deeply aware of the urgency to address the severe shortage of technical and artisanal skills. Equally important is that those skills are world-class and aligned with the National Qualifications Framework.

As the designated skills development authority in a sector with two of the country's most challenged resources – energy and water – our role is relevant and essential. Energy and water are critical millennial development goals and key enablers in growth and development. Creating the skills to manage our sector resources effectively is aligned with government's national priorities as reflected in the economic and employment imperatives of the National Development Plan (NDP). The higher education and training objective of the NDP to "build a capable and developmental state" targets, *inter alia*, the creation of 11 million jobs by 2030.

The EWSETA is actively pursuing these outcomes. We do so in partnership with likeminded local and international stakeholders to make a measurable and meaningful impact on addressing these challenges. During the past year, our emphasis on strategic planning for improved performance found resonance in the many projects and programmes in which we participate. An ongoing focus now is on partnering with industry to provide our learners with the workplace experience they need to complete their training, actively contribute to the economy and improve their livelihoods.

FINANCIAL ANALYSIS

Through our key stakeholders in the energy and water sector, the EWSETA's skills development and training services impact directly on the long-term sustainability of South Africa's economy and infrastructure. Given this context and our focus on improved planning, we will submit an application to National Treasury to retain the 2016/17 surplus to cover the EWSETA's long-term obligations. The surplus reduces the SETA's deficit, improves our financial viability and provides the resources to deliver on committed projects.

REVENUE ANALYSIS

During the reporting period, revenue through levies received increased by 13% to R287,028 (2016: R253,325). This is due mainly to salary increments from contributing employers and, specifically, the increase in new levies secured from sector contributing employers compared to the previous year. Since only about 47% of all employers in the energy and water services sector pay levies, which the South African Revenue Services then pay to the EWSETA, this achievement is significant. We will continue our efforts to further increase our pool of levy paying employers from the existing contributors in the sector.

Interest and penalties revenue reduced by 61% in the 2016/17 financial period and the EWSETA thank our active employers for paying their levies on time. Their support testifies to the value of entrenching mutually beneficial relationships and we will continue to do so going forward.

Special project income increased by 245% to R1,166,471 (2016: R337,243). This represented funds realised from a conditional grant from the Department of Water and Sanitation (DWS) to administer and manage training for the War on Leaks programme. The increased revenue for the Phase II training was used to train 7,000 artisans and water agents, more than double the 3,000 trained in Phase 1 in the previous year.

EXPENDITURE ANALYSIS

Overall, our grant expenditure showed a positive increase of 142% to R1,359,544 (2016: R560,321) for the period under review.

Mandatory grants decreased significantly by 59% to R22,500 (2016: R55,509). Some levy payers, including our largest stakeholder, submitted incomplete Workplace

"The entrepreneurship element of the training will, in itself, have an impact on the economic advancement of a large number of people."

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Skills Plans (WSPs) and Annual Training Plans (ATRs) and did not qualify for the grant. Our Skills Planning (SP) and Sectoral Collaboration and Stakeholder Engagement (SC&SE) branches assisted these levy payers with their submissions and will continue to support levy payers who need assistance with WSP and ATR submissions. This will help to mitigate a continuation of this trend in the forthcoming financial year more vigorously manage our mandatory grant expenditure.

Discretionary grants increased by 164% to R1,337,044 (2016: R504,806). This included funds paid to the service provider for the training component of the War on Leaks programme for both Phase 1 (3,000 learners) and Phase 2 (7,000 learners).

Administrative expenditure increased slightly by 3% to R30,063 (2016: R28,998) on average, due to inflation and other administrative needs. Employee-related expenditure increased slightly by 11% to R33,994 (2016: R30,462) as a result of strengthening our Executive team and other staff levels through incremental appointments.

Our significantly improved business processes and procedures increased our ability to pay service and skills development providers timeously during the past year. We remain cognisant, however, that continued due diligence will ensure a continuation of effective and expeditious payments. We look forward to reducing expenditure, such as for consulting fees, due to the strengthened expertise in-house.

RESPONSE TO NATIONAL IMPERATIVES

In his State of the Nation Address in February 2017, President Jacob Zuma identified a number of national priorities. Those that relate closely to the business of the EWSETA include economic growth and development, education and training and government capacity to respond to development imperatives.

During the past year, a number of our initiatives addressed these priorities directly. Our participation in the War on Leaks project, with the DWS and Rand Water is one such an initiative where I am pleased to report that we moved onto Phase 2 of the project with 7,000 learners undergoing training, while the final phase will consist of an intake of 5,000 learners.

In consultation with the Institute of Plumbers of South Africa (IoPSA), the EWSETA identified entrepreneurship as a compulsory training module in the War on Leaks training programme. This important intervention will enable graduates from the programme to establish their own businesses, independently or in partnership with others. It will also assist the 80% of their approximately 600 membership base who are one-man businesses to become more confident in expanding their companies. The entrepreneurship module will also form the core of IoPSA's continued professional development (CPD) programme, which is included in our Memorandum of Understanding with the Institute.

"The entrepreneurship element of the training will, in itself, have an impact on the economic advancement of a large number of people."

The EWSETA also facilitated the entry of 4,000 unemployed leaners, mainly youth and people with disabilities, into EWSETA learnership, internship and skills programmes during the reporting period. More than 1,400 of these learners completed their programmes and are now better equipped to find work. In addition, 400 of the more than 900 artisans who entered relevant learnership, internship and skills programmes completed their courses successfully.

We supported non-governmental organisations (NGOs) to attend the Stellenbosch University School for Public Leadership (SPL) and Stellenbosch University Water Institute (SUWI) Water Governance for Water Leaders short-course with 23 municipal officials and educators from Technical and Vocational Education and Training (TVET) colleges. The course creates leadership ability in terms of policy implementation, service delivery and dealing with the water governance challenges and constraints at all levels of government and within the private sector.

We are also pursuing a number of nuclear, oil and gas and green economy initiatives, as detailed in the Sectoral Collaboration and Stakeholder Engagement section of this report, to support these areas with the requisite skills and training programmes to take South Africa into the future.

PERFORMANCE OVERVIEW

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Our major focus during the past year among members and employees alike has been the tirelessly championing of strategic planning for improved performance by our Chairperson, Mr Msokoli Frans Baleni, since he joined the Accounting Authority as Chairperson during February 2016.

We invited representatives from the Department of Planning, Monitoring and Evaluation (DPME), Department of Higher Education and Training (DHET) and our sister SETA, the top-performing Finance and Accounting Services Sector Education and Training Authority (FASSET), to join our strategy planning session to share government's planning cycle, its effect on the SETAs and best practices with us to inform and improve our planning.

We appreciated our interaction with Ms Edeshri Moodley of the Office of the Director-General: Planning, Monitoring and Evaluation, Ms Melissa Era from the DHET and the Chief Executive Officer of FASSET, Ms Cheryl James. The Chairpersons of our Board subcommittees also presented their suggestions on closing gaps and moving forward.

Subsequently, we have been working closely with the planning divisions of the DPME and DHET.

I take great pride in reporting that the **EWSETA's overall** performance against meeting its NSDS III targets for the 2016'17 financial year increased significantly when compared to the previous year's performance. Through the rigorous efforts of the new Chief Operations Officer, this improvement will continue upwards towards achieving 100% across all targets.

PROCUREMENT EFFICIENCY

As a key procurement compliance mechanism, our Supply Chain Management (SCM) system directs our support of SMMEs and black-owned service providers in accordance with the Preferential Procurement Policy Framework Act (PPPFA), 5 of 2000, and ensures that our contracting processes are open and transparent.

Although this bears testimony to effective supply chain management, some challenges remain. These include budget constraints to fully capacitate our SCM structure and delays in policy updates. This affects the EWSETA's policies and our ability to support SMME growth and job creation.

There were no unsolicited bid proposals for the period under review.

CAPACITY CONSTRAINTS AND CHALLENGES

The EWSETA's operations has for some time been crippled by the lack of permanent appointments at executive management and management levels. These included the Chief Financial Officer (CFO), Chief Operating Officer (COO), Human Resources Manager and Information and Communications Technology (ICT) and Facilities Manager. As a result, employee capacity and training did not receive the required attention. I am glad to report that during the period under review these vacancies are now filled and the organisational structure is currently being reviewed to include new financial management and a planning, monitoring and evaluation branch in order to respond to the improved planning tragectory.

ECONOMIC EMPOWERMENT THROUGH PARTNERSHIPS

The EWSETA is actively involved in programmes that support black economic empowerment (BEE), especially within the Small, Micro and Medium Enterprise (SMME) sector. Our active and constructive interaction with public and private sector stakeholders locally and internationally enables the EWSETA to give effect to this imperative. During the past year, we established and entrenched relationships with a range of partners in a number of existing and new initiatives.

A flagship project is the Rural and Township Economies Revitalisation Programme (RATERP), a partnership programme under the custodianship of the DHET with the Department of Small Business Development (DSBD) as a major stakeholder and the Wholesale and Retail Sector Education and Training Authority (W&RSETA) and EWSETA as the implementing agents. RATERP is crosssectorial and aimed at recruiting, training, mentoring, coaching and capacitating approximately 12,000 small and micro enterprises (SMEs) throughout the country.

The EWSETA and DBSD each committed R10 million to fund the roll-out of a RATERP pilot in at least six provinces (Free State, Limpopo, KwaZulu-Natal, Eastern Cape, Gauteng and Western Cape). We are currently approaching other funders to increase the funding to about R600 million and engaging a number of additional partners, such as the South Africa Technology Network (SATN), Universities of Technology and the Technology Innovation Agency (TIA) because of their footprint in e-waste science and management.

As part of our involvement in RATERP, the EWSETA submitted a sector-specific proposal to the DHET to support the national roll-out of 'Household Appliances Repairs and Maintenance' training of 9,000 artisans to enhance efficiency in the energy and water sector.

Similar to our involvement in RATERP, we are participating as the skills development and training arm in the waste management and especially e-waste management programme of the Department of Environmental Affairs (DEA). We accompanied representatives from SATN and TIA on a tour to learning institutions in India to look at managing waste by waste to energy technologies.

We also engaged stakeholders through exhibitions, workshops and presentations at important SMME and sector-focused information-sharing and networking events. These included, *inter alia*, the Africa in Energy Indaba, Africa Gas Forum, Power & Electricity World Africa and Water Show Africa, as well as the wind energy Windaba Conference and the water and sanitation WISA Conference.

A project that I am particularly proud of is the innovative energyDRIVE truck project launched with the Durban University of Technology in December 2016. A first of its kind in Africa, the project will contribute to public knowledge about climate change and alternative energies. The mobile unit is currently on a roadshow to schools and Technical and Vocational Education and Training (TVET) colleges and is used to participate in exhibitions nationally aimed at educating entrepreneurs, unemployed youth, prospective students and scholars in renewable energy sources and technologies. The truck will help to create awareness about natural, alternative and renewable energy resources and demonstrate the use of related technologies, as well as promote skills training in energy.

PLANS FOR THE FUTURE

In the wake of an action-packed and operationally rewarding year, the EWSETA is looking forward to maintaining the momentum in the year ahead. We will intensify our stakeholder drive and collaboration with government departments involved in the energy and water sector. We will also prioritise our role in addressing the rampant youth unemployment in the country and engage private sector entities with an active interest in education and training. Important challenges, such as increasing our levy income stream to address the skills needs, skills pool and skills pipeline in our sector, as well as learner exposure to practical workplace experience and developing sets of qualifications for new, emerging occupations in the nuclear engineering, wind and solar energy fields, will be dealt with in the spirit of strategic planning for improved performance. Planned actions in the year ahead include, *inter alia*, capacity building at TVET colleges, coordinating research outputs to clarify sector labour demands, professional development to meet future needs and the development of programmes to address middle level skills including those in the technical and artisan trades.

A focus on partnerships and improved monitoring, evaluation and assessing the impact of our activities will form part of these initiatives. We are ready for another enriching and productive year in leading skills development and training the energy and water sector.

APPRECIATION

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As we look forward, I would like to thank our partners and stakeholders for their support, participation and dynamic programmes to address our nation's most pressing challenges. I also wish to thank and acknowledge the commitment of the Accounting Authority of the EWSETA, my management team and our team of dedicated employees for steadfastly steering the SETA along its mandated trajectory to deliver real solutions to real challenges in our sector and the lives of those who look to us for direction.

Mr Errol Gradwell Chief Executive Officer July 2017

PART B PERFORMANCE INFORMATION

STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

As the Chief Executive Officer of the EWSETA, I am responsible for the preparation of the public entity's performance information and the judgements made in this information.

I am also responsible for establishing and implementing a system of internal controls to provide reasonable assurance about the integrity and reliability of the performance information.

In my opinion, the performance information contained in this Annual Report reflects fairly the actual achievements against planned objectives, indicators and targets contained in the EWSETA Strategy Implementation Plan and Annual Performance Plan for the financial year ended March 2017.

The EWSETA's performance information for the year then ended has been examined by the external auditors. Their report is presented on page 88.

The EWSETA Accounting Authority approved the entity's performance information as set out in this document.

Mr Errol Gradwell Chief Executive Officer July 2017



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"Important challenges, such as learner exposure to practical workplace experience and developing qualifications for new, emerging occupations in the nuclear engineering, wind and solar energy fields, will be dealt with in the spirit of strategic planning for improved performance."

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TABLE 1: EWSETA ANNUAL PERFORMANCE REPORT

Reasons for variance	The employers who were recommended for the approvals did not take up the allocation within the prescribed reporting period.	Levy income increased by 7.7% more than expected. The increase is attributable to an increase in levy payers and potential labour force and cost increase in the sector.	For 2016/17, the focus was on filling critical positions that included vacant Executive and key management positions. These were successfully filled. Further recruitment, as has been the case for the past few years, will be incremental due to budgetary considerations and affordability.	Our workforce employment equity has increased from the previous year and based on the new EE Plan, which is awaiting final approval, our new targets should be realised within the next three years.	The process of nominating chamber stakeholders was not concluded.	Target achieved.	Target achieved.	Exceeded target due to partnerships with industry, which included Workplace Sills Plans roadshows.	The ICT Improvement Plan formed the basis of the 2016/17 Implementation Plan and out of the 5 milestones indicated, 3 have been addressed successfully. These include the appointment of an ICT Manager, an in-depth analysis of the ICT environment and the development of procedures and reports as identified by the AGSA in the previous audit period.
Variance	17,18%	7,7%	-34%	26%	Not achieved	0	0	+10	ς'
Achievement milestones	77,2%	12,7%	-44%	69%	Not achieved	16	۳	20	3 out of 5 milestones achieved
Planned annual targets	95%	Increase levy by 5%	10%	95%	Energy and Water Chambers are functional	16	-	10	Achievement of milestones as per the approved ICT Implementation Plan
Performance indicators	95% spent on Discretionary Grants	Levy management	Vacancy rate	Achievement of employment equity targets	The establishment of energy and water services sector chambers	Number of publications communicated	Customer satisfaction survey conducted	Number of stakeholder roadshows held	Achievement of milestones as per the approved ICT Implementation Plan
Strategic objectives	Ensure the optimal utilisation of existing and additionally sourced funds through effective structuring,	systems and resourcing			Enhance rigorous accountability and governance structures	Build a positive image of and reputation for the EWSETA			Maintain an effective information management system

		Planr	ined annual targets	gets	Achie	Achievement milestones	ones		
Strategic objectives	Performance indicators		Non-SETA	Total annual	SETA-	Non-SETA	Total	Variance	Reasons for variance
Maintain research strategy that informs Sector Skills Planning	An updated Research Strategy			, det	Research strategy not updated		acmevement		The focus was re-directed to the development of a Research Agenda as a new DHET requirement.
	Annual review of the Sector Skills Plan (SSP)	Reviewed SSP submitted to DHET for approval	1		Reviewed SSP submitted to DHET and approved		Reviewed SSP submitted to DHET and approved	1	The Sector Skills Plan was approved by the Minister.
	Number of firms supported with mandatory grants	160	I	160	109	I	109	- 51	146 submitted WSPs and ARTs and 109 met the criteria and requirements as per Grant regulations.
Increase access to occupationally- directed programmes for employed and unemployed learners to address critical and scarce skills	Number of learners entered into AET programmes	75	25	100	50	1	20	- 50	The EWSETA achieved 50% on this annual target. Response from the sector was not forthcoming.
	Number of learners completed AET programmes	33	I	38	50	I	50	+ 12	The response from the discretionary advert was positive, hence overachievement.
	Number of unemployed entered learnerships	1,200	600	1,800	1,467	571	2,038	+ 238	The response from the discretionary advert was positive, hence overachievement.
	Number of unemployed entered bursaries	400	100	500	518		518	+	The response from the discretionary advert was positive, hence overachievement.

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TABLE 1: EWSETA ANNUAL PERFORMANCE REPORT

		Plann	ned annual targets	gets	Achie	Achievement milestones	tones		
Strategic objectives	Performance indicators	SETA- funded	Non-SETA funded	Total annual target	SETA- funded	Non-SETA funded	Total achievement	Variance	Reasons for variance
	Number of unemployed entered Internships.	250	650	006	387	1	387	-513	The cost of meeting this target is not realistic considering our revenue streams.
	Number of unemployed entered skills programmes	600	100	200	976	311	1,287	+ 587	Target overachieved due to War on Leaks special project
	Number of unemployed completed learnerships	006	I	006	493	230	723	-177	Target was not achieved due to late implementation of projects.
	Number of unemployed completed bursaries	250	I	250	,	1	0	- 250	Qualification take three years minimum hence no completions registered.
	Number of unemployed completed Internships	450	1	450	110		110	- 340	Late start of the programme, hence we can't report for this financial year.
	Number of unemployed completed skills programmes	350	ı	350	300	1	66E	+ 49	The response from the discretionary grant advert was positive hence the overachievement.
	Number of workers entered learnerships	300	500	800	483	383	866	+ 66	The response from the discretionary advert was positive, hence overachievement.

		Plan	ned annual targets	gets	Achie	Achievement milestones	ones		
Strategic objectives	Performance indicators	SETA- funded	Non-SETA funded	Total annual target	SETA- funded	Non-SETA funded	Total achievement	Variance	Reasons for variance
	Number of workers entered bursaries	1	150	150	4	T	41	- 59	Timing of the advertisement was not linked to the academic year.
	Number of workers entered skills programmes	450	1,550	2,000	986	55	1,040	- 960	Not many workers enrolled for skills programmes
	Number of workers entered RPL	100	,	100	128		128	+ 28	The response from the discretionary advert was positive, hence overachievement.
	Number of workers completed learnerships	400		400	560	94	654	+ 254	The response from the discretionary advert was positive, hence overachievement.
	Number of workers completed bursaries	50	ı	50		1	0	- 50	Qualifications are three years minimum hence completions can't be registered.
	Number of workers completed skills programmes	225	1	225	1	670	670	+ 445	The response from the discretionary advert was positive, hence overachievement.
	Number of workers completed RPL.	50	I	50	ı	I	0	- 50	Some of the learners who were enrolled, were not found competent.
	Number of learners entered candidacy programmes	0		20		T	0	- 20	Conceptualisation of the programme was not too clear and employers didn't respond to the advert.

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		Plan	Planned annual targets	gets	Achie	Achievement milestones	tones		
Strategic objectives	Performance indicators	SETA-	Non-SETA	Total annual	SETA-	Non-SETA	Total	Variance	Reasons for variance
		funded	funded	target	funded	funded	achievement		
	Number of learners completed candidacy programmes	0	I	0	ı	ı	0		Conceptualisation of the programme was not too clear and employers didn't respond to the advert.
	Number of TVET student entered placements	50	I	50	32		32	- 18	Only two TVET colleges responded to the expression of interest.
	Number of TVET student completed placement	25	I	25	1		0	- 25	Collation of verifiable information was not concluded
	Number of University students entered placement	50		50	1	72	72	+ 22	The response from the discretionary advert was positive, hence overachievement.
	Number of University students completed placement	25	I	25	1	ı	0	- 25	Programmes started late in the past financial year.
	Number of SETA/TVET college partnerships	QJ		QJ	7		4	+ 7	An increased partnership with TVET colleges ensured that we overachieved our annual performance planned target.
	Number of SETA/ University partnerships	0	1	0	0		ო	+	An increased partnership with TVET colleges ensured that we overachieved our annual performance planned target.

		Planr	ned annual targets	gets	Achie	Achievement milestones	tones		
Strategic objectives	Performance indicators	SETA- funded	Non-SETA funded	Total annual target	SETA- funded	Non-SETA funded	Total achievement	Variance	Reasons for variance
	Number of SETA/ Employer partnerships	10	I	10	10		10	0	Target achieved.
	Lecturer Development Programmes entered	Q	ı	Q	20		20	+	The cost of training lecturers was low, as a result SETA enrolled an additional two lecturers under this performance indicator.
	Lecturer Development Programmes completed	Q	I	Q	4	0	4	.	Some of the learners who were enrolled, were not found competent.
Enhance capacity to meet energy and water industry supply needs	Number of accredited skills development providers	10	1	10	10	0	10	0	Target achieved.
	Number of TVET College lecturers trained	50	1	50	ά	0	10	-35	EWSETA trained and supported 15 lecturers in various lecturer development programmes.
	Number of trade test centres accredited	10	ı	10	10	0	10	0	Target achieved.
	Number of qualifications developed	ى ا	1	Q	4	0	4	·	There was a difficulty in terms of stakeholder participation, QCTO processes caused time delays and consensus could not be reached regarding the title of the qualification and scope of the occupation.

TABLE 1: EWSETA ANNUAL PERFORMANCE REPORT

		Planr	ned annual targets	gets	Achie	Achievement milestones	ones		
Strategic objectives	Performance indicators	SETA-	Non-SETA	Total annual	SETA-	Non-SETA	Total	Variance	Reasons for variance
		funded	funded	target	funded	funded	achievement		
Facilitate increased artisan skills capacity within the energy and water services sectors	Number of artisans entered into learning programmes	400	1,300	1,700	597	361	958	- 742	The cost of training for artisans is not affordable through the revenue streams that the organisation has.
	Number of artisans completed learning programmes	200	1	200	0	433	433	+ 233	Number of learners increased from the first phase of War on Leaks project and industry- funded interventions.
Raise awareness of career and vocational guidance	Number of career guides distributed	12,000	I	12,000	12,000	0	12,000	0	Target achieved.
	Number of career awareness events held	15	I	15	15	ı	15	0	Target achieved.
To promote learning and development that addresses socio- economic inequalities in society	Number of cooperatives supported with skills development programmes	30		30	Q		Q	- 25	Target not met due to budgetary constraints.
	Number of small businesses supported with skills development programmes	20		20	o		J	, .	Target not met due to budgetary constraints.

