

Annual Report 2017/2018



Creating a sustainable tomorrow, today

Table of Contents

Presentation of the EWSETA Annual Report	i	Provincial Operations	24	Information Technology (IT) and Facilities	
Energy and Water Sector Education and		Quality Assurance and Compliance	26	Management	55
Training Authority (EWSETA) information	ii	Skills Delivery	29	Marketing and Communication	55
Abbreviations and acronyms	iii	Special Projects	33	Part F: Governance	57
Part A: General information	1	Projects Management	37	Corporate Governance	58
Strategic overview	2	Part D: Planning, Reporting and Monitoring	41	Report of the Audit and Risk Committee	67
Organisational structure	5	Planning, Reporting and Monitoring Overview	42	Part G: Financial information	69
Foreword by the Chairperson	6	Skills planning and development	45	Statement of Responsibility	70
Overview by the Chief Executive Officer	8	Energy Sector	45	Report of the Chief Financial Officer	71
Part B: Performance information	13	Water Sector	47	Report of the Auditor-General to Parliament	73
Statement of Responsibility for Performance		Part E: Corporate Services	49	Annexure – Auditor-General's Responsibility	
Information	14	Corporate Services Overview	50	for the Audit	77
Part C: Operations Report	21	Performance outcomes	51	Annual Financial Statements	78
Overview by the Chief Operations Officer	22	Human Resources	52		

Presentation of the EWSETA Annual Report

I take great pleasure in presenting the Energy and Water Sector Education and Training Authority (EWSETA) Annual Report for the period 1 April 2017 – 31 March 2018 to the Minister of Higher Education and Training, Ms Naledi Pandor, in terms of Section 65 of the Public Finance Management Act, 1 of 1999.

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

The Auditor-General of South Africa has audited the annual financial statements and performance information in this report. The EWSETA Board has relied on the assurance of accuracy given by the entity's management and internal audit. As such, we endorse this Annual Report.

In collaboration with the Department of Higher Education and Training, the EWSETA remains committed to strengthening and augmenting a sector skills pipeline that contributes meaningfully to empowering South Africans to improve their livelihoods and grow the economy.



Mr Frans Baleni

Board Chairperson

31 July 2018

"South Africa needs to devise partnerships that will generate solutions to address our many challenges. One of the critical challenges confronting South Africa is the large number of young people who have no education, no skills, or occupations. According to the most recent employment statistics, one in every two young people aged 15-34 are unemployed (4 million). The Department hopes to secure partnerships to implement effective programmes for training artisans and entrepreneurs in a range of sectors."

- Speech at the Centres of Specialisation Artisan Programme launch by the Honourable Minister, Naledi Pandor, 9 March 2018.




Energy and Water Sector Education and Training Authority (EWSETA) information

Registered name:	Energy and Water Sector Education and Training Authority (EWSETA)
Street address:	2nd Floor, Building B, Sunnyside Office Park 32 Princess of Wales Terrace, Parktown, 2198 Johannesburg, South Africa
Postal address:	PO Box 5983, Johannesburg 2000
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:	RP 118/2018
ISBN:	987-0-621-46285-2
External auditors:	Auditor-General of South Africa
Bankers:	First National Bank, Rand Merchant Bank, Standard Bank

Abbreviations and acronyms

AQP	Assessment Quality Provider
ARC	Audit and Risk Committee
ATR	Annual Training Report
BBBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
CSE	Corporate Services Executive
DG	Discretionary Grant
DHET	Department of Higher Education and Training
DWS	Department of Water and Sanitation
ETQA	Education and Training Quality Assurance
EXCO	Executive Committee
FINCOM	Financial Committee
GOVCOM	Governance and Strategy Committee
HEI	Higher Education Institution
HET	Higher Education and Training
HRRC	Human Resource and Remuneration Committee
IPAP	Industrial Policy Action Plan
IRP	Integrated Resource Plan
LMIS	Labour Market Information System
LPC	Learning Programmes Committee
MEF	Monitoring and Evaluation Framework
MoU	Memorandum of Understanding
MIS	Management Information System
MTEF	Medium-Term Expenditure Framework

NAMB	National Artisan Moderation Body
NDP	National Development Plan
NGP	New Growth Plan
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
PRM	Planning, Reporting and Monitoring
QAC	Quality Assurance and Compliance
QACC	Quality Assurance and Compliance Committee
QCTO	Quality Council for Trades and Occupations
QMR	Quarterly Management Report
SAQA	South African Qualifications Authority
SCM	Supply Chain Management
SDA	Skills Development Act, 97 of 1998 (as amended)
SETA	Sector Education and Training Authority
SIP	Strategic Integrated Projects
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprises
SPC	Skills Planning Committee
SSP	Sector Skills Plan
TVET	Technical and Vocational Education and Training
WoL	War on Leaks
WSP	Workplace Skills Plan

A close-up photograph of a pair of hands, with fingers slightly curled, holding a small green seedling with several leaves. The seedling is growing out of a mound of dark, rich soil. The hands are positioned at the bottom and right of the frame, supporting the plant. The background is blurred, showing what appears to be a person's face and clothing.

“The 4th industrial revolution is upon us. We will ensure that our graduates are sufficiently skilled to participate meaningfully in this digital future.”

- Mr Frans Baleni, EWSETA Chairperson

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 (SDA), 97 of 1998, as amended and reports to the Honourable Minister of Higher Education and Training.

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). Our mandate and key responsibilities are derived directly from the SDA.

Our **Vision** is to be the recognised, reputable skills development facilitation authority for the energy and water services sector. In realising this vision, our **Mission** is to:

- Comprehensively research and understand the skills demand and supply forces in the energy and water sector.
- Co-ordinate, facilitate and quality-assure sector-relevant skills development programmes aligned with national skills development priorities for all stakeholders.
- Generate, articulate and execute a sector skills pipeline with a positive impact on the government's poverty eradication strategies and economic growth and employment creation policies.

Our **Organisational Culture** reflects our **Values** of:

- **Visionary leadership:** Keep the EWSETA's vision, mission, mandate and values at the forefront of decision-making and action.
- **Stakeholder-orientation:** Cultivate strategic stakeholder relationships and ensure that stakeholder needs drive our value-adding activities.
- **Continuous learning and research:** Actively identify new areas of organisational learning and positioning; regularly create and use learning opportunities and newly-gained knowledge to drive organisational, team and individual performance and delivery.
- **Results-driven:** Set stretching goals and measure and monitor progress towards their attainment; meet or exceed expectations with tenacity and derive satisfaction from goal achievement and continuous improvement.
- **Collaborative working relationships:** Develop and use collaborative relationships to accomplish business goals.
- **Quality-driven:** Accomplish objectives and tasks holistically; be aware of all activities and engagements; establish and control processes and systems accurately and be continuously alert and vigilant.
- **Personal integrity:** Interact with others in a way that inspires confidence in the intentions of EWSETA and its employees.

The **Scope** for our services includes the energy services sub-sectors of electricity, oil and gas, nuclear and renewable energy and the water services sub-sectors of collection, purification and distribution, waste and sewage and refuse and sanitations.

Our Strategic Outcome-Orientated Goals and Objectives for each Key Result Area are:

Key result area	Strategic outcome-oriented goal	Strategic objectives
Administration	Function as an effective and efficient sector education and training authority	<ol style="list-style-type: none"> 1. Coordinate the development, monitoring and implementation of EWSETA Strategic and Annual Performance Plans and report progress 2. Promote good corporate governance practices and management 3. Attract, develop and retain the right people, in the right positions for the Authority throughout the planning period 4. Utilise ICT optimally to enable the Authority to deliver its mandate 5. Market and promote EWSETA to internal and external stakeholders.
Skills Planning	Improve sector skills planning	<ol style="list-style-type: none"> 1. Catalyse the production of master's and doctoral graduates in the energy and water sectors 2. Conduct research to plan skills development in the energy and water sectors 3. Increase workplace learning through mandatory grants. 4. Increase the youth's awareness of energy and water sector occupations.
Learning Programmes and Projects	Enhance skills for workers, the unemployed and informal sector	<ol style="list-style-type: none"> 1. Increase workplace learning through discretionary grants 2. Implement special projects with strong partners to drive strategic sector goals 3. Ensure quality implementation of all projects and their timeous completion.
Quality Assurance	Build skills development provision capacity	<ol style="list-style-type: none"> 1. Increase the number of accredited providers 2. Increase the number of implementation systems for lacking occupational qualifications 3. Increase efficiency in the discharge of Quality Assurance functions 4. Develop qualifications informed by demand.

National strategies, policies, legislative and other mandates

The NSDS III ensures that our **Strategy** is aligned with key national development strategies and macro-economic 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 coordinates the Strategic Integrated Projects (SIPs).

Constitutional mandates

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 Acts and associated regulations directly inform EWSETA strategy and operations:

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.

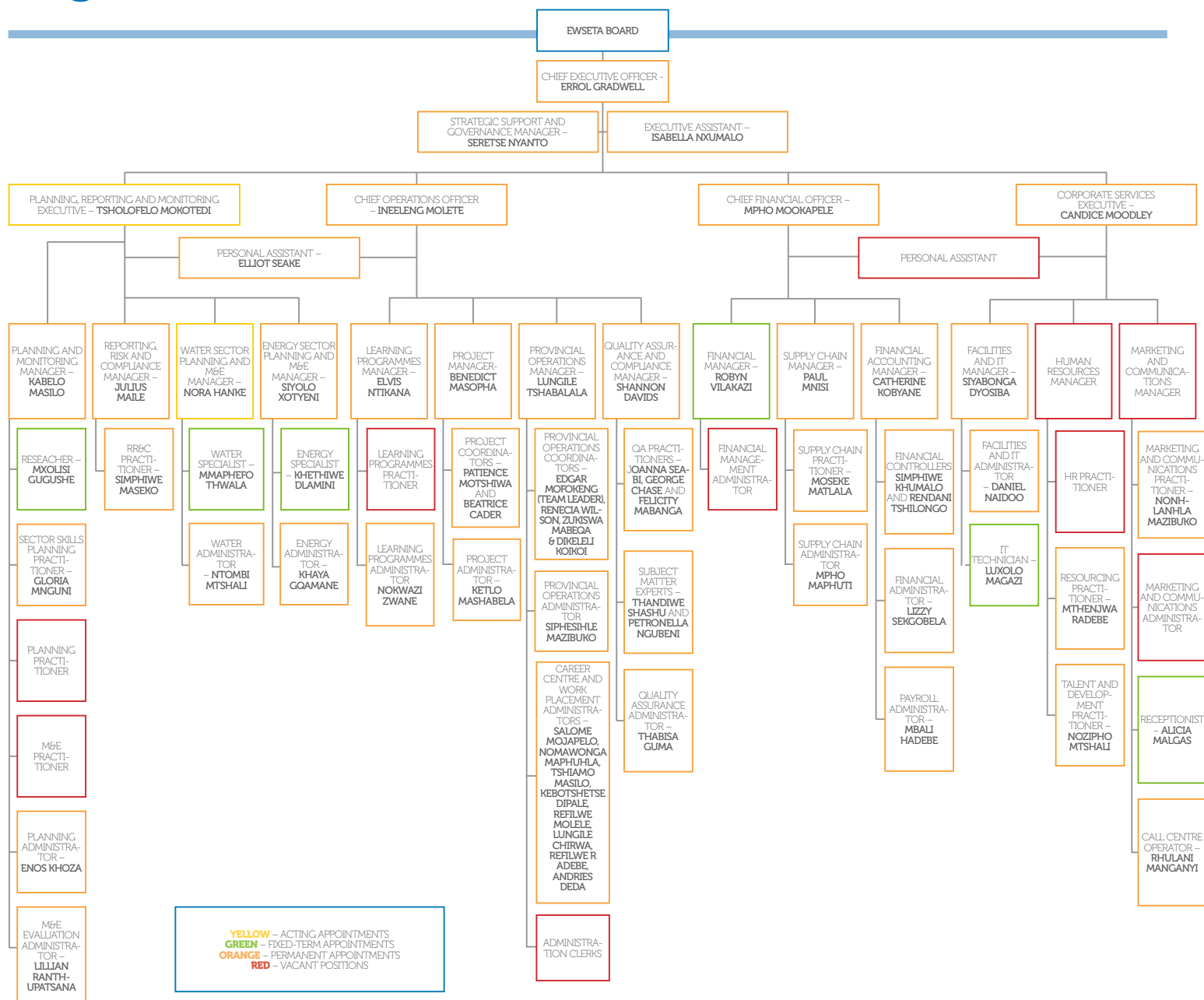
- General Education and Further Education and Training Quality Assessment Act, 58 of 2001: Provides for the development of norms and standards for curricula and assessments.
- Public Finance Management Act, 1 of 1999 and Treasury Regulations 2005: Promotes the objective of good financial management to 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.
- 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.
- The Division of Revenue Act, 38 of 2014 (enacted annually): Defines the budgetary allocations for governmental organisations.
- King IV, 2016: Informs the functioning of the Board and its subcommittees.
- Quality Council for Trades and Occupations (QCTO) gazetted in Government Gazette No 33059, 1 April 2010: Directs the quality of curriculum development, the accreditation of qualifications and assessment.
- The Medium-Term Strategic Framework (MTEF): Designed to guide government policy and programme of action over the next five years.
- The Human Resource Development Strategy for South Africa, 2009: Promotes the maximisation of the potential of the people of South Africa, through the acquisition of knowledge and skills.
- New Growth Path (NGP), 2010: Provides bold, imaginative and effective strategies to create the millions of new jobs South Africa needs.
- Green Economy Accord, 2011: Aims to create 300,000 jobs by 2020 in the Green Economy.
- National Development Plan (NDP), 2030: Aims to eliminate poverty and reduce inequality by 2030.

Sector-specific regulatory framework

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

- The Strategic Framework for Water Services, 2003: Sets out a comprehensive approach with respect 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 time frames for the implementation of industrial policy.
- Water Services Amendment Act, 30 of 2004: Provides for the rights of access to basic water supply and basic sanitation and for 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 are necessary to enable municipalities to move progressively towards the social and economic upliftment of local communities.
- Municipal Finance Management Act, 56 of 2003: Promotes the objective of 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 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.

Organisational structure



Foreword by the Chairperson

“The EWSETA Board endorses this annual report as a further reflection of the SETA’s crucial role in restoring dignity, empowering people and creating opportunities for meaningful employment.”

As the designated skills development authority in a sector with two of the country’s most challenged resources, energy and water, our role in the current SETA landscape is relevant and essential. Energy and water resource management are critical millennial development goals and key enablers of 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 requires, *inter alia*, the creation of 11 million jobs by 2030.

In developing and facilitating the transfer of the skills required to realise the NDP targets, we will also realise our aspirations for economic growth. As a SETA, we must ensure that our special projects, such as War on Leaks and those undertaken to create rural and township revitalisation, support the bigger picture of empowering the country’s workforce to help grow and develop the economy.

As Chairperson, my role is to steer the ship and, with my fellow Board members, oversee EWSETA’s delivery of its mandate. Integral to this is stakeholder engagement and I am satisfied with the progress we have made, both in terms of our interaction with the Department of Higher Education and Training on the one hand and engaging

Frans Baleni



EWSETA partners, contributors, service suppliers, beneficiaries and the union on the other. We can still do more, but I am quite comfortable with the progress we have made in establishing, nurturing and maintaining our stakeholder relationships.

I also want to emphasise the need to nurture and encourage innovation and stay abreast of technological developments. We are living in the era of the 4th industrial revolution and as a SETA, we have to ensure that our trainees graduate as knowledgeable, skilful and competent contributors to the world of business. If we do not, our trainees will remain disempowered and unable to participate meaningfully in the digital future that is already upon us.

Highlights

The War on Leaks project is exciting in the sense that South Africa is a country with scarce water resources and any initiative, therefore, to prevent wastage and spillage while at the same time empowering individuals with the skills to support and participate in the project is inspiring and critically important.

Linked to that is the creation of artisanal skills in rural communities and townships to stimulate their economies – if you look at innovation and access to electricity, people living in rural areas and townships all use electrical equipment that needs to be fixed from time to time.

Our intention is to make those skills readily available where they are needed to improve the livelihoods of people in our communities.

Strategic performance overview

I am pleased with the path that we have taken to continuously improve our alignment with good governance practices. The training for our Board members and Board committee members have exposed them to King IV, the Companies Act, compliance issues and working closely with the Institute of Directors of SA (IoDSA).

EWSETA's consistent drive over the past number of years to address all outstanding governance issues has decreased the number of audit findings against the organisation significantly. Improvements have included providing Board members more timeously with information packs to prepare for meetings. An induction for new Board members will take place in June 2018 before the Board's strategic planning session that will chart the way forward towards the new SETA landscape in 2020.

In the main, revenue remains a significant challenge. As a small SETA, we need to increase the number of levy payers to grow our revenue. A scrutiny of SETA levy payers during the past year revealed that many employers within the EWSETA sector are, in fact, paying levies to other SETAs. We look forward to resolving this situation in the forthcoming financial year. In the interim, we urge our team members, especially management, to encourage those employers to rectify the situation and assist EWSETA's revenue growth endeavours. The more revenue, the more people we can train.

During the reporting period, we met with representatives from Eskom to clear up a number of relationship concerns. As a major levy contributor to EWSETA, Eskom was responsible for 77% of our revenue for the period under review. I am pleased to confirm that going forward, our interaction and cooperation is again in good standing.

Continuous performance improvement remains a priority. When I joined the SETA as Chairperson a number of years ago, delivery against the Annual Performance Plan (APP) targets was below 40%. We have improved this considerably by embedding a results-

orientated business culture driven by key performance indicators and the adoption of a performance management system to manage individual performance and identify weaknesses that contribute to poor performance.

I am pleased to confirm that, for the year under review, EWSETA again received an unqualified audit report from the Auditor-General of South Africa. On behalf of the EWSETA Board, I take pride in the way in which the organisation has embraced compliance with governance principles and best practice in its operational culture.

Acknowledgements

Our Board members play a pivotal role in taking EWSETA forward and I sincerely appreciate the spirit of collegiality in which this is being done. Without the commitment of the management team and our employees, the SETA cannot deliver its mandate. I thank them, and our stakeholders, for their continued support in ensuring that EWSETA remains a vital part of the SETA landscape and a key enabler in skills development for the energy and water sectors in South Africa.

The year ahead

We must remain conscious of the task at hand. The urgency with which we need to address the challenges we face means that we cannot lose sight of our goals. I am of the view that to do better we must constantly review our performance improvement measures.

I also believe that too great a focus on what we achieve will lead to complacency. As EWSETA, we must strive for continuous improvement because our achievements are not for us, they are for those who benefit from our work and for whom we want to create a sustainable tomorrow, today.



Mr Frans Baleni

Chairperson

31 July 2018

Overview by the Chief Executive Officer

“The evidence of dramatic change is all around us and it’s happening at exponential speed. We are at the beginning of a revolution that is fundamentally changing the way we live, work and relate to one another.”

- Prof Klaus Schwab, World Economic Forum, Davos, 2016

The concept of the 4th industrial revolution, discussed at the World Economic Forum in Davos recently, foresees a fundamental and dramatic shift in the business landscape globally, one that will fuse technologies and blur lines between the digital, physical and biological domains as we know them.

Many in the public and private sectors worldwide view the advent of such unprecedented change with suspicion. This is already creating resistance to new technologies with never-imagined speed, power, data, storage and harnessing capacity, automation and artificial intelligence. Such resistance is often founded in the fear that a digital world will replace the human contribution to growth and development.

Contrary to this, business and government representatives from around the globe who gathered at the 4th WorldSkills Conference in Abu Dhabi in October 2017, concurred that the workforce of the future will need people skills as much as technical and vocational skills to deal adequately with the challenges and opportunities of a digital world. The real threat lies rather in an unwillingness among employees and consumers to adapt their skills and behaviour to the requirements of a digital business environment.

Errol Gradwell



For SETAs in South Africa, these challenges beg the questions: How do we shift mindsets in our sectors? How must we respond to remain relevant? And how do we convey the reality that technology is only one part of the solution and will not lessen the need for human skills or indeed, our humanity?

The EWSETA leadership is keenly aware of the urgency to understand how to develop and deliver new skills sets that respond to a digital landscape across all sectors of the economy. We started along this path by looking inwards first with a comprehensive internal skills audit. This identified existing competencies, technical skills and critical thinking capacity and what we will need in future. The audit has clarified our understanding of where to reskill and inject new talent into the organisation, as well as the need to inculcate innovation in the workplace.

Financial analysis

The finalisation of our revised internal structure during the reporting period resulted in improved business processes, which have increased our ability to pay service suppliers on time. A continued focus on due diligence will ensure that we retain our financial efficiencies. I am also pleased to report that we have strengthened our financial capacity with the appointment of qualified individuals whose knowledge and expertise have broadened the skills base and competence within our Finance branch.

Revenue analysis

During the 2017/18 reporting period, our levy income increased by 1% from R284,412 million to R288,051 million. This is attributed mainly to salary increases in the energy and water sectors and more levy payments from sector-contributing employers compared to the previous year. This achievement is significant since only 47% of all employers in the energy and water sectors pay levies to SARS, from where they are transferred to EWSETA. We will continue to interact with employers, SARS and the Department of Higher Education and Training (DHET) until all employers linked incorrectly to other SETAs are linked correctly as EWSETA levy payers.

Revenue from interest and penalties decreased by 50% during the 2017/18 financial period. We thank our active employers who pay their levies on time. Their support underpins the value of mutually beneficial relationships, which we will continue to nurture going forward.

Revenue from special projects income decreased significantly by 99% to R3,45 million (2017: R1,166 billion). This was due to challenges experienced by the Department of Water and Sanitation (DWS), which slowed down progress with the War on Leaks (WoL) programme. We appreciate an undertaking by the new minister for Water and Sanitation, Mr Gugile Nkwinti, that funding will be available to complete the training of 10 000 artisans as part of the first two phases of the programme.¹

Expenditure analysis

Overall, for the 2017/18 financial year, our grant expenditure decreased by 81% to R278,313 million (2017: R1,359 billion). Discretionary grants decreased by 85% to R221,532 million (2017: R1,337 billion) due to the WoL challenges mentioned above, while mandatory grant disbursements increased by 152% to R56,871 million (2017: R22,501 million).

Employers qualify for mandatory grants by submitting correctly completed Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs) annually and on time. This ensures that industry is funded to deliver skills development. During the past year, our Board approved

the payment of a mandatory grant to a major employer whose payments had been withheld before due to incomplete submissions. EWSETA strives continuously to support levy payers and during the past year this included bringing on board non-levy paying employers and those who pay levies to the wrong SETA.

Some highlights

EWSETA again participated in mandate-related international events to share knowledge, embed networks, create partnerships and learn from international best practices. We also hosted, sponsored and participated in events locally to support, encourage and facilitate excellence in skills development and training interventions. I believe that the following highlights contributed to our ability to address national imperatives.

International internships

Central to integrating education and training is addressing skills shortages and mismatching, as well as integrating workplace training with theoretical learning and facilitating transitions from college to employment to in-work progression (NSDS III 2011-2016).

A co-funding Memorandum of Agreement (MoA) between EWSETA and the Chinese Culture and International Education Exchange Centre in March 2018, saw 150 South African technical college graduates enter a year-long internship programme in China for vocational training and workplace experience in the energy and water sectors.

The programme consists of six months of systematic and scientific training in Institutions of Higher Learning and six months in workplace training at some of China's top-500 companies to fast-track the ability of our students to deal with the technological challenges and opportunities of the 4th industrial revolution.

When these learners return to South Africa, we will assist some with SMME funding to establish start-up businesses that create employment, while assisting others with further studies. We also want

¹ Post-year-end, in response to the undertaking by the Minister, the EWSETA received the funding from DWS to proceed with the War on Leaks programme.

to attract investment from Chinese industries to develop scarce, critical and advanced artisanal skills locally to help address the country's unemployment challenges.

A global hub for skills development

Our participation in the WorldSkills 2017 Conference and WorldSkills Competition – a showcase for skills development and vocational, technological and service-orientated careers – reinforced the resonance of our NDP post-school education and training model with global thinking. Over the past eight years, South Africa's Ministry of Higher Education and Training has laid a solid foundation for SETAs to deliver their mandates.

We funded three of the 13 categories at the biennial WorldSkills 2017 Competition in which our artisans participated in the electrical installations, plumbing and heating and water technology rounds. While they did not win medals, the South Africans received certificates of excellence in some categories. There is an urgent need to expose more of our artisans to advanced technologies being used globally, such as through our internship MoA with China.

For the first time in 2017, the WorldSkills Conference shared the stage with the global Ministers' TVET Summit, where the adaptation of vocational systems to respond to dynamically different future skills needs was high on the agenda. The Conference also created a platform for 300 young professionals from more than 60 countries to participate in the first international TVET Youth Forum. The resulting *Youth Declaration on the Future of Skills: Starting Point for Future Policy Decisions* was presented to global decision-makers. The declaration addresses, *inter alia*, the need for innovation, responsiveness and entrepreneurship education in TVET policies.

The Youth Declaration is a powerful legacy that will continue to frame conversations, trigger concrete global action and spark positive change in the future of skills development and the role of TVETs in societies world-wide.

We have deliberated on how best, as a SETA and in our sector, EWSETA can respond to these imperatives. It is clear that our contribution must lie in a rigorous strengthening of our TVET system to meet industry-specific skills needs. We must encourage industry more vigorously to create workplace exposure for learners and ensure that our training interventions are aligned with NDP requirements.

Addressing the water imperative

During our participation in World Water Week 2017 in Stockholm, we interacted with researchers, innovators, policy makers and investors in water and waste water management. Our attendance identified ways in which EWSETA can prioritise and increase its support for skills development initiatives for the water sector and influence a change in mindset about water usage and the value of local and global partnerships in this regard.

We will co-host a showcase session with the WRC at the 2018 World Water Week to profile our women and youth initiatives in the water sector, as well as market and share South African water tools and stories to attract partners and investors in supporting EWSETA programmes.

Performance overview

The EWSETA's continued focus on improved planning for improved performance, initiated and guided by our Chairperson in the previous reporting period, certainly saw an improvement against NSDS III targets for the 2017/18 financial year. This was supported by a robust focus on project monitoring and more efficient discretionary grant processes, along with a clearer understanding among EWSETA employees of their roles and responsibilities.