		Plan	Planned annual targets	gets	Achie	Achievement milestones	tones		
Strategic objectives	Performance indicators	SETA-	Non-SETA	Total annual	SETA-	Non-SETA	Total	Variance	Reasons for variance
		funded	funded	target	funded	funded	achievement		
	Number of non- governmental organisations (NGOs) supported in skills development programmes	വ	1	വ	Q		Q	+	Target was exceeded due to the high level of demand support needed by NGOs operating within the energy and water sectors.
	Number of non-levy paying enterprises (NLPEs) supported with skills development programmes	0	1	0	1		0		
	Number of community- based organisations (CBO's) supported with skills development programmes	Q	1	ىي ا	,		0	ιĢ	Target not met due to budgetary constraints.
	Number of trade unions supported with skills development programmes	က	1	က	1	1	0	ကု	Target not met due to budgetary constraints.
	Number of rural development projects supported with skills development	10	T	10	10		10	0	Target achieved.

PART C OPERATIONS REPORT



OVERVIEW BY THE CHIEF OPERATIONS OFFICER (COO), **MR INEELENG MOLETE**

"Our operations function is now positioned at the right level for optimal implementation and focused collaboration with stakeholders."

The EWSETA's Operations branch provides sector-specific learnership programmes and bursaries through skills development and planning, quality assurance and compliance, skills delivery, project management and provincial operations.

The main objectives of the Operations branch are aligned with the NSDS III and linked to national priorities. The DHET declaration of the "Decade of the Artisan" in 2014 created a specific and ongoing focus on artisan development.

We also assist with placing skills training graduates in workplace programmes to gain workplace experience to meet their qualification requirements and enter the job market as actively contributing employees.

OPERATIONS LANDSCAPE

The Operations branch provides administrative support to the EWSETA's Skills Development and Planning, Skills Delivery and Quality Assurance and Compliance programmes. In addition to the above, our emphasis on improving the SETA's administrative activities during the reporting period included the delivery of an improved, research-based Skills Sector Plan (SSP), occupationally-directed programmes to improve skills levels in the energy and water sectors and improved quality assurance for the SETA.

The improved quality of the research for our SSP also increased our ability to budget and plan more effectively for the year ahead. Operationally, this branch is also responsible for giving effect to all the EWSETA's strategic objectives. As a strategic level, we have to develop qualifications that are consistent across all levels of skills training – from new entrants to the upward mobility of people already employed. Two qualification models are currently at play: the old model with existing qualifications that is still being monitored and a new model for renewable energy and nuclear skills, as well as new 'blue drop status' water skills.

PERFORMANCE ENVIRONMENT

The need to meet both the conventional and renewable energy generation skills requirements in the energy sector, exacerbates the shortage of technical skills in South Africa. In addition, our investment in education is not delivering maths and science students at tertiary education levels since less than 3% of matriculants graduate with a university entrance.

This reality and government's focus on implementing its Strategic Integrated Projects, NDP initiatives and New Growth Path policy and programme, gives context to the EWSETA's strategy of delivering skills that respond to the need for existing, as well as a new range of, technical skills. This focus has already had a visible impact on the economy.

Without expert stewardship, however, sector skills challenges will continue to impact our sustainable growth and development.

ORGANISATIONAL ENVIRONMENT

The phased implementation of the EWSETA's revised organisational strategy (2013) since 2014/15 has realigned our operational, strategic and governance requirements and given greater focus to increasing our revenue streams. This has meant partnering with TVET colleges and Universities to deliver intermediate and high-level skills while maintaining administrative costs at 10.5% of our annual budget.

There is no doubt that the realigned structure, with some adaptations during the past year, and implementation of a change management process to increase capacity in the EWSETA's performance management framework, has equipped us to improve delivery against our mandate.

CHALLENGES AND ACHIEVEMENTS

During the reporting period, some employees in the Operations branch resigned to pursue other career opportunities. The remaining staff will provide much-needed continuity as we enter the new financial year. Role confusion issues among employees prior to the restructuring process have largely been addressed and plans to fill all the positions in the new structure early in the new financial year will resolve any related concerns.

Ineffective skills delivery previously caused delays in and non-compliance with the implementation of most projects. Employees in the Operations branch also were unclear about the link between their departments and the EWSETA's APP. The appointment of the new COO clarified this issue and resulted in greater efficiency overall in our operations environment.

SOME HIGHLIGHTS

- Strategic planning for improved performance understanding the alignment between implementation and the APP with a focus on employee leadership and involvement stimulated collaboration and cooperation, especially in terms of planning, which improved ownership and morale greatly.
- Clear indicators for implementation for the first time during the past year, we focused our implementation on the right indicators, which enhanced our operations ability significantly.
- Project management changing our applicant preselection focus from accreditation to competence to ensure that new market entrants could do the job, solicited positive sector feedback.
- Quality services compared to the previous financial year, our increased efficiency in disbursement payments resulted in a commitments schedule owned by employees willing to take responsibility for project implementation.
- Skills delivery under the new leadership, a refined model improved our skills delivery significantly. This included timeous project implementation, applicant due diligence to confirm our SSP needs, maximised return through encouraging partners to confirm their skills development intentions and the ability to finalise old projects.

- **Resource optimisation** greater clarity about performance expectations and responsibilities optimised the use of human resources, identified the remaining gaps and improved employee performance throughout the Operations branch.
- **Improved decision-making** under the new leadership, decisions are made immediately to support employee performance.
- **Execution of plans** our achievements against performance indicators confirmed to stakeholders our ability to respond effectively to operational imperatives and commitments.

PERFORMANCE OVERVIEW

Our 2016/17 Annual Performance Plan (APP) included strategies to address operational weaknesses and threats identified in an internal SWOT analysis. Missed deadlines, pending projects and ineffective internal communication were dealt with through contracted expertise. This improved internal processes, customer services, operations and stakeholder reporting, as well as internal communication with information about the finalisation of a Management Information System (MIS).

We prioritised and improved the following operational areas during the period under review:

- Operational efficiency achieved through improved communication, bridging the silo culture, providing clarity about performance measures, key performance areas and planning and ensuring that all staff understand the link between their work and the rest of the branch, EWSETA and other SETAs, locally and in the provinces.
- Leveraging project management achieved through clarifying project status, objectives, targets and outcomes.
- Skills transfer achieved through sharing good practices and innovations within the Operations team.
- Ownership (implies empowerment) achieved through a recognition by all staff that contracts are legally binding documents and not merely agents in a transaction.
- Analysis of achievements from 2103/14 to 2016/17 (reflected in Table 2).



Our value proposition for 2020 borrows from the Tsonga idiom **"mintrio mintiro ya bula bula"** or "our work will speak for itself from now on". We will inculcate an understanding that each employee is a brand ambassador for the EWSETA.

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	E C. 42000	2013/2014	2014	2014/2015	2015	2015/2016	2016	2016	2016/2017
	Support and the second s	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
Establishing a	Large firms	0	0	0	0	25	23	20	18
credible institutional	Medium firms	0	0	0	0	20	18	50	22
mecnanism tor skills planning	Small levy-paying firms	0	0	0	0	20	65	60	69
Increase access	Unemployed entering learnerships	3,000	2,993	3,500	3,452	1,500	1,760	1,800	2,038
to occupationally-	Unemployed entering bursaries	630	853	850	66	006	292	500	518
urected programmes	Unemployed entering internships/ workplace experience	620	1,039	720	312	820	209	006	387
	Unemployed entering skills programmes	1,000	200	1,500	708	600	1,861	700	1,287
	Unemployed completed learnerships	3,000	820	3,500	1,422	750	1,641	900	723
	Unemployed completed bursaries	630	0	850	0	450	271	250	0
	Unemployed completed internships/ workplace experience	620	0	720	0	300	0	450	110
	Unemployed completed skills programmes	1,000	0	1,500	25	300	432	350	399
	Artisans entered	1,700	390	2,000	202	1,500	1,533	1,700	958
	Artisans completed	1,700	1,841	2,000	360	419	393	200	433
	Workers entering learnerships	2,000	160	2,500	243	1,000	998	800	866
	Workers entering bursaries	0	0	0	0	550	0	150	41
	Workers entering skills programmes	4,000	1,141	400	1,892	1,500	328	2,000	1,040
	Workers completed learnerships	2,000	224	2,500	986	500	337	400	654
	Workers completed bursaries	0	0	0	0	500	0	20	0
	Workers completed skills programmes	4,000	2,276	400	1,142	750	742	225	670
	Candidacy programme entered	0	0	0	0	0	0	20	0
	Candidacy programme completed	0	0	0	0	0	0	0	0
	Recognition of prior learning (RPL)	0	0	0	0	225	238	100	128

		2013/2014	014	2014/2015	2015	2015/2016	016	2016/2017	/2017
		Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
Promoting the	TVET student placement entered	1,500	704	2,000	20	1,000	183	50	32
growth of a public	TVET student placement completed	0	0	0	0	0	0	25	0
IVEL COILEGE SYSTEM that is responsive to sector local regional	Universities student placement entered	400	0	200	00	300	0	50	72
and national skills needs and priorities	Universities student placement completed	0	0	0	0	300	0	25	0
	SETA/TVET college partnerships	18	00	10	0	2	13	2	7
	SETA/University partnerships	0	0	0	0	2	က	2	C
	SETA/employer partnerships	0	0	0	0	9	00	10	10
	Lecturer Development Programme entered	0	0	0	0	50	0	2	7
	Lecturer Development Programme completed	0	0	0	0	50	0	2	4
	Number of SETA offices opened	0	0	0	0	0	0	0	0
Addressing the low level of youth and	AET programmes entered	100	0	100	0	100	0	100	50
adult language and numeracy skills to enable additional training	AET programmes completed	100	0	100	0	100	0	8 N N	50
Encouraging and	Cooperatives supported	10	-	15	34	10	12	30	5
supporting the	Small businesses supported	က	က	4	10	10	31	20	0
cooperatives, small enterorises. worker	NGOS	2	က	9	4	2	5	2	9
initiatives, NGO and	NLPES	2	-	0	0	0	0	0	0
community training	CBOS	2	-	2	0	0	4	2	0
Initiatives	Trade Unions	0	0	0	0	0	0	က	0
Building career guidance and vocational guidance	Career guidance events	Q	J	0	4	15	12	15	15
NSDS III projects	Number of provincial and rural projects planned	0	0	0	0	œ	က	10	10
Governance	Number of Governance Charter Reports submitted	0	0	0	0	0	0	0	0
	TOTALS	28,051	12,667	25,380	11,232	14,623	11,715	12,008	11,629

PROVINCIAL OPERATIONS

The Provincial Operations Department is responsible for the decentralisation of operations and functions in all provinces. Activities include project implementation, reporting, monitoring and evaluation and contract management, as well as managing the provincial commitment schedule. The EWSETA is currently active in four pilot provinces with a physical presence in the Eastern Cape, North West, Free State and Western Cape.

The EWSETA's provincial presence is being established across the country in a phased approach and based on a review of the efficiency, impact and financial viability of the pilot provincial offices. We are partnering with provincial TVET colleges for office space, as aligned with the prescribed DHET model. The following space allocations have been offered/taken up during the past year:

- Umfolozi TVET College, RichTeck Campus (Richards Bay)
- Gert Sibande offered office space, which as indicated above has not yet been taken up.

Strategically, the department exists to support the implementation of the EWSETA's Strategic Plan and Annual Performance Plan in terms of discretionary grant-approved projects. The provinces are responsible for project management conceptualisation, specifically for:

- Contract management
- Monitoring and evaluation site visits and the establishment of a project steering committee
- Management of the Provincial Commitment schedule
- Managing of possible project risks
- Reporting.

Our provincial operations are regarded as decentralised units of the Operations branch responsible for the implementation the APP programmes 2, 3 and 4. Interdepartmental collaboration within the EWSETA is critical to coordinating provincial support for stakeholders.

SKILLS DEVELOPMENT AND PLANNING

The complexity of South Africa's skills development challenge includes an excessively high rate of 26.6% or 5,8 million (Statistics SA, 2016) unemployed people, with a scarcity of skills across many occupations.

In South Africa's energy and water sectors, the dire need for skilled engineers, scientists and artisans has to compete with an equally high demand for skills in sectors such as manufacturing, construction, chemicals and local government. Traditional approaches to production and resource management, anticipating future skills needs and the use of new ICT systems are all under pressure. The challenge is to achieve a workable balance between meeting current needs and being prepared for those in the future.

The role of the Skills Planning and Development Department is to manage the employer Work Skills Plan (WSP) and Annual Training Report (ATR) processes and strategically drive planning, research and skills development to ensure that the EWSETA meets its mandate.

The updating of the Sector Skills Plan (SSP) and PIVOTAL Skills List included interventions to address scarce skills. The WSPs/ATRs formed a large part of the process, while interviews were also held with key sector stakeholders. The SPP was endorsed by the Skills Planning Committee and approved by the EWSETA Board.

The quality of data in the submitted WSPs/ATRs continued to improve. Employers collected and submitted individual rather than aggregated employee data to enhance data accuracy, reliability and consistency. Employers were compelled to attend to the skills needs of every employee in the workplace. We supported this process through training workshops at various venues across the country, as well as providing one-on-one training and support. The benefits of such a process accrue in a far more accurate projection of scarce skills occupations.

QUALITY ASSURANCE AND COMPLIANCE (QA&C)

Ensuring that skills development providers (SDPs) in the EWSETA sector are reliable, capable and well-equipped with the knowledge, skills and physical resources to deliver quality training remains a challenge. The QA&C department receives numerous complaints from learners about sub-standard services from SDPs who are funded through a variety of channels.

A specific concern during the past year has been that some underperforming SDPs present EWSETA letters of accreditation and receive EWSETA funding. In mitigation, we have prioritised the review, monitoring and evaluation of SDP accreditation to ensure that those who use the EWSETA logo are duly accredited and adhere to all DHET, QCTO and SAQA training regulations. In the forthcoming period, we will ensure that only verified accredited SDPs receive funding and participate in funded programmes.

STAKEHOLDER PARTICIPATION

During the 2016/17 reporting period, 37 SDPs were accredited/reaccredited for energy qualifications and 14 for water qualifications. Of these:

- 66% (31) private SDPs and 19% (7) public SDPs were accredited for energy qualifications
- 15% (9) private SDPs were accredited for water qualifications and 8% (4) public SDPs were accredited for both energy and water qualifications (dual)
- No public SDPs received accreditation for water qualifications only.

A further concern is the low uptake among Technical and Vocational Education and Training (TVET) colleges and SOEs in offering EWSETA qualifications. Given the significant demand for skilled workers in the energy and water sectors, especially when both sectors are critical to our country's socio-economic growth, development and indeed survival, greater public sector participation in developing energy and water sector qualifications is an imperative.

SDP ACCREDITATION

We consistently ensure that SDPs are accredited and have access to our accreditation renewal service, as required by our stakeholders.

Since the number of new SDP accreditation applications cannot be anticipated ahead of the financial year and could, therefore, have an adverse effect on our budget, we use the number of new applicants annually to project a figure for the next financial year. Our focus on strategic planning for improved performance ensured that, during the past financial year, our resources were sufficient to remain up-to-date with new applications. We visited, accredited and reaccredited 51 SDPs against EWSETA-SAQA unit standard-based qualifications.

 \checkmark

MP

 \checkmark

Khosithi Training

43

	Provide Private		Provider name	Province	Water	Energy	Energy & Water
1	Filvale	PUDIIC	Aqua Dactics	G	\checkmark		Water
2	\checkmark		Ontec Systems (Pty) Ltd	WC		\checkmark	
3	\checkmark		Consolidated Training SA	LIMP		\checkmark	
4		\checkmark	West Coast TVET College, Altantis Campus	WC		\checkmark	
5		\checkmark	West Coast TVET College, Citrusdal Campus	WC		\checkmark	
6		\checkmark	West Coast TVET College, Vredenburg Campus	WC		\checkmark	
7		\checkmark	West Coast TVET College, Vredendal Campus	WC		\checkmark	
8	\checkmark		Hizonex (Pty) Ltd	EC	\checkmark		
9	\checkmark		Kelvin Power (Pty) Ltd	G		\checkmark	
10	\checkmark		Electrical Contractors Association of South Africa, Johannesburg	G		\checkmark	
11	\checkmark		Aberdare Cables (Pty) Ltd	G		\checkmark	
12		\checkmark	Eskom Kusile Power Station Operations	MP		\checkmark	
13	\checkmark		Leps Training Provider	NW		\checkmark	
14	\checkmark		Zuva Energy Solutions (Pty) Ltd	WC		\checkmark	
15	\checkmark		Circleway Training (Pty) Ltd	MP		\checkmark	
16	\checkmark		TPN Training & Recruitment	G		\checkmark	
17	\checkmark		Jeppe College	G		\checkmark	
18	\checkmark		NEMTEK Training	G		\checkmark	
19	\checkmark		John Thompson - A division of ACTOM (Pty) Ltd	WC	√ 		
20	\checkmark		Vince Davies & Associates	WC	✓		
21	\checkmark		Heatherdale Electrical	G		\checkmark	
22		\checkmark	Eskom Medupi Power Station Operations Training	LIMP		\checkmark	
23	\checkmark		Ithemba Institute of Technology	G		\checkmark	
24	\checkmark		Majoncar Projects & Training Academy (Pty) Ltd	LIMP		\checkmark	
25		\checkmark	Durban University of Technology	KZN	√		\checkmark
26		\checkmark	Northlink TVET College, Belhar Campus	WC	\checkmark		
27	\checkmark		Blacken College	G		\checkmark	
28	\checkmark		Madz Electrical	LIMP		\checkmark	
29	\checkmark		Skills Proficiency Training Solutions	EC		\checkmark	
30	\checkmark		WCEM Projects and Training	EC	\checkmark		
31	\checkmark		Topo Class Training	LIMP		\checkmark	
32	\checkmark		MCD Training Centre (Pty) Ltd	G		\checkmark	
33	\checkmark		Lekopane Centre of Excellence	G		\checkmark	
34		\checkmark	Eskom Komati Power Station	MP		\checkmark	
35		\checkmark	False Bay College, Westlake Campus	WC			\checkmark
36	\checkmark		Nkabeleng General Construction	LIMP		\checkmark	
37	\checkmark		Matukane & Associates	LIMP	\checkmark		
38		\checkmark	Eskom Majuba Power Station	MP		\checkmark	
39	\checkmark		Skills International Training	G		\checkmark	
40	\checkmark		Makhokha Suppliers	KZN	\checkmark		
41	\checkmark		Riverport Training Academy	EC		\checkmark	
42	\checkmark		National Laboratory Association	G		\checkmark	
10	1			140		/	

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Table 3: SDPs audited and accredited during the 2016/17 financial period

	Provide	r class*	Provider name	Province	Water	Enormy	Energy &
	Private	Public	Frovider hame	FIOVINCE	Water	Energy	Water
44		\checkmark	City Power	G		\checkmark	
45	\checkmark		The SAJ Competency Training Institute	G		\checkmark	
46	\checkmark		SSD Consultant	EC	\checkmark		
47	\checkmark		Arbinet	EC	\checkmark		
48		\checkmark	Buffalo City College	EC			\checkmark
49		\checkmark	Port Elizabeth TVET College	EC			\checkmark
50	\checkmark		Izibuko The Bridge Investments and Projects	G		\checkmark	
51	\checkmark		Ekurhuleni Water, Benoni	G		\checkmark	
Total	37	14			7	40	4

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*Note: The 'Public' provider includes State-owned Enterprises (SOEs)

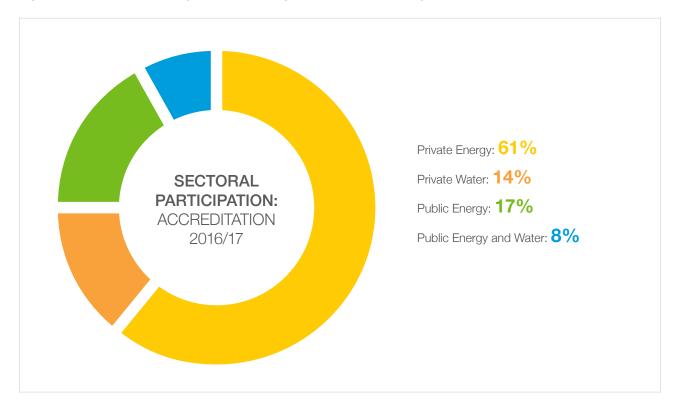
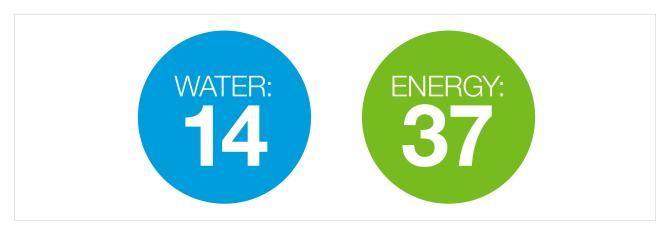




Figure 2: Number of SDPs accredited in the water and energy sectors during the reporting period.



QUALIFICATION DEVELOPMENT

We continued with the QCTO-delegated function to coordinate and manage the qualification development process and developed 13 qualifications during the 2016/17 financial period.

WATER QUALIFICATIONS

Table 4: New occupational qualifications for thewater sector 2016/17

TITLE
Water Inspector (Water-use Officer)
Environmental Scientist (Water-use Specialist
Environmental Manager (Water Resource Manager)
Water Process Controller (Water Superintendent)

Table 5: Additional water qualifications developedand submitted for QCTO approval and SAQAregistration 2016/17

OFO	TITLE	STATUS
313201	Water Plant Operator (Industrial Water Plant Operator)	Development complete; submitted to QCTO for ratification; to be submitted for SAQA registration
313203	Water Process Controller (Industrial Water Process Controller)	Development complete; submitted to QCTO for ratification; to be submitted for SAQA registration

Table 6: Qualifications Gazetted for public comment2016/17

OFO	TITLE	STATUS
213306	Water Quality Analyst	Awaiting public comment and SAQA registration

The following application to develop an Occupational Qualification was rejected by QCTO and the matter is due for appeal.

Table 7: Developed and rejected qualification duefor appeal

OFO	TITLE	STATUS
335905	Water Inspector (Bulk Water Infrastructure Operator)	Application rejected by QCTO: Reason: Insufficient demand

The EWSETA also entered into an agreement with the Stellenbosch University Water Institute (SUWI) to develop the Water Superintendent occupational qualification with the intention of developing TVET college lecturers and building management capacity within the water sector. Thus far, the project is successful.

WATER STAKEHOLDERS INVOLVED IN OCCUPATIONAL CURRICULA AND QUALIFICATIONS DEVELOPMENT

Our key stakeholders who participated in and supported the development of the occupational curricula and qualifications during the past year included the DWS, CSIR, Stellenbosch University, municipalities, TVET colleges, Rand Water, WISA and SAMWU.

ENERGY QUALIFICATIONS

We submitted six occupational qualifications for the energy sector for QCTO recommendation and registration, as reflected in Table 8.