During the reporting period, we assisted 3 037 unemployed learners, mainly youth and people with disabilities, to enter EWSETA learnerships, internships and skills programmes. More than 1 040 of these completed their programmes, while 466 artisans who entered relevant learnerships, internships and skills programmes completed their courses successfully.

The disbursement of mandatory grants improved significantly compared to the previous year, as a major employer complied with the grant qualification criteria and is now positioned to support the delivery of requisite skills for the energy and water services sectors.

During the past year we granted 460 bursaries to unemployed learners and tripled our bursary grant commitment from R2 million in 2015 to R7.2 million. This included support to 123 students at the Cape Peninsula University of Technology to further their studies in environmental health and civil and electrical engineering. In the year ahead, we will increase this amount to support academically strong students at various tertiary education institutions.

In July 2017, we launched the first issue of our new quarterly newsletter, *EWSETA Chronicle*, to positive feedback from internal and external stakeholders, who confirmed that our investment in strategic marketing and communication initiatives in recent years continue to position EWSETA successfully as a reputable skills development authority in our sector.

Audit opinion, findings and procurement management

At the end of the current reporting period, our annual tracking matrix indicated that 86% of EWSETA's external audit findings had been resolved fully and 6% partially. Addressing the outstanding items will remain a priority for the Audit and Risk Committee, while internal audit findings were similarly dealt with and those outstanding at financial yearend will be finalised in the year ahead.

The Auditor-General of South Africa again afforded EWSETA an unqualified audit opinion for the 2017/18 financial year, which bears testimony to our focus on good governance. EWSETA remains committed to supporting SMMEs and black-owned service providers in accordance with the Preferential Procurement Policy Framework Act (PPPFA), 5 of 2000, as well as ensuring that our contracting processes are open and transparent.

While we take pride in again achieving an unqualified audit opinion, some challenges remain that affect our ability to support SMME growth

and job creation. We will continue to address these issues with the relevant parties going forward.

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

Partnerships that strengthen our response to national imperatives

I am pleased to report that our partnering interactions continue to support government's national priorities. As the SETA mandated to respond to two of the country's most critical resources – energy and water – we rely on partnerships to deliver our mandate. We regard skills development and training as a collective responsibility and have learnt that stakeholder trust and partnerships are pivotal to fulfilling our role as a SETA responsibly, effectively and confidently.

Some of our partnering initiatives during the past year included sponsoring 23 officials and educators from municipalities and TVET colleges in some provinces to attend a short course on Water Governance for Water Leaders. The course was developed in response to EWSETA-funded research by the Stellenbosch University Water Institute and University of Johannesburg into intermediate level qualifications, the educational skills needs of TVET college lecturers and industry skills requirements in the water and wastewater sector.

We also participated in oil and gas, nuclear and Green Economy events to understand fully the nature of the workforce that will lead South Africa into the 4th industrial revolution. These included the Power and Electricity Africa World Conference (PEWA), an area with a scarcity of skilled workers, Water Utilities CEO Forum at Africa Utility Week 2017 and Africa Energy Indaba 2018. The Indaba attracted major African decision-makers in energy infrastructure and resulted in an MoU with Women in Oil and Energy South Africa to support sector transformation. Our energyDRIVE truck (a Durban University of Technology (DUT)/EWSETA collaboration) was also on display at the event and again attracted large crowds.

As the skills development and training arm in the e-waste management programme of the Department of Environmental Affairs (DEA), our partnerships with the Technology Innovation Agency (TIA) and South African Technology Network (SATN) are enabling the roll-out of e-Waste

Container-based Community Enterprises nationally. Working with a consortium of universities country-wide, we developed and accredited an e-Waste qualification to equip learners and entrepreneurs with the skills to transport, store, dismantle, recycle and refurbish e-waste products. The project will encourage the local beneficiation of e-waste and contribute towards a clean, healthy and safe environment, as well as the creation of jobs, SMMEs and spinoff businesses.

In addition, our partnerships with the WRC and DWS will establish a Water Research Chapter to spearhead research into South Africa's water scarcity and wastewater treatment challenges. We also awarded Ingen Engineering, a Level 1 B-BBEE women-owned water and wastewater services company a R900,000 discretionary grant for a 15-month internship for 10 students studying mechanical, civil and chemical engineering, biotechnology and biochemistry at a tertiary level. The programme started in March 2017 and runs until June 2018.

An enduring flagship project is the DHET Rural and Township Economies Revitalisation Programme (RATERP), for which EWSETA is the implementing agent and the Department of Small Business Development a major stakeholder. RATERP is cross-sectorial and aims to recruit, train, mentor, coach and capacitate approximately 12,000 small and micro enterprises (SMEs) throughout the country. In addition to strong sector partnerships, our focus is also on partnering with industry to create workplace opportunities for our learners to complete their practical training, especially for apprenticeships. Every learner we certify is a success story but without industry participation and support, they cannot progress along their chosen career paths.

A future landscape

By 2030, 75 million to 375 million workers (3 to 14 percent of the global workforce) will need to switch occupational categories... [and] adapt, as their occupations evolve alongside increasingly capable machines. Some of that adaptation will require higher educational attainment or spending more time on activities that require social and emotional skills, creativity, high-level cognitive capabilities and other skills relatively hard to automate."

– the McKinsey Global Institute, 2017

The McKinsey report is indeed food for thought and one that should inform our perspective as we prepare for a new SETA landscape in 2020. We must be prepared to balance this 'jobs evolution' with a 'skills revolution' to mitigate the potential of our current jobs crisis developing into a skills crisis. In the spirit of creating a sustainable tomorrow, today, EWSETA will prioritise partnerships in talent development to create a digitally-prepared and proficient sector workforce that is ready for the transitions and opportunities that awaits us.

Appreciation

I would like to thank our partners and stakeholders for their support, participation and dynamic programmes to address our nation's most pressing challenges. A special word of gratitude must go to our Chairperson, Mr Frans Baleni, who has strengthened the EWSETA's governance and strategic focus. We thank him for his guidance and support at all times.

I wish to thank and acknowledge the commitment of the EWSETA Board in steadfastly steering the SETA along its mandated trajectory. My gratitude also goes to my management team and our dedicated employees who continuously deliver real solutions to urgent sector challenges that affect the lives of those who look to us for leadership.



Mr Errol Gradwell

Chief Executive Officer

31 July 2018

The background of the entire page is a photograph of a power plant at dusk or dawn. Several large, grey cooling towers are visible, with steam rising from them. The sky is a mix of blue, purple, and orange. In the foreground, there is a body of water reflecting the towers and the sky. A quote box is overlaid on the left side of the image.

“Partnerships are pivotal to delivering our mandate and we have learned that stakeholder trust and collaboration are integral to fulfilling our role as a SETA responsibly, effectively and confidently.”

- Mr Errol Gradwell, EWSETA CEO

Statement of Responsibility for Performance Information

As the Chief Executive Officer of 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 control to provide reasonable assurance about the integrity and reliability of 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 Strategic and Annual Performance Plan for the financial year ended March 2018.

EWSETA's performance information for the 2017/2018 financial year has been examined by the external auditors as reflected in their report on page 73 of this report.

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



Mr Errol Gradwell

Chief Executive Officer
31 July 2018

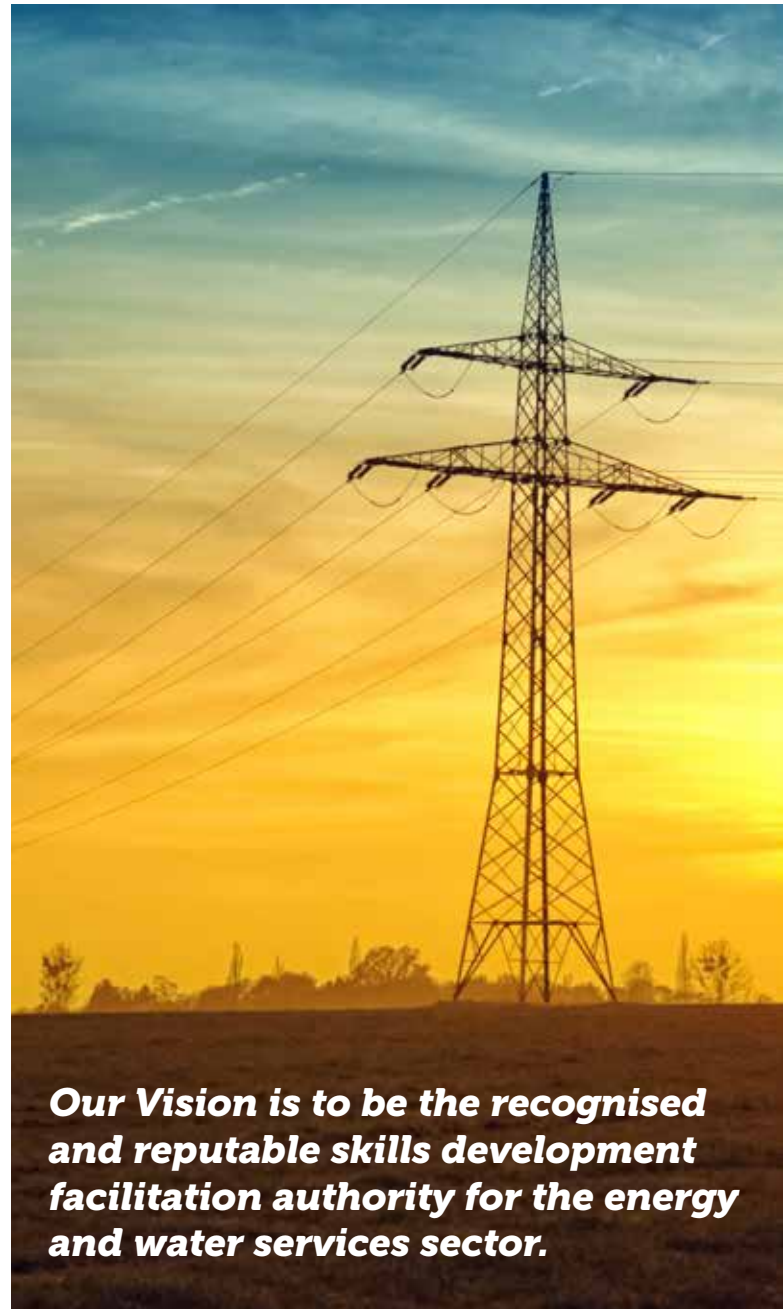


Table 1: EWSETA Annual Performance Report 2017/18

Strategic Objectives	Performance Indicators	Planned Annual Targets	Achievement Milestones	Variance	Reasons for Variance
Programme I : Administration					
Strategic objective 1.1 To coordinate the development, monitoring and implementation of EWSETA strategic and annual performance plans and report progress	Development and approval of Strategic Plan (SP) and Annual Performance Plan (APP)	Conduct review of SP and APP	Final SP and APP tabled in Parliament by due date and approved by Executing Authority	-	Target achieved
	Timely submission of Quarterly Monitoring Reports (QMR)	QMRs submitted to relevant authorities within prescribed period	QMR and other compliance reports submitted quarterly	-	Target achieved
Strategic objective 1.2 Promote good corporate governance practices and management	Outcome of the AGSA audit	Unqualified audit opinion	Unqualified audit opinion (2017/18)	-	Target achieved
	Approved annual risk plan	Annual risk plan approved by Board	Risk Management Plan approved	-	Target achieved
	Submission of quarterly internal audit reports to Audit and Risk Committee (ARC)	Submission of quarterly internal audit reports to ARC	Internal audit reports submitted quarterly to ARC	-	Target achieved
	Annual performance evaluation of Board and Board subcommittees conducted	Annual performance evaluations of Board and Board sub-committees conducted and evaluation report developed	Annual evaluations conducted and reported to DHET	-	Target achieved
Strategic objective 1.3 Attract, develop and retain the right people, in the right positions, for the SETA throughout the planning period	Approval and implementation of the Human Resource (HR) strategy	Approved HR Strategy by the Board	HR strategy developed and approved within the reporting period	-	Target achieved
	Approved Employment Equity (EE) Plan	EE Plan approved	EE Plan is approved	-	Target achieved
	Implementation of Performance Management	Performance agreements signed by all relevant staff	98 percent	-	Target not achieved; one permanent staff member did not complete agreement within cycle period

Strategic Objectives	Performance Indicators	Planned Annual Targets	Achievement Milestones	Variance	Reasons for Variance
		Performance evaluations conducted for all applicable staff	Q1, Q2, and Q3 evaluation periods conducted successfully for all staff members	-	Target achieved This is the first year EWSETA implemented performance management for the period 1 April 2017 to 31 March 2018, during which employees were evaluated for the first three quarters with the final quarter evaluation due after the end of the fiscal period (May 2018). The next reporting period will report on the Q4 evaluation for 2017/18
	Submission and approval of annual Workplace Skills Plan (WSP) and Annual Training Report (ATR)	EWSETA WSP and ATR approved and submitted to relevant SETA	2017/18 WSP and ATR submitted to ETDP SETA	-	Target achieved
Strategic objective 1.4 Optimal utilisation of ICT to enable the EWSETA to deliver its mandate	Approval and implementation of Information and Communication Technology (ICT) strategy	Approved ICT strategy by Board	ICT strategy approved	-	Target achieved
	% of systems available	80% of systems available	System availability averaged at 99%	-	Target achieved Overachievement due to proactive system maintenance that generated monthly reports with 99% systems availability on average
Strategic objective 1.5 Market and promote EWSETA to stakeholders through internal and external communication	Approval and implementation of marketing and communication strategy	Approved marketing and communication strategy by Board	Marketing and communication strategy developed and approved within reporting period	-	Target achieved
	Approval and implementation of stakeholder engagement strategy	Approved stakeholder engagement strategy by Board	Stakeholder engagement strategy developed and approved within reporting period	-	Target achieved

Strategic Objectives	Performance Indicators	Planned Annual Targets	Achievement Milestones	Variance	Reasons for Variance
	Customer satisfaction index	<60%	Stakeholder survey conducted at the 2017 AGM	-	Target achieved
	Number of publications (online and print)	Four (4) publications	11 Publications approved	7	Target achieved EWSETA launched quarterly newsletters in the reporting period and participated in stakeholder publications which included conference booklets
Programme 2: Skills Planning					
Strategic objective 2.1 Catalyse production of masters and doctoral graduates in energy and water sectors	Number of research chairs appointed	Two (2) research chairs appointed	None appointed	- 2	Target was not achieved Procurement of research chairs is a lengthy process that required substantial groundwork completed during the past year; the EWSETA will procure research chairs in the new financial year
	Number of commissioned research projects	Two (2) research projects commissioned	Two (2) research projects: SSP and Sector Skills Study Research Report	-	Target achieved
Strategic objective 2.2 Conduct research for planning of skills development in energy and water sectors	Annual updated Sector Skills Plan (SSP)	Reviewed SSP submitted to DHET and approved	Final SSP submitted to DHET by due date and approved by the Minister	-	Target achieved
Strategic objective 2.3 Increase workplace learning through mandatory grants	Number of firms supported with mandatory grants	95 Large = 25 Medium = 20 Small = 50	132 Large = 18 Medium = 29 Small = 85	37 Large = -7 Medium = 9 Small = 35	Target not achieved for large companies due to lower than expected submissions Targets for medium and small companies exceeded due to additional one-on-one support and encouragement to submit

Strategic Objectives	Performance Indicators	Planned Annual Targets	Achievement Milestones	Total Achievement	Variance	Reasons for Variance
		SETA Annual Target	SETA Funded			
Programme 3: Learning Programmes & Projects						
Strategic objective 3.1 Increase workplace learning through discretionary grants	Number of unemployed learners who enter learnerships	1 200	2 026	2 026	+ 826	Annual target over-achieved due to positive response from discretionary grant advert
	Number employed learners who enter learnerships	150	308	308	+ 158	Positive response from discretionary grant advert
	Number of unemployed learners who complete learnerships	900	534	534	- 366	Expression of interests approved late in previous years resulted in non-achievement
	Number of employed learners who complete learnerships	100	311	311	+ 211	Target over-achieved due to positive response from industry
	Number of unemployed learners who enter bursaries	500	428	428	- 72	Target not achieved due to low response from discretionary grant adverts
	Number of employed learners who enter bursaries	25	-	0	- 25	Target not achieved due to low response from discretionary grant adverts
	Number of unemployed learners who complete bursaries	100	96	96	- 4	Expressions of interest approved late in previous years resulted in non-achievement
	Number of employed learners who complete bursaries	25	-	0	- 25	Expression of interests were approved late previous years hence the non-achievement
	Number of employed learners who enter skills programmes	3 400	3 109	3 109	- 291	Delays in releasing employed workers for learner registrations and attendance

Strategic Objectives	Performance Indicators	Planned Annual Targets	Achievement Milestones	Total Achievement	Variance	Reasons for Variance
		SETA Annual Target	SETA Funded			
	Number of employed learners who complete skills programmes	2 500	250	250	- 2 250	Expression of interests were approved late previous years hence the non-achievement
	Number of learners who enter internships/work-integrated learning	930	508	508	-422	There was low response from industry after two adverts.
	Number of learners who complete internships/ work-integrated learning	315	216	216	- 99	Expression of interests were approved late previous years hence the non-achievement
	Number of learners who enter artisan development programmes	500	2 013	2 013	+ 1 513	Annual target was overachieved because of war on leaks projects.
	Number of learners who complete artisan development programmes	250	466	466	+ 216	Annual target achieved
Strategic objective 3.2 Implement special projects with strong partners to drive strategic sector skills development goals	Number of national sector strategies supported	3	2	2	- 1	Target was not achieved due to discretionary grants budgetary constraints
	Number of rural development projects supported with skills development	10	14	14	+ 4	Annual target achieved

Strategic Objectives	Performance Indicators	Planned Annual Targets	Achievement Milestones	Total Achievement	Variance	Reasons for Variance
		SETA Annual Target	SETA Funded			
Strategic objective 3.3 Ensure quality implementation of all projects and their timeous completion	% of projects monitored versus approved	30%	14%	14%	-16%	Target not met due to limited resource constraints
Strategic objective 3.4 Increase awareness of energy and water occupations amongst youth	Number of career guides distributed	12 000	12 956	12 956	956	Target achieved Responded to high number of requests from stakeholders
	Number of career initiatives held	10	25	25	15	Target achieved Responded to high number of stakeholder requests
Programme 4: Quality Assurance						
Strategic objective 4.1 Increase the number of accredited providers	Number of providers and assessment centres accredited/re-accredited	120	34	34	-86	Prospective providers did not meet requirements and transition to QCTO model qualifications reduced demand
Strategic objective 4.2 Increase the number of implementation systems for lacking occupational qualifications	Number of qualification-assessment specification implementation frameworks developed	21	10	10	-11	Variance due to minimal sector demand
Strategic objective 4.3 Increase efficiency in the discharge of quality assurance functions	% of applications received and processed within 30 days	70%	70%	70%	0	Target achieved
Strategic objective 4.4 Develop qualifications informed by demand	Number of qualifications developed	6	6	6	-	Annual target achieved



Our provincial footprint helps us to collaborate effectively and meaningfully with constituent employers, skills development providers and other stakeholders.

Overview by the Chief Operations Officer

"The intention with the revised structure is to improve EWSETA's operations efficiency. From a governance perspective, we cannot be referee and player."

EWSETA's Operations branch provides sector-specific learnership programmes and bursaries through skills delivery, quality assurance and compliance, project management and provincial operations. We also assist with placing skills training graduates in workplace programmes to meet their qualification requirements and gain work experience before entering the job market as actively contributing citizens.

Operations landscape

During the year under review, the role of the Operations branch changed in response to governance concerns raised by the COO about segregating the planning and monitoring duties of the Office of the COO from implementing the related activities set out in the EWSETA Annual Performance Plan (APP).

Revised during the reporting period, the EWSETA structure has segregated planning and monitoring, now under the Planning, Reporting and Monitoring branch (previously the Sectoral Collaboration and Stakeholder Engagement branch), from implementing learning programmes and quality assurance and compliance initiatives. The implementation of these activities, with project management and provincial operations as implementing agents, have remained under the Operations branch.

Operations are responsible for:

- entering learners into skills programmes
- overseeing their completion of learnerships
- assuring quality with a focus on legacy qualifications

Ineeleng Molete



- using the Quality Council for Trades and Occupations (QCTO) model to develop qualifications that respond to our sector's qualification needs.

Legacy qualifications consist of a number of separate unit standards that each caters for achieving practical competencies (outcomes), theoretical knowledge (embedded knowledge) and critical cross-field outcomes.

QCTO qualifications split the legacy unit standards into three separate unit standards per unit of learning (module or subject), ie knowledge, practical skills and work experience.

SETAs previously drove learnership development and registration, often without sector approval. Today, the sectors are involved in the entire registration process, from initiation to approval.

The intention with the revised structure is to improve efficiency within EWSETA operations. This includes timeous advertising, effective stakeholder contract management and the implementation of provincial stakeholder forums, such as the direct interactions with stakeholders in the Western Cape and Free State during the past year.

Our Memoranda of Understanding (MoUs) with implementing agents require EWSETA to create platforms for stakeholder satisfaction feedback from learners, service providers and employers.

Some highlights and achievements

The Operations branch, as delegated by the QCTO, responded to legacy qualifications during the reporting period. Efficient processes resulted in a three-month turnaround between advertising in June 2017 and signing service level agreements (SLAs) with implementing agents in August 2017. Where workplaces did not meet the desired criteria to host learners, our QA&C team focused on assisting employers to equip their workplaces with the required technologies, mentors, policies, procedures and systems to increase workplaces that can host learners.

In response to stringent monitoring and evaluation (M&E) expectations from the EWSETA Board for the SETA to invest wisely in rural projects, the Operations branch invited the Learning Programmes subcommittee (LPC) members to visit the Khanyisa Gavu Artisan Development Plumber Project in Jozini. This is one of the largest discretionary grant projects approved during the 2017/18 financial year in one of the most rural areas in KwaZulu-Natal. LPC members witnessed skills development first-hand and interacted directly with learners in this artisan-related project.

The Quality Assurance and Compliance (QAC) subcommittee visited the Durban University of Technology (DUT) where we are jointly developing an e-Waste qualification with the South African Technology Network (SATN). Committee members also interacted directly with the SETA representative and Assessment Quality Partner (AQP) involved in developing the assessment for the new qualification.

Important achievements last year included two flagship projects for which the Operations branch had to reach somewhat beyond its comfort zone:

- In partnership with the Free State Department of Education, we exposed 3 000 Grade 12 learners to 56 hours of learning in Maths, Science and English. The aim was firstly, to improve their Maths and Science knowledge and influence and align their subject choices with sector priorities (*Lo ojwa le sale metsi/Deal with matters in the beginning*) and, secondly, ensure that qualified learners can express themselves adequately in English as the verbal and written language used most in their professions. As a result of this intervention, the Free

State achieved first place overall in the Grade 12 Maths results and the MEC of Education acknowledged EWSETA's contribution. We will provide these learners with bursaries linked to the pivotal skills list and internship options at EWSETA where engineers, for instance, can opt to act as facilitators within the sector as opposed to going into industry.

- In an MoU with the Chinese Cultural and International Education Exchange Centre, 150 learners from across the country is currently in China to obtain electricity (99) and water (51) qualifications through structured, work-integrated learning at universities in China (first six months) and exposure to the latest technologies in energy at six of the top companies in China (final six months).

The learners will return to South Africa with workplace experience and locally-recognised international credits. We will assist those interested with funding to establish their own SMMEs and cooperatives and, in the spirit of *"tlhobaboroko"/proactively dealing with a challenge*, will encourage Chinese industries to invest in skills development locally to help address unemployment.

We have taken note of the need to increase our footprint in provinces country-wide. We need to capacitate existing and new provincial offices with people with the right skills to project manage our provincial initiatives and administrative activities, as well as improve the quality of reports submitted to the Minister of Higher Education and Training.

In this regard, we have partnered with the University of the North-West where nine employees in the Operations branch will register for a degree that will equip them to drive our provincial offices. We want to enable our employees, who are the backbone of this organisation, to progress from administrative to practitioner level in their career paths to mitigate attrition.

As a training authority, we need skilled people to develop and facilitate skills training. Our target is for all Operations branch employees to have graduated with a degree or, for those in administrative positions, achieved an NQF 7 level qualification by 2021.

Provincial Operations

The mandate of the Provincial Operations department is to decentralise EWSETA operations within provinces country-wide, with a specific focus on managing all EWSETA Board-approved projects that respond to the Annual Performance Plan (APP).

EWSETA provincial offices are located at the Lehurutshe campus, Taletso TVET College and Brits campus, Orbit TVET College in the North West; Russell Road campus, PE TVET College in the Eastern Cape; Central Office, Motheo TVET College in the Free State; Westlake campus, False Bay College in the Western Cape; and Richtek campus, Umfolozi TVET College in KwaZulu-Natal.

During the reporting period, EWSETA provincial offices were responsible for:

- monitoring the implementation of provincial projects and assisting stakeholders with project-related issues, including learner induction, registration and progress reports payment documentation, to comply with service level agreement (SLA) milestones
- establishing and managing stakeholder relations in the provinces, including collaborating with other SETAs and constituency employers to support our provincial initiatives
- participating in the Provincial Development Growth Strategy (PDGS) meeting and reporting on EWSETA's provincial services and activities.

Achievements and challenges

During the year under review, our activities were rewarded with a number of achievements which, in some instances, also highlighted some challenges. These included:

Bursary application process

EWSETA administered individual learner bursary applications for the first time through discretionary grant applications assigned to our provincial operations. The aim was to reach students without access to third-party applications, since discretionary grant applications enable students to apply to EWSETA directly and increase the chance of receiving a bursary. Much still needs to be done to improve this process and transfer bursary funds timeously to the tertiary institutions. As part of our continuous improvement in this regard, EWSETA is partnering with, *inter alia*, the National Student Financial Aid Scheme (NSFAS) to learn and benefit from their significant experience in administering bursaries to improve EWSETA's funding policy.

Flagship projects

As reported earlier, the LPC subcommittee visited a discretionary grant-approved project in KwaZulu-Natal (Table 2) as part of its report to the Board on the implementation of approved projects that respond to EWSETA APP drivers and address provincial and national imperatives.

Table 2: Discretionary grant-approved APP project, Kwa-Zulu Natal

Implementing agent	Project descriptor	Project area	Number of learners	Targeted beneficiaries
Khanyisa Gavu	Artisan development (Occupational Certificate - Plumber)	Rural, i.e. Jozini (KwaZulu-Natal)	125	Unemployed youth (18.2)

The LPC members met the Khanyisa Gavu Executives and a representative from the Office of the Executive Mayor of the Umkhanyakude District Municipality, Mr Sandile Sibiya, for project feedback and visited the training centre to interact with the learners and discuss their training.

Establishing provincial stakeholder forums

We intend, through our provincial operations, to encourage effective, meaningful and relevant participation in EWSETA discretionary processes. The establishment of four provincial pilot offices enables collaboration with constituent employers, skills development providers and other stakeholders such as public TVETs, HETs and Universities of Technology to support our provincial initiatives.

During the reporting period, we established the first two provincial stakeholder forums in the Western Cape and Free State to address concerns about EWSETA visibility, stakeholder participation and the implementation of skills development and training initiatives in the provinces.

These forums provide the platforms to demonstrate the use of our MIS for discretionary grant applications, as well as registering learnership agreements and maintaining accreditation status. We also provided information about discretionary grant window cycles, mandatory grants for qualifying institutions and EWSETA annual general meetings.

Similar forums will be established in all provinces that, over time, will incorporate all EWSETA branches. Benefits for stakeholders include networking opportunities and sharing skills development and knowledge implementation best practice and lessons learnt. We will launch these forums officially in the year ahead and use them for baseline stakeholder participation studies and to determine how effectively we implement and report on EWSETA's approved APP in all provinces.

In the year ahead, we will continue to strengthen the existing four pilot offices and garner stakeholder support for project implementation. This will strengthen our annual performance reporting and inform the establishment of more offices.

Our participation in the stakeholder forums will add further substance to expanding the EWSETA's provincial presence.

In the year ahead, we will continue to strengthen the existing four pilot offices and garner stakeholder support for project implementation. This will strengthen our annual performance reporting and inform the establishment of more offices.



Quality Assurance and Compliance

The Quality Assurance & Compliance Department (QACD) is responsible for ensuring that Skills Development Providers (SDPs) and Assessment Centres can train, develop and assess learner competence according to the prescribed level of quality.

Our services include developing, implementing and monitoring the quality of qualifications, curricula and assessment specifications. We deliver these services by recognising, registering and certifying qualified practitioners and delivering quality and verified national learning programmes through accredited SDPs and TVET colleges to educate and skill learners and monitor their performance.

Our purpose, as part the Operations branch, is to execute the functions delegated to EWSETA by the Quality Council for Trades and Occupations (QCTO). Primary among these is provider accreditation against the qualifications and standards registered in the National Qualification Framework (NQF).

Accreditation 1

As indicated in Figure 1, 29 out of 58 SDP applications were accredited during the reporting period. Lists of newly accredited and re-accredited SDPs in 2017/18 are reflected in Tables 3 and 4.

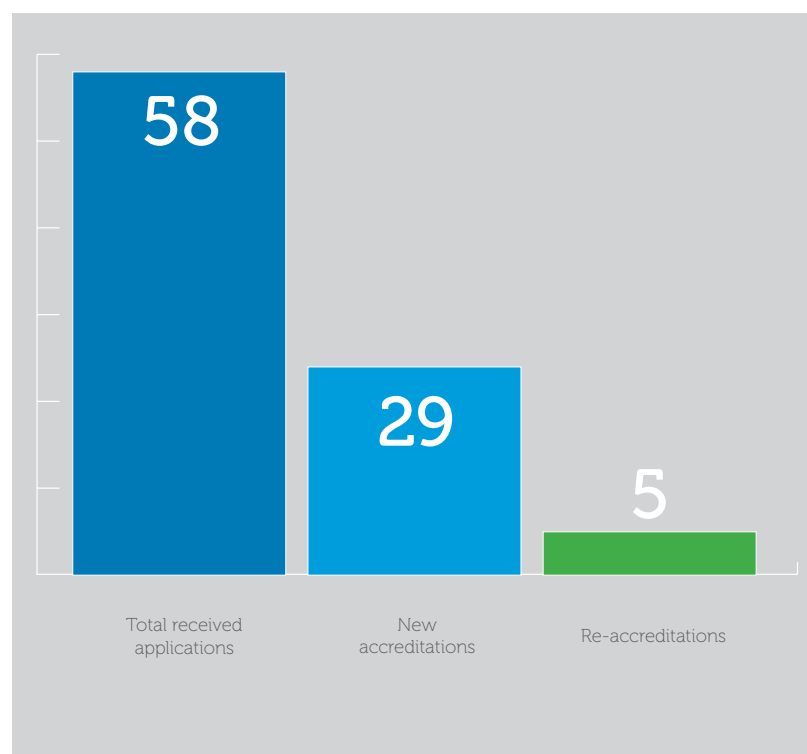


Figure 1: Skill Development Providers (SDPs) accredited during the 2017/18 financial year.

Table 3: List of accredited Skills Development Providers (SDPs) 2017/18

	Accreditation type	Qualification	Skills Development Provider (SDP)
1	New accreditation	Electrical	Robus Engineering Training Services (Pty) Ltd
2	New accreditation	Water	Ilinge Labantu Training Institute
3	New accreditation	Electrical	Africa Training Centre and Security Studies (Pty) Ltd
4	New accreditation	Water	Infinite Dimension Consulting
5	New accreditation	Electrical	Zodwa Skills Development and Projects
6	New accreditation	Water	New Hope Revival Organisation
7	New accreditation	Water	Marung T (Pty) Ltd
8	New accreditation	Water	MCE Consultancy
9	New accreditation	Water	Pakanyo Trading CC
10	New accreditation	Water	PTDEV (Pty) Ltd
11	New accreditation	Water	Lanthie Chemz Distributors (Pty) Ltd
12	New accreditation	Electrical	Cato Ridge Electrical Construction (Pty) Ltd
13	New accreditation	Water	AGB Mathe
14	New accreditation	Electrical	South West Gauteng TVET College
15	New accreditation	Electrical	Fourhaven Securi North
16	New accreditation	Electrical	Eskom Rotek Industries
17	New accreditation	Electrical	EWC TVET - Boksburg
18	New accreditation	Electrical	PMW Security
19	New accreditation	Electrical	EWC TVET - Germiston
20	New accreditation	Electrical	Eltoe
21	New accreditation	Power Plant	Eskom Drakensberg Power Station (Peaking)
22	New accreditation	Power Plant	Eskom Ingula Power Station (Peaking)
23	New accreditation	Electrical	Kland International College
24	New accreditation	Energy Regulatory	Training Management Solutions

Table 4: Re-accredited Skills Development Providers (SDPs) in 2017/18

	Task	Qualification	Skills Development Provider (SDP)
1	Re-accreditation	Electrical	Ontec
2	Re-accreditation	Water	Mpumelelo Consultants
3	Re-accreditation	Power Plant	Eskom Ankerlig Gas Fired Power Station
4	Re-accreditation	Electrical	Power Pro Technologies and Training Facility (Pty) Ltd
5	Re-accreditation	Power Plant	Eskom Palmiet Power Station (Peaking)

Qualifications development

As a statutory body established in terms of the Skills Development Act, 97 of 1998, amended to develop and implement Sector Skills Plans (SSP) and promote learning programmes, EWSETA develops occupational qualifications. This entails reviewing, updating and re-aligning the energy and water sector qualifications with legislative requirements.

Table 5: Developed and completed qualifications awaiting QCTO-gazetting for public comment

Qualifications Set 1 - Status: 100% complete		
1	Radiation Control/Nuclear Monitoring Technician	OFO-311104
2	The Water Quality Practitioner/Water Quality Analyst	OFO 213306

Radiation Control/Nuclear Monitoring Technician: The purpose of this qualification is to monitor radiation safety compliance and control and process radioactive materials and radiation generating equipment.

Table 6: QCTO-approved and recommended for SAQA registration

Qualification Set 2		
1	Concentrated Solar Power Plant	OFO 671302
2	Electrical Installation Inspector	OFO 671102
3	Cable Joiner (Electric Cable Joiner)	OFO 671302
4	Water Plant Operator (Industrial Water Plant Operator)	OFO 313201
5	Water Process Controller (Industrial Water Process Controller)	OFO 313203

Table 7: Qualifications applied for at QCTO and pending development approval

Qualification Set 3 - Electronic Waste (e-Waste) suite of qualifications		
1	Material Recycler	OFO-524901
2	Refuse Sorter	OFO-861201
3	Waste Material Plant Operator	OFO 313202
4	Environmental Manager	OFO 134901
5	Waste Material Sorter and Classifier	OFO 861302
6	Recycling and Rubbish Collector	OFO 861101
7	Chemical Waste Controller	OFO 313913

Table 8: Qualifications applied for at QCTO and pending development approval

Qualification Set 4 - Energy qualification		
1	Electric Substation	OFO 311302
2	Gas or Petroleum Controller	OFO 313401

Table 9: Blue print assessment addenda developed and submitted to QCTO for approval after SAQA registration

Qualification Set 5		
1	Industrial Water Plant Operator	
2	Industrial Water Process Controller	

The following stakeholders assisted EWSETA in developing all identified occupational qualifications:

Stakeholders	
1	Major employers: Municipalities, Department of Public Works (DPW), Department of Environmental Affairs (DEA), Department of Water and Sanitation (DWS), Rand Water and all other water utilities, Eskom, Department of Health (DoH), National Energy Council of South Africa (NECSA), National Nuclear Regulator (NNR), South African National Parks (SANP)
2	Sector Education and Training Authorities (SETAs): EWSETA, Local Government (LGSETA), Chemical Industries (CHIETA), Fibre Processing and Manufacturing (FPMSETA), Health and Welfare (HWSETA), Mining Qualifications Authority (MQA)
3	Municipalities: Includes City of Johannesburg Metropolitan, City of Tshwane Metropolitan, eThekweni Metropolitan, Nelson Mandela Bay Metropolitan, Buffalo City Metropolitan, City of Cape Town Metropolitan, Amatola Municipality, District Municipality, Govan Mbeki Municipality and Mangaung Metropolitan
4	Training providers (private and public)
5	Unions: Independent Municipal and Allied Trade Union (IMATU); South African Mine Workers Union (SAMWU); National Education Health Allied Workers Union (NEHAWU)
6	Associations: South African Environmental Health Association (SAEHA), South African Local Government Association (SALGA); Cooperative Government and Traditional Affairs (CoGTA); Institute for Municipal Engineering of South Africa (IMIESA); Municipal Infrastructure Support Agency (MISA)
7	Universities: Stellenbosch and KwaZulu-Natal Universities of Technology: Tshwane (TUT), Vaal (VUT), Cape (CUT), KwaZulu-Natal (UKZN) and Durban (DUT)

Skills Delivery

The responsibilities of the Skills Delivery Department include enrolling learners in various learning programmes aligned with EWSETA strategic objectives and its APP.

We consolidate our reporting in the SETA's Performance Information Report as required by National Treasury and the DHET reporting framework. During the reporting period, we implemented learnerships, apprenticeships, work-integrated learning (WIL) and skills training for unemployed youth.

According to a recent WRC study, South Africa could run out of water by 2030. This was highlighted in the draft National Water and Sanitation

Master plan that outlines the country's dire water and sanitation situation and proposes a turnaround strategy to avoid the demand for water outstripping supply within 12 years.

In response, we spent more than 60% of our discretionary grant allocation on developing and implementing water-related learning programmes. Graduates with these qualifications can assist the country by applying water governance and infrastructure development best practice in their work environments.

The following Tables and Figures reflect enrolments in the various learning programmes.

Table 10: Learnership enrolments during the 2017/18 financial period: Unemployed youth

Learnership title	NQF	Black		African		Black Indian		Black Coloured		White	
		M	F	M	F	M	F	M	F	M	F
Water and Wastewater Treatment Process Operation	2	65	29	-	-	-	-	-	-	-	-
Water and Wastewater Process Control Supervision	3	40	111	-	-	2	-	-	-	-	-
Water and Wastewater Process Control Supervision	4	34	-	-	-	-	-	-	-	-	-
Community Water, Health and Sanitation Facilitation	3	60	81	-	-	-	-	-	-	-	-
Community Water, Health and Sanitation Facilitation	4	230	163	-	-	-	-	-	-	-	-
Community Water, Health and Sanitation Monitoring	3	60	81	-	-	-	-	-	-	-	-
Water and Wastewater Reticulation Services	2	140	220	-	-	-	-	-	-	-	-
Water and Wastewater Reticulation Services	3	194	60	-	-	15	26	-	-	-	-
Water and Wastewater Reticulation Services	4	78	90	-	-	-	-	-	-	-	-
Electrical Engineering NQF Levels 2, 3 and 4	0	149	99	-	-	-	-	-	-	-	-
Radiation Protection	4	24	14	-	-	-	-	-	-	-	-
National Certificate: Hot Water System Installation	2	34	27	-	-	-	-	-	-	-	-
Total number of enrolled learners		1 008	975	0	0	17	26	0	0		

Table 11: Employed learners

Learnership title	NQF	Black African		Black Indian		Black Coloured		White	
		M	F	M	F	M	F	M	F
National Certificate: Water and Wastewater Reticulation Services	2	12	12	-	-	-	-	-	-
National Certificate: Water and Wastewater Reticulation Services	3	40	6	-	-	4	-	-	-
National Certificate: Water and Wastewater Process Control	3	45	35	-	-	24	2	2	-
Occupation-directed Education and Training Practice	5	60	31	-	-	3	3	-	-
National Certificate: Power Plant Auxiliary Systems Operations	3	5	10	-	-	-	-	2	-
Fossil Power Plant Process Control	5	4	3	-	-	-	-	2	3
Total number of enrolled learners		166	97	0	0	31	5	6	3

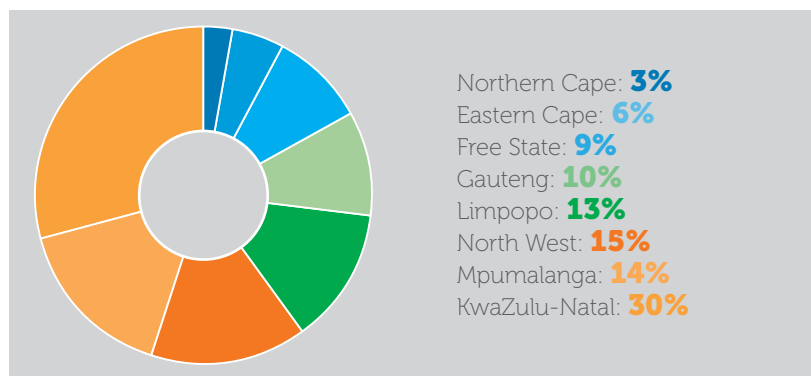


Figure 2: Learnership enrolments of unemployed learners: Provincial allocation analysis.

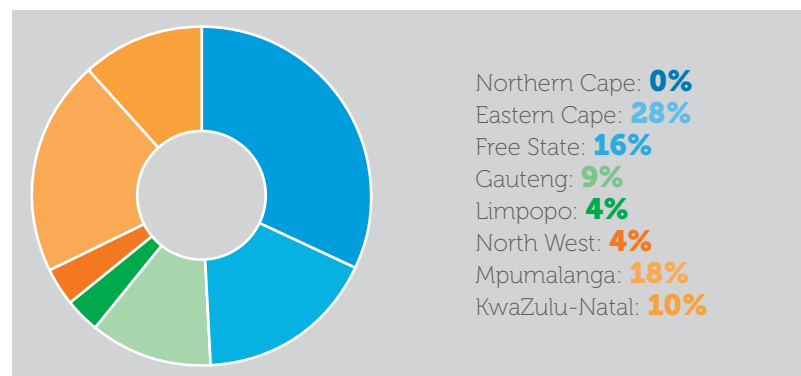


Figure 3: Total percentage of enrolled learners per province during 2017/18.

Table 12: Enrolments in artisan development programmes

Artisan trade description	Black African		Black Indian		Black Coloured		White	
	M	F	M	F	M	F	M	F
Occupational Certificate: Electrician	400	425	-	-	43	14	15	
Occupational Certificate: Mechanical Fitter	15	7	-	-	2	3	1	-
Occupational Certificate: Plumbing	213	227	-	-	11	1	5	-
Occupational Certificate: Instrumentation	63	85	-	-	-	3	-	-
Occupational Certificate: Fitter and Turner	235	131	-	-	4	1	-	-
Occupational Certificate: Welding	48	57	-	-	-	-	-	-
Occupational Certificate: Rigger	1	1	-	-	1	1	-	-
Occupational Certificate: Electrician	462	455	-	-	43	14	15	
Total number of enrolled learners	975	933	0	0	61	23	21	0

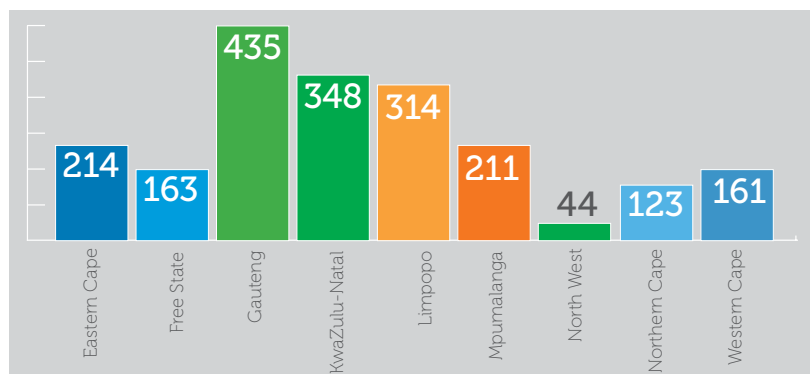


Figure 4: Artisan learner enrolments: Provincial allocation analysis.

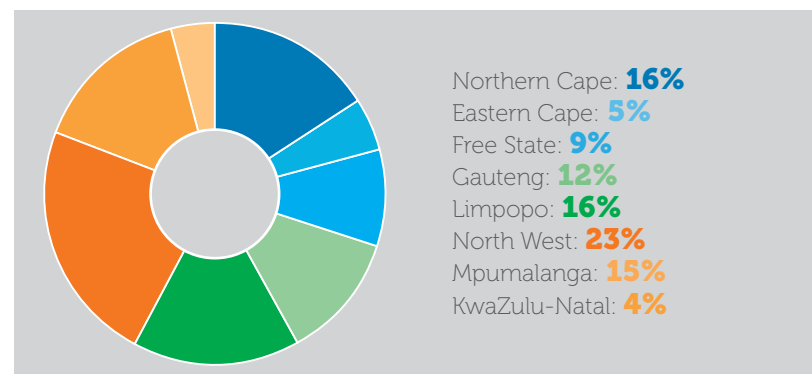


Figure 5: Employed learners in skills programmes: Provincial allocation analysis.

Table 13: Enrolments in skills programmes: Employed learners

Skills programme title	Black African		Black Indian		Black Coloured		White	
	M	F	M	F	M	F	M	F
Community Water, Health and Sanitation Promotion - SP	168	228	-	-	-	-	-	-
Electrical Engineering: Renewable Energy - SP	170	156	-	-	-	-	-	-
Electrical Engineering - SP	352	243	-	-	-	-	-	-
Entrepreneurs and Cooperatives - SP	18	48	-	-	-	-	-	-
Health and Safety - SP	26	23	-	-	-	-	-	-
New Venture Creation - SP	47	63	0	1	2	-	1	-
Plumbing - SP	5	-	-	-	-	-	-	-
Water and Wastewater Reticulation Services - SP	319	234	-	-	7	-	-	-
Water and Wastewater Treatment Process Operations - SP	230	470	-	-	14	-	-	-
Writing Documents for Litigation - SP	7	1	-	1	2	1	12	3
Project Management - SP	1	-	4	1	0	2	-	-
Water and Wastewater Process Control - SP	69	180	-	-	-	-	-	-
Total number of enrolled learners	1 412	1 646	4	3	25	3	13	3

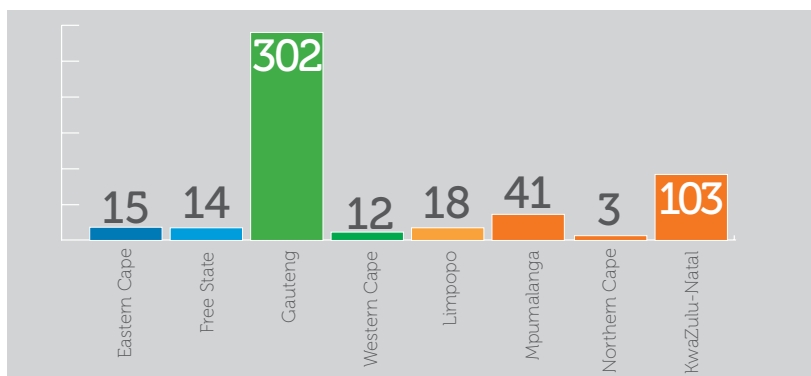


Figure 6: Work-Integrated Learning enrolments: Provincial allocation analysis.

Table 14: Enrolments in Work-Integrated Learning (WIL)

Work-Integrated Learning (WIL)	Black African		Black Indian		Black Coloured		White	
	M	F	M	F	M	F	M	F
TVET Learner Placements	99	63	-	-	-	-	-	-
HET Learner Placements	60	35	7	4	-	-	-	-
Internships	114	123	-	-	-	1	1	1
Total number of enrolled learners	273	221	7	4	0	1	1	1

Special Projects

War on Leaks (WoL) Programme

War on Leaks is a presidential initiated project announced in the State of the Nation Address in 2015. The aim is to reduce water loss in the country by providing 15 000 plumbers, artisans and water agents with the requisite skills to contribute to the programme.

EWSETA serves as the training implementing agent with an outsourced private service provider to carry out the training. Programme implementation is monitored closely and consists of regular meetings and workshops with relevant statutory bodies, such as QCTO, NAMB and TVETs.

Artisanal, plumbing and water agent skills are the major focal training areas for the programme, while additional programmes to develop entrepreneurial, water conservation and water demand management skills have also been introduced, to:

- empower the youth to be employees as well as employers, with the ability to create and manage their own businesses
- encourage and inspire young people to utilise business opportunities in their areas of occupation
- influence mindsets that can envisage owning and managing successful businesses
- enable graduates to assist communities in water conservation and neighbourhood outreach and education initiatives, as well as apply best management practices and support the country in reducing water wastage.

The objectives of the five-year WoL programme are to reduce water loss and improve water conservation in communities, train and develop 15 000 unemployed young citizens as water agents, artisans and plumbers and embed a water conservation and water advocacy culture within all municipalities, communities and households through stakeholder and communication campaigns.

The three-phase WoL will accommodate 3 000 trainees in Phase 1, 7 000 in Phase 2 and 5 000 in Phase 3, with a total of 15 000 over the three phases.

WoL training disciplines

The water agent training is a structured, NQF-accredited programme centred on the four pillars of water conservation and water demand management as depicted in Figure 7.

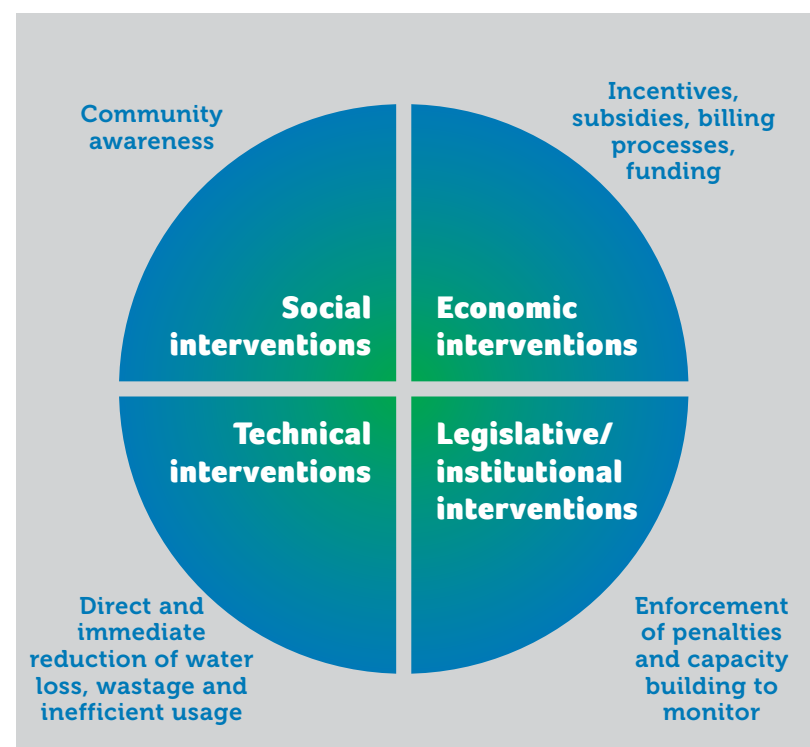


Figure 7: The four pillars of water conservation and water demand management that form the foundation of the water agent training programme.

The seven steps of artisan training are aligned with the National Artisan Framework and provided at various training institutions nation-wide.



Figure 8: The seven steps of the artisan training programme.

Some of the WoL Phase 1 highlights and successes during the 2017/18 reporting period are reflected in the following Tables.