Table 8: Occupational qualifications submitted forQCTO recommendation and registration 2016/17

OFO CODE	TITLE
313102	Fossil Power Plant Process (Operator)
313103	Hydro Power Plant Process (Operator)
313104	Nuclear Power Plant Process (Operator)
671302	Cable Jointer (Electric Cable Jointer)
313106	Concentrating Solar Power Plant Process Controller
671102	Electrical Installation Inspector

The following qualification was developed and requires only a final joint working group session to be finalised.

Table 9: Qualification developed and awaiting finalisation

OFO (ODE	TITLE
31110	4	Radiation Control/ Nuclear Monitoring
		Technician

Energy stakeholders involved in occupational curricula and qualifications development

A number of key stakeholders participated in and supported the development of the occupational curricula and qualifications in the energy sector. These were ESKOM, Nuclear Energy Council of South Africa (NECSA), Durban University of Technology (DUT), National Nuclear Regulator (NNR), Southern African Revenue Protection Association (SARPA), National Union of Mineworkers (NUM), North-West University (NWU) and the South African Institute for Non-Destructive Testing (NDT).

ASSESSMENT QUALITY PROVIDER (AQP) ACTIVITIES AND PROGRESS

The EWSETA is an QCTO-delegated AQP that implements and oversees AQP responsibilities according to QCTO policies. An AQP is an entity to which quality assurance functions are delegated that are specific to occupational qualifications under the auspices of QCTO. As such, we have to ensure that the qualifications for which we have AQP status contain assessment specification tools, implementation blueprints and related addenda.

During the past year, we completed and forwarded a range of qualifications assessment tools and related documentation to the QCTO for evaluation and approval. The qualifications are listed in Table 10.

Table 10: Qualifications developed and awaitingQCTO evaluation and approval 2016/17

OFO	TITLE
313201	Water Plant Operator (Industrial Water Plant Operator)
313203	Water Process Controller (Industrial Water Process Controller)

We take pride in this achievement, which reflects our progress beyond the final stage of all DQP and AQP development responsibilities. The result of hard work and perseverance is that the industry can now implement the above-mentioned qualifications and through RPL, dignify previously disadvantaged workers within the industry who could not achieve a recognised qualification. Going forward, in collaboration with our stakeholders, we will finalise the accreditation process and identify suitable learning material for the rollout of the qualifications. SDPs will be capacitated as not all of them have been party to the development process.

SPECIAL PROJECTS

War on Leaks (WoL) Project with National Technical Vocational Education and Training (TVET) Colleges and Private Skills Development Providers

The intention with the 'War on Leaks' project is to train 15,000 artisans between 2016 and 2018. The five targeted trades are:

Table 11: Trades targeted for War on Leaks artisantraining

Trade		SAQA Qualification ID
1	Welder	94100
2	Fitter & Turner	94020
3	Instrument Mechanic	94701
4	Plumber	91782
5	Electrician	91761

Compliance with EWSETA and QCTO accreditation requirements by public TVETs and SDPs were checked through due diligence visits to assess capacity and assist TVETs with becoming beneficiaries for the national WoL project.

By December 2015, 26 TVETs had been audited for QCTO accreditation and with EWSETA assistance, the number continues to grow steadily. This achievement confirms our commitment to supporting TVET colleges.

The EWSETA QA&C Department wishes to again thank our valued stakeholders who are instrumental in helping us to achieve our goals. The support encourages us to reach for even greater heights in improving our performance in the year ahead.

SKILLS DELIVERY

The responsibilities of the Skills Delivery Department include organisational reporting and registering learners in the MIS. The department is also responsible for the archiving and records unit to ensure that stored information is available when needed.

During the period under review, we registered more than 5,000 learners on various PIVOTAL learning programmes that are linked to our scarce and critical skills list, as identified in the EWSETA sector skills planning document.

The following figures depict skills delivery achievements for learners enrolled in various skills development programmes and implemented in the different provinces.

Figure 3: Total of 2,038 unemployed learners enrolled in occupationally-directed learnership programmes.

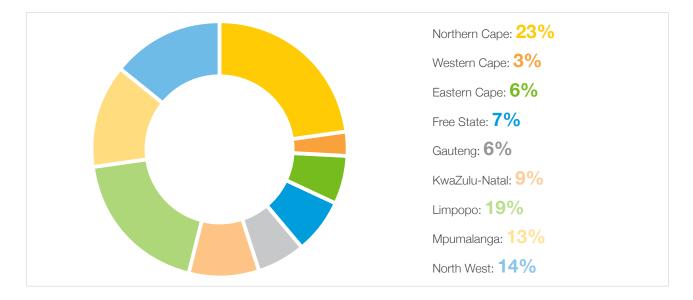
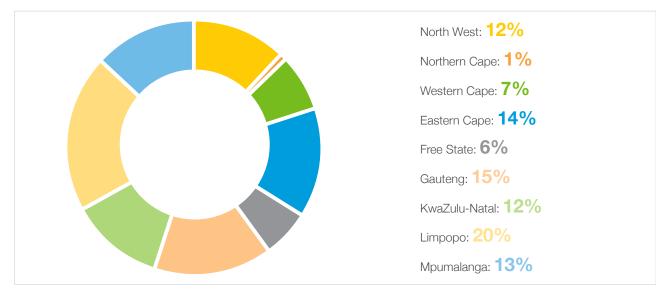


Figure 4: Total of 866 employed learners enrolled in occupationally-directed learnership programmes.



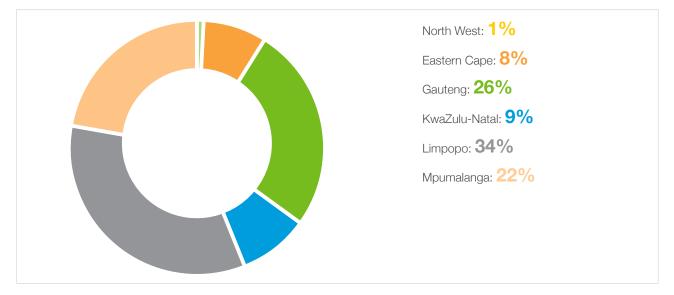
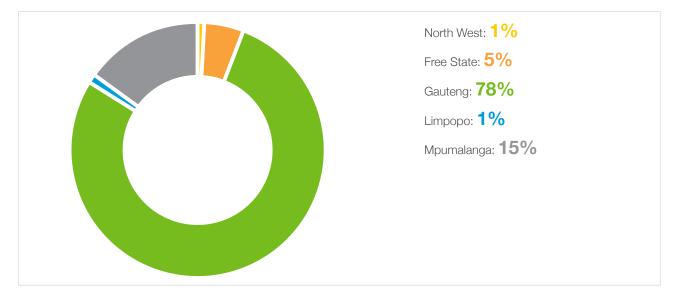


Figure 5: Total of 1,287 unemployed learners enrolled in skills programmes.

Figure 6: Total of 387 graduates enrolled in internship programmes.





"Our aim is to administer skills development that supports the broad national economic priorities of empowering the unemployed, marginalised and disabled youth and undergraduate learners, especially those in rural and urban communities, to participate gainfully in the local economy."

PROJECT MANAGEMENT

The EWSETA has improved the disbursement of payments to increase project delivery within the energy and water services sectors. Currently the Department's activities cover 194 projects with a combined funding of R1,395 billion. Effective project management is critical to ensuring that the funding is used as intended.

The overall outcomes of the department can be deemed as progressive based on:

- Greater clarity between commitment schedules and payments
- Improved data integrity
- Significant improvements in the registry function
- Improved access to information and management reporting.

We approved a number of special projects, aligned with the NSDS III, to achieve our objectives and respond to the scarce and critical skills needs within the labour market. The aim is to administer skills development that supports the broad national economic priorities of empowering the unemployed, marginalised and disabled youth and undergraduate learners, especially those in rural and urban communities, to participate gainfully in the local economy.

We also engaged employers and training providers, including institutions of higher learning, on skills development-related matters and reviewed our resources, systems and processes to accelerate and enhance the quality of service delivery to meet and exceed NSDS III targets.

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Table 12: Commitment schedule comparison from 2015/16 to 2016/17

CLOSING BALANCE	2015/16 Closing balance (R'000)	Closing balance (R'000)
ABET Programme	274,095	264,095
Apprenticeship Programme	11,101,125	18,910,500
Bursaries Programme	3,756,095	21,698,880
Internship Programme	20,671,310	12,709,310
Learnership Programme	2,339,574	45,083,765
Matric Intervention Programme	0	3,600,000
Skills Programme	312,000	12,030,500
Special Projects	128,257,230	68,201,313
	166,711,429	182,498,362

APPROVED PROJECTS	2015/16 Additional commitments (R'000)	2016/17 Additional commitments (R'000)
ABET Programme	280,000	375,000
Apprenticeship Programme	13,726,350	13,800,000
Bursaries Programme	20,635,000	21,078,198
Internship Programme	27,540,000	15,060,000
Learnership Programme	2,605,000	72,881,000
Matric Intervention Programme	0	9,000,000
Skills Programme	312,000	20,954,500
Special Projects	66,745,047	24,308,634
	131,843,397	177,457,332

OPERATIONS OUTLOOK

The Operations branch will continue with the activities we prioritised and actioned in 2016/17 to retain the positive momentum of our interventions. Strategic planning remains the key to improving our performance, while we adhere to the *Batho Pele* (people first) principles and recommit to moving the organisation towards successive clean audits and top-level performance as a leading authority in skills development and training in our sector.

Our value proposition for 2020 is currently being prepared and borrows from the Tsonga idiom *"mintrio mintiro ya bula bula"* or "our work will speak for itself from now on". A specific focus is to inculcate an understanding within the Operations branch that each employee represents the Office of the COO and is a brand ambassador for the EWSETA. I feel gratified by the enthusiastic and positive response from employees and thank them for the vigour and commitment with which they have taken ownership of their responsibilities and their impact on others in the organisation. I also thank them for their support and resilient pursuit of improved strategic planning for improved performance.

Mr Ineeleng Molete Chief Operations Officer July 2017

PART D SECTOR COLLABORATION AND STAKEHOLDER ENGAGEMENT



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SECTORAL COLLABORATION AND STAKEHOLDER ENGAGEMENT (SC&SE) EXECUTIVE OVERVIEW **MS TSHOLOFELO MOKOTEDI (ACTING)**

"Stakeholder engagement is an organisational process that involves people who affect or are affected by the decisions of the organisation. They may support or oppose the decisions, be influential in the organisation or within the community in which it operates, hold relevant official positions or be affected in the long-term."

Established in 2013, the EWSETA's Sectoral Collaboration and Stakeholder Engagement (SC&SE) branch supports the EWSETA in giving effect to its mandate. Our threepronged purpose is to:

- lead the collaboration between stakeholders, sectors and internal functions to support the implementation of the National Skills Development Strategy (NSDS III)
- optimise stakeholder engagement, collaboration and satisfaction by interpreting the latest sector trends, leveraging available data and engaging all components in the delivery of best practice development solutions, and
- lead staff delivery and stakeholder engagement proactively to ensure that both internal and external stakeholder collaboration and engagement needs are met fully.

We give effect to our purpose through the following objectives:

- Lead and guide internal and external stakeholder collaboration and ensure alignment across functions in their interaction with external stakeholders.
- Lobby stakeholders and advocate for the successful execution of sector skills development strategies by highlighting the EWSETA's value creation and improved credibility and service delivery.

- Find alternative sources of revenue and harness funding from potential investors, paying clients, donors, sponsors and private or public sector partners through value-adding relationships.
- Influence stakeholder sentiment towards the EWSETA to build a positive brand image and mitigate reputation risk through effective communication.
- Create a healthy, committed and positive department to contribute to a progressive organisation.

ACHIEVEMENTS AND CHALLENGES

We implemented a range of activities during the reporting period to meet the SC&SE targets in the Annual Performance Report, as reflected in Table 1. These included, *inter alia*, inter-SETA levy management; establishment of energy and water sector chambers; collaborative agreements with employers, TVET colleges and universities; and providing support for cooperatives, SMMEs, NGOs and CBOs.

The following are some of the key achievements recorded for the period under review:

COLLABORATION AND PARTNERSHIPS

During the past year, we signed collaboration and service level agreements with key stakeholders to drive the implementation of the NSDS III and our Annual Performance Plan.

The following are some of our stakeholder projects with financial commitments:

Ingen Engineering, a small, young and dynamic black engineering business with whom the EWSETA partnered to create integrated learning opportunities for young people. This is part of our larger strategic drive to involve small businesses in skills development and training. Ingen's internship programme consist of 10 University and University of Technology students enrolled in various disciplines, from mechanical, civil and chemical engineering to biochemistry, biotechnology and biochemistry. The 15-month programme, valued at R900,000 started in March 2017 and runs to June 2018.

East Rand Water Care Company (ERWAT) is a large, levy paying wastewater company that provides bulk wastewater conveyancing and a highly technical and proficient wastewater treatment service. ERWAT currently oversees 19 wastewater works and is a long-standing EWSETA partner. The partnership currently includes the following projects:

- 15-month internships for 12 unemployed University graduates – R1,080,000
- 5-month internships for 18 unemployed University of Technology graduates – R1,620,000
- Bursaries for nine University and University of Technology employed students – R560,000
- Artisan development for two employed learners R300,000
- Technical learnerships for one Instrument Mechanic and four Mechanical Fitters, all employed learners – R750,000
- Learnerships for 20 unemployed learners in Wastewater Reticulation Services (NQF 2) – R720,000.

STAKEHOLDER AGREEMENTS/ COLLABORATION

The EWSETA entered into agreements with the following stakeholders with no initial financial commitments:

South African International Maritime Institute (SAIMI), a non-profit organisation that promotes and facilitates skills development, education, training and research for "Blue Economy" maritime development initiatives. These include Operation Phakisa and the African Union's African Integrated Maritime Strategy. The EWSETA's interest in this regard is primarily in the oil and gas subsectors of the energy sector.

Sedibeng Technical Vocational, Education and Training (TVET) College to support the 'It's Cool to be an Artisan' campaign through a Memorandum of Agreement. The DHET, as campaign custodian, identified the EWSETA and Sedibeng TVET College as the funding and hosting entities, respectively. The successful rollout of the 2014-2024 Decade of the Artisan campaign in Gauteng in October 2016 created a platform for the EWSETA to mobilise employer participation in workintegrated learning programmes, particularly for the War on Leaks artisan development project.

EMPLOYER COLLABORATION

The following collaborative agreements were signed with employers with no initial financial commitments:

Atos Pty Ltd, electro-hydraulic technology specialists, to provide private industry with skills development training.

Colliery Training College (CTC) Pty Ltd, a skills training provider that collaborates with SETAs to urgently develop artisan skills and increase the national skills pool.

Institute of Plumbing South Africa (IOPSA), the industry oversight body that leads professionalisation, as a partner in initiatives such as the registration of a learnership for plumbers.

Mitochondria, a sustainable energy services provider, EWSETA levy payer and contributor to sector skills planning, specifically in renewable energy.

National Nuclear Regulator (NNR), a public entity that sets safety standards and regulatory practices to protect persons, property and the environment against nuclear damage, as a partner to create a well-trained workforce for the nuclear sector.

South African National Energy Development Institute (SANEDI), a Schedule 3A state-owned entity that directs, monitors and conducts applied energy research, development, demonstration and deployment and promotes green energy and energy efficiency, whose collaboration with the EWSETA will support our strategic priorities.

University of Cape Town, renowned worldwide for research and innovation, to bring institutions of higher learning into the sector and encourage closer collaboration between these institutions.

ENGAGEMENTS WITH CIVIL SOCIETY

Women in Oil and Energy South Africa (WOESA), to confirm and action our support for women in the energy sector as a key transformational imperative.

SKILLS DEVELOPMENT PROVIDERS

World Water Academy, a leading training institute for water management in the Netherlands and abroad that develops and organises training courses for water professionals. Our partnership since November 2016 will contribute to the supply of middle-level skills in the water sector.

PARTNERSHIP ENGAGEMENTS (CONFERENCES/CONVENTIONS/ SEMINARS)

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The attendance of SC&SE representatives at conferences, conventions and seminars gave effect to our partnership programme and resulted in a number of new partnerships. We used the opportunities to lobby sector stakeholder support for implementing our sector strategy more effectively. A substantial amount of time was spent providing stakeholders with information that illustrates value creation and credibility. We will continue to engage and collaborate with interested parties to meet our NSDS III targets and implement the EWSETA's performance plan.

The following is a brief description of some of the interventions. A comprehensive list is reflected in Table 7.

Support for science, technology, engineering and mathematics: The EWSETA supported the Techno Girl Business Breakfast to promote science, technology, engineering and maths (STEM) subjects among girls. Techno Girl has become a flagship initiative supported by government, international development organisations and business to create opportunities for young girls to participate meaningfully in the economy. The programme is led by UWESO Consulting, one of our long-standing collaboration partners. ESKOM has committed to hosting 1 000 Techno Girls for job shadowing and we will explore project partnerships with other relevant SETAs to support the programme.

11th Institute of Plumbing South Africa (IOPSA) conference: Our first participation in this event, held from 15-16 September 2016 and attended by some War on Leaks learners, resulted in a collaborative agreement with IOPSA.

Youth Energy Indaba: The EWSETA partnered with the Department of Energy (DoE), South African Nuclear Energy Corporation (NECSA), Nuclear Industry Association of South Africa (NIASA) and Coega Development Corporation (CDC) to host the inaugural Annual Youth in Energy Indaba (YEI) from 20-21 October 2016 (refer to page 69 for further information).

SOUTH AFRICAN ENERGY EFFICIENCY CONVENTION 2016

We partnered with the South African Independent Power Producers (SAIPPA) to host a side event at the South African Energy Efficiency Convention (SAEEC 2016). The event offered a wide range of stakeholder engagement opportunities at the EWSETA exhibition stand. The EWSETA received a Skills Development Award at the awards ceremony.

Green Action Platform (GAP-SA/Italy): This platform has been on the green technologies horizon locally since Roncucci & Partners (R&P) started operating in South Africa four years ago. The R&P Chairperson and EWSETA CEO initiated the strategic partnership between R&P, the National Research Council-Italy (CNR), Emilia-Romagna Region and EWSETA to host the Italian Green Technologies for Africa Symposium in August 2016. The event, held under the auspices of the Italian Ministry of Environment and South African Ministry of Water and Sanitation, supported by water-related agencies and funding bodies of the Department of Environmental Affairs (DEA), attracted more than 80 public and private sector participants from both countries.

The EWSETA also partnered with the R.E.P International Business Development Group in Italy to host a Green Action Platform Symposium in November 2016, with a focus on the small business development sector. The event clarified the role and value of the GAP-SA/Italy initiative in terms of local and foreign development markets, research and development (R&D), education, training and skills development and funding opportunities. Implementation until June 2017 will focus on connecting institutional R&D, training and entrepreneurship partnerships.

Africa Energy Indaba: The EWSETA participated in robust engagement and other interactions at the Indaba (further information in the Corporate Services Executive Overview on page 61).

Power and Electricity World Conference: In March 2017, we sponsored the PEWA 2017 conference that attracted 8,000 delegates, 800 international VIPs and 300 speakers. The event consisted of thought-provoking keynote presentations, practical case studies, country spotlights and numerous roundtable and workshop discussions presented and/or facilitated by industry leaders.

The EWSETA's participation included:

- a workshop with invited stakeholders, primarily levy payers, cooperatives and small businesses, who received full accreditation for the entire conference, which added to their Continuous Professional Development points
- presentations at various parallel sessions repeated during the two-day event that addressed power generation, energy efficiency, transmission and distribution and solar energy
- a speaker opportunity at the Water Show side event
- the launch of the EWSETA's EnergyDrive Bus to exhibitors and visitors, with the opportunity to present Durban University of Technology (DUT) initiatives and educate stakeholders about climate change and alternative energy sources.

National Skills Conference 2017: We supported the conference, held recently under the auspices of the National Skills Authority, to improve stakeholder perceptions about the SETA and through the participation of our executive members in the Steering Committee and Contents Committee for the event.

SOME HIGHLIGHTS AND CHALLENGES

During the past year, our stakeholder engagements included participation in strategically relevant events, collaborative agreements with, *inter alia*, the South African National Energy Development Institute (SANEDI), Women in Oil and Energy South Africa (WOESA), Department of Small Business Development (DSBD) and National Nuclear Regulator (NNR), as well as sector-specific discretionary grant partnerships to deliver projects more effectively. For the first time in 2017, through these partnerships, we participated in the South African Energy Efficiency Convention (SAEEC) and the Power and Electricity Africa World Conference.

Our stakeholder roadshows were particularly successful. These included a partnership with the South African Independent Power Producers (SAIPPA) to participate in a number of new local, regional (SADC) and international events. Since the inception of the Branch, budget constraints precluded the appointment of more than five of an envisaged complement of 15 employees. In the forthcoming financial year, however, we hope to appoint two specialists in electricity and renewable energy, as well as an administrator. This will increase our staff complement to above 50% and improve our ability to engage and collaborate with stakeholders across all subsectors in the energy and water sectors.

INCREASE IN LEVY INCOME

The fact that more than half of the levies potentially due to the EWSETA are paid to other SETAs, exacerbates our budget constraints. This is due mainly to erroneously allocated Standard Industrial Classification (SIC) codes. These recently revised codes are determined by the Minister of Higher Education and Training to identify SETA sectors and relatedly, the potential pools of levy payers for each SETA. The revised codes now also identify the number of levy payers per code.

Table 6 reflects Skills Development Levy Payers (SDLPs) registered under the energy sector SIC codes and levies payed to the EWSETA versus participation in skills planning through the submission of a Workplace Skills Plan (WSP). The table addresses the energy sector only, primarily because it constitutes 75% of levies paid to the EWSETA.

Only 14% of employers in the energy sector participate actively in planning to address the demand for scare skills in the energy sector.

Table 13: Standard Industrial Classification (SIC) codes for the energy sector and the EWSETA's sector coverage of levies and Workplace Skills Plans (WSPs)

SIC code	Industry	Sector	SDL registered	Number of levies paid to EWSETA	WSPs submitted by levy payers	% WSPs submitted vs number of levy payers
ENERGY S	ECTOR (including gas)					
41111	Generation of energy	Energy	407	104	15	3.6
41112	Distribution of purchased electric energy	Energy	87	40	10	11.4
41114	Generation of renewable energy	Energy	140	102	7	5
41115	Transmission of energy	Energy	26	10	1	3.8
41116	Project management, maintenance and operation of electrical generation, transmission and distribution plants, networks and systems	Energy	355	168	37	10.4
41118	Marketing of electricity	Energy	115	32	2	1.7
41200	Manufacture of gas; distribution of gaseous fuels through mains	Energy	181	74	7	3.8
41300	Steam and hot water supply	Energy	22	5	0	0
50222	Construction of pylons for electric transmission lines	Energy	39	18	1	2.5
87141	Industrial research for electrical energy	Energy	78	24	1	1.2
TOTAL			1,450	607	85	14

The 2017/18 stakeholder engagement strategy will target primarily large and medium firms that pay levies under the energy and water sector SIC codes and submit WSPs. Employers that pay levies to other SETAs will also be lobbied to ensure that their levies are registered under the correct sic codes. The aim of this engagement is to increase the EWSETA's levy revenue significantly.

We will also focus on ensuring that collaborative agreements clearly state the areas of collaboration and that partnerships culminate in the co-funding of strategic projects.

WATER SECTOR DEPARTMENT

Under the aegis of the Sectoral Collaboration and Stakeholder Engagement Branch, the EWSETA's Water Sector Department started developing strategic, longterm relationships with key stakeholders and skills development partners. Our partnerships are driven by the need to create a skills pipeline for the water sector and combine our skills planning and the sector's skills development, which we support within the NSDS III.

PARTNERSHIPS

Our partnerships usually evolve from long-standing relationships with key stakeholders across all sectors. Certainly, our partnership agreement with the Water Research Commission was a highlight during the past year. As our newly established branch gains momentum, meetings with the Water Institute of Southern Africa (WISA), Department of Water and Sanitation (DWS) and private industry partners, have become more regular and strategic in their intent.

One of the key platforms for sector partnerships and stakeholder interactions are conferences, symposia, workshops and other similar events. Government, private industry, TVET colleges, Universities and learners all get together at these events.

Table 14 lists the water sector events in which the EWSETA participated. In many cases, our sponsorship enabled not-for-profit conferences to go ahead and decreased conference costs to the extent that community organisations, learners and other more marginalised players in the sector could attend.

Table 14: Stakeholder engagements and partnerships

Event	Organiser/partner	Date	Province
2016			
Hack4Water	Department of Water and Sanitation (DWS)	21-22 Apr	Gauteng
WISA Biennial Conference	Water Institute of Southern Africa (WISA)	15-19 May	KwaZulu-Natal
SAICE Aqua Librium Schools Water Competition 2017	South African Institution of Civil Engineering (SAICE)	29 Jul	Gauteng
Women in Water	WISA Water Science Division	18 Aug	Gauteng
6 th Regional Africa Water Leakage Summit 2016	WPC Engineers	23-24 Aug	Gauteng
World Plumbing Conference IOPSA	World Plumbing Council	14-16 Sep	Western Cape
NSTF Conference	National Science and Technology Foundation (NSTF)	26-27 Sep	Gauteng

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Event	Organiser/partner	Date	Province
Challenges and solutions in managing South Africa's water sector	WISA	27 Sep	Gauteng
Coega IDZ Skills Summit – First Steering Committee meeting	Coega Industrial Development Zone (IDZ)	30 Sep	Eastern Cape
Imvelisi Enviropreneurship Workshops	Department of Environmental Affairs (DEA)	10 Oct	Limpopo
National dialogue/Seminar on Potable Water Reuse to improve informed public engagement	WISA Water Science Division Water Research Commission (WRC)	11-12 Oct	Western Cape
9 th Annual International SATN Conference	South African National Technology Network (SATN)	12-13 Oct	Western Cape
Decade of the Artisan	Sedibeng TVET College Department of Higher Education and Training (DHET)	13-14 Oct	Gauteng
Imvelisi Enviropreneurship Workshops	Department of Environmental Affairs (DEA)	17 Oct	Northern Cape
Green Action Platform (GAP) Symposium	Roncucci & Partners	18-19 Oct	Gauteng
Youth in Energy Indaba Conference	Relevant Media Concepts	19-21 Oct	Eastern Cape
11 th Annual Southern African Energy Efficiency Conference	Timzama	8-9 Nov	Gauteng
Kingfisher project	DWS	21 Nov	Gauteng
Process Controller Open Day	WISA Process Controller Division	30 Nov- 1 Dec	Western Cape
2017			
Food and Beverage SETA Workshop	Food and Beverage SETA	9 Feb	Western Cape
Harnessing Water and Sanitation Engineering Ideas	Department of Science and Technology (DST)	16 Feb	Gauteng
FETWATER Workshop	Framework Programme for Research, Education and Training in the Water Sector (FETWATER)	17 Feb	Gauteng
Africa Energy Indaba	Africa Energy Indaba	21-22 Feb	Gauteng
South African National Committee UNESCO International Hydrological Programme (IHP) Symposium	WRC	14 Mar	Gauteng
United Nations World Water Day	DWS	22-24 Mar	KwaZulu-Natal
Power and Electricity World Africa (Water Seminar)	Terrapinn	27-29 Mar	Gauteng
3rd Annual Green Youth Indaba	TOSACO Communications	April	Gauteng

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SUPPORTING CIVIL SOCIETY

We supported 23 municipal officials, Technical and Vocational Education and Training (TVET) College educators and non-governmental organisation (NGO) representatives to attend the Water Governance for Water Leaders short course at the Stellenbosch University's School for Public Leadership (SPL) and Water Institute (SUWI) from 6-10 February 2017.

The SPL collaborated with several experts in the water sector to develop the course for municipal councillors and officials. Contextually based on the principles and practices of leadership, the course covers water management legislation, policies, governance and strategies, as well as strategic thinking, knowledge management, creativity and innovation.

The rationale for the short course is the urgent need for competent and informed leadership to deal with the complexity of water governance among multiple stakeholders in South Africa.

ENERGY SECTOR DEPARTMENT

The Integrated Energy Plan and Integrated Resource Plan of the Department of Energy's 20-year master-plan outlines new energy generating capacity from a range of technologies like renewable energy, natural gas and nuclear energy. Our involvement in this sector includes skills development support for the following subsectors:

ELECTRICITY (GENERATION, TRANSMISSION AND DISTRIBUTION)

We are enhancing collaboration and partnerships with all stakeholders in this subsector, particularly Eskom, as the main energy utility producer, to mitigate challenges such as load-shading and the protracted construction periods of new power stations such as Medupi and Kusile.

The crippling shortage of technical skills in this sector requires robust engagement and an ongoing intervention by the EWSETA and industry to promote technical skills training among our youth.

OIL AND GAS

Under SAIMI leadership, we co-partnered with the Chemical Industries Education & Training Authority (CHIETA) and Transport Education Training Authority (TETA) to establish Research Chairs in Petroleum Geoscience and Engineering Research as part of the Operation Phakisa Oil & Gas Working Groups 3 plan.

The National Research Foundation (NRF) has oversight to ensure that the establishment of the Chair is aligned with best practice. The project will be launched with five other DHET Research Chairs in the year ahead.

NUCLEAR ENERGY

We are engaging and concluding partnerships with roleplayers in this subsector, particularly NECSA, NERSA and NIASA.

National government recently identified nuclear power station construction areas in the Eastern and Western Cape and we are well-positioned to provide skills development and training for the nuclear new build programme.

RENEWABLE ENERGY (GREEN ECONOMY)

The Green Economy is identified by the UN Environment Programme as "one that results in improved human wellbeing and less social risk and ecological scarcities". In collaboration with key role-players, such as government departments, TVET colleges and higher education and training institutions (HETIs), we identified stakeholders for further engagement to provide the skills required for South Africa's transition to a green economy. This includes skills for energy sources and/or technologies not limited to wind, biogas and farm energy. The GAP-SA/Italy programme mentioned above highlights some strategic interventions for skills development opportunities.

The EWSETA will respond to the Department of Energy's Solar Water Heater Programme by coordinating all related training interventions and providing a relevant curriculum and accredited skills development providers to train and certificate learners to respond to the skills requirement in this area.

WAY FORWARD

With substantive collaboration agreements already in place, and a number about to be concluded, our commitment remains robust to develop mutually beneficial, strategic partnerships with major players in the industry. The focus in 2017/18 will be on leveraging these partnerships to support the EWSETA's leadership in skills development and training for three strategic projects and 10 rural development projects.



Ms Tsholofelo Mokotedi (Acting Executive) Sectoral Collaboration and Stakeholder Engagement July 2017



"We are collaborating and partnering with all stakeholders in the energy sector to help mitigate challenges such as the crippling shortage of technical skills. Addressing the challenges requires robust engagement and an ongoing intervention by the EWSETA and industry to promote skills training among our youth."

PART E CORPORATE SERVICES

PART E: Corporate Services



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CORPORATE SERVICES EXECUTIVE OVERVIEW MS CANDICE MOODLEY

Corporate Services is a valued support partner for the EWSETA and integral to its ability to achieve its Strategic Outcome Goals. We are committed to providing high-quality, relevant support services to ensure that the organisation delivers coordinated advice to employees, key stakeholders and partners.

Given this context, the Corporate Services function focused on enabling ongoing employee development and implementing systems that facilitate performance against the EWSETA's overall strategic objectives and direction. We also assisted the organisation and align its activities with the principles of good governance to ensure transparency and accountability throughout the SETA – from leadership to legislative compliance, from decisionmaking to procurement and from fiscal responsibility to record-keeping.

The Corporate Services branch consists of departments for Human Resources, Information and Communications Technology and Facilities Management and Marketing and Communication. Our objectives are to achieve:

- an organisational culture recognised for professional excellence and effective strategic planning, monitoring and performance improvement systems
- best practice human resources management and administration
- best practice information management
- best practice marketing and communication management and implementation
- stable, robust and secure ICT infrastructure and systems
- an inclusive, clean, safe, healthy and environmentallyfriendly workplace.

ACHIEVEMENTS AND CHALLENGES

Aspects of the Corporate Services environment that hampered our ability to fully execute our responsibilities and meet targets related mainly to a delay in filling key positions at senior management level and in the implementation of our Performance Management System (PMS).

KEY APPOINTMENTS

During the reporting period, Corporate Services functioned for most of the year without managers for its Human Resources (HR) and Information and Communications Technology (ICT) and Facilities departments. These positions are both critical to supporting the organisation in achieving its strategic goals and objectives.

It is incumbent on the ICT and Facilities department to address any concerns raised by the Auditor-General of South Africa in the previous year's Annual Report. For the 2015/16 financial period, these related specifically to governance and security issues, policies, procedures, backups and firewalls. Similarly, having management and leadership in place in the HR department is integral to a stable, effective and productive workplace.

I take great pleasure, therefore, in confirming that both these vacancies were filled during the reporting period. The ICT and Facilities Manager joined us in March 2017 and immediately fast-tracked interventions to deal with the Auditor-General's concerns. This resulted in visible progress, including the delivery of an in-depth analysis of the ICT environment and a completely reviewed IT Security Policy that is awaiting final approval. The appointment of the Human Resources Manager in October 2016 has given significant traction to many activities that have been on hold.

NEW BUILDING

Circumstances beyond our control delayed the refurbishment of the EWSETA's new building. Despite Board appraisal of the situation throughout the protracted period and advice from legal counsel, the matter had not been resolved by financial year-end. We hope to occupy the building in the year ahead.

HIGHLIGHTS

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We made positive progress in building the EWSETA's brand and reputation among stakeholders in the energy and water services sector. This was due mainly to close collaboration internally between the Marketing and Communication department and the Sectoral Collaboration and Stakeholder Engagement (SCSE) branch. Their focus on objective-driven planning optimised stakeholder interactions and actively involving our partners in joint projects. A project management approach also increased our efficiency and ability to complete projects within budgets allocations.

LABOUR RELATIONS

The governance structures of the EWSETA Board emphasised on consequence management during the past year. As a result, managers are ensuring staff take responsibility for complying with our Code of Conduct, aligning behaviour with our organisational values and culture and performing their duties. Despite previous challenges, the Performance Management System was activated towards the end of the reporting period and is facilitating the consequence management process. This will remain a priority going forward.

HUMAN RESOURCES

The EWSETA's Human Resources (HR) department provides the strategic and innovative human resource policies, practices and programmes that help realise our vision. The absence of a HR Manager until well into the reporting period compromised the management structure, day-to-day functioning of the department and implementation of a number of key initiatives.

Since the appointment of the HR Manager on 1 October 2016, a range of outstanding issues were expedited. These included effective and transparent recruitment and selection and performance management processes to appoint the right people in positions to best build a diverse and competent workforce. Staff training and development, payroll system support, employment equity and diversity management, and a healthy and safe work environment, were also prioritised.

HUMAN RESOURCES PLANS AND GOALS

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The plans and goals of the HR department focus on giving effect to the following objectives:

- develop an HR Strategy and Operating Model Framework to improve HR services within the organisation
- comply with the legal requirements to develop an Employment Equity Plan and Workplace Skills Plan for the EWSETA and urgently convene the related committees
- strengthen relationships with union leaders and members
- drive the inculcation of organisational values among all employees.

PERFORMANCE OUTCOMES

During the reporting period, outcomes related to, *inter alia*:

 Performance Management System (PMS) – the PMS was initiated in the 2015/16 financial year to provide the standards against which individual employees are monitored and measured; manage performance and rewards effectively; and improve performance, efficiency and service delivery.

I am pleased to report that Board approval of a Performance Management Policy in March 2017 resolved the delay in implementation. We are currently signing performance contracts with all employees. Performance evaluations are scheduled for the year ahead.

- Policies review and development the review process resulted in the development a number of prioritised policies that are ready to workshop with employees and the union in the new financial year.
- Recruitment of key managers good progress included the appointment of the Chief Operating Officer, Mr Ineeleng Molete, on 1 September 2016; HR Manager, Ms Buyiswa Bingwa on 1 October 2016; Chief Financial Officer, Ms Mpho Mookapele, on 1 December 2016; and ICT and Facilities Manager, Mr Siyabonga Dyosiba, on 6 March 2017.

The 11 temporary employees appointed were allocated to the Projects Department (2), Skills Delivery Department (2) and the War on Leaks Project Support Team in Gauteng and in the regions (7). We also appointed a Strategic Planning Practitioner in the Quality, Assurance and Compliance Department and secured the services of seven Interns. The EWSETA's internship programmes are aligned with the NSDS III and seen as ideal opportunities to support the objectives of the Skills Development Act, 97 of 1998, to develop specific skills for the SETA.

- Healthy work-life balance as a caring employer, the EWSETA sponsored an Employee Wellness Day with a focus on achieving a balanced work- and home-life. Nearly 90% of employees participated in the event, which will become an annual tradition for the EWSETA to convey its appreciation for the value that employees add to the organisation.
- Key functional committees were established and convened to manage the provident fund, oversee organisational training and guide the implementation of employment equity.

We made positive progress in building the EWSETA's brand and reputation among stakeholders in the energy and water services sector, due mainly to close collaboration internally between the Marketing and Communication Department and the Sectoral Collaboration and Stakeholder Engagement (SCSE) branch.

SOME ACHIEVEMENTS AND CHALLENGES

The approval of the Performance Management Policy, establishment of key functional committees and a review and development of HR policies, as indicated before, were specific highlights in the HR environment.

Challenges during the past year related mainly to budgetary constraints and a structure review. Severally and jointly, these challenges delayed skills development for employees while vacant posts continued to be filled incrementally according to priority and budget availability.

We are aware of the need to share the HR policies with employees to raise awareness and alleviate concerns about a number of HR-related matters. These workshops will take place in the forthcoming financial year. In February 2017, industrial action resulted in a number of employees participating in a protected strike. The EWSETA leadership immediately engaged with the union while normal business activities continued. As a result, employees returned to work with the assurance that management will address their demands in the new financial year.

HUMAN RESOURCE REPRESENTIVITY

The following tables reflect information pertinent to the human resources of the organisation for the period under review.

Table 15: Personnel cost by programme

Programme	Personnel expenditure (R'000)	Number of employees	Average personnel cost per employee (R'000)
Admin	14,809	29	511
Operations	19,104	49	390
War on Leaks project	2,136	9	237
TOTAL	35,231	87	1,138

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Table 16: Personnel cost by salary band

Level	Personnel expenditure (R'000)	% of personnel expenditure to total personnel cost	Number of employees	Average personnel cost per employee (R'000)
Top management	1,712,941	5	1	1,712,941
Senior management	2,495,976	7	3	831,991
Professionally qualified	13,415,351	40	16	838,459
Skilled	15,179,465	45	40	379,486
Semi-skilled	487,470	1	3	162,490
Unskilled	702,796	2	15	46,853
TOTAL	33,994,000	100	78	435,820

Table 17: Performance rewards

Level	Performance rewards (R'000)	Personnel expenditure (R'000)	% of performance rewards to total personnel cost
Top management	0	1,712,941	0
Senior management	0	2,495,976	0
Professionally qualified	0	13,415,351	0
Skilled	0	15,179,465	0
Semi-skilled	0	487,470	0
Unskilled	0	702,796	0
TOTAL	0	33,994,000	0

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Table 18: Training costs

Directorate/Business Unit	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expen- diture as a % of personnel cost	Number of employees trained	Average training cost per employee
Operations	15,452,505	20,520	0.13	6	R3,420
Stakeholder Engagement	2,462,715	6,840	0.28	2	R3,420
Finance	7,266,191	58,220	0.80	17	R3,425
Corporate Services	3,868,072	3,420	0.09	1	R3,420
Chief Executive Office	4,944,517	3,420	0.07	1	R3,420
TOTAL	33,994,000	92,420	0.27	27	R3,423

Table 19: Employment and vacancies

Programme/Activity/Objective	2016/17 number of employees	2016/17 vacancies	% of vacancies
Chief Executive Officer	5	1	1
Operations	52	24	23
Sector Collaboration and Stakeholder Engagement	15	9	9
Finance	15	4	4
Corporate Services	15	7	7
TOTAL	102	45	44

Programme/Activity/ Objective	2016/17 approved posts	2016'2017 number of employees	2016'2017 vacancies	% of vacancies
Top management	1	1	0	0
Senior management	4	3	1	1
Professionally qualified	14	16	1	1
Skilled	81	41	42	41
Semi-skilled	2	9	1	1
Unskilled	0	0	0	0
TOTAL	102	70	45	44

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Table 20: Employment statistics for the 2016/17 financial period

NOTE: The appointment of nine (9) War on Leaks project employees was additional to the approved EWSETA structure. These employees are included in all Tables. The information in Table 20 includes employees appointed on fixed-term contracts.

Table 21: Employment changes

Level	Employment at beginning of period	Appointments	Terminations	Employment at end of period
Top management	1	0	0	1
Senior management	1	2	0	3
Professionally qualified	14	3	1	16
Skilled	43	5	2	41
Semi-skilled	2	11	2	9
Unskilled	0	0	0	0
TOTAL	61	20	5	70

The information in Table 21 includes employees appointed on fixed-term contracts.

Table 22: Reasons for staff leaving

Reason	Number	% of total number of staff leaving
Death	0	0
Resignation	4	3.9
Dismissal	0	0
Retirement	0	0
III-health	0	0
Expiry of contract	1	0.9
Other	0	0
TOTAL	5	4.8

The information in Table 22 includes employees appointed on fixed-term contracts.

Table 23: Labour relations: Misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal warning	2
Written warning	4
Final written warning	0
Dismissal	0
TOTAL	6

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Table 24: Equity targets and employment equity status

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	0	1	0	0	0	0	0
Senior management	1	1	0	0	0	0	0	1
Professionally qualified	9	0	1	0	0	0	0	1
Skilled	9	1	0	0	1	0	0	0
Semi-skilled	5	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	24	2	2	0	1	0	0	2

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	1	0	0	0	1	0	0	0
Professionally qualified	5	0	0	0	0	0	1	0
Skilled	28	1	2	0	0	0	0	0
Semi-skilled	4	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	38	1	2	0	1	0	1	0

Levels	Disabled staff				
	Male		Female		
	Current	Target	Current	Target	
Top management	0	0	0	0	
Senior management	0	0	0	0	
Professionally qualified	0	0	0	0	
Skilled	0	1	0	0	
Semi-skilled	0	0	0	1	
Unskilled	0	0	0	0	
TOTAL	0	1	0	1	

INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT) AND FACILITIES MANAGEMENT

Information and Communications Technology (ICT) is a critical enabler that allows the EWSETA to take advantage of opportunities in today's 'hyper-connected' and information-rich business world and create SETA services that respond to 21st century business needs. The future lies in adopting an information-centric rather than technology-centric focus in doing business.

The focus of our ICT function is to alleviate the constraints caused by geographical boundaries to deliver smarter stakeholder-centred services characterised by:

- combined information and services that are available through common, easy-to-access stakeholdercentric digital channels
- processes defined by an end-to-end view of business operations from both the organisation's and stakeholders' perspectives
- security and privacy measures integrated into the technological design and adoption of all new services to improve business resilience and security
- ICT-enabled business systems that deliver the expected benefits.

As indicated previously, the EWSETA was without an ICT and Facilities Manager for 11 months during the reporting period. This held back many ICT projects. I am pleased to report that since the arrival of the new manager in March 2017, improvements are already evident in our ICT environment.

Most notable is the in-depth analysis of our ICT environment to comprehensively and strategically inform our ICT strategy. The analysis identified ICT as an invaluable business-enabler and enables us to more adequately address people, process, technology and operations requirements that are aligned with the EWSETA's mandate and business imperatives. Despite the absence of a permanent ICT Manager during the review period, the department made steady progress in addressing the gaps identified by the AGSA in the 2015/16 audit. As a result, the following is in place as at the 2016/17 financial year-end:

- Created security reports from March 2016 onwards for monthly review and sign-off
- Developed a daily ICT checklist that is being implemented
- Developed processes for ICT functions, including back-ups, anti-virus checks, firewall violation and activity, patch management and password change requests
- Removed monthly back-ups off-site and recovered them to another system to check data integrity
- Monthly sign-off of daily anti-virus monitoring and logs and developed a procedure to follow when a virus is detected, which ensures minimal systems downtime
- Activated request documentation for user access to the network, as well as a request form for user access to Pastel and MIS
- Developed and activated a formal ICT user access termination procedure
- Developed an online ICT support logging system and activated it in March 2017
- Good progress with a policy review and benchmarking against other SETAs, with an emphasis on closing policy gaps as identified by the AGSA audit.

CHALLENGES

The main challenges for the year going forward are to proactively address the lean capacity within the department and resolving the inadequacy of the LAN and WAN infrastructure that requires a redesign to meet current and future business needs.

FUTURE PLANS

Going forward, we will implement an ICT Service Management system with Incident and problem management capabilities to log, record, track and properly manage all ICT-related service requests. We will strengthen our ICT governance through implementing an ICT strategy aligned with the EWSETA strategy and an ICT Governance Framework aligned with the DPSA Government ICT Governance Framework, as well as developing, approving and implementing ICT service management processes according to ITIL recommendations and reviewing, approving and implementing an ICT Security Policy and Procedures.

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MARKETING AND COMMUNICATION

With admirable commitment to strategic planning for improved performance, our Marketing and Communication team, in close collaboration with the Sectoral Collaboration and Stakeholder Engagement branch, assisted the EWSETA in further entrenching its brand as a sector-focused education and training service provider, responsive to sector-specific needs and engendering client satisfaction.