Table 15: WoL Phase 1 status report

Activity	Discipline	Status	Duration
Water agents and artisans placed at various training centres nationally: Western Cape Water Demand Management programme	Water agent/Artisan	Complete	Sep 2015 – Dec 2015
Discipline-specific training programme at various training institutions	Water agent/Artisan	In progress	In progress
Water and wastewater reticulation services – moderation and verification	Water agent	Complete	Dec 2016 – Mar 2017
EWSETA registration	Water agent/Artisan	In progress	In progress
Printing of Water Conservation Water Demand Management Skills programme statement of results and certificates	Water agent/Artisan	In progress	In progress
Printing and issuing of Entrepreneurial Skills programme statement of results	Water agent/Artisan	In progress	In progress
Printing of Water Agent statement of results and certificates	Water agent	In progress	In progress

Table 16: WoL Phase 1 highlights, achievements and successes

Skills programme and training	Input	Through-put	Output	Achievements	Learner registration status
Water Conservation and Demand Management	3 000	2 559	2 559	2 559 learners certified	2 876
Water Agents	1 000	910	910	910 learners certified	909
Apprenticeship (Artisan)	2 000	1 823	1 823	380 learners trade test preparation, 63 artisans certified, 57 artisans red seal certified	1 231

Table 17: WoL Phase 1 Statement of Results (SoR) for Water Conservation and Demand Management (WCDM) and Water Agents skills development and training programmes

Province	WCDM Phase 1		Water Agents Phase 1	
	Total learners	SoR printed	Total learners	SoR printed
1 Eastern Cape	245	245	164	164
2 Northern Cape	45	45	22	22
3 Western Cape	115	115	70	70
4 KwaZulu-Natal	370	370	133	133
5 Gauteng	836	836	245	245
6 North West	80	80	18	18
7 Mpumalanga	374	374	112	112
8 Free State	209	209	74	74
9 Limpopo	285	285	72	72
Total	2 559	2 559	910	910

WoL Phase 1 challenges

The Entrepreneurship certification process remains a challenge, due to the complexity of using the Services SETA Learner Management Information System (LMIS) and despite LMIS training for administrators at project management agencies. At financial yearend, the external moderation of 483 Gauteng and 42 Western Cape learners had been concluded, while 2 107 Entrepreneurship certificates remained outstanding. The certification of exited learners is underway.

Table 18: WoL Phase 2 status report

Activity	Discipline	Status	Duration
Water agents and artisans placed at various training centres/ institutions nationally: Western Cape Water Demand Management programme	Water Agent/Artisan	Complete	August 2016 – December 2016
Discipline-specific training programme at various training institutions	Water Agent/Artisan Workplace training	In progress	Complete In progress
	Artisan Workplace training	In progress	Complete In progress
Water Conservation Water Demand Management programme – external moderation and verification	Water Agents	In progress	In progress
EWSETA registration	Water Agent/Artisan	In progress	In progress
Printing of ALL Water Conservation Water Demand Management skills programme SoR	Water Agent/Artisan		Process will start upon registration of ALL learners

Table 19: WoL Phase 2 highlights, achievements and successes

Skills programme and training	Input	Through-put	Output	Achievements
Water Conservation and Demand Management Skills Programme	7 000	6 948	6 948 (work in progress)	<ul style="list-style-type: none"> Learner theoretical/practical training completed External moderation of learner PoEs at final stage Certified 932 learners to date Balance of throughput undergoing certification verification
Water Agent Programme: Water and Wastewater Reticulation Services	3 891	3 891	768 (work in progress)	<ul style="list-style-type: none"> Learner portfolios (PoEs) submitted (work in progress) Receiving 3 123 outstanding PoEs Projected timeframe for certification: December 2018
Apprenticeship (Artisan)	3 089	2 682	2 682 (work in progress)	<ul style="list-style-type: none"> Completed institutional training Trade test preparation: 312 learners Five (5) Red Seal learners and permanently employed

Table 20: WoL Phase 2 learner registration

Province	WCDM Phase 2 Total learners	Water Agents Phase 2 Total learners	Artisans Phase 2 Total learners
1 Eastern Cape	527	439	307
2 Northern Cape	641	264	223
3 Western Cape	557	264	57
4 KwaZulu-Natal	861	329	511
5 Gauteng	570	129	409
6 North West	580	277	125
7 Mpumalanga	549	427	278
8 Free State	743	161	274
9 Limpopo	806	200	325
Total	5 834	2 490	2 509

Table 21: WoL Phase 2 artisan status report (2017/18)

Table 1: Learners who completed the course (2017/18)			
Entered		Completions	Comment
Quarter 1	613	0	No completions reported to date
Quarter 2	801	0	No completions reported to date
Quarter 3	261	62	Five (5) learners employed permanently
Quarter 4	0	0	
Total	1 675	62	

Projects Management

During the year under review, the Projects Management Unit dealt with significant financial management challenges in projects contracted before the 2016 and 2017 financial years.

The unit was instrumental in terminating legacy contract operations to prevent a further escalation of excessive reserves for dormant projects. As a result, funds were committed for performance against current annual performance targets. EWSETA also successfully met contract milestone payments.

The revision of our funding policy enables EWSETA to respond to changes that affect the SETA landscape, such as prioritising areas and qualifications annually as identified by our SPP. The policy also requires all applicants to use the online system and stakeholders to upload applications online to participate in funding windows. This promotes transparency, which is in line with the amended grants regulations of 12 December 2012.

During the reporting period, we advertised for learners to participate in projects to gain workplace experience. The large number of applications received from non-levy-paying employers was a concern as it brought pressure to bear on them to find workplace opportunities for learners. We encourage levy-paying employers, therefore, to participate in the EWSETA funding window to increase scarce skills qualifications, such as for artisans who rely heavily on gaining workplace experience.

We incorporated due diligence visits in the approval process for all pre-screened discretionary grant applicants and involved the LPC subcommittee in these visits to give assurance that service providers are qualified and can deliver as indicated and that learning programmes will be implemented successfully.

During the year, we used EWSETA's improved IT system to activate online discretionary grant applications as required by our revised funding policy.

The Phase 1 process delivered reliable results but highlighted the need for applicants to verify attached documentation to prevent compromising their applications. Manual applications will be disqualified.

Phase 2 is due for activation in the forthcoming financial year to capture and verify learners linked to implemented projects remotely before generating their registration numbers.

The comparisons in Figures 9 to 12 between the allocations and expenditure on skills development for the 2016/17 and 2017/18 financial years, indicate growth in most provinces. This comparative information identifies the provinces where growth is slow, such as the Eastern Cape, Limpopo and North West and enables us to address the challenges that hinder improvement.

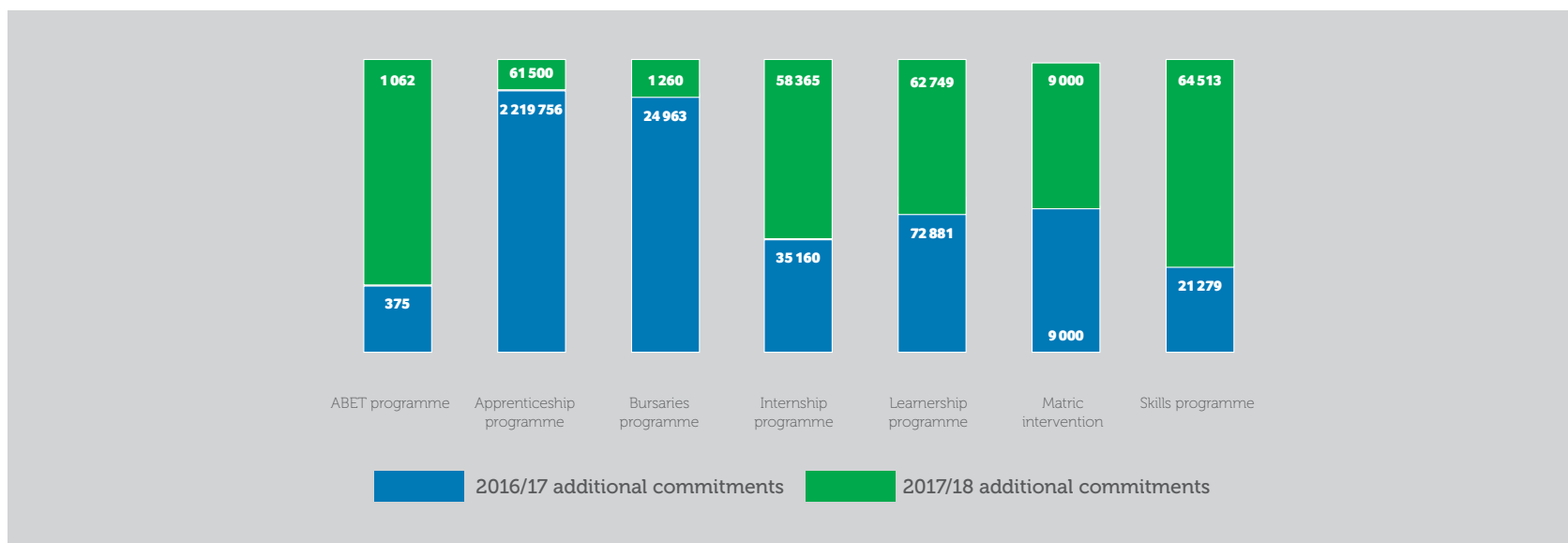


Figure 9: Comparison of type of programmes approved during 2016/17 and 2017/18.

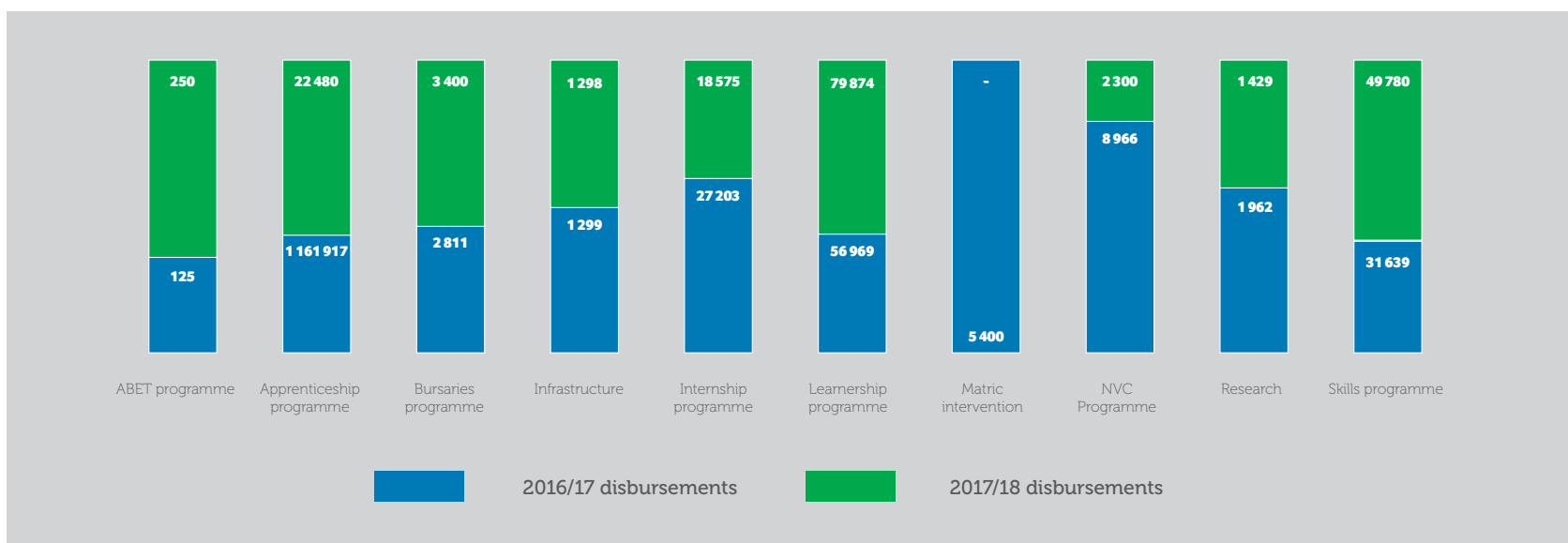


Figure 10: Comparison of projects disbursements during 2016/17 and 2017/18

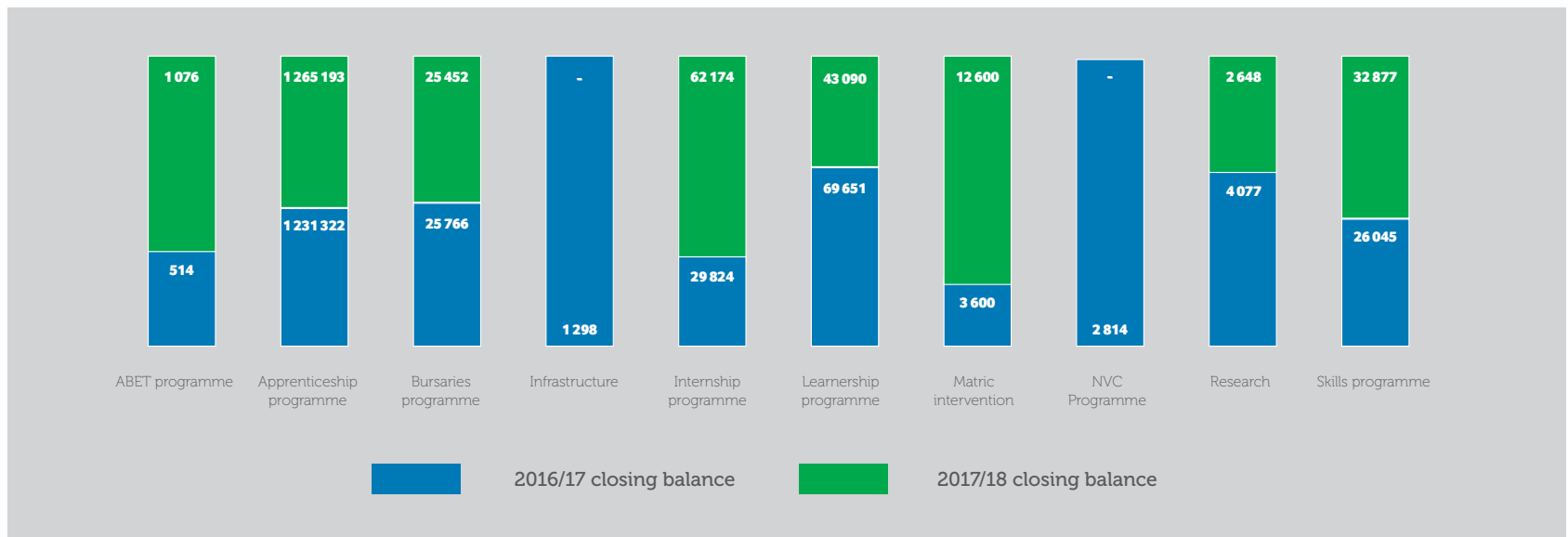


Figure 11: Comparison of interventions'/programmes' yearend balances.

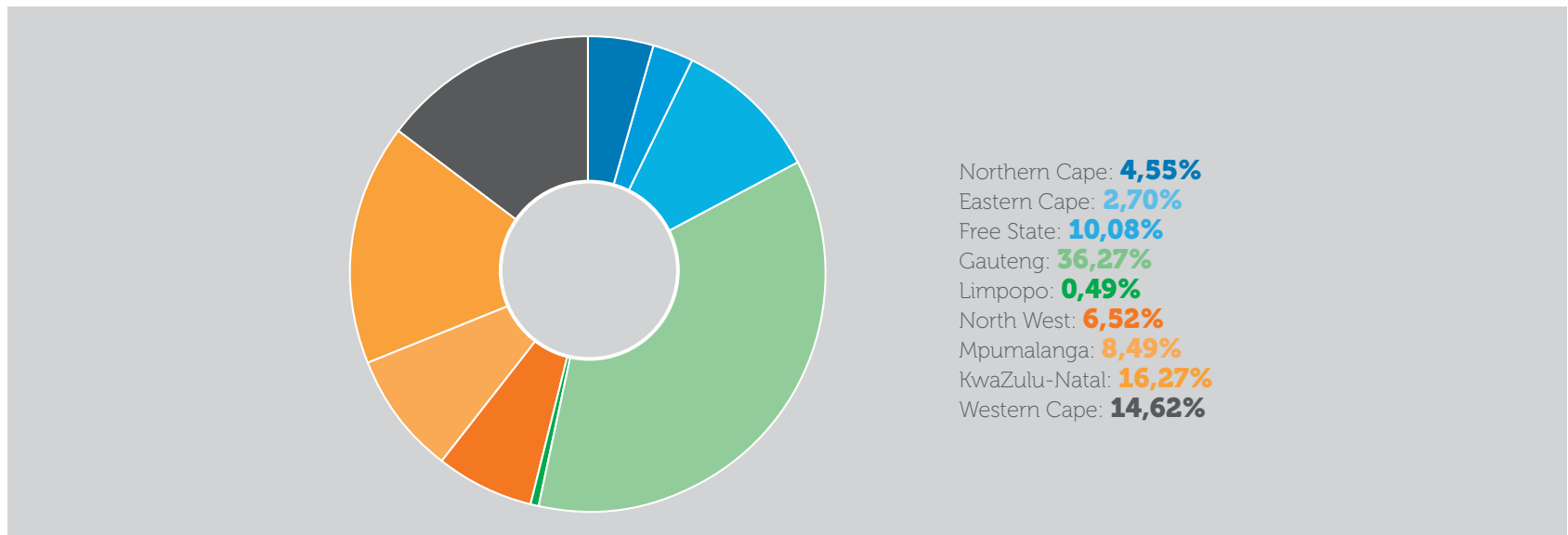


Figure 12: EWSETA provincial commitment allocation.

Looking ahead

I am pleased with the culture change in the Operations branch over the past two years. While meeting performance targets is important, our focus on quality rather than quantity has ensured that we now report on time, whether to our shareholder, Parliament or stakeholder department, and operate at nearly full capacity with people who perform without incentives.

We will need out-of-the-box thinking to attract more stakeholders and partnerships to increase our revenue and optimise the budget available to us. We will continue our efforts in the SETA's priority areas to retain the positive momentum of our interventions. Planning remains the key to improving our performance, while we 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. This will support the re-establishment of EWSETA without amendments in the post-2020 SETA landscape.

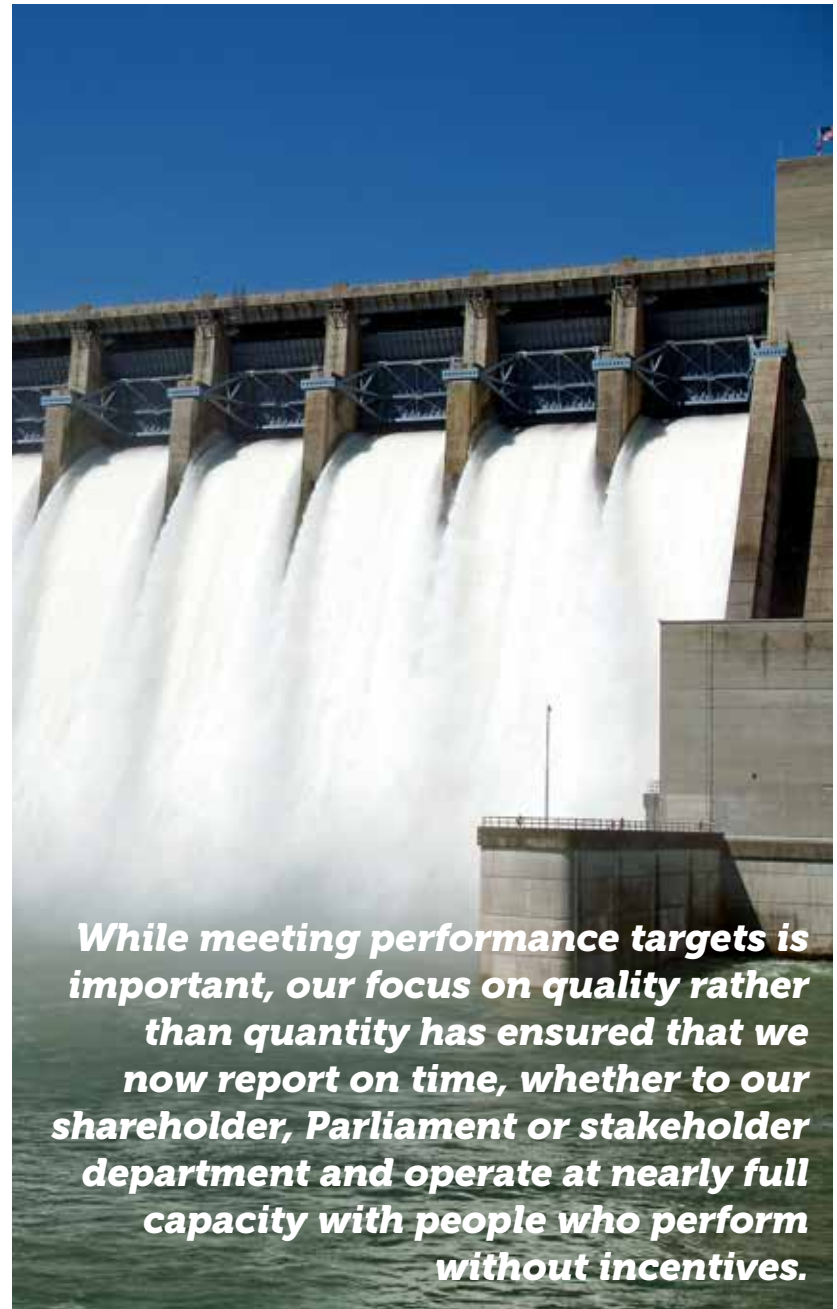
The Operations branch is looking forward to the new financial year. I have a strong management team and our succession planning will enable a seamless continuation of activities when people leave the organisation. This includes extending our bi-monthly management meetings to include our operations practitioners by invitation.

I am grateful for and inspired by the enthusiastic and committed contributions from the employees in the Operations branch and thank them for having taken ownership of their responsibilities and their support in creating a sustainable tomorrow for EWSETA, today.



Mr Ineeleng Molete

Chief Operations Officer
31 July 2018





Our newly constituted planning, monitoring and evaluation capability is driving special studies and directed research and analysis to fully align our initiatives with the energy and water sector skills development plan.

Planning, Reporting and Monitoring (PRM) Overview

"We merged EWSETA's strategic and engagement planning and risk compliance functions under one reporting arm to meet stakeholder needs more effectively and with greater efficiency."

Tsholofelo Mokotedi (Acting)



The past financial year has been one of significant change for the Sectoral Collaboration and Stakeholder Engagement (SC&SE) branch. EWSETA actioned the need to coordinate our strategic and engagement planning and risk and compliance functions under one branch to improve sector liaison and strategic planning. This resulted in the transformation of the SC&SE branch into the Planning, Reporting and Monitoring (PRM) branch.

At financial yearend, the skills planning function had been moved to the PRM branch, while the risk and compliance function will be incorporated into the branch in the new financial year. These two functions will each be a department under PRM, alongside the Energy and Water departments that were previously part of the SC&SE branch (see the organisational structure on page 5).

The PRM branch will support the EWSETA in delivering its mandate by:

- building a high-performance culture to meet corporate objectives through cascading corporate strategic planning, research and skills planning into individual performance contracts
- establishing a credible institutional mechanism for skills planning
- conducting skills planning research to inform qualification and policy development within the energy and water sector
- implementing EWSETA's research agenda
- leading and coordinating stakeholder engagement and collaboration
- developing and coordinating the implementation of a comprehensive Monitoring and Evaluation Framework (MEF).

Our mandate as a newly constituted branch is to conduct research and coordinate planning that ensures delivery against EWSETA's strategic plan and Annual Performance Plan (APP) as informed by the Sector Skills Plan (SSP). Our enablers will be special studies, directed research and analysis to ensure alignment between the SETA and the SSP.

Our objectives for the past financial year were to:

- coordinate long-term strategic planning of organisational priorities aligned with EWSETA mandate and national skills development strategies and priorities, including the development of the EWSETA APP and SSP
- conduct special studies and continuous research in the energy and water sector to identify EWSETA strengths, weaknesses and business development areas to inform our long-term strategic plans
- establish Research Chairs
- develop a Stakeholder Engagement Strategy
- facilitate the establishment and maintenance of strategic sector partnerships
- consolidate and coordinate the SETA's MEF for the pre- and post-implementation analysis of programmes
- administer mandatory grants by collecting WSPs and ATRs from small, medium and large enterprises
- ensure alignment between EWSETA efforts and the sector SSP.

Mechanisms such as an SSP forum, in which all EWSETA branches participate, will provide information for the SETA strategy to improve and customise our learning programmes, for instance. The new strategy will also be informed by SSP research results and those from the research chairs in water and wastewater management and renewable energy that will be established in the year ahead.

During the reporting period, the branch conducted research into sector skills needs and produced a Sector Skills Research Report that, for the first time supplemented the information from the WSP and other secondary research sources about hard-to-fill-vacancies (HTFV) for the sector. This included change drivers and skills required for the anticipated 4th industrial revolution, such as chemical waste and water process controllers. Going forward, our research agenda will include pre- and post-implementation evaluation and learning impact analyses, as well as primary research data and tracer studies based on sector feedback.



Some highlights during the past year

- Approved Stakeholder Engagement Strategy
- Establishing the re-aligned Branch (from Sectoral Collaboration to Planning, Reporting and Monitoring)
- Partnering with the:
 - Water Research Commission (WRC) to support the National Water Resource Strategy Chapter dealing with research at the Department of Water and Sanitation (DWS)
 - DWS to implement some of the deliverables of the Capacity Building Chapter of the National Water Resource Strategy
 - University of Mpumalanga and Enkangala TVET College
 - South African Nuclear Corporation (NECSA) and South African Youth Engineering Programme (SAYEP)
- Achieving stakeholder engagement milestones in implementing the Rural Township Economy Revitalisation Project (RATERP)
- Sponsoring and participating in a number of local and international sector-relevant events, including the Africa Energy Indaba, South African Youth in Nuclear Professionals Summit (SAYNPS), Young Water Professionals Conference, Power and Electricity Africa World Conference (PEWA) and Windaba 2017
- Working with the Water and Sanitation Sector Leadership Group (WSLG) to provide skills development guidance and support for the sector
- Participating in the Department of Energy's (DoE) Human Resources Development Forum (HRDF) to contribute to the skills development agenda for the energy sector
- Engaging with international partners, ie the French REP (International Business Development), to implement Green Action Platform for Skills Development projects.

Achievements and challenges

SMMEs are set to drive the future economy of the country and are potential levy payers to EWSETA. Our interaction and capacity building within SMMEs in our sector and subsectors are a primary focus. We sponsored the participation of some of these SMMEs in our Innovation Hub at the Power & Electricity World Conference and their appreciation was extremely heartening.

The SMMEs benefitted from interacting with EWSETA stakeholders and others in our local and international networks and received discretionary grants and accreditation. We hope to provide them with other business generating opportunities through our partnership network, such as the Department of Small Business Development.

During the past year we started a project to improve EWSETA's MIS levy database module to reach new stakeholders, enhance our ability to manage information, link processes across all EWSETA branches and enhance our SSP with integrated information from the sector skills research report.

Since revenue remains a challenge for the EWSETA as one of the smaller SETAs dependent on levy income, we spent a significant amount of time during the past year on analysing sector data to understand the dynamics of levy payments in the SETA environment. Of concern are employers who are classified incorrectly with other SETAs and that only 15% of the levy payers in our sector submit WSPs, participate in our skills planning processes and benefit from our products.

EWSETA receives levies from employers in the energy (85%) and water sector (15%). This insight enables us to set realistic levy income growth targets, which will be a primary focus for the period going forward alongside finding strategic, innovative efforts to address incorrectly classified levy payers.

The development and approval of the Stakeholder Engagement Strategy, aligned with EWSETA strategic areas, was a significant achievement during the past year. A comprehensive Research Chair Framework will also be developed and implemented in the new financial year for EWSETA to identify research chair projects, as expected from the Research Chairs, in renewable energy and waste water and waste management.

EWSETA committed to national strategic projects with the DWS and RATERP projects. We could not commit to the third strategic project during the year under review. However, through improved business processes and strategic partnerships, EWSETA will in future respond to the National Water Resource Strategy Innovation and Research Chapter by focusing on the need for innovative solutions, technologies and processes to address the current drought facing South Africa.

Some of our new projects

- Compiling SSP study research report
- Reviewing EWSETA Research Agenda for approval in the first quarter of the forthcoming financial year
- Engaging universities to establish new energy and water sector research chairs
- Partnering with the Chinese Culture and International Education Exchange Centre
- Strengthening partnerships with TIA, DEA and SATN SA to roll out the e-Waste qualifications and skills development project and collaborative agreements with water sector stakeholders, especially Water Boards
- Leading the electrical and plumbing occupational qualifications in piloting the Centres of Specialisations flagship model to test the implementation of the new dual system for occupational qualifications
- Rolling out WSP/ATR road shows with skills development facilitators and, in collaboration with our IT department, assist participants with the mandatory grant policy systems and submissions
- Driving the green agenda through the Green Action Platform in partnering with Italian businesses that are supporting local SMMEs in the green space with innovative research and technology know-how with proposed qualifications for development
- Cleaning and mapping the skills development levies database
- Targeting incorrectly classified SETAs
- Partnering with local and international strategic stakeholders, including research and innovation partners, education and training institutions and some transformational institutions.

Details about specific PRM branch initiatives and outcomes are briefly summarised here to provide some insight into our activities during the past year.

Skills Planning and Development

The Skills Planning and Development Department facilitates EWSETA planning, research and skills development to ensure continuous improvement and adherence to the requisite legislative, regulatory and performance standards to deliver our mandate. The department manages the sector skills planning process and assists employers to claim mandatory grants through the workplace skills planning and reporting process.

In accordance with the Skills Development Act, 97 of 1998 and subsequent amendments, each SETA is required to develop an SSP within the National Skills Development Strategy (NSDS) framework. During the reporting period, the DHET approved the updated EWSETA SSP. The annual update enables us to implement the National Qualifications Framework (NQF) registered and quality-assured PIVOTAL programmes that address identified skills gaps within the sector.

We approved 133 of the 140 mandatory grant applications received during the 2017/18 financial year. The quality of employer-submitted WSP and ATR data continues to improve. Employers must provide individual rather than aggregated employee data to enhance data accuracy, reliability and consistency, which compels them to attend to individual workplace skills needs. We support employers with their submissions through training workshops at various venues across the country, and one-on-one training support.

The National Skills Development Strategy (NSDS III) requires a credible institutional mechanism for skills planning in South Africa, as expressed in the DHET Sector Skills Plan Framework and Requirements (2011 to 2016).

SETAs are required to employ quantitative and qualitative research methods for developing SSPs and use standardised guidelines when interviewing key sector role-players to gather intelligence on skills needs and integrate the findings in economy-wide skills planning.

In response, EWSETA has aligned the improvement of its sector skills planning processes with the DHET skills planning mechanisms and used the guidelines to conduct empirical research.

Energy Sector

The EWSETA Energy Sector Cluster participates in national events that affect the sector, directly or indirectly, as an ongoing strategic stakeholder engagement imperative to establish and maintain relationships and create awareness about EWSETA's strategic and sustainable skills development initiatives and interventions.

During the year under review, the cluster continued to support strategic national priorities, notably the Rural and Township Economic Revitalisation Programme and Operation Phakisa (oil and gas projects).

The 2017 LFW attracted provincial participation from the Northern Cape, Eastern Cape, Kwa-Zulu/Natal and Free State. Event demographics included employers such as SHELL, BP, ENGEN, TOTAL and SOEs, including EWSETA, ESKOM, NFSAS, NNR, SANEDI and NECSA.

As the skills development custodian for the energy sector, we sponsored, participated in and/or supported a number of events. These included:

- the DoE 2017 Learner Focus Week (LFW), a Ministerial project that was hosted by the Northern Cape at the Sol Plaatje University in Kimberley to encourage stakeholder sponsorships and provide learners with STEM (science, technology, engineering, mathematics) subjects with career and bursary information. Learners participated in STEM competitions and top achievers received bursaries and laptops and the North West team won the Science (Energy) Competition.
- the South African Young Nuclear Professionals (SAYNPS) Nuclear Youth Summit (themed: The awakening of our potential: Building local market capability and transforming our future) created a platform to discuss the Nuclear Build Programme and identify skills required to support national policy. EWSETA will partner with key stakeholders in the nuclear sector to accelerate skills development for the nuclear build programme.
- Windaba 2017, hosted by the South African Wind Energy Association's (SAWEA) (themed: Wind Power: Building Futures), to collaborate with and mobilise industry participation in skills planning and development.

- the Africa Energy Indaba (AEI) 2018, where our Energy team supported the SETA's participation in the exhibition, seminars and a technical workshop panel presentation titled: EWSETA Value Chain on Skills Development"
- the Africa Energy Indaba (AEI) 2018, where our Energy team supported the SETA's participation in the exhibition, seminars and a technical workshop panel presentation titled: EWSETA Value Chain on Skills Development"
- In partnership with TERAPPIN, we hosted Innovation Hub companies Empower Electrical, Ilitha Solar Systems, Lamocorp t/a Lamo Solar, Setenex and Vie de Core Trading Enterprise t/a Gucor Oil to showcase their latest technology, improve awareness of their brands and interact with sector stakeholders, which improved their footprint in the industry and gave them a competitive advantage
- EWSETA is passionate about growing SMMEs to impact youth unemployment in South Africa and the Innovation Hub, located at street level in the Sandton Convention Centre, drew much interest from conference delegates and exhibition visitors.

Inter-SETA

The Energy Sector Cluster manages the Inter-Seta process and, during the past financial year, focused on supporting energy sector employers who sought inter-SETA transfers. No employer was transferred from EWSETA to another SETA during that period, which attested to our effective and successful stakeholder engagement and query management and improved EWSETA performance overall.

Marketing content contribution

We contributed to the newly launched EWSETA quarterly newsletter, EWSETA Chronicle, with articles on the Nuclear Youth Summit, Windaba Conference, Africa Energy Indaba and Power and Electricity World Africa events.

Testimonials

Some of the testimonials from stakeholders in the energy sector conveyed the following:

"I'd like to formally thank you for the opportunity granted to us to market our business at the Power and Electricity World Africa exhibition last week. Once again, it was highly appreciated." Ayanda Nkomo, General Manager Empower Electrical

"Thank you very much for bringing this discretionary grant advert to our attention. We do not take this opportunity lightly at all. We will begin with the online application right away. Again, thank you!" Tshibvumo Sikhwivhilu, CEO Lamo Solar

"First a word of thanks for sponsoring me on behalf of the Setenex Organization to attend the PEWA 2018 session that was held at the Sandton Convention Centre in March 2018, it is highly appreciated. The most important feedback is that as a result of the interactions we have now been able to start a new project on a renewable diesel-like product for gas turbines with the ultimate aim to manufacture it in the country in a few years' time." Mr Bongani Nkosi, CEO Setenex (Pty) Ltd.

Water Sector

Water security presents a profound challenge to South Africa's social wellbeing and economic growth. Based on current demand projections, the country's water deficit could be as high as 17% (2.7-3.8 billion cubic meters) by 2030. The South African water sector must take bold steps to adopt a 'new normal' to head off the projected water gap.
- National Water and Sanitation Master Plan (draft), 13 November 2017

As the drought wreaked havoc across large parts of South Africa, the mainstream media focused on the risks associated with limited basic resources, which created a new level of awareness and urgency around securing and preserving the country's natural resources.

Water, land and minerals are among the biggest drivers of the South African economy. The availability of these natural resources affects a range of industries, such as mining, agriculture, energy and gas.

EWSETA is working with various partners in the water sector to implement a coherent sector strategy that responds adequately to these challenges and create partnerships to carry the water sector securely into the future.

A key priority during the past financial year was the development of a Stakeholder Strategy aligned with our APP and in support of the national water sector strategies. This support often entails information sharing and in some cases funding, such as our support to the Department of Water and Sanitation (DWS).

Since the establishment of the Stakeholder Collaboration and Engagement branch, now part of the PRM branch, we identified our availability to answer questions, such as accessing our sector services and explaining the skills development landscape, as a key stakeholder need. In response, we constantly improve and expand our information-sharing platforms, respond quickly to email queries and participate in sector magazines and sector events, where we interact directly with stakeholders.

At the same time, personal interaction remains a pillar of our service delivery, particularly when working in rural communities with small and large businesses where visibility and direct contact drive sustainable partnerships.

Our participation in sector events and conferences during the past year included, in addition to those mentioned before, Africa Utility Week, DWS Water and Sanitation Youth Indaba, ERWAT National Water Day and IFAT Africa and training and skills development workshops with FETWATER, the Dutch embassy, Eastern Cape Process Controller Division and SADC.

We increased our capacity during the past year to face the new financial year with a full and upskilled staff complement.

We also collaborated with the Water Research Commission in their Women in Water programme to showcase female entrepreneurs, highlight our service offerings and bring small, female-owned entrepreneurs into the skills development space to help address transformation and equal female participation in the water sector.

Way forward

A primary focus for the PRM branch going forward will be to help address the levy payer challenges, specifically those who are not contributing to our skills planning, benefitting from claiming back levies or training employees through this SETA and those paying levies to other SETAs. The development of a stakeholder database will enable us to deal with this more effectively.

Once the data mapping and analysis for the database have been completed, we will conduct an online survey to customise our road shows. Through these interactions, we want to encourage participation in skills planning, especially for the smaller firms that are not currently active in this area but will be the drivers of economic growth for the country. Our focus will be on finding creative and innovative ways to support them.

We completed the PRM branch strategy and are finalising the implementation plan for the forthcoming financial year. We have partnered with the Marketing and Communication department for our event participation and initiatives to, *inter alia*, close STEM skills gaps.

In the year ahead, we will also prioritise leveraging our partnerships for greater mutual benefit. We look forward to establishing the energy and water chambers and requisite governance structures within EWSETA to provide the necessary support.

The finalisation of the M&E Framework enables us to step forward with confidence into a year that holds much scope for creating a sustainable tomorrow, today.

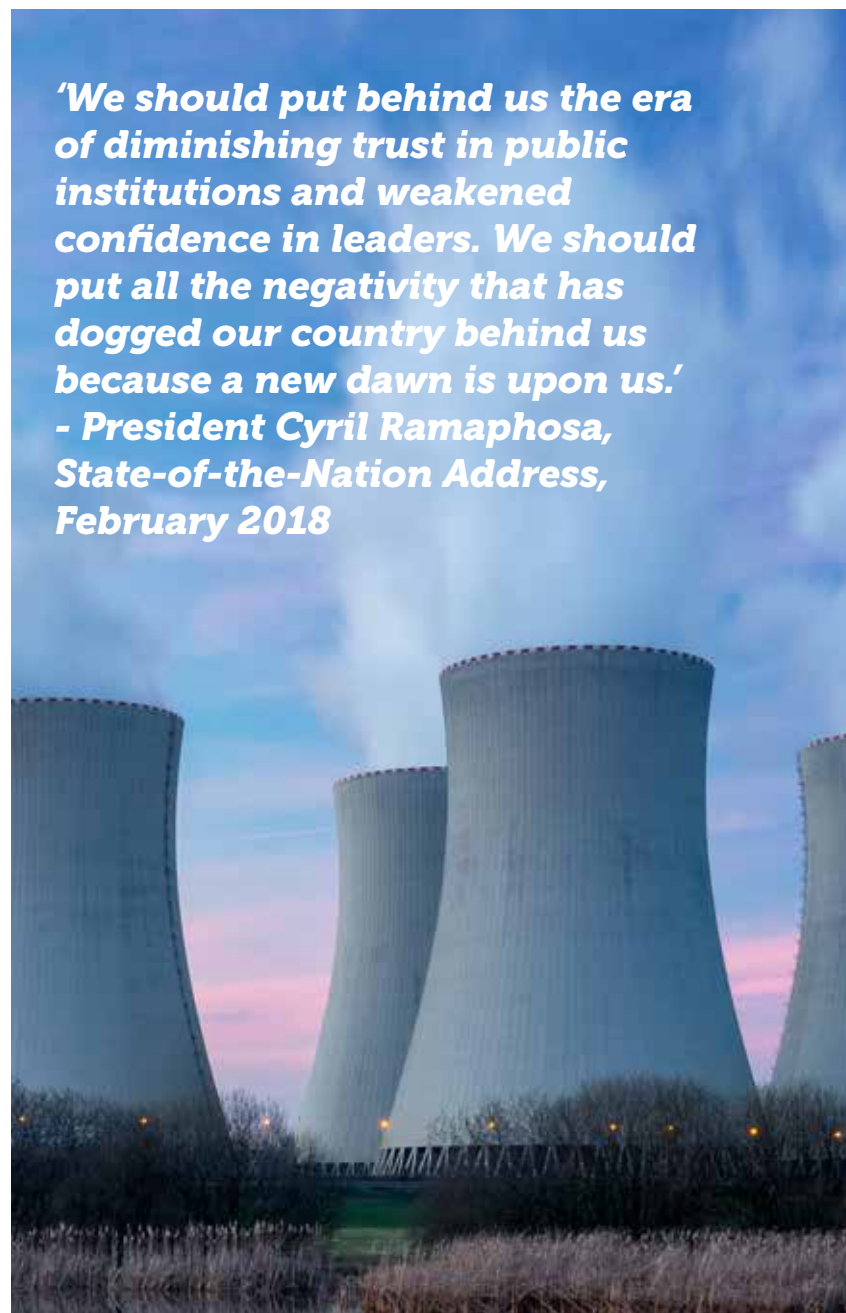
It was delightful to work with a united branch and executive management team and experience the commitment of team members to serving our internal and external stakeholders and their passion for the purpose and vision of the organisation.



Ms Tsholofelo Mokotedi (Acting Executive)

Planning, Reporting and Monitoring
31 July 2018

'We should put behind us the era of diminishing trust in public institutions and weakened confidence in leaders. We should put all the negativity that has dogged our country behind us because a new dawn is upon us.'
- President Cyril Ramaphosa, State-of-the-Nation Address, February 2018





**Sustainable
SETAs support
sustainable sectors that
strengthen the country's
business environment. Our
sustainability is pivotal to linking
the unemployed and under-
resourced to employment and
development opportunities
to create a sustainable
tomorrow, today.**

Corporate Services Overview

Our Corporate Services Strategic Plan provides a framework for our support and advice to the organisation to remain sustainable and to our stakeholders to deliver skills development and training services effectively and efficiently to South African citizens.

There is no doubt that sustainable SETAs support sustainable sectors. South Africa's SETAs play both quality and developmental roles in reinforcing learner environments to strengthen the country's business environment. As we move towards a new landscape in 2020, our sustainability as a SETA will be pivotal to affirming our ability to link the unemployed and under-resourced even more effectively to future employment and development opportunities.

Creating a sustainable tomorrow for EWSETA today is, therefore, central to our overarching 2018-2020 Corporate Services (CS) strategy. Approved during the reporting period and aligned with EWSETA goals and objectives, the strategy incorporates the activities of the three CS branches: Human Resources, Facilities and Information Technology and Marketing and Communication.

The strategy clarifies our role within EWSETA, identifies opportunities for integration and collaboration, serves as an internal reference and information document against which to monitor progress and supports the EWSETA's strategic intent to function as an effective and efficient SETA.

Some highlights during the reporting period

- Strengthened Corporate Services governance through the review, consolidation and approval of 19 Human Resource policies and three (3) Information and Communications Technology (ICT) policies. These included a new Cyber Security policy, while a reviewed ICT Governance Framework was approved to manage the function more effectively. The framework is aligned with COBIT 5

Candice Moodley



- and the King IV, with emphasis on ICT as the epi-centre of corporate governance.
- Steady implementation of the Performance Management Policy with three performance evaluations and signed Performance agreements completed for all employees during the reporting period. The final of the four annual evaluations is scheduled for May 2018. We overcame the slow individual uptake of the Performance Management System (PMS) with a robust change management programme. This included regular capacitation workshops, one-on-one employee interactions and a range of communication initiatives, such as an easy-to-understand system user guide. These interventions increased the eventual positive reception of the PMS significantly.
- Approval of the Consequence Management Framework in March 2018, which was embedded in the performance agreements of managers and communicated to employees. The framework includes the submission of a quarterly consequence management report to the Audit and Risk Committee.
- Scientifically conducted organisation-wide skills audit, undertaken as a change management process, ensured that employees understand fully the need for and their role in skills enhancement for EWSETA by developing both technical and EQ (emotional intelligence) skills.

All employees completed competency and technical assessments and managers participated in critical thinking assessments. Employees received individual post-assessment development report cards aligned with EWSETA's development strategy, informed by the skills audit recommendations, that will be rolled out over the next three years. The audit also contributed to a seamless submission of our WSP for the current financial period (April 2018) compared to the previous submission.

“The EWSETA’s focus on creating a sustainable tomorrow, today, is a driving force in supplying the organisation with the requisite skills to achieve its short-, medium- and long-term plans.”

- Successful launch of our new quarterly newsletter, *EWSETA Chronicle*, in response to the need expressed by employees and sector stakeholders for more regular communication from EWSETA. Three issues of the 24-page publication, available in print and electronic formats, were produced during the reporting period with interesting articles from key stakeholders.
- Best in Show Award for ‘Most Innovative Stand’ at the 2017 African Utility Week and acknowledged by the Southern African Association for Energy Efficiency (SAEEO) with a Skills Development Award.

Performance outcomes

Our goal is to support EWSETA with a range of responsive, innovative and quality-driven human resource, ICT, facilities management and marketing and communication services and systems that are integral to the organisation’s efficient functioning as a top-performing SETA.

Our strategic objectives are aligned with those of the EWSETA, namely to:

- Attract, develop and retain the right people in the right positions throughout the planning period
CS driver: Recruit and retain appropriately skilled staff and maintain appropriate skills levels through training and development
- Optimise ICT utilisation to deliver EWSETA’s mandate
CS driver: Provide ICT infrastructure, systems and business applications to support EWSETA in delivering its mandate
- Market and promote the work of EWSETA to stakeholders through internal and external communication
CS driver: Increase knowledge about and access to EWSETA services by implementing a three-year communication strategy and annual plan to engage internal and external stakeholders
- Increase awareness about energy and water occupations among the youth
CS driver: Direct young people to training and skills development programmes that contribute to economic development of the energy and water sectors.

Our performance outcomes during the period under review related to:

- Strategic focus: rolling out the approved 2017-2020 CS Strategy and Implementation Plan with a focus on HR, ICT and Marketing and Communication
- Recruitment: capacitating the CS structure and appointing a service provider to strengthen our ICT capacity with increased capabilities that are critical to ensuring EWSETA’s long-term sustainability
- Policies: reviewing, consolidating and approving 19 Human Resource policies and three (3) Information and Communications Technology (ICT) policies, including a new Cyber Security ICT Policy
- Performance management: implementing the approved policy by completing three (3) performance evaluations during the reporting period
- Business process mapping: implementing a mapping process to address the skills audit finding that business processes were not streamlined because employees did not understand fully how their own roles are integrated within the organisation
- Intranet: developing and streamlining an internal information repository and docu-share system as components of an overall records management system
- Internal collaboration: working closely with other branches and departments in enabling EWSETA to deliver products and services more effectively.

Some of our challenges and achievements

Despite a management void during most of the reporting period, we met and exceeded our Marketing and Communication APP targets during the review period. These included a successful Annual General Meeting (AGM) event, 2016/17 Annual Report, new quarterly newsletter and planned events. The department also developed a stakeholder messaging map aligned with organisational strategic objectives.

EWSETA’s move to Cape House, its new Head Office building in Johannesburg, is still pending the completion of refurbishment. We contracted a new developer to complete the building and established a project steering committee to monitor the project closely. We are optimistic that the long-awaited move will take place during the forthcoming financial year.

Despite a commitment to strengthening and entrenching EWSETA’s provincial presence throughout the country, financial and capacity constraints halted the development of new provincial offices temporarily. In the interim, we are working through those in the Free State, Western Cape, Eastern Cape and the North West to interact directly with stakeholders and provide career and vocational guidance. Our focus is on science, technology, engineering and mathematics (STEM) to develop skills for the energy and water sectors.

Human Resources

“We are confident that we can address a significant proportion of employee training needs in the financial period going forward.”

Our approach to employee relations is to establish constructive organisation/union relations and provide employees with a platform to engage in staff-related matters. EWSETA's performance management policy and system were designed to improve employee performance, develop skills that create capacity, increase productivity and enhance efficiency. The policy and system are both critical to monitoring our APP implementation.

With employee wellness a primary business focus, we launched an Employee Wellness Day during the 2016/17 financial year and have since added initiatives to add further interest and value to a well-supported event. During the reporting period, we also encouraged employees to participate in the IOPSA Inaugural Fun Run and Discovery 702 Walk the Talk events.

Given that the majority of our employees are female, we presented workshops on workplace diversity and female wellness, while our executives shared motivational talks about their own life and wellness experiences.

The professional nature of our workforce requires a focus on continuous professional development. During the year under review, we drafted development strategy to enhance employee career paths, optimise potential, promote efficiencies and effectiveness, embed best practices and shared values and drive cultural change.

During the review period, HR coordinated a time-consuming process to implement a realigned organisational structure. The benefits include improved planning, monitoring and reporting, a much-needed financial manager role and the ability to respond more effectively to rapid changes in the energy and water sectors.

The new structure identified nine priority positions, of which seven were filled during the reporting period. This added capacity towards achieving our long-term performance and sustainability goals.

Some HR achievements

- Signed new Recognition Agreement with the union, which strengthens the relationship and underpins future engagement and bargaining
- Implemented an organisation-wide skills audit and performance management policy and system
- Seamlessly and successfully filled most prioritised vacant posts
- Managers participated in a critical thinking assessment, while all employees completed competency and technical assessments and received individual post-assessment development report cards, aligned with EWSETA's development strategy
- Submitted an EWSETA WSP for the 2017/18 financial period successfully
- Reviewed the Employment Equity Plan, which was approved, and submitted our Employment Equity Report successfully to DoL in January 2018.

A number of challenges

The HR challenges experienced during the year under review, some of which we will address in the forthcoming period, included:

- Managing the performance and outputs of the HR function effectively for six months after the HR manager resigned in September 2017 (new appointee joined in April 2018)
- Dealing with relative fluidity in the revised organisational structure due to ongoing adjustments to meet operational requirements
- Difficulty in defining HR gaps due to challenges in aligning the new structure with strategic and operational mandates
- Implementing HR systems reactively due to having to run HR planning concurrent with day-to-day operations
- Attracting technically sophisticated and professionally skilled staff to work in a relatively small and focused environment and competing with private sector remuneration packages remain challenging
- Developing and entrenching structured succession planning throughout the organisation, especially since all employees now have a development report card. Going forward, the PDPs will have a significant impact on the finalisation of the succession and retention strategies
- Aligning incumbent competencies with job-related requirements within the new, longer-term structure will be a focus in the year ahead
- Developing an Employee Health and Wellness Policy to deal proactively with employee wellness issues.

The following Tables reflect EWSETA HR information pertinent to the period under review.

Table 22: Personnel cost by programme

Programme	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure	Number of employees	Average personnel cost per employee (R'000)
Admin	R38 608 000,00	93,0	78	R494 974,36
War on Leaks	R2 578 408,01	7,0	11	R234 400,73
TOTAL	R41 186 408,01	100	89	R729 375,09

Table 23: Personnel cost by salary band

Level	Personnel expenditure (R'000)	% Personnel expenditure to total personnel cost (R'000)	Number of employees	Average personnel cost per employee (R'000)
Top management	R1 833 475,92	4,7	1	R1 833 475,92
Senior management	R4 540 030,92	11,8	3	R1 513 343,64
Professionally qualified	13 462 433,98	34,9	16	R841 402,12
Skilled	R17 219 298,07	44,6	46	R374 332,57
Semi-skilled	R1 039 660,93	2,7	3	R346 553,64
Unskilled	R513 100,18	1,3	9	R57 011,13
TOTAL	R38 608 000,90	100	78	R494 974,36

Table 24: Performance rewards

Level	Performance rewards	Personnel expenditure (R'000)	% Performance rewards to total personnel cost (R'000)
Top management	R0.00	R1 833 475,92	0.00
Senior management	R0.00	R4 540 030,92	0.00
Professionally qualified	R0.00	R13 462 433,98	0.00
Skilled	R0.00	R17 219 298,07	0.00
Semi-skilled	R0.00	R1 039 660,93	0.00
Unskilled	R0.00	R513 100,18	0.00
TOTAL	R0.00	R38 608 000,00	0.00

Talent management is a critical component in achieving strategic goals and operational objectives. Succession planning and career pathing, therefore, is acknowledged formally and integrated as part of our HR management practices.