A number of key highlights during the past year included:

- Profiled the new Chairperson in the April 2016 Edition of Leadership Magazine
- Introduced a 'data-card', postcard-sized datacard to collate information from target segments (POPI Act taken into consideration), which contains four "survey type of questions" to assess brand satisfaction levels. This was used to create a client perception survey from which we developed an analysis report to inform improvement of the tool going forward
- Marketing calendar developed for better collaborative planning across Departments
- Improved on project planning within the department through the development of a project plan template for easier use by marketing staff
- Strengthening and leveraging relationships with all current partners/vendors while simultaneously maximising value and reducing costs
- Working with relevant managers to update the Career Guide and develop an Employer Guide
- Facilitated yet another successful Annual General Meeting.

Our participation in key sector and related events during the year also added significant value to establishing and reaffirming the EWSETA brand and strategic focus. These included:

The Africa Energy Indaba 2017

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The Africa Energy Indaba 2017, a World Energy Council event held at the Sandton Convention Centre from 20-22 February 2017, was an important highlight. Given the high demand for energy in Africa, the event attracts governments and companies on the look-out for service providers, partners and investors to develop and grow the region's energy infrastructure. This creates investment and partnering opportunities, as well as a platform for stakeholder engagement.

The parallel topic-specific sessions, such as the Africa Gas Forum and Women in Energy Conference, presented the EWSETA with opportunities that support our strategic priorities for 2017/18. We utilised opportunities effectively to create brand awareness and visibility, engage with sector stakeholders, launch our DUT/EWSETA energyDRIVE Mobile Truck on the first day of the event and concluded a ground-breaking MoU with the Women in Oil and Energy South Africa (WOESA) initiative. In addition, the EWSETA walked away with the Runner-Up Award for "Best Designer Stand", a clear indication that we are continuously increasing the quality of our participation year-on-year.

The inaugural Youth in Energy Indaba 2016

The inaugural Youth in Energy Indaba 2016 held in Port Elizabeth from 20-21 October 2016 was a highlight, not only for the EWSETA but the energy sector as a whole. In 2015, the EWSETA was requested by energy sector stakeholders to participate in a Steering Committee to conceptualise and drive a "Youth in Energy Indaba" (YEI). The other committee members represented the Department of Energy, Eskom, Coega Development Corporation, NECSA and NIASA.

The inaugural YEI intended to attract learners, students, educators, lecturers, the out-of-school and unemployed youth, graduates, young entrepreneurs and small, medium and micro-enterprises (SMMEs) interested in the energy sector (energy employers and IPPs) within the Nelson Mandela Metropolitan and Sarah-Baartman Municipalities to a two-day indaba and exhibition. The delegates were exposed to, *inter alia*, policy-discussions, energy-mix programme plans, capacity building through skills development and training, industry localisation and business venture development. The committee raised R1 million for the event through sponsorships and exhibition stands. Sponsors included the District Municipality (learner transport to the venue), Central Energy Fund, NIASA, DoE, DEDEAT, EWSETA, SANEDI, MBDA and Sarah-Baartman Municipality. Event participants included 200 delegates, 140 learners from the Sarah-Baartman and surrounding municipal areas, 15 students with RE lecturers, Principal and Deputy Principal from the local TVET college and 20 learners from the EWSETA/Nelson Mandela Bay Municipality Renewable Energy Skills Programme.

National Skills Authority Annual Skills Conference and Awards

All the SETAs, as key stakeholders in the higher education and training sector, were invited by the National Skills Authority to attend its Annual Skills Conference and Awards event. The EWSETA also participated in the Technical Task Team for the conference.

Team members were tasked to deepen their understanding of post-school system legislation and policies, strengthen skills development, promote the youth and productive work for inclusive growth, fast-track artisan development and encourage international best practice in skills development.

Other objectives included:

- creating platforms for social partners to support strategy implementation and skills development, showcase their organisations and disseminate information
- celebrating excellence by recognising skills development best practices among all skills development implementers and in a range of NSFfunded projects
- providing extensive national print and electronic media exposure to skills development best practices
- recognising work placement opportunities created through learning programmes such as artisan development, FET and University graduate placements, learnerships and internships
- encouraging the maximum use of workplace-based skills development initiatives
- mobilising business, government, communities and providers to realise NSDS III goals.

The SETAs were requested to support the event through award and logistics sponsorships, exhibiting and making other resources, including human resources, available if required. The EWSETA participated in the Content Development Committee and sponsored a Learning Programme in the Best TVET Placement Programme category.

HIGHLIGHTS

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Some of our marketing highlights included:

- closer collaboration between internal stakeholders
- overall improvement in stakeholder perception of the organisation
- greater recognition at key annual sector events as the "leading Authority in skills development and training in the energy and water sector" (brand positioning).

PLANS INTO THE FUTURE

The EWSETA has worked tirelessly to increase skills development in the energy and water sectors across the country. In the new financial year, the Marketing and Communication Department will create new and innovative platforms to communicate our programmes, opportunities and successes. These will include an EWSETA newsletter, social media presence, strengthened marketing and communication governance through revised policies, procedures and a Corporate Identity Manual.

Career guidance remains important and all our initiatives in fiscal 2017/18 must be strategically directed towards achieving greater impact in the energy and water sectors.

WAY FORWARD

We are very optimistic about the strategic direction of the EWSETA. This will be enabled through smarter targets and well-defined operational plans that delineate clearly the roles of the EWSETA branches and departments. In addition, the collective budgeting intervention that involved all branches and departments significantly improved budget planning and will enhance financial management going forward.

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Alongside our achievements, some challenges remain. These include some uncertainty about the SETA landscape despite having been relicensed to 2020 and the extension of the NSDS III to 2020. Our Chairperson and CEO will, undoubtedly, reflect on the future SETA and it impacts on capacitating our structure. Our administrative budget, which includes the high remuneration component of the overall EWSETA budget, remains a challenge. All branches have undertaken to drive levy payments through stakeholder partnerships and increase collaboration to identify co-funding opportunities.

I appreciate the contributions from the Corporate Services team over the past year. I look forward to a positive and productive period ahead with greater stability in the branch and a continued focus on strategic planning for improved performance.

Ms Candice Moodley Corporate Services Executive July 2017



"We are very optimistic about the strategic direction of the EWSETA. We are driving smarter targets and well-defined operational plans that clearly delineate the roles of our branch and departments. A collective budgeting intervention has also improved budget planning and will enhance financial management going forward."

PART F GOVERNANCE

CORPORATE GOVERNANCE

ORGANISATIONAL PROFILE

The EWSETA is a statutory body established by the SDA to advance and implement the national, sectoral and workplace strategies to develop and improve the skills of South Africa's workforce. As such, the EWSETA pursues the development of an appropriately skilled workforce comparable to worldclass standards with the ability to improve service delivery to the people of our country.

In terms of the PFMA, the EWSETA is a Schedule 3A public entity. The EWSETA and its Accounting Authority (the Board) are governed by the PFMA, the Skills Development Levies Act, 9 of 1999 (SDLA), the standard EWSETA Constitution and any other relevant legislation to fulfil its mandate. Consequently Parliament, the Executive Authority (the Minister of Higher Education and Training) and the Board are responsible for the corporate governance of the entity.

The Executive Authority exercises powers and responsibilities in respect of the EWSETA Constitution to ensure that the implementation of the objectives and execution of the functions of the EWSETA comply with the Act, the NSDS and policies of the Executive Authority and government. This is managed through a Service Level Agreement (SLA) that outlines the minimum service levels required from the SETA to perform its statutory functions, meet the NSDS III targets and implement its Strategic Plan and Annual Performance Plan.

INTRODUCTION

As a public entity and steward of public funds, the EWSETA is accountable to its Executive Authority and its stakeholders and takes responsibility for the implementation of its mandate. The Board ensures compliance with sound corporate governance practices and the directives of the PFMA. A governance charter and related standards guides the EWSETA in discharging its duties and responsibilities effectively.

THE ROLE OF THE ACCOUNTING AUTHORITY ("THE BOARD")

The Board governs and manages the EWSETA in accordance with applicable legislation and provides strategic direction. The institutional risk and the performance of the EWSETA are managed and monitored by the Board.

Composition of the Board

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The EWSETA Board consists of members who represent the energy and water sector constituencies and stakeholders in the sector, namely organised labour; organised employers; relevant government departments and Ministerial appointees as reflected on the following pages.

The Board is awaiting approval of five nominations submitted to fill Board vacancies. The nominated individuals represent:

- government departments with activities that fall within the standard industrial classification categories outlined in the EWSETA Constitution, namely the Department of Energy and Department of Public Enterprise
- employers and/or employer organisations in the energy and water sectors, namely the South African Local Government Association (SALGA)
- trade unions whose constituents do business in the sectors, namely the National Union of Metal Workers of South Africa and Solidarity.

BOARD COMMITTEES

The Board Committees that are currently fully operational consist of representatives of organised labour, organised employers and independent members as indicated in Table 25.

FRANS BALENI

Constituency: Ministerial appointment.

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Qualifications: BA (Social Science Development) (University of Johannesburg). Diploma in Political Science and Trade Unionism (Bishops Stortford, United Kingdom). BOD Certificate (IMD, Switzerland).

Other leadership roles and/or Board directorships: DBSA (Deputy Chairman); Field Band Foundation (Trustee); Chris Hani Institute (Director); University of Johannesburg (Member); F11 Management Consulting (Director); Mining Indaba (Member); Sibanye Holding Mining (Member); ADC Cables (Chairman); Thelle Mogoerane Hospital Advisory Board (Chairman).

OLEBOGENG BESNAAR

Constituency: Ministerial appointment. Qualifications: National Certificate Healthcare Benefit Administration (Discovery Institute). Other leadership roles and/or Board directorships: NEDLAC (Member); Country Descent Work Programme (Member); SANAC Secretariat (Member).

TEBOGO PHADU

Constituency: Ministerial appointment. **Organisation:** Gauteng Office of the Premier. **Qualifications:** Senior Diploma in Political Economy and Philosophy (USSR Academy of Social Sciences, Moscow, Russia).

MPhil (Environmental Economics) (London School of Economics, United Kingdom). **Other leadership roles and/or Board directorships:** National Cooperative Association of South Africa (General Secretary); South African Federation of Burial Societies (Chairperson).

TSHIMANE MONTOEDI

Constituency: Organised Labour. Organisation: National Union of Mineworkers. Qualifications: Programme in Business Communication (UNISA). Certificate in Human Resources (UNISA). Applied Organisational Development Programme (UNISA). Other leadership roles and/or Board directorships: Mineworkers Development Agency (Chief Executive Officer); State Diamond Trader (Board Member); Minerals and Mining Development (Board Member); Unity Incorporation MIC (Board Member).



MERCY SEKANO

Constituency: Organised Labour. Organisation: Elijah Barayi Memorial Training Centre.
 Qualifications: University Diploma in Secondary Education

 (Thabane College of Education). Programme and Project Management Diploma
 (University of Witwatersrand). Adult Education Diploma (University of Cape Town).
 Other leadership roles and/or Board directorships: JB Marks Education Trust
 (Trustee).

JUSTICE SERA

Constituency: Organised Labour. Organisation: Rand Water. Qualifications: Diploma in Human Resources Management (UNISA). Development Programme in Labour Relations (UNISA). Certificate in Supervisory Management (Graduate Institute of Management and Technology). Certificate in Human Resources Management (Institute of People Management, SA). Other leadership roles and/or Board directorships: South African Municipal Workers' Union (Provincial Deputy Chairman); South African Municipal Workers' Union Provincial Disciplinary Committee (Chairman).



Constituency: Organised Labour. **Organisation:** Independent Municipal and Allied Trade Union (IMATU).

Qualifications:Business Management Diploma (Damelin).Labour Relations Diploma (Institute of People Management).Public PrivatePartnerships (Wits Graduate School of Public and Development Management).Other leadership roles and/or Board directorships:IMATU (Deputy President);Edenvale High School Governing Body (Chairperson).

RAVI MOODLEY

Constituency: Organised Business. Organisation: Eskom. Qualifications: German Master, Electrical (Nuremberg, Germany). Master of Science (University of Warwick, UK). Other leadership roles and/or Board directorships: Senior Manager at Eskom Academy of Learning, with over 35 years of experience and expertise in the energy sector locally and internationally.

KNOX MSEBENZI

 Constituency: Organised Business. Organisation: Nuclear Industry Association of South Africa (NIASA).
 Qualifications: MA Engineering (Cambridge University).
 MSc (Electric Power Engineering) (Ransselaer Polytechnic, New York).
 MBA (Wits Business School).
 Other leadership roles and/or Board directorships: NIASA (Managing Director); Power Institute of East and Southern Africa (Executive Director).

PETUNIA RAMUNENYIWA

Constituency: Organised Business. Organisation: Department of Water and Sanitation. Qualifications: BA (Psychology) (University of Venda). Diploma in Education (University of Venda). Other leadership roles and/or Board directorships: Department of Water and Sanitation: Operational Support; Coordination and Consolidation (Chief Director).

STEPHEN NHLAPO +

Board member, passed away on 10 August 2016. We express our sincere appreciation for his wise counsel and contribution to the business and well-being of the EWSETA.

ole 25: EWSETA Board Committees for the 2016/17 financial year	
EWSETA Board Committees for the 201	year
EWSETA Board Committees for the 201	inancial
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EWSETA Board Committe	2
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Tab	Table 25: EWSETA

		MINISTRY OF I	HIGHER EDUCATIO EWSETA	on and training A Board – Mr Frar	DUCATION AND TRAINING – Minister Blade Nzimi EWSETA BOARD – Mr Frans Baleni (Chairperson)	MINISTRY OF HIGHER EDUCATION AND TRAINING – Minister Blade Nzimande (Executive Authority) EWSETA BOARD – Mr Frans Baleni (Chairperson)	Authority)		
Director and Executive roles and functions	Board members	Executive Committee (EXCO)	Audit and Risk Committee (ARC)	Finance Committee (FINCOM)	Governance and Strategy Committee (GOVCOM)	Human Human Resource and Committee (HRRC)	Learning Programmes Committee (LPC)	Quality Assurance and Compliance Committee (QACC)	Skills Planning Committee (SPC)
Non-Executive Directors	Frans Baleni (Chairperson)	Frans Baleni (Chairperson)	Jeff Rapoo (Independent Chairperson)	Keith Swanepoel (Chairperson)	Knox Msebenzi (Chairperson)	Olebogeng Besnaar (Chairoerson)	Mercy Sekano (Chairperson)	Ravi Moodley (Chairperson)	Justice Sera (Chairperson)
	Olebogeng Besnaar	Ravi Moodley	Petrunia	Knox Msebenzi	Tshimane Montoedi	Bavi Moodlev	Olebogeng Besnaar	Mercy Sekano	Knox Msebenzi
	Tebogo Phadu	Petunia Ramunenyiwa	Ramunenyiwa	Mercy Sekano	Tebogo Phadu	Justice Sera			
	Ravi Moodley		Mariana Strydom						
	Knox Msebenzi	Mercy Sekano Li istica Sara	Keith Swanepoel		Petunia Ramunenyiwa	Miungisi Mabaso			
	Petunia Ramunenyiwa	0001000 001000	Shelley Thomas						
	Tshimane Montoedi								
	Mercy Sekano								
	Justice Sera								
	Keith Swanepoel								
Executive	Errol Gradwell	Errol Gradwell	Errol Gradwell	Ineeleng Molete	Candice Moodley	Candice Moodley	Ineeleng Molete	Ineeleng Molete	Ineeleng Molete
	Mpho Mookapele	Ineeleng Molete	Ineeleng Molete	Mpho Mookapele					
	Ineeleng Molete	Candice Moodley	Candice Moodley						
		Mpho Mookapele	Mpho Mookapele						
		Tsholofelo Mokotedi	Tsholofelo Mokotedi						

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	Skills Planning Committee (SPC)	Facilitates water and energy sectors baseline research; ensures that the Sector Skills Plan is prepared and recommends its adoption to the Executive committee; monitors/ evaluates the implementation of the EWSETA Sector Skills Plan, Workplace Training Report and NSDS III s targets; and reports to the Board.
	Quality Assurance and Compliance Committee (QACC)	Ensures development of policies, principles, criteria and guideliness related to Education and Training Quality Assurance (ETQA) for recommendation to the Board. Ensures registration of accredited assessors and moderators' verifiers of national qualifications in the sector for specific standards or qualifications in the sector for specific standards or qualifications in terms of the issuing of certificates to competent learners by EWSETA. Cooperates in the moderation of assessment and quality assurance
Authority)	Learning Programmes Committee (LPC)	Evaluates and recommends the learnership strategy and business plans for the implementation of learnerships in the sector. Additionally, the development of policies, a mol learnership guidelines, as well and learnership system of the learnerships administration of contracts), registration of learnerships and disciplinary issues relating to the learnerships system are the functions of the committee.
UCATION AND TRAINING – Minister Blade Nzimande (Executive Authority) :WSETA BOARD – Mr Frans Baleni (Chairperson)	Human Resource and Remuneration Committee (HRRC)	Annually reviews the appropriateness of the organisational structure, competence and qualifications of the EWSETA's human resources. All issues relating to staff and CEO remuneration, as well as Board and human resources and remuneration, as well as Board and thuman resources and practices, are evaluated and recommended to the Board by this Committee.
OUCATION AND TRAINING – Minister Blade Nzim EWSETA BOARD – Mr Frans Baleni (Chairperson)	Governance and Strategy Committee (GOVCOM)	Oversees the functioning of all the subcommittees of the Board to monitor and ensure that the right governance structures and functions are maintained and consistent with best practices to ensure the long-term viability of the EWSETA. The Strategic Plan and Annual Performance Plan are recommended to the Board by the Governance and Strategy Committee.
on and training A Board – Mr Fra	Finance Committee (FINCOM)	Ensures that the EWSETA meets of the SDA, SDLA, PFMA and the Treasury Regulations in relation to finance administration and reporting as well as compliance with laws, regulations and ethics.
	Audit and Risk Committee (ARC)	Serves as a mechanism for the Board to monitor and reinforce the effectiveness of the internal control system and internal and external audit (Auditor-General) functions in accordance with the ARC and internal Audit Charters. The ARC also reviews and assesses the adequacy of reporting to the Board by the Chief Executive Officer in terms of the quality, quantity and timing of information necessary to understand and report internally on the entity's risks, operation and financial condition.
MINISTRY OF HIGHER ED	Executive Committee (EXCO)	Oversees the management of all financial matters of the EWSETA and supervises the implementation of Board policies. The Committee further performs any other function or duty as delegated to it by the Board or conferred upon it by the Constitution.
	Board	Governs and manages the EWSETA and ensures that the entity achieves its objectives and performs the functions contemplated in Constitution. The Board also sets the strategic direction for the EWSETA and ensures that the entity complies with the relevant statutory requirements and those of the Constitution. The institutional risk and the performance of the EWSETA are managed and monitored by the Board.
	Director and Executive roles and functions	Responsibilities

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No of meetings	Board	EXCO	ARC	FINCOM	GOVCOM	HRRC	LPC	QACC	SPC	Fees paic (R'000)
Scheduled	4	7	5	4	1	3	4	4	4	, ,
Special	1		1			1	1			
Strategy	2									
AGM	1									
Board members										
Frans Baleni	6 (C)	7 (C)								175,608
Olebogeng Besnaar ⁷	8	2/2	1/1			4 (C)	5			258,590
Tebogo Phadu ⁴	3									26,678
Ravi Moodley ³	8	1/1				4		4 (C)		0
Knox Msebenzi	8			4	1 (C)				2	849
Petunia Ramunenyiwa	7	3	3		1					0
Tshimane Montoedi	8				0					64,103
Stephen Nhlapo ²	1/2									13,939
Mercy Sekano	8	7		4			5 (C)	2		265,012
Justice Sera	8	6				4			4 (C)	196,634
Keith Swanepoel	7		4							105,410
Independent members	\$									
Jeff Rapoo ¹	8		6 (C)							120,036
Mariana Strydom			6							61,029
Shelley Thomas			5							44,947
Mlungisi Mabaso ¹⁰						0				0
Executive Managemer	nt									
Errol Gradwell	8	6								
Ineeleng Molete ⁵	1/1	3/3	2/2	3/3			3/3	2/2	2/2	
Mpho Mookapele6	1/1	1/1	2/2	1/1						
Candice Moodley		7			1	4				
Tsholofelo Mokotedi		6								
Cathrine Kobyana ⁸		3/3								
Kabelo Masilo9		4/4								
(C) = Chairperson										

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Table 26: EWSETA Board and Committees: Meeting attendance and remuneration

(C) = Chairperson

1. Independent Chairperson of the ARC, attends all Board meetings by invitation.

2. Passed away on 10 August 2016.

3. Appointed as member of the Executive Committee on 30 November 2016.

4. Appointed as member of the Governance and Strategy Committee on 28 July 2016.

5. Chief Operations Officer with effect from 1 September 2016.

6. Chief Financial Officer with effect from 1 December 2016.

7. Attended two EXCO meetings per invitation.

8. Acting Chief Financial Officer until August 2016.

9. Acting Chief Operations Officer until 31 August 2016.

10. Resigned 19 August 2016.

REMUNERATION OF BOARD MEMBERS

Board and Committee members receive an allowance to attend and contribute to official meetings. The Minister of Higher Education and Training and the Board approve allowance rates according to remuneration level subcategory S, as determined by the Minister of Finance in the "Circular from the National Treasury on Adjustment of the Remuneration Levels". The Board and Audit and Risk Committee members are remunerated at the same rate and as approved by the Minister of Higher Education and Training.

The EWSETA applies the daily rates for Board and Committee meetings preparation and attendance as stipulated in Circular 2 (Remuneration Tariffs for the Board and Committee members of SETAs and non-SETAs that report to the DHET) issued by the Minister of Higher Education and Training. Allowances are paid to ministerial appointees and organised and independent committee members. Board members who are government employees are not remunerated for meeting attendance unless they take unpaid leave from their respective positions to attend the meetings. Allowances paid are subject to relevant tax rates. The Board remuneration information is reflected in Table 17.

COMPLIANCE WITH LAWS AND REGULATIONS

The EWSETA ensures compliance with laws and regulations through its governance structures and in accordance with its mandate as formally communicated by the Executive Authority and National Treasury. The EWSETA has also aligned its activities with the Executive Authority's compliance calendar to ensure a consistent focus on and adherence to its compliance responsibilities.

CONFLICT OF INTEREST

Board and committee members are required to complete a Declaration of Interest form to declare their interests in any of the matters on the agenda before any meeting. Members deemed to have conflicts of interest are requested to recuse themselves from the deliberations.

Aligned with our Code of Conduct, employees shall not use their positions or knowledge gained through their employment with the EWSETA for private or personal advantage or in a manner that results in a conflict or appearance of conflict between their personal interests and that of the organisation.

CODE OF CONDUCT

The EWSETA is committed to a policy of fair dealing and integrity in its business conduct. This commitment, which is

endorsed by the Board, is based on a fundamental belief that business should be conducted honestly, fairly and legally. The EWSETA expects all employees to share its commitment to high moral, ethical and legal standards.

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All members of the Board and any committee established by the Board, are subject to the organisation's Code of Conduct and required to comply with both the letter and spirit of the Code.