Table 25: Training costs

Directorate/ Business Unit	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	Number of employees trained	Average training cost per employee
Operations	R15 446 644,61	R355 446,05	2,30	12	R29 620,50
Stakeholder Engagement	R6 178 890,94	R74 120,00	2,38	2	R37 060,00
Finance	R8 243 472,01	R146 804,58	1,78	10	R14 680,46
Corporate Services	R5 454 153,15	R58 220,00	1,07	2	R29 110,00
Chief Executive Office	R3 284 840,19	R0,00	0,00	0	R0,00
TOTAL	R38 608 000,90	R634 590,63	1,64	26	R110 470,96

Table 26: Employment and vacancies

Branch/Department/Office	2017/18 Employees	2017/18 Vacancies	% Vacancies
Chief Executive Officer	3	0	0
Operations	46	17	19
Sector Collaboration and Stakeholder Engagement	16	0	0
Finance	12	2	2
Corporate Services	13	6	7
TOTAL	90	25	28

Table 27: Employment statistics for the 2017/18 financial period

Programme/Activity/ Office	2017/18 Approved posts	2017/2018 Number of employees	2017/2018 Vacancies	% Vacancies
Top management	1	1	0	0
Senior management	4	3	1	1
Professionally qualified	15	13	2	2
Skilled	68	46	22	24
Semi-skilled	2	1	1	1
Unskilled	0	0	0	0
TOTAL	90	64	26	28

Table 28: Employment changes

Level	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top management	1	0	0	1
Senior management	3	0	0	3
Professionally qualified	14	1	1	14
Skilled	41	5	1	45
Semi-skilled	0	1	0	1
Unskilled	0	0	0	0
TOTAL	59	7	2	64

Table 29: Equity targets, employment equity status and disabled staff status

Level	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	17	1	1	0	1	0	0	0
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	27	2	3	0	1	0	0	2

Level	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	4	0	1	0	0	0	0	0
Skilled	34	1	2	0	0	0	0	0
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	39	1	3	0	1	0	0	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	0	0	0
Semi-skilled	0	0	1	0
Unskilled	0	0	0	0
TOTAL	0	0	1	0

Table 30: Reasons for terminations

Reason	Number	% of total number of staff leaving
Death	1	1
Resignation	2	2
Dismissal	0	0
Retirement	0	0
Ill-health	0	0
Expiry of contract	11	12
Other	0	0
TOTAL	14	15

*This includes employees appointed on fixed-term contracts

Table 31: Labour relations: Misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal warning	0
Written warning	0
Final written warning	1
Dismissal	0
TOTAL	1

Information Technology (IT) and Facilities Management

The goals of the IT and Facilities Management Department are to manage information as an asset, integrate and automate business processes, secure consolidated and shared collaborative capabilities and provide, maintain and lead ICT and embed a culture of continuous improvement in the organisation.

As such, the development, installation and upgrading of our ICT systems and processes over the past three years have contributed to the sustainability of EWSETA as a business entity and its ability to continuously deliver effectively and efficiently, as mandated.

The current development of a dynamic and future-orientated ICT roadmap will ensure that EWSETA is well-positioned to function optimally as a business entity in the 4th industrial revolution.

Achievements and challenges

The approval of our 2018-2020 ICT Strategic Plan, ICT Security and Usage Policies and ICT Governance Framework during the review period has contributed significantly towards creating an enabling business environment.

An IT Helpdesk, newly established during the implementation of an IT Service Management system, is now recording and tracking all IT-related calls. This enables us to manage IT incidents and problems more effectively and identify and deal with underlying, hidden problems quickly and efficiently.

A business analysis process was initiated during the reporting period to assist with mapping, re-engineering and aligning business processes with the realigned EWSETA structure. Streamlined processes will eliminate duplication, prevent silos and increase efficiency. The continuation of mapping and re-aligning our business processes will further identify MIS inefficiencies to address business needs.

The main challenge during the past year was lean capacity in the department, which was overcome with the appointment of a service provider.

We also attended to records management processes within the organisation and engaged with internal departments to identify their Shared Drive and DocuShare system requirements.

Future plans

Following the move to Cape House in the new financial year, we will implement an integrated ICT security system as part of rolling out the overall ICT roadmap. This will include the installation of WAN infrastructure (MPLS VPN) that is currently being procured, as well as the implementation of a consolidated data centre solution and improved systems like Skype for business.

Going forward, we will also review our Records Management Policy to implement an organisation-wide management process for all internal and externally-received records and documentation.

Marketing and Communication

Stakeholder feedback during the period under review has confirmed, unequivocally, that our investment in strategic marketing and communication initiatives over the last number of years are coming to fruition. Our widespread brand positioning and awareness creation campaigns have helped to give effect to the EWSETA's long-term vision of being recognised as a reputable Authority in facilitating skills development for the energy and water sectors.

Going forward, we will not lose the momentum that we have gained in positioning EWSETA as an acknowledged top-of-mind sector brand, on par with other top-performing SETA brands country-wide. This also enables us to more selectively identify opportunities to position the brand.

The ability to narrow our focus means that we can achieve more specific outcomes with greater strategic impact for EWSETA, such as increased levy income, sustainability and influencing our sector skills development agenda.

Achievements and challenges

EWSETA's new quarterly newsletter was published for the first time during the reporting period. The newsletter met with positive reaction from internal and external stakeholders and, we believe, responds to stakeholder communication needs to know more about our activities.

In the spirit of doing the same but doing it differently, we successfully aligned our strategic communication with the need to elevate the scope of the EWSETA AGM – a key event on the organisation's annual calendar – to increase the value of the event for our stakeholders. We achieved this with a pre-event build-up of success stories about the SETA, which solicited significantly positive responses from AGM attendees who confirmed that they looked forward to receiving such stories.

The lack of a Marketing and Communication Manager over the entire reporting period added pressure on the team and CS Executive. I applaud the team for rising to the challenge and exceeding delivery against targets within the portfolio compared to previous years.

Way forward

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 a social media presence and re-energised brand through revised policies and procedures in a new Corporate Identity Manual that will coincide with the move to Cape House.

With all our HR and ICT systems in place, we can continue to recruit the right people with the right skills to capacitate a workforce that can take EWSETA boldly into the 4th industrial revolution with an ICT roadmap that is sufficiently dynamic to keep it at the forefront of meeting skills development and training needs in the energy and water sectors.

I would like to thank the Corporate Services managers and their department teams for going the extra mile, under enormous pressure and with a smile throughout. Your dedication to your duties has not gone unnoticed nor unappreciated.

Creating a sustainable tomorrow, today, means that our focus will be on transcending boundaries and overcoming barriers at a level where strategies align and silo-thinking gives way to an integrated work consciousness.



Ms Candice Moodley

Corporate Services Executive
31 July 2018



Our values-driven culture underpins governance structures and processes that commit the EWSETA to high standards of business integrity. We regularly review and adapt these to accommodate and reflect best practice.

Governance

Introduction

The Executive Authority exercises its powers and responsibilities in respect of the EWSETA Constitution to ensure that the EWSETA's objectives are implemented and functions executed in compliance with the Act, National Skills Development Strategy (NSDS) and policies of the Executive Authority and government. This is managed through a Service Level Agreement that outlines the minimum service levels required from the SETA in performing its statutory functions, meeting NSDS targets and implementing its strategic plan and annual performance plan.

Governance

The EWSETA's governance standards compare well with best practice and guide the organisation in entrenching its values in its day-to-day activities. The entity applies the sound corporate governance structures and processes that the Board considers fundamental to delivering the EWSETA's constitutional, legislative and policy mandates. The values-driven culture underpins the governance structures and processes that commits the organisation to high standards of business integrity in all its activities. Governance structures and processes are reviewed regularly and adapted to accommodate internal developments and reflect best practice.

The role of the Board

The Board governs and manages EWSETA in accordance with applicable legislation and provides strategic direction. As the King IV Code of Corporate Governance articulates, the essence of good governance emanates from effective leadership. The EWSETA Board and Executive Management, therefore, play a critical role in ensuring that the organisation fulfils its strategic and operational objectives towards sustainable performance and meeting the needs of its stakeholders.

The roles and functions of the Board, as articulated in the EWSETA Constitution, are to govern and manage EWSETA and ensure that the entity achieves its objectives and performs the functions contemplated in its 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 SETA Constitution. Institutional risk and EWSETA performance are managed and monitored by the Board.

The Board paid special attention to the following governance matters:

- Review of the standard SETA Constitution as required by the Executive Authority
- Review of delegation of authority to ensure alignment with the mandate
- Review of the finance and HR policies
- Approval of the ICT Governance Framework
- Approval of a consolidated Consequence Management Framework.

Board and Board subcommittees

The fully operational Board consists of representatives from organised labour, organised employers and independent members, as depicted in Table 32. Post yearend, seven new Board members were appointed by the Executive Authority with effect from 1 April 2018, following the expiration of term of the previous Board as depicted in Table 33. One third of the members from the previous Board were retained in line with the requirements of the EWSETA Constitution. The Executive Authority still has to confirm the appointment of an additional three Board appointees.

Composition of the Board

The EWSETA Board members represent the SETA's sector constituencies and stakeholders, namely: organised labour, organised employers, relevant government departments and Ministerial appointees, as profiled on pages 62-65.

Remuneration of Board members

An allowance is paid to Board and Committee members for their attendance of and contributions to official meetings. The allowance rates approved by the Minister of Higher Education and Training are in accordance with the remuneration level sub-category S, as determined by the Minister of Finance in the "Circular from the National Treasury on Adjustment of the Remuneration Levels". The Audit and Risk Committee members are remunerated according to the same rates as Board members as approved by the Minister of Higher Education and Training.

In accordance with Circular 2, (Remuneration Tariffs for the Boards and Committee members of SETAs and non-SETAs that report to the Department of Higher Education and Training) issued by the Minister of Higher Education and Training, daily rates are applied for meeting fees, in addition to preparation fees relevant to Board and Committee meetings attended.

Allowances are paid to the Ministerial appointments and independent Committee members. Other Board members who are considered public officials or government employees are not remunerated for meeting attendance unless they take unpaid leave from their respective positions to attend the meetings. Allowances are also subject to relevant tax rates.

Compliance with laws and regulations

The EWSETA ensures that it complies with laws and regulations through its governance structures and in accordance with its mandate as formally communicated by the Executive Authority and National Treasury. Furthermore, the EWSETA has aligned its activities with the Executive Authority compliance calendar to ensure that there is consistent focus on and adherence to compliance responsibilities.

Employees in their individual capacity are also required to comply with all applicable laws and regulations which relate to their activities for and on behalf of EWSETA.

Minimising 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 starts. Where a member is deemed conflicted, he or she is requested to recuse themselves from the deliberations.

Company Secretary

The services of a company secretary are outsourced to a dedicated service provider who coordinates the activities and provides full support to the EWSETA Board and its subcommittees. This includes the tracking of crucial information regarding compliance responsibilities, which is in line with the standard EWSETA Constitution and Sector Education and Training Authority's Governance Charter. Most critical is the execution of proper governance systems and methods to allow the Board and management to meet all the mandatory compliance deadlines.

Table 32: Board members, governance structure and terms of reference of subcommittees




MINISTRY OF HIGHER EDUCATION AND TRAINING								
Minister Naledi Pandor (Executive Authority)								
EWSETA BOARD								
Chairperson: Frans Baleni								
Board / Sub-committees	Board	Executive Committee (EXCO)	Audit and Risk Committee (ARC)	Finance Committee (FINCOM)	Human Resource and Remuneration 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)	Olebogeng Besnaar (Chairperson)	Mercy Sekano (Chairperson)	Ravi Moodley (Chairperson)	Justice Sera (Chairperson)
	Olebogeng Besnaar (MA)	Ravi Moodley (OB)	Petunia Ramunenyiwa (OB)	Knox Msebenzi (OB)	Ravi Moodley (OB)	Olebogeng Besnaar (MA)	Mercy Sekano (OL)	Knox Msebenzi (OB)
	Tebogo Phadu (MA)	Ntsiki Mbono (OB)	Ntsiki Mbono (OB)	Mercy Sekano (OL)	Justice Sera (OL)	Tshimane Montoedi (OL)	Knox Msebenzi (OB)	Tebogo Phadu (MA)
	Ravi Moodley (OB)	Petunia Ramunenyiwa (OB)	Mariana Strydom (Independent)	Tshimane Montoedi (OL)	Khanyiso Zihlangu (OB)		Khanyiso Zihlangu (OB)	
	Knox Msebenzi (OB)	Justice Sera (OL)	Keith Swanepoel (OL)	Nhlanhla Ngidi (OB)	Deon Reyneke (OL)			
	Petunia Ramunenyiwa (OB)	Mercy Sekano (OL)	Shelley Thomas (Independent)					
	Khanyiso Zihlangu (OB)							
	Ntsiki Mbono (OB)							
	Nhlanhleni Ngudi (OB)							
	Deon Reyneke (OL)							
	Tshimane Montoedi (OL)							
	Mercy Sekano (OL)							
	Justice Sera (OL)							
	Vuyo Bikitsha (OB)							
	Keith Swanepoel (OL)							
Executive Management	Errol Gradwell (CEO)	Errol Gradwell	Errol Gradwell	Ineeleng Molete	Ineeleng Molete		Tsholofelo Mokotedi	Ineeleng Molete
	Mpho Mookapele (CFO)	Ineeleng Molete	Ineeleng Molete	Mpho Mookapele	Candice Moodley			
	Ineeleng Molete (COO)	Candice Moodley (CSE)	Candice Moodley					





OB = Organised Business | **OL** = Organised Employer | **MA** = Ministerial Appointment | **CEO** = Chief Executive Officer





COO = Chief Operations Officer | **CSE** = Corporate Services Executive | **AEPRM** = Acting Executive Planning Reporting and Monitoring

Board / Sub-committees	Board	Executive Committee (EXCO)	Audit and Risk Committee (ARC)	Finance Committee (FINCOM)	Human Resource and Remuneration Committee (HRRC)	Learning Programmes Committee (LPC)	Quality Assurance and Compliance Committee (QACC)	Skills Planning Committee (SPC)
Terms of Reference of Committees	To govern and manage the EWSETA; and ensure 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.	Oversees the management of all financial matters of the EWSETA; and supervises the implementation of the policies of the Board. The Committee will further perform any other function or duty as delegated to it by the Board or conferred upon it by the Constitution. The EXCO oversees the functioning of all the subcommittees --- monitors and ensures the right governance structures and functions are maintained and consistent with the best practises. The Strategic Plan and APP are recommended to the Board by the EXCO.	Serves as a mechanism for the Board to monitor and reinforce the effectiveness of both 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 and externally on the entity's risks, operation and financial condition.	Ensures that the EWSETA meets the requirements 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.	Reviews the appropriateness of the organisational structure, competence and qualifications of the EWSETA human resource on an annual basis. All issues relating to the remuneration of staff and the CEO of EWSETA, as well as remuneration policies, plans and practices are evaluated and recommended to the Board by this Committee.	Evaluates and recommends the Learnership strategy and business plans for the implementation of learnerships in the sectors. Additionally, the development of policies, principles, criteria and guidelines related to learnerships, as well as the monitoring of basic management functions of the learnership system for the Energy and Water sectors, (including administration of contracts), registration of learnerships and disciplinary issues relating to the learnerships system are the functions of the Committee.	Ensures development of policies, principles, criteria and guidelines 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 terms of the criteria established for this purpose; Recommends the issuing of certificates to competent learners by EWSETA. Cooperates in the moderation of assessment and of quality assurance across sectors.	Facilitates a baseline research relating to water and energy sectors; ensures preparation of the sector skills plan; recommending its adoption to the Executive Committee; and then monitors / evaluates implementation of the EWSETA Sector Skills Plan / Annual Training Report, NSDS III targets, and report to the Board

Composition of the Board

Member	Gender	Constituency	Organisation	Position and/or qualifications	Other leadership roles and/or Board Directorships
	M	Ministerial appointment	Independent Chairperson/ Director of Companies	BA: Social Science Development Studies (University of Johannesburg) Diploma in Political Science and Trade Unionism (Whitehall College, Ireland) BOD Certificate (IMD, Switzerland)	DBSA (Deputy Chairman), PetroSA (non-Executive Director), 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)
Frans Baleni					
	M	Ministerial appointment	Ministerial appointee	Higher Certificate in Public Management (Regenesys) (Current) Programme in Public Administration Management (UNISA) (Current) BSc Computer Science 2 nd year (University of the North) National Certificate Healthcare Benefit Administration (Discovery Institute)	NEDLAC (Member) Country Descent Work Programme (Member) SANAC Secretariat (Member)
Olebogeng Besnaar					
	M	Ministerial appointment	ANC Luthuli House	Senior Diploma in Political Economy and Philosophy (USSR Academy of Social Sciences, Moscow, Russia) Master's in Social Sciences: Environmental Economics (London School of Economics, United Kingdom)	National Cooperative Association of South Africa (General Secretary) South African Federation of Burial Societies (Chairperson)
Tebogo Phadu					

Member	Gender	Constituency	Organisation	Position and/or qualifications	Other leadership roles and/or Board Directorships
 Tshimande Montoedi	M	Organised labour	National Union of Mineworkers	Programme in Business Communication (UNISA) Certificate in Human Resources (UNISA) Applied Organisational Development Programme (UNISA) Degree in Organisational and Industrial Psychology (UNISA)	Mineworkers Development Agency (Chief Executive Officer) State Diamond Trader (Board Member) Minerals and Mining Development (Board Member) Unity Incorporation MIC (Board Member)
 Mercy Sekano	M	Organised labour	Elijah Barayi Memorial Training Centre	University Diploma in Education Secondary (Thabane College of Education) Programme and Project Management Diploma (University of Witwatersrand) Adult Education Diploma (University of Cape Town)	JB Marks Education Trust (Trustee)
 Justice Sera	M	Organised labour	Rand Water	LLB (UNISA) (Current) National Diploma: 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)	South African Municipal Workers' Union (Provincial Deputy Chairman) South African Municipal Workers' Union Provincial Disciplinary Committee (Chairman)
 Keith Swanepoel	M	Organised labour	Independent Municipal and Allied Trade Union (IMATU)	Business Management Diploma (Damelin) Labour Relations Diploma (Institute of People Management) Public Private Partnerships (Wits Graduate School of Public and Development)	IMATU (Deputy President) Edenvale High School Governing Body (Chairperson)

Member	Gender	Constituency	Organisation	Position and/or qualifications	Other leadership roles and/or Board Directorships
	M	Organised labour	Solidarity Trade Union	Diploma Advanced Labour Law	Deputy General Secretary (Energy, Defence and Aviation)
Deon Reyneke					
	M	Organised labour	National Union of Metalworkers of SA	BA (Rhodes University) Advanced Labour Law (UNISA)	Electricity Sector Coordinator for NUMSA
Vuyo Bikitsha					
	M	Organised employer	Eskom	German Master, Electrical (Nuremberg, Germany) Master of Science (University of Warwick, UK)	Senior Manager, Eskom Academy of Learning (35+ years' experience and expertise in energy sector nationally and internationally)
Ravi Moodley					
	M	Organised employer	Nuclear Industry Association of South Africa (NIASA)	MA Engineering (Cambridge University) Master of Science, Electric Power Engineering (Ransselaer Polytechnic, New York) MBA (Wits Business School)	NIASA (Managing Director) Power Institute of East and Southern Africa (Executive Director)
Knox Msebenzi					





Member	Gender	Constituency	Organisation	Position and/or qualifications	Other leadership roles and/or Board Directorships
	F	Organised employer	Department of Water and Sanitation	BA Psychology (University of Venda) University Education Diploma (University of Venda). MBA (MANCOSA) (Current)	Department of Water and Sanitation: Operational Support, Coordination and Consolidation (Chief Director)
Petunia Ramunenyiwa					
	F	Organised employer	Department of Public Enterprise	BA Economics and Geography (University of the Western Cape) BCom Honours Economics (University of Cape Town) Project Management (Damelin) Financial Management (UNISA)	DPE Alternate Member of the Advisory Board for the Special Economic Zones Chair and member of various inter-governmental forums
Nontsikelelo Mbono					
	M	Organised employer	Department of Energy	BSc (Mathematics and Chemistry) HDE (Maths and Physical Science) BSc (Hons) (Energy Studies)	Previous Roles: Member of the India-Brazil-South Africa Tripartite Forum (South African Representative for Biofuels); Member of the Southern African Development Community Biofuels Task Force; South African Alternate Member for the International Energy Agency Task 39 Current Role: Department of Energy Project Manager for Renewable Energy Initiatives
Khanyiso Zihlangu					
	M	Organised employer	South African Local Government Authority	ND (Electrical Engineering) (Mangosuthu University of Technology) BTech (Electrical Engineering) (Durban University of Technology) Management Development Programme (UNISA) Masters in Business Leadership (UNISA)	Specialist Electricity and Energy
Nhlanhleni Ngidi					

Table 33: Board and Committee members meeting attendance for the 2017/18 financial year

Number of meetings	EWSETA Board	EXCO	ARC	FINCOM	GOVCOM ²	HRRC	LPC	QACC	SPC	Fees paid	Travel costs reimbursed
Scheduled	4	4	5	4	0	4	3	3	4		
Special	2		1	1		1	2		1		
Strategic planning session	2										
AGM	1										
Board members										R	R
Frans Baleni	9 (C)	4 (C)								115 720	1 867
Olebogeng Besnaar	7					5 (C)	5			143 220	2 485
Tebogo Phadu ⁹	7								1/2	36 828	309
Ravi Moodley	9	4				5		4 (C)			
Knox Msebenzi ¹⁰	8			4	0 (C)			2/2	5		
Petunia Ramunenyiwa	7	1/2	3		0						
Tshimane Montoedi	8				0		1/2			81 840	618
Mercy Sekano	9	4		4			5 (C)	4		196 416	2 941
Justice Sera	7	4				4			5 (C)	151 404	2 457
Keith Swanepoel	8		4							102 300	2 737
Vuyo Bikitsha ³	6/8								1/2	32 736	-
Deon Reyneke	5/8					1/3				16 368	398
Nontsikelelo Mbono ⁴	5/8	1/2								-	-
Nhlanhleni Ngidi ⁵	6/8									-	-
Khanyiso Zihlangu ⁶	7/8					2/3		2/2		-	-
Independent members of the ARC										R	R
Jeff Rapoo ¹	9		6 (C)							130 944	3 731
Mariana Strydom			6							69 524	3 072
Shelley Thomas			6							69 524	1 037
Executive Management											
Errol Gradwell	9	4	3							-	-
Ineeleng Molete ⁷	7	4	5	4			5	4	4/4	-	-
Mpho Mookapele	9	4	6	5						-	-
Candice Moodley		4	5		0	5				-	-
Tsholofelo Mokotedi ⁸		2	5						2/2	-	-

1. Independent Chairperson of the ARC with standing invitation to all Board meetings.

2. GOVCOM: Governance and Strategy Committee roles and function reinstated back to the EXCO wef 27 July 2017.

3. Appointed to Board on 30 May 2017 and to SPC on 27 July 2017.

4. Appointed to Board on 30 May 2017 and to HRRC on 27 July 2017.

5. Appointed to Board on 30 May 2017 and to EXCO & ARC on 27 July 2017.

6. Appointed to Board on 30 May 2017 and to HRRC & QACC on 27 July 2017.

7. Handed over the SPC following the restructuring.

8. Took over SPC following restructuring.

9. Appointed to SPC on 27 July 2017.

10. Appointed to QACC on 27 July 2017.

Report of the Audit and Risk Committee

for the year ended 31 March 2018

The Audit and Risk Committee has an independent role with accountability to the Board. We are pleased to present our report for the financial year ended 31 March 2018.

Membership

The committee members and attendance are reflected on page 66 in the summary Governance report.

In compliance with the PFMA and Treasury Regulations 271.3 and 271.4, the committee is a subcommittee of the Board, consisting of at least three independent members, including its Chairperson. All the independent members have the requisite business, financial and leadership skills for their role as members of the committee. In line with the standard SETA Constitution, two other members who are non-executive Board members representing organised labour and employers, are also members of the Audit and Risk Committee.

Key Functions and Responsibilities of the Audit and Risk Committee

The committee fulfils its responsibilities as prescribed in the PFMA, 1 of 1999 as amended and Treasury Regulations 271.8 and 271.10(b) and (c).

The Audit and Risk Committee has also adopted appropriate formal terms of reference as its Charter. This has been approved by the Board and is reviewed annually in line with the King IV principles. The committee has regulated its affairs in compliance with this Charter and discharged its related responsibilities.

Risk Strategy

The Board considers risk management as a key business discipline designed to balance risk and reward and therefore through the Risk and Audit Committee,

Shelley Thomas



oversees the approved risk management strategy. The committee delegated the responsibility to management to design, implement and monitor the risk management plan. To this end, the following internal arrangements exist that monitor and report on various components of risk to the Audit and Risk Committee:

- A dedicated risk management function that assists management to identify, assess and manage risks facing the entity proactively
- An approved risk management strategy and the fraud prevention plan
- A risk register, submitted to Internal Audit annually, as basis to develop the annual and three-year rolling Internal Audit coverage plan
- An accessible risk management strategy that is communicated to all employees through training and awareness programmes
- Internal assurance from the Risk Management function through quarterly risk management reports and a dashboard prepared in accordance with the risk management framework
- Independent internal audit function with a risk-based audit approach based on the EWSETA risk register provides assurance on the appropriateness and effectiveness of the control systems in operation.

Effectiveness of Internal Audit

Internal Audit is a key internal assurance provider and provides the Audit and Risk Committee with a report of its activities which, along with other assurance provider sources, is used by the committee in reporting on and assessing the system of internal control and risk management. In accordance with the Treasury Regulations 272.7, the internal audit function prepared a three-year strategic internal audit plan based on the risks facing the public entity.

Furthermore, the information systems environment; the reliability and integrity of financial and operational information; the effectiveness of operations; safeguarding of assets; and compliance with laws, regulations and controls were evaluated by the internal audit in line with the Treasury Regulation 277.10.

The Audit and Risk Committee is of the view that the internal controls within the financial systems and non-financial operational systems are generally adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives met. Where inadequate or ineffective controls have been identified, management is in the process of implementing adequate and effective controls.

Assurance by the Independent External Auditor

During the year, the Audit and Risk Committee reviewed and approved the external audit plan, including the proposed scope and audit fee. The external audit reports pertaining to the Annual Financial Statements for the year ended 31 March 2018 were received and reviewed.

IT Governance

The Audit and Risk Committee provides oversight over the IT systems and automated controls and mechanisms within EWSETA's operating environment. To this end, strengthening ICT governance was a primary objective of the IT and Facilities department with the ICT Governance Framework, Cyber Security Policy and ICT Usage Policy being approved during the financial year. An ICT Steering Committee is in place to consider significant IT investment and expenditure, technology performance and compliance with service level agreements with business.

The CFO and Finance Functions

The committee is satisfied with the expertise, resources and experience of the CFO and finance department.

The Quality of Management and Quarterly Reports submitted in terms of the PFMA

The Audit and Risk Committee is satisfied with the content and quality of the quarterly reports prepared by the Board and management of the EWSETA during the year under review.

Evaluation of the Annual Performance Report, Annual Financial Statements and Annual Report

The Audit and Risk Committee has reviewed and discussed the audited Annual Performance Report and Annual Financial Statements with the independent external auditor and the Board. Significant adjustments resulting from the audit have been reviewed.

The Annual Report, Annual Performance Report and Annual Financial Statements for the year ended 31 March 2018 have been evaluated and the Audit and Risk Committee considers that these comply, in all material respects, with legislative requirements and that the adoption of the going concern basis in preparing the Annual Financial Statements is appropriate.

The Audit and Risk Committee is of the opinion that the audited Annual Financial Statements should be accepted and read together with the report of the Auditor-General.



Ms Shelley Thomas

Chairperson: Audit and Risk Committee
31 July 2018



Effective risk management is fundamental to our operating activities. Responsibility and accountability for risk management resides at all levels within the EWSETA, from the Board to all employees throughout the organisation.

Statement of Responsibility

The Board is responsible for:

- the preparation of the public entity's annual financial statements and the judgements made in this information and
- establishing and implementing a system of internal controls to provide reasonable assurance about the integrity and reliability of the annual financial statements.

In our opinion, the financial statements fairly reflect EWSETA operations for the financial year ended March 2018.

The external auditors listed in this report were 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 March 2018 and submitted their report as reflected on page 73 of this document.

The annual financial statements of the EWSETA have been approved.



Mr Errol Gradwell

Chief Executive Officer

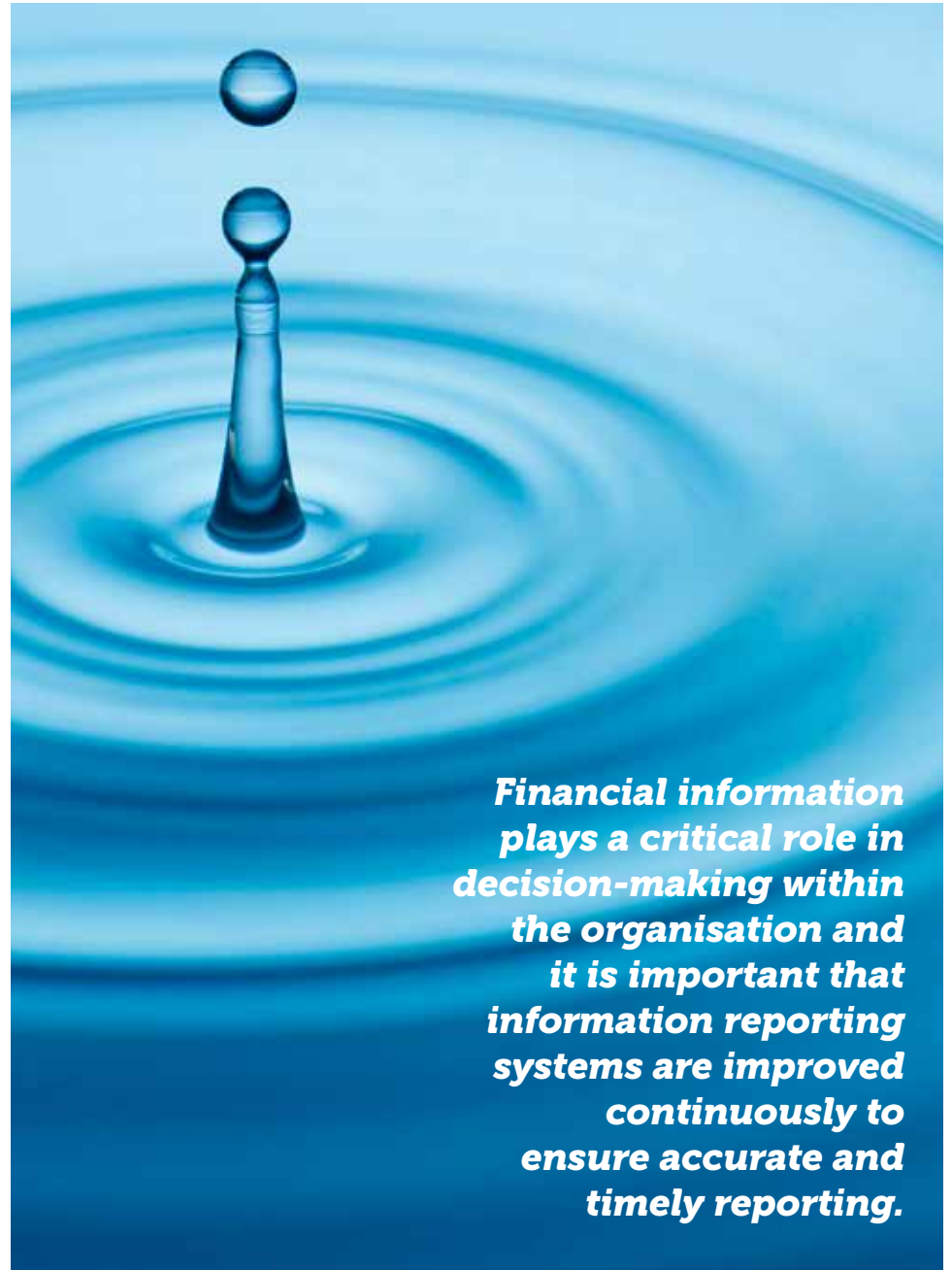
31 July 2018



Mr Frans Baleni

Chairperson

31 July 2018



Report of the Chief Financial Officer

"An effective and efficient operating system and internal controls are at the core of a functional organisation that delivers its mandate."

Mpho Mookapele



Financial analysis

EWSETA reported a significant decrease in total revenue (78%) and total grant and project expenditure (80%) compared to the previous financial year. The decrease is attributable mainly to slow progress in the War on Leaks Programme, one of our major special projects. The project is externally funded and revenue, therefore, is dependent on the funders.

There was a slight increase in levy income compared to the previous year. The increase is attributable mainly to salary increases in the energy and water sectors.

The disbursement of mandatory grants improved significantly compared to the previous year as major employers qualified for mandatory grants. The disbursement of mandatory grants to employers ensures that industry is funded to develop skills through the implementation of their workplace skills plans to achieve the NSDS III goals.

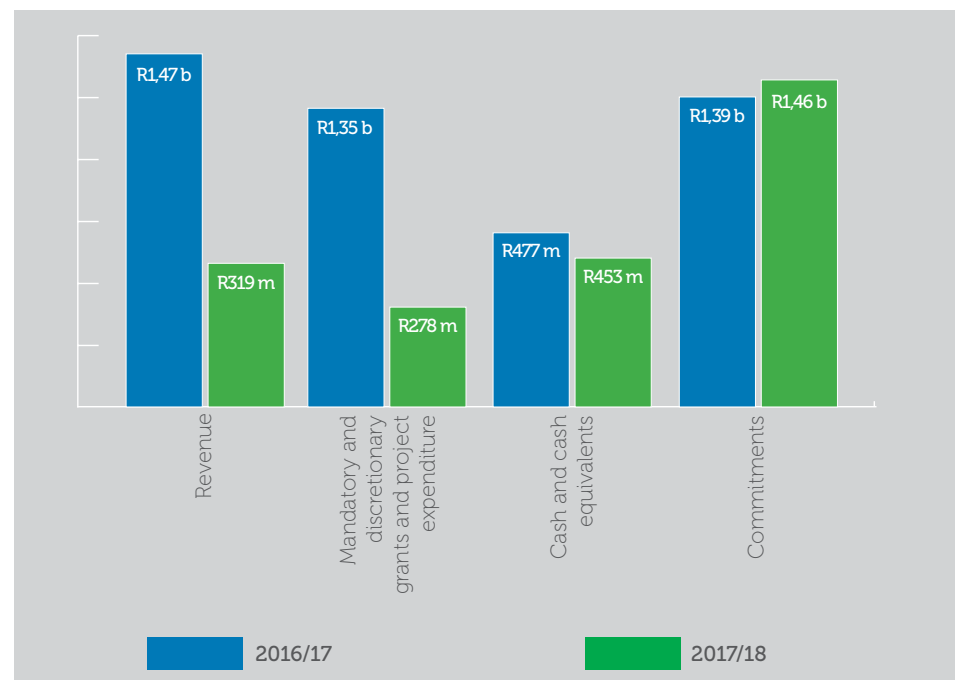


Figure 13: Comparison between income and expenditure for the 2016/17 and 2017/18 financial years.

EWSETA reported R1.46 billion in total financial commitments for the 2017/18 financial year. The commitments related to interventions aligned with one of the key responsibilities as outlined in the Skills Development Act. Some of the key responsibilities included implementing the sector skills plan by establishing and promoting learning programmes that included identifying workplaces for practical work experience. This was achieved through the funding of learnerships, bursaries, internships, skills programmes and apprenticeship programmes.

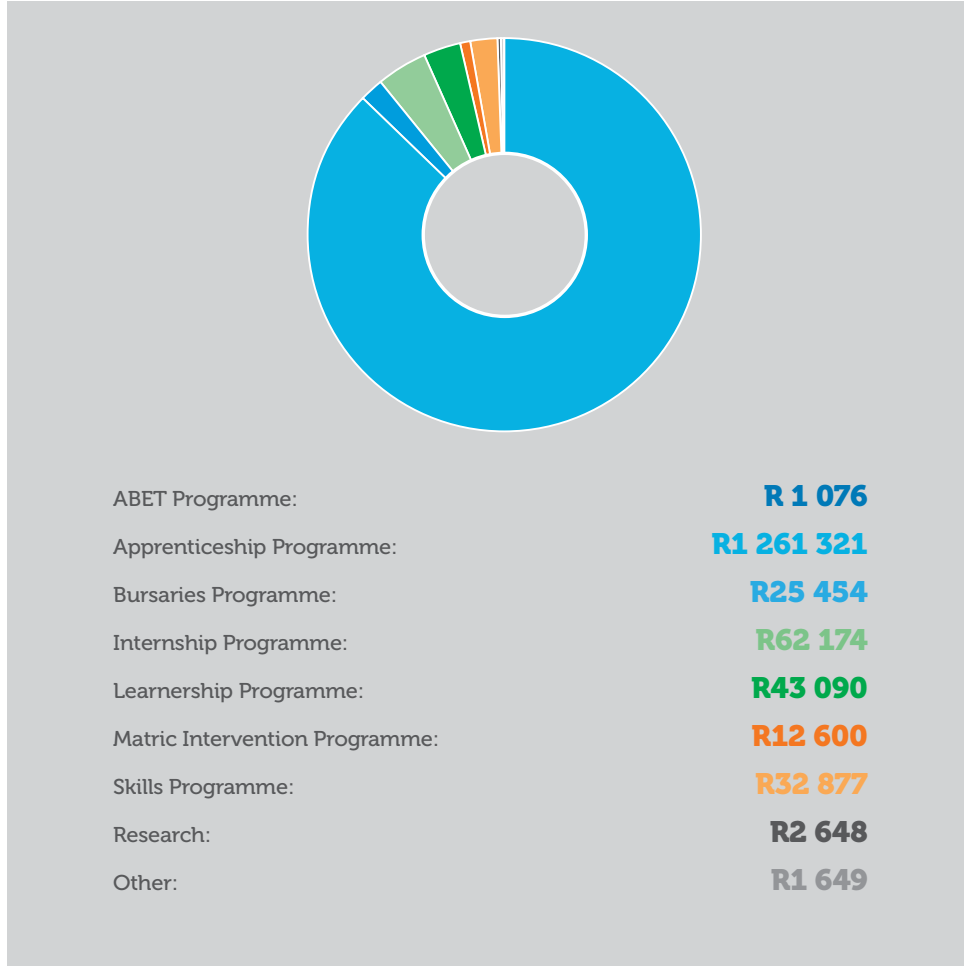


Figure 14: Financial commitment per interventions for the reporting period.

Financial skills and capacity

Effective and efficient internal control and operating systems are at the core of a functional organisation that delivers its mandate in line with the prescripts of the PFMA. Financial information plays a critical role in decision-making within the organisation and it is important, therefore, that information reporting systems are improved continuously to ensure accurate and timely reporting. During the reporting period, the entity focused on improving these processes and system. We have strengthened the finance competence of the organisation through focused training and capacitating the branch with a qualified individual to improve our financial skills and capacity.

Risk management

Effective risk management is fundamental to EWSETA's operating activities. Responsibility and accountability for risk management resides at all levels in the organisation, from the Board to all employees throughout the organisation. The EWSETA conducts annual risk assessment reviews integral to an entity-wide risk management process that is used to identify key risks that could affect the achievement of the strategic objectives of the SETA. The identified risks and implementation of mitigation plans are reported quarterly to the Audit and Risk Committee.

Appreciation

I thank EWSETA branch employees and executives for their cooperation with this office and support for our activities to achieve the overall goals and objectives of the SETA. My appreciation also goes to the Board for its guidance and wise counsel during the reporting period.

Mpho Mookapele
Chief Financial Officer
31 July 2018

Report of the Auditor-General to Parliament on Energy and Water Sector Education and Training Authority (EWSETA)

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Energy and Water Sector Education and Training Authority set out on pages 78 to 115, which comprise statement of financial position as at 31 March 2018, the statement of financial performance and other comprehensive income, statement of changes in equity, cash flow statement and the statement of comparison of budget and actual amounts 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 Energy and Water Sector Education and Training Authority as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA) and the Skills Development Act, 1998 (Act No. 97 of 1998) (SDA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the financial statements section of this auditor's report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 29 to the financial statements, the corresponding Figures for 31 March 2017 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2018.

Responsibilities of accounting authority for the financial statements

8. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the PFMA and SDA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing 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 going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2018:

Programmes	Pages in the annual performance report
Programme 2 – Skills Planning	17
Programme 3 – Learning Programmes and Projects	18
Programme 4 – Quality Assurance	20

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 raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Programme 2 – Skills Planning
 - Programme 3 – Learning programmes and projects
 - Programme 4 – Quality assurance.

Other matters

17. I draw attention to the matters below:

Achievement of planned targets

18. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year and explanations provided for the under/over achievement of a significant number of targets.

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 and Programme 3: Learning Programmes and Projects. 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 the 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 public 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 on compliance with specific matters in key legislations are as follows:

Annual financial statements and performance report

22. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, in all instances, as required by section 55(1) (b) of the PFMA.
23. Material misstatements of commitments disclosure note identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

24. Management did not ensure full compliance section 51(1)(b)(ii) of the Public Financial Management Act resulting in non-compliance. Effective steps were not taken to prevent irregular expenditure amounting to R4,317,000.00 for the current year, as disclosed in note 28 to the annual financial statements, as required by section 51(1) (b)(ii) of the PFMA.

Other information

25. The EWSETA's accounting authority is responsible for the other information. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
26. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
27. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

28. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

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

Leadership

30. The accounting authority of the entity did not exercise adequate oversight over compliance with laws and regulations governing supply chain management. In particular, the entity did not have sufficient monitoring controls to ensure contracts are not varied by more than fifteen percent of the original contract as required by treasury regulations. This resulted in irregular expenditure not being prevented.

Financial and performance management

31. Management did not ensure adequate review of the annual financial statements and annual performance report before submission for audit. This resulted in material misstatements, which were subsequently corrected, being identified through the audit process.

Other reports

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

Legal proceedings

33. There are legal proceedings relating to prolonged contractual delays on the refurbishment of the administrative building. At date of this report the legal proceedings were still ongoing.

Auditor-General.

Pretoria

31 July 2018



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure: Auditor-General's responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes 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's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the public entity to cease continuing as a going concern

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

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

Annual Financial Statements

for the year ended 31 March 2018

Accounting Authority's Responsibilities and Approval

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 78 to 115, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2018 and were signed on its behalf by:



Frans Baleni
Accounting Authority Chairperson

The members submit their report for the year ended 31 March 2018.

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 a subsequent event which has been disclosed in the Contingent Assets note to the annual financial statements.

Annual Financial Statements

for the year ended 31 March 2018

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 IV Report on Corporate Governance for South Africa, 2016. 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

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 04 November 2011. The Chief Financial Officer, the Chief Operating Officer, the Planning, Reporting and Monitoring Executive and Corporate Services Executive's remuneration are determined by the Accounting Authority.

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.

Members of the Accounting Authority	Designation	Appointment
Frans Baleni	Chairperson	Ministerial Appointee
Olebogeng Besnaar	Member	Ministerial Appointee
Tebogo Phadu	Member	Ministerial Appointee
Ravi Moodley	Member	Organised Business
Justice Sera	Member	Organised Labour
Mercy Sekano	Member	Organised Labour
Keith Swanepoel	Member	Organised Labour
Deon Reyneke	Member	Organised Labour
Vuyo Bikitsha	Member	Organised Labour
Ntsiki Mbono	Member	Organised Business
Knox Msebenzi	Member	Organised Business
Petunia Ramunenyiwa	Member	Organised Business
Nnhlanhla Ngidi	Member	Organised Business
Tshimane Montoedi	Member	Organised Labour
Khanyiso Zihlangu	Member	Organised Business

Audit and risk committee

For the current financial year the chairperson of the audit committee was Mr JR Rapoo (Independent member). The committee met 7 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.

Annual Financial Statements

for the year ended 31 March 2018

Statement of Financial Position as at 31 March 2018

		2018	2017
			Restated*
	Note(s)	R '000	R '000
Assets			
Current Assets			
Receivables from exchange transactions	3	39 481	42 803
Receivables from non-exchange transactions	4	314 284	667 293
Prepayments		18 636	21 887
Cash and cash equivalents	5	453 521	477 397
		825 922	1 209 380
Non-Current Assets			
Property, plant and equipment	6	42 882	42 688
Intangible assets	7	1 664	2 810
		44 546	45 498
Total Assets		870 468	1 254 878
Liabilities			
Current Liabilities			
Payables from exchange transactions	8	8 227	18 997
Payables from non-exchange transactions	9	135 871	77 822
Unspent conditional grants and receipts	10	12 727	66 176
Provisions	11	357 923	701 323
		514 748	864 318
Total Liabilities		514 748	864 318
Net Assets		355 720	390 560
Reserves			
Administration reserve		44 546	45 499
Mandatory grant reserve		90	90
Discretionary grant reserve		311 084	344 971
Total Net Assets		355 720	390 560

Annual Financial Statements

for the year ended 31 March 2018

Statement of Financial Performance for the year ended 31 March 2018

		2018	Restated 2017 Restated*
	Note(s)	R '000	R '000
Non-exchange revenue	12	292 796	1 453 236
Exchange revenue	13	71	37
Investment revenue	14	26 909	23 731
Total revenue		319 776	1 477 004
Employer grant and project expenses	15	(278 312)	(1 359 545)
Administration expenses	16	(35 977)	(30 886)
Employee related costs	17	(38 608)	(33 994)
Depreciation and amortisation	18	(1 695)	(1 461)
Loss on derecognition of assets		(24)	(37)
Surplus / (Deficit) for the period		(34 840)	51 081

Annual Financial Statements

for the year ended 31 March 2018

Statement of Changes in Net Assets for the year ended 31 March 2018

	Administration reserve	Mandatory grant reserve	Discretionary grant reserve	Accumulated surplus	Total net assets
	R '000	R '000	R '000	R '000	R '000
Balance at 01 April 2016	44 381	157	294 941	-	339 479
Changes in net assets					
Surplus for the period ended 31 March 2017	-	-	-	51 081	51 081
Allocation of unappropriated surplus	(27 719)	48 479	30 321	(51 081)	-
Excess funds transferred to/from discretionary reserve	28 837	(48 546)	19 709	-	-
Total changes	1 118	(67)	50 030	-	51 081
Opening balance as previously reported	45 499	90	346 920	-	392 509
Adjustments					
Prior year adjustments	-	-	(1 949)	-	(1 949)
Balance at 01 April 2017 restated	45 499	90	344 971	-	390 560
Changes in net assets					
Surplus/(deficit) for the year	-	-	-	(34 840)	(34 840)
Allocation of surplus to reserves	(37 792)	14 480	(11 528)	34 840	-
Excess funds transferred to/from discretionary reserve	36 839	(14 480)	(22 359)	-	-
Total changes	(953)	-	(33 887)	-	(34 840)
Balance at 31 March 2018	44 546	90	311 084	-	355 720

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.

Annual Financial Statements

for the year ended 31 March 2018

Cash Flow Statement for the year ended 31 March 2018

		2018	Restated 2017 Restated*
	Note(s)	R '000	R '000
Cash flows from operating activities			
Receipts			
Non-exchange revenue		645 576	843 953
Exchange revenue		1 531	37
Interest income		27 052	23 063
		<u>674 159</u>	<u>867 053</u>
Payments			
Employee related costs		(38 204)	(32 298)
Employer grant and project expenses		(626 253)	(672 302)
Administration expenses		(32 813)	(29 598)
		<u>(697 270)</u>	<u>(734 198)</u>
Net cash flows from operating activities	20	<u>(23 111)</u>	<u>132 855</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(765)	(2 291)
Purchase of intangible assets	7	-	(322)
Net cash flows utilised in investing activities		<u>(765)</u>	<u>(2 613)</u>
Net decrease in cash and cash equivalents		(23 876)	130 242
Cash and cash equivalents at the beginning of the year		477 397	347 155
Cash and cash equivalents at the end of the year	5	<u>453 521</u>	<u>477 397</u>

Annual Financial Statements

for the year ended 31 March 2018

Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2018

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	
Statement of Financial Performance Revenue						
Revenue from exchange transactions						
Other income	-	-	-	71	71	
Interest received - investment	19 539	-	19 539	26 909	7 370	a
Total revenue from exchange transactions	19 539	-	19 539	26 980	7 441	
Revenue from non-exchange transactions						
Transfer revenue						
Special project income	-	-	-	3 450	3 450	b
Skills development levy income	303 612	-	303 612	288 051	(15 561)	c
Interest and penalties income	-	-	-	1 295	1 295	d
Total revenue from non- exchange transactions	303 612	-	303 612	292 796	(10 816)	
Total revenue	323 151	-	323 151	319 776	(3 375)	
Expenditure						
Personnel	(46 247)	6 196	(40 051)	(38 608)	1 443	e
Depreciation and amortisation	-	-	-	(1 695)	(1 695)	f
Operating lease rentals: Equipment	(550)	-	(550)	(418)	132	
Repairs and maintenance	(500)	(150)	(650)	(248)	402	
Administration expenses	(41 577)	(1 021)	(42 598)	(35 310)	7 288	g
Mandatory grant expenses	(63 794)	-	(63 794)	(56 781)	7 013	i
Discretionary grant expenses	(165 283)	-	(165 283)	(221 532)	(56 249)	h
Total expenditure	(317 951)	5 025	(312 926)	(354 592)	(41 666)	
Operating deficit	5 200	5 025	10 225	(34 816)	(45 041)	
Loss on derecognition of assets	-	-	-	(24)	(24)	
Operating surplus	5 200	5 025	10 225	(34 840)	(45 065)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(5 200)	(5 025)	(10 225)	34 840	45 065	

The material differences between budget and actual amounts are explained in Note 31.

Annual Financial Statements

for the year ended 31 March 2018

Accounting Policies

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 and have been rounded to the closest R1,000, except where indicated otherwise. 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 if there is an indication that the useful lives or residual values may have changed. Refer to note 6 for the carrying values of property and equipment.

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.

Provision for performance bonus

The entity pays performance bonuses in accordance with the approved remuneration policy. The amount of performance bonuses payable are based on individual performance scores, overall entity performance and approval of the Accounting Authority. As at the time of reporting, final individual performance scores and entity performance metrics are not yet finalised. Final performance scores are estimated based on performance scores throughout the year. It is also not certain whether the Accounting Authority will approve the payout of performance bonuses.

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. 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.

Annual Financial Statements

for the year ended 31 March 2018

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 are 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:

Item	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 depreciable amount of an asset is allocated on a systematic basis over its useful life.

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 method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected

useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 6).

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 6).

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.

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 non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Annual Financial Statements

for the year ended 31 March 2018

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:

Item	Useful life
Computer software, other	3 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.

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.

Annual Financial Statements

for the year ended 31 March 2018

Discretionary grants and project costs are recognised as expenses in the period in which they are incurred.

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 are 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

The approved budget is prepared on a accrual basis and presented by economic classification. Non-cash items (depreciation and amortisation, and losses on derecognition of assets) are excluded from the entity budget.

The approved budget covers the fiscal period from 2017/04/01 to 2018/03/31 and the budget includes only EWSETA and no other entities.

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.

1.7 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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. The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

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.

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 non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Annual Financial Statements

for the year ended 31 March 2018

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 uncollectibility.

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;
- 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.

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 non-exchange transactions as financial assets at amortised cost and measures these using the effective interest method. These financial assets are not quoted in an active market and have fixed or determinable payments as defined in GRAP.

Impairment of financial assets

Financial assets are assessed for impairment at each year-end. 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

Annual Financial Statements

for the year ended 31 March 2018

investment has 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 transactions where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectable, 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

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.

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 measures 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:

- 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.

Annual Financial Statements

for the year ended 31 March 2018

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.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus (deficit). 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 23.