SAFETY, HEALTH AND ENVIRONMENT (SHE)

The EWSETA's operating policies integrates pollution control and waste management into operating procedures to manage its environmental footprint. Employees are encouraged to attend appropriate and timeously to environmental issues.

The organisation takes every reasonable precaution to ensure a safe, clean and healthy work environment for all employees. Each employee is responsible for following SHE rules and practices and reporting accidents, injuries and unsafe conditions, procedures or behaviours to maintain a workplace conducive to optimum performance.

COMPANY SECRETARY

The EWSETA outsourced the role of Company Secretary in the 2016/17 financial year to a dedicated service provider. All compliance deadlines were met during the year under review.

The Company Secretary fully supports the EWSETA Board. This includes tracking crucial information about compliance responsibilities aligned with the Standard EWSETA Constitution and the SETA's Governance Charter. Most critical for the Company Secretary is the execution of proper governance systems and methods that enable the Board and management to meet all the mandatory compliance deadlines. The Company Secretary focuses on detail and works to a high level of accuracy while balancing competing priorities. Integrity, a belief in the importance of transparency and the ability to absorb and digest technical knowledge to balance the needs of the various parties that the function supports, is crucial.

The Company Secretary reports to the Board and Chief Executive Officer. Duties require the utmost discretion and confidentiality. Attention is paid to planning to guide progress and ensuring everything is recorded, especially in regard to governance with tight deadlines. Impeccable organisational skills and reliable processes and systems are essential to achieve success in this role.



REPORT OF THE AUDIT AND RISK COMMITTEE **MR JEFF RAPOO (CHAIRPERSON)**

"The committee is satisfied that it has, during the past financial year met its responsibilities as stipulated in its terms of reference and that it has complied with all its legal, regulatory and other responsibilities."

We are pleased to present our report for the year ended 31 March 2017 as follows:

AUDIT AND RISK COMMITTEE COMPOSITION AND MEMBERS

The Committee is governed by a formal Terms of Reference or Charter. This Charter is reviewed annually and approved by the Accounting Authority. The Committee has an independent role with accountability to both the Accounting Authority and the Executive Authority. It does not assume the functions of management, which remain the responsibility of the officers and members of senior management. The Committee acts in an advisory and oversight capacity; it does not relieve management of its responsibilities but makes objective and independent recommendations.

For the year under review, the Committee comprised of five independent non-executive members with appropriate qualifications and experience, nominated by the Accounting Authority and appointed by the Executive Authority. A quorum for meetings is a majority of the members present.

Name of Committee members:

Mr. J R Rapoo (Chairperson) Ms. M Strydom Ms. S Thomas Mr. K Swanepoel Ms. P Ramunenyiwa

ATTENDANCE AT MEETINGS

The Committee meets at least four times a year and its meetings are attended by the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and representatives of the internal and external auditors. During the year under review the Committee held seven meetings as outlined below.

Name of member	Number of meetings
	attended
Mr. J R Rapoo (Chairperson)	6
Ms. M Strydom	6
Ms. S Thomas	5
Mr. K Swanepoel	4
Ms. P Ramunenyiwa	3

RESPONSIBILITIES OF THE AUDIT AND RISK COMMITTEE

The Committee has discharged its responsibilities as prescribed in the Public Finance Management Act, 1 of 1999, as amended and Treasury Regulations 27.1.8 and 27.1.10(b) and (c) and regulated its affairs in compliance with the approved Charter.

In fulfilling these responsibilities, the Committee performs, *inter alia*, the functions outlined below:

• Makes submissions to the Accounting Authority and advises it, the accounting officer and management of the entity on matters relating to internal financial control and internal audit, risk management, accounting policies, the adequacy, reliability and accuracy of financial reporting and the reporting of performance against targets set in the Annual Performance Plan, effective governance, compliance with the PFMA and other applicable legislation and any other issues referred to it by the Accounting Authority. • Ensures that the combined assurance received is appropriate to address all the significant risks facing the entity and monitors the relationship between the external assurance providers and the entity.

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- Oversees and reviews the expertise, resources and experience of the entity's finance function.
- Oversees the internal audit function, which is outsourced and reports directly to the audit Committee; reviews and approves the internal audit plan and monitors the effectiveness of the internal audit function in terms of its scope, progress with execution, coverage and independence.
- Expresses a view on the effectiveness of the internal control environment by monitoring internal controls for effectiveness.
- Oversees the external audit process, approves the terms of engagement and remuneration for the external audit engagement and reviews the effectiveness of the external audit process. Any significant issues arising from the annual audit are brought to the Committee's attention.
- Forms an integral part of the risk management process and specifically oversees financial reporting risks, internal financial controls, fraud risk in relation to financial reporting and information technology risks as they relate to financial reporting and compliance with laws and regulations.
- Assists the Accounting Authority in ensuring that the entity has implemented an effective policy and plan for risk management, which will enhance the entity's ability to achieve its strategic objectives.
- Oversees the development and annual review of the entity's risk management action plan and ensures that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks.
- Monitors implementation of the risk management action plan, ensures that risk management assessments are performed on a continuous basis and reports to the Accounting Authority in this regard.
- Makes recommendations to the Accounting Authority concerning levels of tolerance and risk appetite.

- Performs such additional oversight functions as may be determined by the Accounting Authority from time-to-time.
- Evaluates the expertise, resources and experience of the financial function staff.
- Evaluates, on an ongoing basis, the appropriateness and adequacy of the EWSETA's accounting policies and procedures for consistency and compliance with applicable GRAP standards and other regulations.
- Evaluates the effectiveness and appropriateness of IT governance policies of the EWSETA to enable it to fulfil its mandate.

EFFECTIVENESS OF INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT

The EWSETA systems of internal control and risk management processes are designed to, *inter alia*, safeguard assets, manage liabilities and working capital efficiently in the execution of its business and minimise or eliminate risks that could prevent the achievement of its objectives.

Assurance on the appropriateness and effectiveness of control systems and risk management processes in operation is provided by an independent internal audit function. This function is provided by an outsourced service provider whose activities are directed by the Audit and Risk Committee. The internal audit conducts its duties in terms of approved internal audit charter which is also subject to review annually. The internal audit function follows a risk based audit approach in accordance with the EWSETA risk profile as assessed and recorded by management from time-to-time. The Committee approved the annual audit work plan.

The Committee is satisfied that, based on quarterly reports and findings, including recommendations for suggested improvements by internal audit and the findings of the external audit process, read with responses by management and their planned corrective actions for weaknesses identified in the process, the internal control systems and risk mitigation actions functioned adequately for the year under review, except in those instances outlined fully in the final management letter of the AuditorGeneral of South Africa (AGSA). The Committee will monitor the implementation of action plans designed by management to correct and/or prevent the recurrence of similar weaknesses to obtain assurance that such plans are effective.

MONTHLY AND IN-YEAR MANAGEMENT REPORTING

The Committee reviewed quarterly financial and performance reporting, together with findings from the Auditor-General and Internal Audit. These findings have been discussed with management. Based on the processes and assurances obtained, the Committee is satisfied with the content and quality of the periodic reports prepared and issued by the Accounting Authority.

RISK MANAGEMENT

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The Committee has, during the period under review, exercised oversight in respect of the risk management function of the enterprise that remains management's responsibility, monitored the implementation of the entity's risk management action plan and made recommendations regarding improvement of reporting thereon.

EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS AND THE ANNUAL PERFORMANCE REPORT

The Audit and Risk Committee has:

- Reviewed and discussed the audited annual financial statements and annual performance report with management and the AGSA.
- Considered the audit findings of the AGSA as outlined in his final management report, including the responses of management to such findings.
- Considered the EWSETA's compliance with legal and regulatory provisions as reflected in the final management report of the AGSA and the reports of internal audit.
- Considered changes in accounting policies and procedures for their possible impact on the presentation of the annual financial statements.

• Noted that certain material adjustments were effected to the financial statements and annual performance report as a result of the audit process.

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Based on the reviews, discussions and explanations rendered, the Committee concurs with and accepts the Auditor-General's conclusions on the Annual Financial Statements and Annual Performance Report. The Committee is therefore of the view that the reports read together with the report of the AGSA be accepted.

UNRESOLVED MATTERS

The Committee was assured during discussions with the Auditor-General, internal audit and management that there are no unresolved matters arising out of the audit process.

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J R Rapoo Chairperson of the Audit and Risk Committee 31 July 2017



The EWSETA is committed to fair dealing and integrity in its business conduct. This commitment is endorsed by the EWSETA Board and based on a fundamental belief that business should be conducted honestly, fairly and legally. The EWSETA expects all employees to share its commitment to high moral, ethical and legal standards.

PART G FINANCIAL INFORMATION

STATEMENT OF RESPONSIBILITY

The Accounting Authority is responsible for the preparation of the public entity's Annual Financial Statements and the judgements made in this information.

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The Accounting Authority is also responsible for establishing and implementing a system of internal controls to provide reasonable assurance as to the integrity and reliability of the Annual Financial Statements.

In our opinion, the financial statements fairly reflect the operations of the public entity for the financial year ended 31 March 2017.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements of the public entity. The external auditors audited the EWSETA's annual financial statements for the year ended 31 March 2017 and their report is presented in this document.

The Annual Financial Statements of the public entity have been approved.

Mr Errol Gradwell Chief Executive Officer July 2017



Mr Frans Baleni Chairperson July 2017



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REPORT OF THE CHIEF FINANCIAL OFFICER **MS MPHO MOOKAPELE**

The EWSETA operates in a compliance environment that is complex and vast. Operating effectively and efficiently as a SETA requires a balance between a compliance-driven culture and innovation to accelerate performance excellence, legislative and regulatory compliance and continued improvement in audit outcomes.

The current financial period noted a 16% increase in the SETA's levy income. Management has a robust stakeholder engagement strategy and clear processes to identify potential new levy payers and increase in levy income. This will secure project funding and contribute positively to the achievement of the SETA's mandate in the energy and water services sectors.

The Finance branch ensures that all funds received are utilised for service delivery and accurately accounted for in line with the relevant accounting framework and legislation. A continued focus on strengthening the EWSETA's financial controls ensures that the business environment is conducive to effective planning and improved performance.

FINANCIAL SKILLS AND CAPACITY

Formalised technical development initiatives, such as improved "on-the-job" training and technical exposure to the application of Generally Recognised Accounting Practice (GRAP), the Public Finance Management Act (PFMA), 1 of 1999 (as amended) and other relevant legislation, served to enhance the capacity and skills of the finance team.

BUDGET CONSTRAINTS

Despite budget constraints, the SETA met 54% of its deliverables, as outlined in the 2016/17 EWSETA Strategic Plan and 2016/17 Annual Performance Plan (APP), with available and committed funds. The identification of project backlogs through the improved and planned monitoring and evaluation of current, delayed and pending financial closure projects, as well as the timeous reallocation of funds to partner with stakeholders with similar values and a clear understanding of the SETA's mandate, contributed significantly to funding new projects. These projects are aligned with the objectives of the SETA and therefore contribute implicitly towards the National Development Plan goal of increasing South Africa's skills pool by building capabilities and enhancing the capacity of the state to meet its mandate.

RISK MANAGEMENT AND INTERNAL CONTROLS

Effective risk management is fundamental to the ESWETA's activities. Responsibility and accountability for risk management resides at all levels within the EWSETA, from the Accounting Authority to all employees throughout the organisation. The EWSETA conducts annual risk assessment reviews integral to an entity-wide risk management process that includes a Risk Register. The identified risks and progress made in implementing controls to mitigate those risks are reported every quarter to the Audit and Risk Committee. Internal control was assured by all the combined assurance providers within the EWSETA.

GRANTS AND LEVIES

As reflected in the statement of financial performance, levy income increased compared to previous years. The disbursement of mandatory grants, however, was slightly below budget and low compared to the previous year. This decline in mandatory grants disbursement was due to employer non-compliance with stipulated requirements and non-adherence to submission deadlines. The EWSETA remains committed to educating and enabling employers to improve the disbursement of funds in the year ahead.

POLICIES AND PROCEDURES

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We reviewed our policies to ensure alignment with the relevant laws and regulations and to improve financial controls and compliance with the relevant prescripts. The implementation of standard operating procedures and adherence to internal policies improved our processes and systems and, as a result, our performance.

A standardised and enhanced Supply Chain Management process has improved lead times and is ensuring that procurement processes are timeous and efficient. Streamlining these processes further will create greater interbranch efficiency within the EWSETA and improve overall performance.

APPRECIATION

We thank the different EWSETA branches and executives for their unstinting cooperation and commitment to achieving the EWSETA's strategic goals and objectives. My sincere appreciation also goes to the Accounting Authority for its support and direction provided during the year under review.

Ms Mpho Mookapele Chief Financial Officer (CFO) July 2017

to Parliament on the Energy and Water Sector Education and Training Authority

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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

- I have audited the financial statements of the Energy and Water Sector Education and Training Authority (EWSETA) set out on pages 95 to 131, which comprise the statement of financial position as at 31 March 2017, statement of financial performance, statement of changes in net assets, 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 entity as at 31 March 2017 and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Management Finance Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Skills Development Act, 1998 (Act No 97 of 1998) (SDA).

Basis for opinion

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

Emphasis of matters

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

Restatement of corresponding figures

 As disclosed in note 33 to the financial statements, the corresponding figures for 31 March 2016 have been restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2017.

Responsibilities of Accounting Authority

- 8. The Accounting Authority is responsible for the preparation and fair presentation of the financial statements in accordance with and the requirements of the 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 EWSETA's ability to continue as a going concern, disclosing, as applicable, matters relating to a going concern and using the going concern basis of accounting unless the Accounting Authority either intends to liquidate the entity or cease operations, or has no realistic alternative but to do so.

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

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general

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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 entity. I have not evaluated the completeness and appropriateness of the performance indicators 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 entity for the year ended 31 March 2017:

Programmes	Pages in the Annual Report
Programme 2 – Skills Planning, Quality Assurance and Delivery	26 - 33

- 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. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programme:
 - Programme 2 Skills planning, Quality Assurance and Delivery

Other matters

17. I draw attention to the matters below.

Achievement of planned targets

18. Refer to the Annual Performance Report on pages 26 to 33 for information on the achievement of planned targets for the year and explanations provided for the under-/ overachievement of a number of targets.

Adjustment of material misstatements

19. 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, Quality Assurance and Delivery. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

REPORT ON AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

- 20. In accordance with the PAA, and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
- 21. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

Annual Financial Statements

22. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1) (a) and (b) of the Public Finance Management Act. Material misstatements of commitments identified by the auditors in the submitted financial statements were corrected resulting in the financial statements receiving an unqualified audit opinion

to Parliament on the Energy and Water Sector Education and Training Authority

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OTHER INFORMATION

- 23. The EWSETA 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 thereon and those selected programmes presented in the Annual Performance Report that have been specifically reported on in the Auditor's Report.
- 24. 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.
- 25. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the Annual Performance Report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this Auditor's Report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

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

Leadership

27. Deficiencies in the control environment mainly in the areas of performance reporting and compliance with laws and regulations were noted. These deficiencies were as a consequence of inadequate and ineffective oversight monitoring of adherence to the policies and procedures by management. This resulted in errors in the Annual Financial Statements and material misstatements in the Annual Performance Report submitted for audit.

28. Material misstatements identified in the Annual Performance Report were an indication that the action plan to address audit recommendations was not timeously implemented and adequately monitored.

Financial and performance management

29. Although the entity has developed and approved policies and procedures for the preparation of the financial statements, performance reporting and compliance with procurement regulations, these policies were not strictly adhered to. As a result; the audit identified misstatements that existed, which could have been prevented and detected by policies and procedures.

OTHER REPORTS

30. I draw attention to the following engagements that could potentially impact on the public entity's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that are either in progress or have been completed.

Legal proceedings

31. There is a legal proceeding relating to prolonged contractual delays on the refurbishment of the building, it became evident that the contractor might not be able to deliver the service as was expected at 31 March 2017. At the date of this report the legal proceedings were still ongoing.

Audidor-General

Pretoria 31 July 2017



Auditing to build public confidence

to Parliament on the Energy and Water Sector Education and Training Authority

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ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

 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 entity's compliance with respect to the selected subject matters.

Financial statements

- In addition to my responsibility for the audit of the financial statements as described in the auditor's report, l 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 entity's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the Accounting Authority.
 - Conclude on the appropriateness of the board of directors, which constitutes 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 Energy and Water Sector Education and Training Authority ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

- 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 here applicable, related safeguards.

Accounting Authority's Responsibilities and Approval for the year ended 31 March 2017

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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 were 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 Accounting Authority 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 Annual Financial Statements set out on pages 95 to 131, which have been prepared on the going concern basis, were approved by the Accounting Authority on and signed on its behalf by:

Frans Baleni Accounting Authority Chairperson

Accounting Authority's Report

for the year ended 31 March 2017

The members submit their report for the year ended 31 March 2017.

1. REVIEW OF ACTIVITIES

Main business and operations

The Energy and Water Sector Education and Training Authority (EWSETA) is a Public Entity listed in Schedule 3A of the Public Finance Management Act (Act 1 of 1999) and is established in terms of the Skills Development Act, 97 of 1998. The EWSETA operates under executive authority of the Minister for Higher Education and Training.

The operating results and state of affairs of the entity are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. GOING CONCERN

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

3. SUBSEQUENT EVENTS

The members are aware of matter or circumstance arising since the end of the financial year that require adjustment to the financial statements. Due to prolonged contractual delays on the refurbishment of the building, it has become evident that the contractor might not be able to deliver the service as was expected at 31 March 2017. Prepayment made to the contractor will be claimed through legal proceedings.

4. CORPORATE GOVERNANCE

General

The accounting authority is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting authority supports the highest standards of corporate governance and the ongoing development of best practice. The entity is guided by the principles of the Code of Corporate Practices and Conduct ("the Code") laid out in the King III Report on Corporate Governance for South Africa 2009. The accounting authority discusses the responsibilities of management in this respect, at Accounting Authority meetings and monitor the entity's compliance with the code on a three monthly basis.

The salient features of the guidelines of the Code are outlined below:

Accounting Authority

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The Accounting Authority:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
 - non-executive members, all of whom are independent members as defined in the Code; and
 - executive members.

Chairperson and Chief Executive Officer

The Chairperson is a non-executive and independent member (as defined by the Code). The roles of Chairperson and Chief Executive Officer are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

REMUNERATION

The remuneration of the Chief Executive Officer is legislated in terms of The Government Gazette No.34720 dated 4 November 2011. The Chief Financial Officer, the Chief Operating Officer, the Sector Collaborations and Stakeholder Engagement Executive and Corporate Services Executive's remuneration are determined by the Accounting Authority.

Accounting Authority's Report (continued)

for the year ended 31 March 2017

EXECUTIVE MEETINGS

The accounting authority has met on 5 separate occasions during the financial year. The accounting authority schedules to meet at least 5 times per annum.

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Members of the Accounting Authority	Designation	Appointment	Meetings Attended	Changes
Frans Baleni	Chairperson	Ministerial Appointee	5 out of 5	
Olebogeng Besnaar	Member	Ministerial Appointee	5 out of 5	
Tebogo Phadu	Member	Ministerial Appointee	2 out of 5	
Ravi Moodley	Member	Organised Business	5 out of 5	
Justice Sera	Member	Organised Labour	5 out of 5	
Mercy Sekano	Member	Organised Labour	5 out of 5	
Keith Swanepoel	Member	Organised Labour	3 out of 5	
Knox Msebenzi	Member	Organised Business	5 out of 5	
Petunia Ramunenyiwa	Member	Organised Business	4 out of 5	
Stephen Nhlapo	Member	Organised Labour	2 out of 5	Deceased
Tshimane Montoedi	Member	Organised Labour	5 out of 5	

AUDIT AND RISK COMMITTEE

For the current financial year the chairperson of the audit committee was Mr JR Rapoo (Independent member). The committee met 6 times during the financial year to review matters necessary to fulfil its role.

INTERNAL AUDIT

The entity has outsourced its internal audit function to Ngubane & Company. Internal audit is in compliance with the PFMA.

Statement of Financial Position

as at 31 March 2017

		Restated
	2017	2016
Note(s) R '000	R '000
Assets		
Current Assets		
Receivables from exchange transactions 3	43,666	4,671
Receivables from non-exchange transactions 4	667,559	12,276
Prepayments 5	21,887	47,573
Cash and cash equivalents 6	477,397	347,155
	1,210,509	411,675
Non-Current Assets		
Property, plant and equipment 7	42,688	40,857
Intangible assets 8	2,810	1,620
Intangible assets under development 9	-	1,904
	45,498	44,381
Total Assets	1,256,007	456,056
Liabilities		
Current Liabilities		
Operating lease liability 10	-	87
Payables from exchange transactions 11	18,179	16,076
Payables from non-exchange transactions 12	77,822	59,289
Unspent conditional grants and receipts 13	66,176	19,038
Provisions 14	701,323	21,225
Total Liabilities	863,500	115,715
Net Assets	392,507	340,341
Administration grant reserve	45,498	44,381
Mandatory grant reserve	88	157
Discretionary grant reserve	346,921	295,803
Total Net Assets	392,507	340,341

Statement of Financial Performance

for the year ended 31 March 2017

			Restated
		2017	2016
	Note(s)	R '000	R '000
Non-exchange revenue	15	1,453,499	590,567
Exchange revenue	16	37	44
Investment revenue	17	23,731	17,025
Total revenue		1,477,267	607,636
Employer grant and project expenses	18	(1,359,546)	(560,321)
Administration expenses	19	(30,063)	(28,998)
Employee related costs	20	(33,994)	(30,462)
Depreciation and amortisation	21	(1,461)	(1,247)
Loss on derecognition of assets		(37)	(33)
Finance Costs	22	-	(406)
Surplus / (Deficit) for the period		52,166	(13,831)

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Statement of Changes in Net Assets

for the year ended 31 March 2017

	Administration	Mandatory	Discretionary	Accumulated	Total net
	reserve R '000	R '000	grant reserve R '000	surplus R '000	assets R '000
Balance at 01 April 2015	28,264	71	325,837	-	354,172
Changes in net assets					
Surplus for the period ended 31 March 2015	-	-	-	(13,831)	(13,831)
Allocation of unappropriated surplus/(deficit) (refer note 23)	(27,646)	5,584	14,402	7,660	-
Excess funds transferred (to)/from discretionary	39,771	(5,498)	(34,273)	-	-
grant reserve					
Prior year adjustments (refer note 34)	3,992	-	(10,163)	6,171	-
Total changes	16,117	86	(30,034)	-	(13,831)
Balance at 01 April 2016 restated	44,381	157	295,803	-	340,341
Changes in net assets					
Surplus for the year	-	-	-	52,166	52,166
Allocation of unappropriated surplus /(deficit)	(27,719)	48,477	31,408	(52,166)	-
Excess funds transferred (to)/from discretionary	28,836	(48,546)	19,710	-	-
reserve					
Total changes	1,117	(69)	51,118	-	52,166
Balance at 31 March 2017	45,498	88	346,921	-	392,507

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The administration reserve is a reserve for the carrying value of property, plant and equipment and intangible assets.

The mandatory grant reserve is a reserve for newly registered companies participating after the legislative cut-off date.

Cash Flow Statement

for the year ended 31 March 2017

			Restated
		2017	2016
	Note(s)	R '000	R '000
Cash flows from operating activities			
Receipts			
Non-exchange revenue		843,955	608,519
Exchange revenue		37	45
Interest income		23,063	17,025
		867,055	625,589
Payments			
Employee related costs		(32,298)	(29,449)
Employer grant and project expenses		(672,302)	(559,183)
Administration expenses		(29,600)	(39,331)
		(734,200)	(627,963)
Net cash flows from operating activities	24	132,855	(2,374)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(2,291)	(17,398)
Purchase of intangible assets	8	(322)	(37)
Net cash flows utilised in investing activities		(2,613)	(17,435)
Net decrease in cash and cash equivalents		130,242	(19,809)
Cash and cash equivalents at the beginning of the year		347,155	366,964
Cash and cash equivalents at the end of the year	6	477,397	347,155

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Statement of Comparison of Budget and Actual Amounts

for the year ended 31 March 2017

Devenue	Approved budget R '000	Adjustments R '000	Final Budget R '000	Actual amounts on comparable basis R '000	Difference between final budget and actual R '000	Reference
Revenue						
Revenue from exchange						
transactions						
Other income	-	-	-	37	37	а
Interest received - investment	16,170	330	16,500	23,731	7,231	b
Total revenue from exchange						
transactions	16,170	330	16,500	23,768	7,268	
Revenue from non-exchange						
transactions						
Transfer revenue				1 166 471	1 166 471	0
Special project income	-	-	-	1,166,471	1,166,471	C
Skills development levy income	230,991	33,909	264,900	284,412	19,512	d
Interest and penalties income	-	-	-	2,616	2,616	d
Total revenue from non-exchange transactions	230,991	33,909	264,900	1,453,499	1,188,599	
Total revenue	247,161	34,239	281,400	1,477,267	1,195,867	
lotar revenue	247,101	04,203	201,400	1,477,207	1,195,007	
Expenditure						
Personnel	(32,160)	(1,840)	(34,000)	(33,994)	6	е
Depreciation and amortisation	(207)	207	-	(1,461)	(1,461)	
Lease rentals on operating lease	(3,614)	(1,086)	(4,700)	(4,021)	679	
Repairs and maintenance	(86)	(414)	(500)	(160)	340	f
General expenses	(22,811)	(1,305)	(24,116)	(25,882)	(1,766)	g
Discretionary grant expenses	(149,513)	(21,987)	(171,500)	(1,337,046)	(1,165,546)	h
Mandatory grant expenses	(34,151)	4,151	(30,000)	(22,500)		i
Total expenditure	(242,542)	(22,274)	(264,816)	(1,425,064)	(1,160,248)	
Operating surplus	4,619	11,965	16,584	52,203	35,619	
Loss on derecognition of assets	-	-	-	(37)	(37)	
Operating surplus	4,619	11,965	16,584	52,166	35,582	
Actual Amount on Comparable						
Basis as presented in the Budget						
and Actual Comparative Statement	(4,619)	(11,965)	(16,584)	(52,166)	(35,582)	

The material differences between budget and actual amounts are explained in Note 36 in page 43.

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for the year ended 31 March 2017

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives 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. They are presented in South African Rand.

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

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

These accounting policies are consistent with the previous period.

1.1 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements, management is required to make 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. Significant judgements include:

Useful lives of property, plant and equipment

All classes of property, plant and equipment are depreciated on a straight-line basis over the asset's expected useful life to their estimated residual value. The EWSETA reviews the estimated useful lives and residual values of property and equipment at the end of each annual reporting period, refer to note 7 for the carrying values of property and equipment.

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EWSETA's mandate is dependent on the renewal of their operating licence which expires in 2020. Management has a reasonable expectations that the licence will be renewed indefinitely and therefore useful lives are not limited to the term of the licence.

1.2 PROPERTY, PLANT AND EQUIPMENT

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

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

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

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up. When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

for the year ended 31 March 2017

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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

Property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Leasehold improvements should be depreciated over the shorter of the contract period or the assessed useful lives of the assets.

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

ltem	Depreciation method	Average useful life
Buildings	Straight line	20 to 30 years
Furniture and fixtures	Straight line	5 to 15 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 to 15 years
Computer equipment	Straight line	3 to 8 years
Leasehold improvements	Straight line	Shorter of lease period and useful life of asset

The residual value, and the useful life and depreciation method of each asset are reviewed 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.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 INTANGIBLE ASSETS

An asset is identifiable if it either:

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

for the year ended 31 March 2017

An intangible asset is recognised when:

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

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

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

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

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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

ltem

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Useful life

Computer software, other 3 to 6 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.4 GRANTS AND PROJECT EXPENDITURE

Mandatory grants

The grant payable and the related expenditure are recognised when the employer has submitted an application for a grant in the prescribed form, within the agreed upon cut-off period and the application has been approved as the payment then becomes probable. This grant is equivalent to 20% (2016: 20%) of the total levies paid by the employer.

Discretionary grants & project expenditure

A SETA may determine and allocate out of any surplus funds discretionary grants to employers, education and training providers and workers of the employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period. The grant payable and the related expenditure are recognised when the application has been approved, training has taken place and conditions have been met.

for the year ended 31 March 2017

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 EWSETA 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.

Discretionary grants and project costs are recognised as expenses in the period in which they are incurred. A receivable is recognised at the fair value of consideration received or receivable for incentive and other payments made to the extent of expenses not yet incurred in terms of the contract.

Retrospective adjustment by SARS

The SETA refunds amounts to the employers in the form of grants, based on the information from SARS. Where SARS retrospectively amends the information on levies collected, it may result in grants that have been paid to certain employers being in excess of the amounts the SETA is permitted to have granted to employers. A receivable relating to the overpayments to the employer in earlier periods is raised as the amount of such grant overpayment, net of bad debts and provision for irrecoverable amounts.

1.5 CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the EWSETA has complied with any of the conditions embodied in the agreement. To the extent that the conditions have not been met, a liability is recognised.

1.6 BUDGET INFORMATION

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by functional classification linked to performance outcome objectives. The approved budget covers the fiscal period from 2016/04/01 to 2017/03/31.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

Comparative information is not required.

1.7 RELATED PARTIES

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

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

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

1.8 EVENTS AFTER REPORTING DATE

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

for the year ended 31 March 2017

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material nonadjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.9 RESERVES

Net assets are sub-classified in the statement of financial position between the following funds and reserves:

- Administration reserve
- Mandatory grant reserve
- Discretionary grant reserve

This sub-classification is made based on the restrictions placed on the distribution of monies received in accordance with the regulations issued in terms of the Skills Development Act, 1998 (Act No. 97 of 1998).

Interest and penalties received from SARS as well as interest received on investments are utilised for discretionary grants and projects. Other income received is utilised in accordance with the original source of the income.

The minimum amount retained in the administration reserve equates to the net book value of non current assets.

Surplus funds in the mandatory grant reserve are transferred to the discretionary grant reserve at the end of the financial year. An amount is retained in the mandatory grant reserve, after consideration is given to new companies. Mandatory grant reserve is the mandatory grant payable to all new employers who in terms of the regulation still have six months after joining to submit their workplace skills plan.

1.10 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A financial asset is:

cash;

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- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

for the year ended 31 March 2017

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Financial assets

All financial assets of the entity are categorised as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise balances held at banks and short term investments and are at amortised cost, which, due to their short-term nature, closely approximates their fair value.

Financial assets at amortised cost

EWSETA classifies receivables from exchange and nonexchange transactions as financial assets at amortised cost and measures these using the effective interest method. Theses financial assets are not quoted in an active market and have fixed or determinable payments as defined in the statement of Generally Recognised Accounting Practice.

Impairment of financial assets

Financial assets are assessed for impairment at each yearend.

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 flow of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's 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 receivables from non-exchange trasactionswhere the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollected, 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 surplus or deficit for the year.

Financial liabilities

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All financial liabilities of the entity are classified as financial liabilities at amortised cost. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition.

Effective interest method

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

1.11 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.

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.

for the year ended 31 March 2017

1.12 EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and long service leave;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus-, incentive- and performance-related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

1.13 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

for the year ended 31 March 2017

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 27.

1.14 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

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

1.15 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit. Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Recognition

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An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a nonexchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Levy income

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act No. 9 of 1999), registered member companies of the Energy and Water Sector Education and Training Authority (EWSETA) pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS). Companies with an annual payroll cost less than R500 000 are exempted in accordance with section 4(b) of the SDL Act (1999) as amended, effective 1 August 2005.

for the year ended 31 March 2017

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

The skills development levy received is allocated as follows:

- 10.5% Administration expenses
- 49.5% Discretionary grant expenses
- 20% Mandatory grant expenses

Skills Development Levy (SDL) transfers are recognized when it is probable that future economic benefit will flow to the SETA and these benefits can be measured reliably. This occurs when the Department of Higher Education & Training (DHET) either makes an allocation or payment, whichever occurs first, to the SETA, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No.9 of 1999). The SDL transfer is measured at the fair value of the consideration receivable or received.

A receivable/payable is recognised for levies receivable as well as estimated SARS adjustments. An estimate, due to retrospective adjustments by SARS, is calculated by comparing the amounts paid by the Employers to SARS and the amounts received from DHET. Changes to prior year estimates are accounted for in revenue in the current period. Levies received from organisations whose payroll is less than R500,000 per annum are not recognised as income, as in terms of the Skills Development Levies Act, these employers should not contribute, therefore amounts contributed by these employers are refunded.

The EWSETA refunds amounts to employers in the form of grants, based on information from SARS. Where SARS retrospectively amends the information on levies collected, it may result in grants that have been paid to certain employers being in excess of the amount the EWSETA is permitted to have granted to employers. A receivable relating to the overpayment to the employer in earlier periods is raised at the amount of such grant over payment, at the fair value of the consideration receivable or received. Revenue is adjusted for inter-SETA transfers due to employers changing SETAs. Such adjustments are separately disclosed as inter-SETA transfers. The amount of the interest adjustment is calculated according to the Standard Operating Procedure issued by DHET.

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

Government levies income is income received or receivable from the departments.

Interest and penalties

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Interest and penalties on the skills development levy is recognised when it accrues to the entity, when the DHET makes an allocation or when a payment is received whichever occurs first.

1.16 INVESTMENT INCOME

Investment income is recognised on a time-proportion basis using the effective interest method.

1.17 COMPARATIVE FIGURES

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

1.18 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful 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.

Accounting Policies

for the year ended 31 March 2017

1.19 IRREGULAR EXPENDITURE

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:

- (a) this Act; or
- (b) National Treasury Regulations issued in terms of the PFMA; or any regulation issued in terms of the PFMA
- (c) any provincial legislation providing for procurement procedures in that provincial government.

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

Irregular expenditure that was incurred and identified during the current financial period and which was condoned before year end and/or before finalisation of the financial statements, the notes to the financial statements must be updated accordingly.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be included in the notes to financial statements.

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

If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant expenditure item, be disclosed as such in the note to the financial statements.

1.20 SEGMENT INFORMATION

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Segments are identified by the way in which information is reported to management, both for purpose of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by EWSETA. Segment information is presented based on service.

Major classification of activities identified in the budget reflects segments which EWSETA reports information to management. Service segments relate to a distinguishable component of EWSETA which provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. EWSETA's segments are administation, mandatory and discretionary activities.

for the year ended 31 March 2017

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

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

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Standard/ Interpretation	Effective date: Years beginning on or after	Expected impact:
GRAP 18 (as amended 2016): Segment Reporting	01 April 2015	The adoption of this has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements

2.2 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 2017 or later periods:

Standard/ Interpretation	Effective date: Years beginning on or after	Expected impact
GRAP 34: Separate Financial Statements	No effective date has been determined	Unlikely to have material impact
GRAP 35: Consolidated Financial Statements	No effective date has been determined	Unlikely to have material impact
GRAP 36: Investments in Associates and Joint Venture	No effective date has been determined	Unlikely to have material impact
GRAP 37: Joint Arrangements	No effective date has been determined	Unlikely to have material impact
GRAP 38: Disclosure of Interests in Other Entities	No effective date has been determined	Unlikely to have material impact
GRAP 110: Living and Non-living Resources	No effective date has been determined	Unlikely to have material impact
IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecogntion of Land	No effective date has been determined	Unlikely to have material impact
GRAP 20: Related parties	No effective date has been determined	Unlikely to have material impact
GRAP 109: Accounting by Principals and Agents	No effective date has been determined	Unlikely to have material impact
GRAP 108: Statutory Receivables	No effective date has been determined	Unlikely to have material impact
GRAP 32: Service Concession Arrangements: Grantor	No effective date has been determined	Unlikely to have material impact
IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	No effective date has been determined	Unlikely to have material impact

for the year ended 31 March 2017

	2017	2016 D (000
	R '000	R '000
3. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Trade receivables	40,473	2,041
Deposits	235	235
Investment interest receivable	2,409	1,741
Staff debtors	549	654
	43,666	4,671
4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
	7,120	7,176
Employer grant receivables		
Inter SETA debtors	495	375
Discretionary grant receivable	659,944	4,725
	667,559	12,276
5. PREPAYMENTS		
Prepayments	21,887	47,573
тераушене	21,007	1,010
6. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Cash on hand	1	2
Bank balances	391,846	261,854
Short-term investments/instruments	85,550	85,299
	477,397	347,155

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Cash and cash equivalents consist of current account bank balances and short term investments.

for the year ended 31 March 2017

7. PROPERTY, PLANT AND EQUIPMENT

	2017				2016	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	39,827	-	39,827	38,693	-	38,693
Furniture and fixtures	1,753	(453)	1,300	1,453	(603)	850
Motor vehicles	283	(130)	153	283	(104)	179
Office equipment	161	(49)	112	152	(38)	114
Computer equipment	1,768	(549)	1,219	1,423	(534)	889
Leasehold improvements	638	(561)	77	619	(487)	132
Total	44,430	(1,742)	42,688	42,623	(1,766)	40,857

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Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	38,693	1,134	-	-	39,827
Furniture and fixtures	850	545	-	(95)	1,300
Motor vehicles	179	-	-	(26)	153
Office equipment	114	9	-	(11)	112
Computer equipment	889	584	(37)	(217)	1,219
Leasehold improvements	132	19	-	(74)	77
	40,857	2,291	(37)	(423)	42,688

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Buildings	21,660	17,033	-	-	-	38,693
Furniture and fixtures	773	137	-	(60)	-	850
Motor vehicles	215	-	-	(36)	-	179
Office equipment	131	9	(12)	(14)	-	114
Computer equipment	841	219	(20)	(142)	(9)	889
Leasehold improvements	325	-	-	(193)	-	132
	23,945	17,398	(32)	(445)	(9)	40,857

No assets have been pledged as security or collateral for any liability.

EWSETA has purchased the Cape House on 15 Mc Claren Street, Marshalls Town, Johannesburg for R21,660,000. The building is currently under renovation; R18 million of renovation costs have been capitalised. It is not yet available for occupation thus depreciation has not commenced. The renovation of the building is taking longer period time than expected due to contractual delays.

The amount of R52,146.41 relates to the repairs and maintenance of property, plant and equipment. Included in the repairs and maintenance is R42,093.41 which relates to maintenance of leasehold improvement and R8,948.03 relates to maintenance of the vehicles.

for the year ended 31 March 2017

8. INTANGIBLE ASSETS

	2017			2016			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	
Computer software	5,037	(2,227)	2,810	2,900	(1,280)	1,620	
Reconciliation of intangible assets - 2017		Opening balance	Additions	Transfers	Amortisation	Total	
Computer software		1,620	336	1,904	(1,050)	2,810	
Reconciliation of intangible assets - 2016			Opening balance	Additions	Amortisation	Total	
Computer software			2,415	37	(832)	1,620	

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Other information

The cost and accumulated amortisationvery g of intangible assets no longer in use has been derecognised in the current year.

9. INTANGIBLE ASSETS UNDER DEVELOPMENT

	2017 R '000	2016 R '000
Management Information System	-	1,904
The EWSETA commissioned a project for the development of a new Management Information System to be used for the management of grants. As at 31 March 2016 two modules from the system were not yet available for use.		
10. OPERATING LEASE LIABILITY		
Operating lease accrual	-	87
Total of future minimum lease payments under non-cancellable operating leases Within one year	-	640
The operating lease liability relates to the lease of office equipment and accommodation. The lease amounts payable escalate at between 9% and 15% per annum.		
11. PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade payables	1,573	3,888
Accrued leave pay	3,315	2,673
Payroll accruals	1,686	1,125
Accrued expenses	9,886	7,956
Sundry payables	1,719	434
	18,179	16,076

for the year ended 31 March 2017

	2017 R '000	2016 R '000
12. PAYABLES FROM NON-EXCHANGE TRANSACTIONS		
Inter SETA payables	81	66
Skills development grants payable - mandatory	24,512	29,883
Skills development grants payable - discretionary	53,229	29,340
Skills development grants payable - discretionally	77,822	59,289
	11,022	00,200
13. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Unspent conditional grants and receipts Department of Water and Sanitation	66,176	19,038
Movement during the year		
Balance at the beginning of the year	19,038	-
Additions during the year	1,213,609	356,281
Income recognition during the year	(1,166,471)	(337,243)
	66,176	19,038

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EWSETA received funds from the Department of Water and Sanitation that may only be utilised for the implementation of a specific training programme. The funds received in advance were recognised as a liability and the revenue is recognised when corresponding expenditure has been incurred.

14. PROVISIONS

Reconciliation of provisions - 2017	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for employer refund	777	160	-	(255)	682
Provision for discretionary grant	20,448	681,692	(1,499)	-	700,641
	21,225	681,852	(1,499)	(255)	701,323
Reconciliation of provisions - 2016					
Provision for employer refund	915	146	-	(284)	777
Provision for discretionary grant	22,439	7,244	(9,235)	-	20,448
	23,354	7,390	(9,235)	(284)	21,225

The provision relates to levies contributed by employers whose payroll is less than R500,000 (below threshold) per year.

As per National Treasury Circular no 9/2013, the SETA can absorb to discretionary reserve any amount that is due to the below threshold employers which is older than five years.

for the year ended 31 March 2017

	2017 R '000	2016 R '000
15. NON- EXCHANGE REVENUE	N 000	N 000
15. NON- EXCHANGE REVENUE		
Skills development levy income		
The total levy income received per the Statement of Financial Performance is as follows:		
Administration		
Levies received from SARS	36,872	31,795
Government levies received	896	995
Inter-SETA transfers In	34	12
Inter-SETA transfers Out	(3)	-
	37,799	32,802
Employer Grants		
Levies received from SARS	70,910	61,077
Inter-SETA transfers In	67	22
	70,977	61,099
Discretionary Grants		. = . =
Levies received from SARS	173,687	150,741
Government levies received	1,793	1,989
Inter-SETA transfers In	168	56
Inter-SETA transfers Out	(12)	-
	175,636	152,786
Total skills development income	284,412	246,689
Interest and penalties income received from SARS Penalties	1,395	5,675
Interest	1,221	961
interest	2,616	6,636
Special Project Income	2,010	0,030
Government grants & subsidies	1,166,471	337,243
Total non- exchange revenue	1,453,499	590,568
Total non- exchange revenue	1,400,400	000,000

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The Government levies received represent the skills development levies received from The Department of Energy (DoE) and The Department of Water and Sanitation('DWS) the levies may be used for administration and Discretionary grant expenses in accordance with Skills Development Regulations.

Special project income relates to income received from The Department of Water and Sanitation for the War on Leaks project and the SETA is overseeing the training part of the project.

for the year ended 31 March 2017

	2017 R '000	2016 R '000
16. EXCHANGE REVENUE		
Other income	37	44
Other income relates to verification income and expense recoveries.		
17. INVESTMENT REVENUE		
Interest revenue Bank	01 000	15,284
Interest receivable	21,322 2,409	1,741
	23,731	17,025
		,020
Interest revenue is earned from short-term investments and the positive bank balances on the entity's current accounts. Interest was earned on both the short term investments and positive bank balances at a rate of between 6.00% and 6.45% through-out the year.		
18. EMPLOYER GRANT AND PROJECT EXPENSES		
Mandatory grants		
Disbursed	21,340	35,473
Movement in provision and accruals	1,160	20,042
	22,500	55,515
Discretionary grants		
Disbursed	111,970	17,944
External Moderation	920	507
Movement in provision and accruals	43,877	7,382
Qualification Development	2,769	1,720
Project Administration Expenses	10,973	5,829
Support of Emerging Providers	63	567
	170,572	33,949
Special projects		
Disbursed	510,150	463,816
Movement in provision and accruals	656,322	7,041
Total employer grant and project expenses	1,359,544	560,321

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for the year ended 31 March 2017

	2017 R '000	2016 R '000
19. ADMINISTRATIVE EXPENDITURE		
Accommodation	702	706
Advertising	682	778
Auditors remuneration	2,731	2,091
Bank charges	87	46
Computer expenses	2,898	2,454
Consulting and professional fees	3,779	3,975
Document storage	182	112
Donations	281	-
Entertainment	109	169
Fines and penalties	5	129
Governance committee fees	1,357	649
Insurance	159	155
Internal audit fees	286	953
Legal expenses	1,096	1,767
Licence fees	383	320
Marketing and communication	1,298	1,630
Meeting expenses	-	24
Operating lease rentals: Equipment	413	410
Operating lease rentals: Premises	3,608	2,987
Membership fees	20	7
Other rental expenses	419	371
Postage and courier	113	83
Printing and stationery	1,796	1,587
QCTO expenses	1,181	805
Repairs and maintenance	160	148
Small assets written off	99	249
Staff recruitment costs	913	243
Staff training and development	408	191
Staff welfare	399	164
Subscriptions and membership fees	27	23
Telephone and fax	1,291	1,324
Travel	1,217	1,761
Water and electricity	532	573
Workshop expenses	1,403	2,114
	30,034	28,998

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for the year ended 31 March 2017

	2017	2016
	R '000	R '000
20. EMPLOYEE RELATED COSTS		
Salary and wages	30,266	27,598
Medical aid - company contributions	192	192
Unemployment insurance fund	115	91
Skills development levy	306	222
Leave payments	677	777
Provident fund	1,754	1,255
Other insurances	684	327
	33,994	30,462
	33,994	30,462
21. DEPRECIATION AND AMORTISATION	33,994	30,462
21. DEPRECIATION AND AMORTISATION	33,994	30,462
21. DEPRECIATION AND AMORTISATION Property, plant and equipment	33,994 411	30,462 415
Property, plant and equipment	411	415
Property, plant and equipment	411 1,050	415 832
Property, plant and equipment Intangible assets	411 1,050	415 832
Property, plant and equipment	411 1,050	415 832
Property, plant and equipment Intangible assets	411 1,050	415 832

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The amount recognised represents the discounted value of the present obligation of the NSF- FET infrastructure development taking into account interest rate of 6.5% which is the government bond rate as at 29 August 2013. The obligation was settled in the prior year.

for the year ended 31 March 2017

23. ACCUMULATED SURPLUS

Allocation of net surplus for the year to reserves 2017

		Mandatory -	Discretionary Grants Reserve		Total per	
	Administration Reserve	Grant Reserve	Discretionary Grants	Special Projects	Total Discretionary	Statement of Financial Performance
Revenue						
Skills development levy: income	36,903	70,977	173,843	-	173,843	281,723
Government levies	896	-	1,793	-	1,793	2,689
Penalties and interest	-	-	2,616	-	2,616	2,616
Investment income	-	-	23,731	-	23,731	23,731
Special project income	-	-	-	1,166,471	1,166,471	1,166,471
Other income	37	-	-	-	-	37
Total revenue	37,836	70,977	201,983	1,166,471	1,368,454	1,477,267
Expenses Administration costs:						
- Administration expenses	(30,063)	-	-	-	-	(30,063)
- Employee costs	(33,994)	-	-	-	-	(33,994)
- Depreciation and amortisation	(1,461)	-	-	-	-	(1,461)
- Loss on disposal of asset	(37)	-	-	-	-	(37)
Employer grants and project expenses	-	(22,500)	(170,575)	(1,166,471)	(1,337,046)	(1,359,546)
Total expenses	(65,555)	(22,500)	(170,575)	(1,166,471)	(1,337,046)	(1,425,101)
	(27,719)	48,477	31,408	-	31,408	52,166

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Allocation of net surplus for the year to reserves 2016

Revenue						
Skills development levy: income	31,807	61,099	150,798	-	150,798	243,704
Government levies	995	-	1,989	-	1,989	2,984
Penalties and interest	-	-	6,636	-	6,636	6,636
Investment income	-	-	17,025	-	17,025	17,025
Special project income	-	-	-	337,243	337,243	337,243
Other income	44	-	-	-	-	44
Total revenue	32,846	61,099	176,448	337,243	513,691	607,636
Expenses Administration costs:						
- Administration expenses	(28,998)	-	-	-	-	(28,998)
- Employee costs	(30,462)	-	-	-	-	(30,462)
- Depreciation and amortisation	(1,247)	-	-	-	-	(1,247)
- Loss on disposal of asset	(33)	-	-	-	-	(33)
Employer grants and project expenses	-	(55,515)	(33,948)	(470,858)	(504,806)	(560,321)
Finance costs	-	-	(406)	-	(406)	(406)
	(60,740)	(55,515)	(34,354)	(470,858)	(505,212)	(621,467)
	(27,894)	5,584	142,094	(133,615)	8,479	(13,831)

for the year ended 31 March 2017

24. CASH GENERATED FROM (USED IN) OPERATIONS

	2017 R '000	2016 R '000
Surplus (deficit)	52,166	(13,831)
Adjustments for:		
Depreciation and amortisation	1,461	1,247
Loss on derecognition of assets and liabilities	37	33
Movements in operating lease assets and accruals	(87)	(310)
Movements in provisions	680,098	(2,129)
Changes in working capital:		
Receivables from exchange transactions	(38,995)	(1,215)
Receivables from non-exchange transactions	(655,283)	(6,700)
Prepayments	25,686	(7,859)
Payables from exchange transactions	2,101	3,778
Payables from non-exchange transactions	18,533	5,574
Unspent conditional grants and receipts	47,138	19,038
	132,855	(2,374)

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25. FINANCIAL INSTRUMENTS DISCLOSURE

Categories of financial instruments

	At fair value	At amortised cost	Total
2017			
Financial assets			
Receivables from exchange transactions	-	6,411	6,411
Receivables from non-exchange transactions	-	667,559	667,559
Cash and cash equivalents	477,843	-	477,843
	477,843	673,970	1,151,813
Financial liabilities			
Payable from exchange transactions		18,179	18,179
Payables from non-exchange transactions	_	77,807	77,807
		95,986	95,986
2016			
Financial assets			
Receivables from exchange transactions	-	4,671	4,671
Receivables from non-exchange transactions	-	12,276	12,276
Cash and cash equivalents	347,155		347,155
	347,155	16,947	364,102
Financial liabilities			
Payables from exchange transactions		16,076	16,076
Payables from non-exchange transactions	-	59,289	59,289
	-	75,365	75,365

for the year ended 31 March 2017

26. COMMITMENTS

Total commitments

	Opening balance 2016/2017	Adjustments	Approved 2016/2017	Utilised 2016/2017	Closing balance 2016/2017
	R'000	R'000	R'000	R'000	R'000
Learnerships	2,364	(1,583)	72,881	(28,578)	45,084
Apprenticeships	11,101	(2,889)	13,800	(3,102)	18,910
AET	274	(260)	375	(125)	264
Bursaries	3,756	(1,480)	21,078	(1,655)	21,699
Internship	20,671	(427)	15,060	(22,595)	12,709
Matric Intervention	-	-	9,000	(5,400)	3,600
Skills Programme	312	(120)	20,955	(9,116)	12,031
Special Projects	-	-	-	-	-
ABET Programme	1,650	(1,400)	-	-	250
Apprenticeship Programme	164,328	943	2,205,956	(1,158,815)	1,212,412
Bursaries	2,870	(1,532)	3,885	(1,156)	4,067
Career Guidance	1,292	(1,292)	-	-	-
Infrastructure	-	2,597	-	(1,299)	1,298
Internships	15,941	(14,318)	20,100	(4,608)	17,115
Learnerships	49,684	3,274	-	(28,391)	24,567
New Venture	11,780	-	-	(8,966)	2,814
Research	6,039	-	-	(1,962)	4,077
Skills Programme	39,000	(2,787)	324	(22,523)	14,014
	331,062	(21,274)	2,383,414	(1,298,291)	1,394,911

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Adjustments relates to discretionary grant projects where contracts had expired and not moving, the funds were allocated to other new projects.

The above commitments relates to discretionary grants with an exception of a special project with the closing balance of of R1,183,822,600 relating to the War on Leaks project that is fully funded by the Department of Water and Sanitation. Department of Water and Sanitation is a related party.

for the year ended 31 March 2017

27. CONTINGENCIES

Contingency for discretionary grants

2017	2016
R '000	R '000
727	727

Learnerships

The beneficiary relating to the project above has taken the EWSETA to the public protector for alleged unfair withdrawal of a learnership project.

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Legal matters

Discretionary Grant Project beneficiary instituted a claim for unpaid Discretionary grant in the Regional Court for the division of Gauteng during 2012 and 2014 and the matter was heard on the 11 December 2015 but was postponed by the court.

A service provider has instituted a claim against EWSETA for the services alleged to have been rendered from December 2011 to December 2012 in the Johannesburg Magistrate Court. EWSETA is defending the claim on the basis that such services as alleged were not rendered. Claim against EWSETA amounts to R138,510.00.

First time employer registrations

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

At the reporting date, it is estimated that additional mandatory grant expenditure of R87,855 (2015/2016: R156,849) will be payable to such employers. This amount is contingent upon the number of submissions received and approved.

Contingent assets

At the reporting date, R65 million was requested from the Department of Water and Sanitation for project administration of Phase 2 of the War on Leaks project.

Surplus funds

All uncommitted surplus funds as at year-end may be forfeited to the National Skills Fund should an application for retention of surplus funds be denied. An application to National Treasury and DHET for the retention of uncommitted surplus funds has been submitted. As in the previous year EWSETA expects that National Treasury will approve the retention of surplus funds.

for the year ended 31 March 2017

28. RELATED PARTIES

Relationships	
Controlling entity	Department of Higher Education and Training
Entities under common control	By virtue of the fact that EWSETA is a National Public Entity controlled by the DHET it is considered related to other SETAs, the QCTO and NSF. The transactions are considered with normal operating relationships between entities and are undertaken on terms and conditions that are normal for such transactions. Where there were transactions and balances arising due to the movement of funds between entities under common control of the DHET, these amounts are disclosed below.
Entities with the representative serving on EWSETA's Accounting Authority	ESKOM (R. Moodley) DWS (P. Ramunenyiwa) DOE (vacant) DPE (Vacant) NIASA (K. Msebenzi) IMATU (K. Swanepoel) NUM (M. Sekano, T. Montoedi) NUMSA (S. Nhlapo - deceased) SAMWU (J. Sera)
Members of the Accounting Authority	F. Baleni (Chairperson) O. Besnaar R. Moodley M. Sekano J. Sera K. Swanepoel K. Msebenzi P. Ramunenyiwa T. Montoedi S. Nhlapo - deceased T. Phadu
Members of key management	G. Gradwell (CEO) I. Molete (COO) M. Mookapele (CFO) C. Moodley (CSE) T. Mokotedi (ASCSE)

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for the year ended 31 March 2017

	2017 R '000	2016 R '000
28. RELATED PARTIES (CONTINUED)		
Related party balances		
Amounts included in Trade receivable (Trade Payable) regarding related parties		
DHET	73	73
FOODBEVSETA	5	5
LG SETA	20	20
MERSETA	147	28
PSETA	55	55
MQA	(5)	(5)
SERVICES SETA	33	33
W&R SETA	(38)	(23)
MICT SETA	36	36
CETA	88	88
Discretionary grants and projects - Entities with a representative serving on EWSETA's Accounting Authority		
DWS	590,146	-

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EWSETA has, in the normal course of its operations, enetered into certain transactions with entities which had an appointed representative serving on the EWSETA Accounting Authority.

The transactions above occurred under terms that were no more favourable than those available in similar arm's length dealings. The transactions disclosed exclude the transactions that relate to the statutory requirements. Discretionary grants and projects comprise of the Pivotal Grant and project funding disbursed in accordance with the priorities as defined in the Sector Skills Plan. No guarantees have been given or received. No expense has been recognised in the prior for bad or doubtful debt in respect of the amounts owed by related parties.

Related party transactions

Employers transforred to //from) SETAs

Employers transferred to/(from) SETAS		
CETA	-	(56)
MERSETA	269	(29)
W&R SETA	(15)	-
Transactions - Members of the Accounting Authority F. Baleni (Chairperson)	(176)	(3)
O. Besnaar	(259)	(131)
M. Sekano	(265)	(80)
J. Sera	(197)	(68)
K. Swanepoel	(105)	(64)
K. Msebenzi	-	(1)
T. Montoedi	(64)	(46)
S. Nhlapo - deceased	(14)	(61)
T. Phadu	(27)	(37)

for the year ended 31 March 2017

	2017 R '000	2016 R '000
Projects transactions - entities with representative serving on EWSETA's Accounting Authority NUMSA	(1,584)	-
DOE	(917)	-
DWS	557,288	-
The EWSETA is controlled by the Department of Higher Education and Training (DHET) which is under the direction of the Minister of Higher Education and Training. The transactions relating to revenue were with the DHET.		
The transactions and balances arose due to the movements of funds between the entities that are under the control of the DHET.		

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29. KEY MANAGEMENT INFORMATION

Executive 2017	Salary	Other benefits	Acting Allowances	Total
Chief Executive Officer	1,714,399	-	-	1,714,399
Chief Financial Officer (appointed December 2016)	427,771	6,000	-	433,771
Chief Operating Officer (appointed September 2016)	703,584	99,000	-	802,584
Corporate Services Executive	1,063,078	198,000	-	1,261,078
Acting Chief Finance Officer	-	-	111,901	111,901
Acting Chief Operating Officer	-	-	100,557	100,557
Acting Sectoral Collaboration & Stakeholder Engagement Executive	-	-	241,337	241,337
	3,908,832	303,000	453,795	4,665,627
2016				
Chief Executive Officer	1,523,832	285,003	-	1,808,835
Corporate Services Executive	1,057,913	183,680	-	1,241,593
Acting Chief Financial Officer	-	-	286,179	286,179
Acting Chief Operating Officer	-	-	232,363	232,363
Acting Sector Collaboration & Stakeholder				
Engagement Executive	-	-	120,669	120,669
	2,581,745	468,683	639,211	3,689,639
Non- Executive - 2017		Meeting fee	Travel Costs	Total
Accounting Authority				

Accounting Authority Board chairperson Members

Accounting Authority sub- committees

Audit and risk committee Chairperson Members

fee	Travel Costs	Total
175,608	-	175,608
919,065	28,359	947,424
1,094,673	28,359	1,123,032
-116,833	-3,203	-120,036
103,532	2,454	105,986
220,365	5,657	226,022

The EWSETA Accounting Authority consist of 12 members, there are currently 3 vacant positions on the Accounting Authority.

for the year ended 31 March 2017

30. RISK MANAGEMENT

Financial risk management

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

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The EWSETA has developed a comprehensive risk strategy in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below:

Liquidity risk

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

2017	Carrying amount	6 months or less	6-12 months	1-2 years
Payables from exchange transactions	(18,179)	(18,179)	-	-
2016				
Payables from exchange transactions	(16,076)	(16,076)	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Verification costs are settled in cash.

2017	Gross	Impairment	Total
Receivable from exchange transactions	6,411	-	6,411
Cash and cash equivalents	477,843	-	477,843
2016			
Receivables from exchange transactions	4,671		4,671
Cash and cash equivalents	347,155		347,155

for the year ended 31 March 2017

	2017 R '000	2016 R '000
31. FRUITLESS AND WASTEFUL EXPENDITURE		
Opening balance	292	165
Add: fruitless and wasteful Expenditure - current year	33	127
	325	292
Some of the fruitless and wasteful expenditure is still under investigation.		
Details of incidents		
Interest on late payments	21	127
Missed flights	12 33	- 127
32. IRREGULAR EXPENDITURE		121
52. INTEGOLATIENT ENDTONE		
Opening balance	113,646	100,263
Add: Irregular Expenditure - current year	291	39,768
Less: Amounts condoned	(39,780)	(26,385)
	74,157	113,646
Details of irregular expenditure – current year	001	00 700
Exceeding quotation threshold Excess over 10.5% of administration expenses allocation	291	39,768
·	291	39,768
Details of expenditure awaiting condonation		
Exceeding quotation threshold	291	39,768
Excess over 10.5% of administration expenses allocation		39,768
Details of irregular expenditure condoned	201	00,100
Excess over 10.5% of administration expenses allocation (Condoned by: Executive		
Authority (DHET)	39,780	26,385
33. LOSSES DUE TO THEFT AND FRAUD		
Stolen/lost assets	7	33

Criminal charges have been laid with the South African Police Service (SAPS) to investigate the matters above.

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for the year ended 31 March 2017

34. PRIOR PERIOD ERRORS

During the year under review it was discovered that project administration costs paid in prior periods for refurbishment of the building were recorded as prepayments and not capitalised to the building's gross carrying amounts, this resulted in the understatement of property, plant and equipment and overstatement of prepayments.

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During the year under review, useful lives of intangible assets were reassessed and retrospective adjustment was made for assets that were fully amortised but still in use.

During the year under review it was discovered that certain discretionary and administration expenses were not provided for in the 2015/2016 financial year.

The correction of the errors results in adjustments as follows:

Statement of financial position	Originally reported R'000	Prior period correction R'000	Restated balance R'000
Receivables from non-exchange transactions	12,278	(2)	12,276
Property, plant and equipment	36,991	3,866	40,857
Prepayment	51,406	(3,833)	47,573
Intangible assets	1,494	126	1,620
Payables from non-exchange transactions	(53,365)	(5,924)	(59,289)
Payables from exchange transactions	(12,999)	(404)	(13,403)
Administration grant reserve	(40,389)	(3,992)	(44,381)
Discretionary grant reserve	(305,966)	10,163	(295,803)
	(310,550)	-	(310,550)
Statement of financial performance			
Administration expenses	(28,540)	(458)	(28,998)
Depreciation and amortisation	(1,457)	210	(1,247)
Employer grant and project expenses	(554,398)	(5,923)	(560,321)
Deficit for the period	7,660	6,171	13,831
	(576,735)	-	(576,735)

for the year ended 31 March 2017

35. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The SETA's landscape period has been extended to 2020.

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The total commitments as at the end of the financial year are R1,394,911,000. An amount of R1,183,822,600 of the total commitments relates to the War on Leaks projects which is fully funded by DWS.

36. BUDGET DIFFERENCES

Material differences between budget and actual amounts

- a) Other income includes income received from certificate verification.
- b) The actual interest income received was higher than the budgeted due to revenue received being more than expected.
- c) Special project income relates to the income recognised as the War on Leaks project is implemented.
- d) The skills development levy income is higher than budgeted due to new employers joining EWSETA, general employer salary increments and possible increase in labour workforce. Interest and penalties were not included in the budget as it is anticipated that all employers would pay levies on time.
- e) The higher personnel expenditure is due to salary increases and new appointments, including managers and executives.
- f) The budgeted costs for repairs and maintenance is higher than actual as management anticipated that the SETA would move to the new building in 2016/17 financial year.
- g) The actual cost of general expenditure is higher than budgeted due to management anticipating that the SETA would make a saving on some of the administration costs when moving to the SETA building.
- h) The discretionary grant expenses are higher than budgeted due to implementation of Phase 2 of the War on Leaks project.
- i) The mandatory grant expenses are lower than budgeted due to a number of employers not qualifying for mandatory grant in the 2016/17 financial year.

for the year ended 31 March 2017

37. SEGMENT INFORMATION

Segment surplus or deficit, assets and liabilities

2017 Revenue	Administra- tion	Mandatory Grants	Discretionary Grants	Special Projects	General	Total
Skills development Levy Income	36,903	70,977	173,843	-	-	281,723
Government Levy	896	-	1,793	-	-	2,689
Penalties and Interest	-	-	2,616	-	-	2,616
Investment Income	-	-	23,731	-	-	23,731
Special Project Income	-	-	-	1,166,471	-	1,166,471
Other Income	37	-	-	-	-	-37
Total segment revenue	37,836	70,977	201,983	1,166,471	-	1,477,267
Entity's revenue						1,477,267
Expenditure						
- Administration Expense	30,063	-	-	-	-	30,063
- Employee Costs	33,994	-	-	-	-	33,994
- Depreciation and Amortisation	1,461	-	-	-	-	1,461
Loss on derecognised assets	37	-	-	-	-	37
Employer Grant and Project expense	-	22,500	170,572	1,166,472	-	1,359,544
Total segment expenditure	65,555	22,500	170,572	1,166,472	-	1,425,099
Total segmental surplus/(deficit)						52,168
Assets						
Receivable from exchange transactions	6,411	-	-	-	-	6,411
Receivables from non-exchange transactions	-	7,120	660,439	-	-	667,559
Prepayments	37,864	-	11,108	9,724	-	58,696
Cash and Cash Equivalent	-	-	-	-	477,843	477,843
Property Plan & Equipment	45,498	-	-	-	-	45,498
Total segment assets	89,773	7,120	671,547	9,724	477,843	1,256,007
Total assets as per statement of financial position						1,256,007
Liabilities Payable from exchange transactions	18,179	-	-	-	-	18,179
Payables from non-exchange transactions	_	24,512	53,310	-	-	77,822
Provisions	-	682	44,319	656,322	_	701,323
Unspent conditional grants	-	-	-	66,176	_	66,176
Total segment liabilities	18,179	25,194	97,629	722,498	-	863,500
Total liabilities as per statement of financial position						863,500

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for the year ended 31 March 2017

2016	Administra-	Mandatory	Discretionary	Special		
Revenue	tion	Grants	Grants	Projects	General	Total
Skills development levy income	31,807	61,099	150,798	-	-	243,704
Government levies	995	-	1,989	-	-	2,984
Penalties and interests	-	-	6,636	-	-	6,636
Investment income	-	-	17,025	-	-	17,025
Special project income	-	-	-	337,243	-	337,243
Other income	44	-	-	-	-	44
Total segment revenue	32,846	61,099	176,448	337,243	-	607,636
Entity's revenue						607,636
Expenditure						
Administration expenses	28,998	-	-	-	-	28,998
Employee related costs	30,462	-	-	-	-	30,462
Depreciation and amortisation	1,247	-	-	-	-	1,247
Loss on derecognised assets	33	-	-	-	-	33
Employer grants and project						
expenses	-	55,515	167,563	337,243	-	560,321
Finance costs		-	406	-	-	406
Total segment expenditure	60,740	55,515	167,969	337,243	-	621,467
Total segmental surplus/(deficit)						(13,831)
Assets						
Receivables from exchange transactions	4,671	-	-	-	-	4,671
Receivables from non-exchange						
transactions	-	7,176	5,100	-	-	12,276
Cash and cash equivalents	-	-	-	-	347,155	347,155
Prepayments	36,883	-	10,690	-	-	47,573
Property Plant Equipment	44,381	-	-	-	-	44,381
Total segment assets	85,935	7,176	15,790	-	347,155	456,056
Total assets as per statement of financial position						456,056
Liabilities Operating lease liability	87	-	-		-	87
Payables from exchange transactions	16,076	-	-		-	16,076
Payables from non-exchange transactions	-	29,883	29,406		-	59,289
Provisions	-	777	20,448		-	21,225
Unspent conditional grants	-	-	19,038		_	19,038
Total segment liabilities	16,163	30,660	68,892		-	115,715
Total liabilities as per statement of financial position						115,715

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Notes	

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EWSETA CONTACT DETAILS

011 274 4700 info@eseta.org.za www.ewseta.org.za

EWSETA HEAD OFFICE (GAUTENG)

32 PRINCESS OF WALES TERRACE, MPF HOUSE, SUNNYSIDE OFFICE PARK, JOHANNESBURG 2000

EWSETA FREE STATE PROVINCIAL OFFICE

MOTHEO TVET CENTRAL OFFICE, CORNER ST GEORGES AND ALIWAL STREETS, BLOEMFONTEIN 9300 TEL: 051 430 1492

EWSETA WESTERN CAPE PROVINCIAL OFFICE

FALSE BAY COLLEGE, WESTLAKE CAMPUS, WESTLAKE DRIVE, WESTLAKE, CAPE TOWN 7945 TEL: 021 701 0582

EWSETA EASTERN CAPE PROVINCIAL OFFICE

PORT ELIZABETH COLLEGE, RUSSELL CAMPUS 139 RUSSELL ROAD, CENTRAL TOWN, PORT ELIZABETH 6200 TEL: 041 509 6350

EWSETA NORTH WEST PROVINCIAL OFFICE

ORBIT TVET COLLEGE, BRITS CAMPUS, REITZ STREET NORTH, BRITS 0250 TEL: 012 381 5700/58

EWSETA NORTH WEST PROVINCIAL OFFICE

TALETSO TVET COLLEGE, LEAH MANGOPE HIGH WAY (BETWEEN LEHURUTSHE FIRE STATION AND HOSPITAL) LERATO 2880 TEL: 018 363 4124







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