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 arises 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

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 non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

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, the amount of the reduction in the liability is recognised as revenue.

Annual Financial Statements

for the year ended 31 March 2018

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.

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 benefits 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 InterSETA 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

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.

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:

Annual Financial Statements

for the year ended 31 March 2018

- (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.

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred, unless it is impractical to determine, in which case reasons therefore are provided in the notes. Irregular expenditure receivables are measured at the amount that is expected to be recovered.

Irregular expenditure is removed from the balance of the irregular expenditure notes when it is either condoned by the relevant authority if no official was found to be liable in law, recovered from an official liable in law, written-off if it's irrecoverable from an official liable in law or written-off if it's not condoned and not recoverable.

1.20 Segment information

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 segments. 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 administration, mandatory and discretionary activities. Discretionary activities comprises those in the ordinary course of business and those relating to special projects.

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 108: Statutory Receivables	01 April 2019	Unlikely there will be a material impact
• GRAP 109: Accounting by Principles and Agents	01 April 2019	Unlikely there will be a material impact
• GRAP 108: Statutory Receivables	01 April 2019	Unlikely there will be a material impact
• GRAP 109: Accounting by Principals and Agents	01 April 2019	Unlikely there will be a material impact

Annual Financial Statements

for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
3. Receivables from exchange transactions		
Trade debtors	39 133	42 511
Deposits	230	235
Staff debtors	118	57
	<u>39 481</u>	<u>42 803</u>
4. Receivables from non-exchange transactions		
Employer grant receivables	6 600	7 120
Inter SETA debtors	375	229
Discretionary grant receivable	307 309	659 944
	<u>314 284</u>	<u>667 293</u>
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	4	1
Bank balances	367 709	391 846
Short-term investments/instruments	85 808	85 550
	<u>453 521</u>	<u>477 397</u>

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

Annual Financial Statements

for the year ended 31 March 2018

Notes to the Annual Financial Statements

6. Property, plant and equipment

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	39 971	-	39 971	39 827	-	39 827
Furniture and fixtures	1 778	(575)	1 203	1 753	(453)	1 300
Motor vehicles	283	(155)	128	283	(130)	153
Office equipment	186	(62)	124	161	(49)	112
Computer equipment	2 305	(864)	1 441	1 768	(549)	1 219
Leasehold improvements	638	(623)	15	638	(561)	77
Total	45 161	(2 279)	42 882	44 430	(1 742)	42 688

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	39 827	144	-	-	39 971
Furniture and fixtures	1 300	25	-	(122)	1 203
Motor vehicles	153	-	-	(25)	128
Office equipment	112	24	-	(12)	124
Computer equipment	1 219	572	(24)	(326)	1 441
Leasehold improvements	77	-	-	(62)	15
	42 688	765	(24)	(547)	42 882

Reconciliation of property, plant and equipment - 2017

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

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

Annual Financial Statements

for the year ended 31 March 2018

Notes to the Annual Financial Statements

EWSETA has purchased the Cape House on 15 McClaren Street, Marshalltown, 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 than expected due to contractual delays. A new service provider was appointed at the end of the period under review to complete renovation of the building, which is expected to be completed during the 2018/19 financial year. Thus, no impairment loss has been recognised.

An amount of R40,681 relates to the repairs and maintenance of property, plant and equipment. Included in the repairs and maintenance is R30,350 which relates to maintenance of leasehold improvements and R10,331 which relates to maintenance of office equipment.

7. Intangible assets

	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	5 037	(3 373)	1 664	5 037	(2 227)	2 810

Reconciliation of intangible assets - 2018

	Opening balance	Amortisation	Total
Computer software	2 810	(1 146)	1 664

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software	1 620	336	1 904	(1 050)	2 810

8. Payables from exchange transactions

	2018 R	2017 R
Trade payables	2 601	4 110
Accrued leave pay	3 549	3 315
Payroll accruals	498	1 686
Accrued expenses	1 579	9 886
	<u>8 227</u>	<u>18 997</u>

Annual Financial Statements

for the year ended 31 March 2018

Notes to the Annual Financial Statements

9. Payables from non-exchange transactions

Inter SETA payables	81	81
Skills development grants payable - mandatory	68 914	24 512
Skills development grants payable - discretionary	66 876	53 229
	<u>135 871</u>	<u>77 822</u>

10. Unspent conditional grants and receipts

Unspent conditional grants and receipts

Department of Water and Sanitation	<u>12 727</u>	<u>66 176</u>
------------------------------------	---------------	---------------

Movement during the year

Balance at the beginning of the year	66 176	19 038
Additions during the year	-	1 213 609
Income recognition during the year	(53 449)	(1 166 471)
	<u>12 727</u>	<u>66 176</u>

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.

11. Provisions

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Reconciliation of provisions - 2018					
Provision for employer refund	682	214	-	(83)	813
Provision for performance bonus	-	1 358	-	-	1 358
Provision for discretionary grant	700 641	8 543	(353 432)	-	355 752
	<u>701 323</u>	<u>10 115</u>	<u>(353 432)</u>	<u>(83)</u>	<u>357 923</u>
Reconciliation of provisions - 2017					
Provision for employer refund	777	160	-	(255)	682
Provision for discretionary grant	20 448	681 692	(1 499)	-	700 641
	<u>21 225</u>	<u>681 852</u>	<u>(1 499)</u>	<u>(255)</u>	<u>701 323</u>

The provision for employer refund relates to levies contributed by employers whose payroll is less than R500,000 (below threshold) per year. Provisions are raised for all below threshold employers, but are only paid out to employers who submit a request in the prescribed form within 5 years. The entity does not know which employers will approach it for a refund. As per National Treasury Circular no 9/2013, the SETA can transfer to Discretionary Reserves any amount that is due to the below threshold employers which is older than five years.

Annual Financial Statements

for the year ended 31 March 2018

Notes to the Annual Financial Statements

The provision for performance bonus relates to performance bonuses to be paid in accordance with the entity's remuneration policy. As at the reporting date, performance ratings have not yet been finalised and as such, an estimate was made of the performance bonus payable based on performance ratings achieved during the year.

The provision for discretionary grants relates to bursary programmes and long-outstanding discretionary grants invoices payable. The entity signs contracts to provide bursaries to learners studying at tertiary institutions, but at the reporting date the actual costs may not yet be certain for the full academic year. Provision is therefore made for the estimated bursary costs. Long-outstanding discretionary grants invoices relates to invoices that were paid in part, and the supplier has not yet submitted the relevant supporting documents for the remaining part. Since the submission has been outstanding for a long period of time, the entity is no longer certain that it will be received.

12. Non- exchange revenue

	2018 R'000	2017 R'000
Administration		
Levies received from SARS	37 376	36 872
Government levies received	1 066	896
Intersecta transfers Out	-	(3)
	<u>38 442</u>	<u>37 765</u>
Employer grants		
Levies received from SARS	71 261	70 910
Intersecta transfers In	-	1
	<u>71 261</u>	<u>70 911</u>
Discretionary Grants		
Levies received from SARS	176 217	173 687
Government levies received	2 131	1 793
Intersecta transfers In	-	2
Intersecta Transfers Out	-	(12)
	<u>178 348</u>	<u>175 470</u>
Total skills development income	<u>288 051</u>	<u>284 412</u>
Interest	413	1 221
Penalties	882	1 395
Special project income		
Government grants & subsidies	3 450	1 166 456
	<u>292 796</u>	<u>1 453 234</u>

Annual Financial Statements

for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018 R'000	2017 R'000
13. Exchange revenue		
Other income	71	37
Other income relates to verification income and expense recoveries.		
14. Investment revenue		
Interest revenue		
Bank	26 909	23 731
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.		
15. Employer grant and project expenses		
Mandatory grants		
Mandatory grant expenses	56 781	22 501
Discretionary grants		
Discretionary grant expenses	205 344	155 846
Project administration expenses	4 984	10 973
Qualification development	1 919	2 769
External moderation	894	920
Sector skills planning	549	-
Career guidance	510	-
Training SDF's	8	-
Support of Emerging Providers	2	63
	214 210	170 571
Special projects		
Special projects	7 322	1 166 472
Total employer grant and project expenses	278 313	1 359 544

Annual Financial Statements

for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018 R'000	2017 R'000
16. Administrative expenditure		
Accommodation	566	702
Bad debts expense	1 774	-
Advertising	541	682
Auditors remuneration	2 718	2 731
Bank charges	91	88
Computer expenses	4 292	2 898
Consulting and professional fees	1 541	3 860
Document storage	237	218
Donations	-	281
Entertainment	107	109
Fines and penalties	1	5
Interest paid	2	-
Governance committee fees	1 147	1 408
Insurance	218	159
Internal audit fees	979	286
Legal expenses	1 071	1 096
Licence fees	349	385
Marketing and communication	2 519	1 350
Operating lease rentals: Equipment	418	413
Operating lease rentals: Premises	3 640	3 642
Other rental expenses	388	361
Postage and courier	201	121
Printing and stationery	2 528	1 796
QCTO expenses	1 498	1 181
Rates	594	419
Repairs and maintenance	248	160
Security	713	-
Small assets	86	99
Staff recruitment costs	146	913

Annual Financial Statements

for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018 R'000	2017 R'000
16. Administrative expenditure (continued)		
Staff training and development	719	408
Staff welfare	319	399
Subscriptions and membership fees	70	47
Telephone and fax	1 690	1 305
Travel	2 324	1 219
Water and electricity	777	712
Workshop expenses	1 465	1 404
Other expenses	-	29
	<u>35 977</u>	<u>30 886</u>
17. Employee related costs		
Salary and wages	34 818	30 266
Medical aid - company contributions	285	192
Unemployment insurance fund	127	115
Skills development levy	346	306
Leave expense	452	677
Provident fund	2 013	1 754
Other insurances	567	684
	<u>38 608</u>	<u>33 994</u>
18. Depreciation and amortisation		
Property, plant and equipment	549	411
Intangible assets	1 146	1 050
	<u>1 695</u>	<u>1 461</u>

Annual Financial Statements

for the year ended 31 March 2018

Notes to the Annual Financial Statements

19. Accumulated surplus

Allocation of net surplus for the year to reserves 2018

	Administration Reserve	Mandatory Grant Reserve	Discretionary Grants Reserve			Total per Statement of Financial Performance
			Discretionary Grants	Special Projects	Total Discretionary	
Revenue						
Skills development levy: income	37 376	71 261	176 217	-	176 217	284 854
Government levies	1 066	-	2 131	-	2 131	3 197
Penalties and interest	-	-	1 295	-	1 295	1 295
Investment income	-	-	26 909	-	26 909	26 909
Special project income	-	-	-	3 450	3 450	3 450
Other income	71	-	-	-	-	71
Total revenue	38 513	71 261	206 552	3 450	210 002	319 776
Expenses						
Administration costs:						
- Administration expenses	(35 977)	-	-	-	-	(35 977)
- Employee costs	(38 608)	-	-	-	-	(38 608)
- Depreciation and amortisation	(1 695)	-	-	-	-	(1 695)
- Loss on disposal of asset	(24)	-	-	-	-	(24)
Employer grants and project expenses	-	(56 781)	(214 209)	(7 322)	(221 531)	(278 312)
Total expenses	(76 304)	(56 781)	(214 209)	(7 322)	(221 531)	(354 616)
	(37 791)	14 480	(7 657)	(3 872)	(11 529)	(34 840)

Annual Financial Statements

for the year ended 31 March 2018

Notes to the Annual Financial Statements

Allocation of net surplus for the year to reserves 2017

	Administration Reserve	Mandatory Grant Reserve	Discretionary Grants Reserve			Total per Statement of Financial Performance
			Discretionary Grants	Special Projects	Total Discretionary	
Revenue						
Skills development levy: income	36 871	70 911	173 678	-	173 678	281 460
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	37 804	70 911	201 818	1 166 471	1 368 289	1 477 004
Expenses						
Administration costs:						
- Administration expenses	(30 886)	-	-	-	-	(30 886)
- 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)
	(66 378)	(22 500)	(170 575)	(1 166 471)	(1 337 046)	(1 425 924)
	(28 574)	48 411	31 243	-	31 243	51 080

Annual Financial Statements

for the year ended 31 March 2018

Notes to the Annual Financial Statements

20. Cash (used in) generated from operations

	2018 R'000	2017 R'000
(Deficit) surplus	(34 840)	51 081
Adjustments for:		
Depreciation and amortisation	1 695	1 461
Loss on derecognition of assets and liabilities	24	37
Bad debts written off	1 774	-
Movements in operating lease assets and accruals	-	(87)
Movements in provisions	(343 400)	680 098
Changes in working capital:		
Receivables from exchange transactions	1 460	(38 998)
Receivables from non-exchange transactions	353 091	(655 018)
Prepayments	3 258	25 686
Payables from exchange transactions	(10 770)	2 924
Payables from non-exchange transactions	58 046	18 533
Unspent conditional grants and receipts	(53 449)	47 138
	<u>(23 111)</u>	<u>132 855</u>

Annual Financial Statements

for the year ended 31 March 2018

Notes to the Annual Financial Statements

21. Financial instruments disclosure

Categories of financial instruments

	At fair value	At amortised cost	Total
2018			
Financial assets :			
Receivables from exchange transactions	-	39 481	39 481
Receivables from non-exchange transactions	-	307 309	307 309
Cash and cash equivalents	453 521	-	453 521
	<u>453 521</u>	<u>346 790</u>	<u>800 311</u>
Financial liabilities			
Payables from exchange transactions		4 678	4 678
Payables from non-exchange transactions		66 876	66 876
		<u>71 554</u>	<u>71 554</u>
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
	<u>477 843</u>	<u>673 970</u>	<u>1 151 813</u>
Financial liabilities			
Payables from exchange transactions		15 684	15 684
Payables from non-exchange transactions		53 229	53 229
		<u>68 913</u>	<u>68 913</u>

Annual Financial Statements

for the year ended 31 March 2018

Notes to the Annual Financial Statements

22. Commitments

Authorised discretionary grants and operational expenditure

	Opening balance 2017/18	Adjustments 2017/18	Approved 2017/18	Utilised 2017/18	Closing balance 2017/18
ABET programmes	514	(250)	1 062	(250)	1 076
Apprenticeship programmes	1 231 875	(5 702)	61 500	(22 480)	1 265 193
Bursaries	25 582	2 010	1 260	(3 400)	25 452
Internship programmes	28 384	(6 000)	58 365	(18 575)	62 174
Learnership programmes	70 295	(10 080)	62 749	(79 874)	43 090
Matric intervention programmes	3 600	-	9 000	-	12 600
Skills programmes	26 469	(8 325)	64 513	(49 780)	32 877
Infrastructure	1 298	-	-	(1 298)	-
New ventures	2 814	(514)	-	(2 300)	-
Research	4 077	-	-	(1 429)	2 648
Curriculum development programme	-	667	-	(667)	-
Other	-	-	8 243	(6 594)	1 649
Total discretionary grant commitments	1 394 908	(28 194)	266 692	(186 647)	1 446 759
Building renovations	-	-	15 787	-	15 787
IT system support	-	-	7 757	(2 456)	5 301
	1 394 908	(28 194)	290 236	(189 103)	1 467 847

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

The above commitments relates to discretionary grants and administration, with an exception of an apprenticeship special project with a closing balance 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.

23. Contingencies

Legal matters

A discretionary grant project beneficiary instituted a claim in respect for work carried out Discretionary grant and an amount of R339,670 is being claimed by the service provider.

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 R89,650 (2016/2017: R87,855) will be payable to such employers. This amount is contingent upon the number of submissions received and approved.

Annual Financial Statements

for the year ended 31 March 2018

Notes to the Annual Financial Statements

Contingent assets

The Entity has issued summons against a service provider for building refurbishment and an amount of R15,955,415 is claimable. The Entity has also issued summons against the Department of Water and Sanitation for failure to pay R65 million in respect of administration expenses for Phase 2 of the War on leaks Project. This amount of R65 million was settled by the Department after the reporting date.

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.

24. 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 a representative serving on EWSETA's accounting authority	ESKOM (RMoodley); DWS (P Ramunenyiwa) ; DOE (K Zihlangu); DPE (N Mbono); NAISA (K Msebenzi); IMATU (K Swanepoel); NUM (M Sekano, T Mantoedi); NUMSA (V Bikitsha); SAMWU (J Sera); SALGA (N Ngidi); Solidarity (D Reyneke)
Members of the Accounting Authority	F Baleni (Chairperson); O Besnaar; T Phadu; R Moodley; P Ramunenyiwa; K Zihlangu; N Mbono; K Msebenzi; K Swanepoel; M Sekano; T Mantoedi; V Bikitsha; J Sera; N Ngidi; D Reyneke
Members of key management	E. Gradwell (CEO); I. Molete(COO); M. Mookapele (CFO); C. Moodley (CSE); T. Mokotedi (PRME)

Related party balances

Amounts included in Trade Receivables (Trade Payables) regarding related parties

	2018 R'000	2017 R'000
DHET	73	73
FOODBEVSETA	5	5
LG SETA	20	20
MERSETA	28	147
PSETA	55	55
MQA	(5)	(5)
SERVICES SETA	33	33
W&R SETA	(38)	(38)
MICT SETA	36	36
CETA	88	88

Annual Financial Statements

for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018 R'000	2017 R'000
Amounts included in Trade receivable (Trade Payable) regarding members of the accounting authority		
D. Reyneke	(8)	-
F. Baleni	(42)	-
O. Besnaar	(41)	-
J. Sera	(28)	-
T. Phadu	(16)	-
M. Sekano	(90)	-
K. Swanepoel	(33)	-
T. Montoedi	(33)	-
V. Bikitsha	(16)	-
R. Moodley	23	-
Mandatory grants, discretionary grants and projects - Entities with a representative serving on EWSETA's Accounting Authority		
DWS	306 322	590 146
ESKOM	(44 139)	-
DOE	(375)	-
IMATU	(201)	-
NUM	(1 093)	-

EWSETA has, in the normal course of operations, entered 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 or less favourable than those available in similar arm's length dealings. The transactions disclosed exclude the transactions that relate to 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 current or prior year for bad or doubtful debts in respect of the amounts owed by related parties.

Related party transactions

Employers transferred to/(from) SETAs

CETA	-	269
MERSETA	119	(15)
W&R SETA	-	(176)

Annual Financial Statements

for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018 R'000	2017 R'000
Fees and reimbursements - Members of the Accounting Authority		
F. Baleni (Chairperson)	(118)	(176)
O. Besnaar	(146)	(259)
M. Sekano	(199)	(265)
J. Sera	(154)	(197)
K. Swanepoel	(105)	(105)
T. Montoedi	(82)	(64)
S. Nhlapo - deceased	-	(14)
T. Phadu	(37)	(27)
V. Bikitsha	(33)	-
D. Reyneke	(17)	-
Projects transactions - entities with representative serving on EWSETA's Accounting Authority		
NUMSA	(2 716)	(1 584)
DOE	(1 091)	(917)
DWS	-	557 288
ESKOM	176 556	-
IMATU	(201)	-
NUM	(2 716)	-
SAMWU	(643)	-

Annual Financial Statements

for the year ended 31 March 2018

Notes to the Annual Financial Statements

25. Key management information

Executive

2018

	Salary	Other benefits	Acting Allowances	Total
Chief Executive Officer	1 770 925	-	-	1 770 925
Chief Financial Officer	1 300 361	18 000	-	1 318 361
Chief Operating Officer	1 162 463	198 000	-	1 360 463
Corporate Services Executive	1 110 417	198 000	-	1 308 417
Acting Planning, Monitoring and Reporting Executive	-	-	241 337	241 337
	5 344 166	414 000	241 337	5 999 503

2017

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 Financial Officer	-	-	111 901	111 901
Acting Chief Operating Officer	-	-	100 557	100 557
Acting Planning, Monitoring and Reporting Executive	-	-	241 337	241 337
	3 908 832	303 000	453 795	4 665 627

Non-Executive

2018

	Meeting fee	Travel Costs	Total
Accounting Authority			
Board chairperson	115 720	1 867	117 587
Members	761 112	11 944	773 056
	876 832	13 811	890 643
Accounting Authority sub- committees			
Audit and risk committee	130 944	3 731	134 675
Members	139 048	4 109	143 157
	269 992	7 840	277 832

Annual Financial Statements

for the year ended 31 March 2018

Notes to the Annual Financial Statements

26. Risk management

Financial risk management

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

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.

	Carrying amount	6 months or less	6-12 months	1-2 years
2018				
Payables from exchange transactions	(4 678)	(4 678)	-	-
2017				
Payables from exchange transactions	(19 012)	(19 012)	-	-

Credit risk

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

	Gross	Impairment	Total
2018			
Receivables from exchange transactions	40 862	(1 381)	39 481
Cash and cash equivalents	453 521	-	453 521
2017			
Receivables from exchange transactions	6 411	-	6 411
Cash and cash equivalents	477 397	-	477 397

Annual Financial Statements

for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018 R'000	2017 R'000
27. Fruitless and wasteful expenditure		
Opening balance	325	292
Add: fruitless and wasteful Expenditure - current year	2	33
	<u>327</u>	<u>325</u>

Some of the fruitless and wasteful expenditure is still under investigation. A warning was issued in the instance of interest incurred on the late payment.

Details of incidents

Fee to change incorrectly booked flight	1	21
Interest on late payment	1	12
	<u>2</u>	<u>33</u>

28. Irregular expenditure

Opening balance	75 907	113 646
Add: Irregular Expenditure - current year	4 317	2 041
Less: Amounts condoned	-	(39 780)
	<u>80 224</u>	<u>75 907</u>

Details of irregular expenditure – current year

Requisition approved after transaction date	11	-
VAT paid on invalid tax invoices	59	-
Exceeding quotation threshold	3	291
Contract extensions in excess of allowed threshold	4 244	1 750
	<u>4 317</u>	<u>2 041</u>

Irregular expenditure identified in the current year relating contract extension affect prior year amounts. The prior year figures have been restated.

Annual Financial Statements

for the year ended 31 March 2018

Notes to the Annual Financial Statements

29. Prior period errors

During the year under review it was discovered that certain administration expenses were not provided for in the 2016/2017 financial year, and that a duplicate entry was processed in respect of inter-SETA transfers. Furthermore, receivables from non-exchange transactions were incorrectly accounted for.

	Originally reported R'000	Prior period correction R'000	Restated balance R'000
Statement of financial position			
Receivables from non-exchange transactions	667 559	(266)	667 293
Payables from exchange transactions	(18 179)	(818)	(18 997)
Discretionary grant reserve	(346 921)	1 949	(344 972)
	302 459	865	303 324
Statement of Financial Performance			
Administration expenses	30 063	823	30 886
Non-exchange revenue	(1 453 499)	263	(1 453 236)
Surplus for the period	(52 166)	1 085	(51 081)
	(1 475 602)	2 171	(1 473 431)

30. 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.

The total commitments as at the end of the financial year are R1,467,847,000. An amount of R1,183,822,600 of the total commitments relates to the War on Leaks projects which is fully funded by DWS.

31. Budget differences

Material differences between budget and actual amounts

- The actual interest income received was higher than budget as bank balances were higher than anticipated.
- Special project income relates to the income recognised as the War on Leaks project is implemented. This income is not included in the budget as the project is fully funded by DWS.
- Personnel expenditure is lower than budget due to the delay of some appointments to certain posts during the year.
- Interest and penalties were not included in the budget as it is anticipated that all employers would pay levies on time.
- Levy income is lower than expected as fewer employees moved to the SETA compared to what was anticipated.
- Depreciation and amortisation are non-cash items not included in the entity budget.
- Administration expenses are lower than budget due to cost containment measures put into place during the year.
- Discretionary grant expenses are higher than budget as costs are driven by the progress on projects. Projects progressed faster than expected as the time of budgeting.
- Mandatory grant expenditure is lower than expected as a number of employers did not qualify for the financial year.

Annual Financial Statements

for the year ended 31 March 2018

Notes to the Annual Financial Statements

32. Segment information

Segment surplus or deficit, assets and liabilities

2018	Administration	Mandatory Grants	Discretionary Grants	Special Projects	General	Total
Revenue						
Skills development Levy Income	37 376	71 261	176 217	-	-	284 854
Government Levy	1 066	-	2 131	-	-	3 197
Penalties and Interest	-	-	1 295	-	-	1 295
Investment Income	-	-	26 909	-	-	26 909
Special Project Income	-	-	-	3 450	-	3 450
Other Income	71	-	-	-	-	71
Total segment revenue	38 513	71 261	206 552	3 450	-	319 776
Entity's revenue						319 776
Expenditure						
- Administration Expense	35 976	-	-	-	-	35 976
- Employee Costs	38 608	-	-	-	-	38 608
- Depreciation and Amortisation	1 695	-	-	-	-	1 695
Loss on derecognised assets	24	-	-	-	-	24
Employer Grant and Project expense	-	56 781	214 210	7 322	-	278 313
Total segment expenditure	76 303	56 781	214 210	7 322	-	354 616
Total segmental surplus/(deficit)						(34 840)
Assets						
Receivable from exchange transactions	39 481	-	-	-	-	39 481
Receivables from non-exchange transactions	987	6 975	-	306 322	-	314 284
Prepayments	12 359	-	6 270	-	-	18 629
Cash and Cash Equivalent	-	-	-	-	453 521	453 521
Property, plant and equipment and Intangible assets	44 546	-	-	-	-	44 546
Total segment assets	97 373	6 975	6 270	306 322	453 521	870 461
Total assets as per Statement of financial Position						870 461
Liabilities						
Payable from exchange transactions	8 227	-	-	-	-	8 227
Payables from non-exchange transactions	-	68 995	66 876	-	-	135 871
Provisions	1 358	-	50 243	306 322	-	357 923
Unspent conditional grants	-	-	-	12 727	-	12 727
Total segment liabilities	9 585	68 995	117 119	319 049	-	514 748
Total liabilities as per Statement of financial Position						514 748

Annual Financial Statements

for the year ended 31 March 2018

Notes to the Annual Financial Statements

2018	Administration	Mandatory Grants	Discretionary Grants	Special Projects	General	Total
Revenue						
Skills development levy income	36 871	70 911	173 678	-	-	281 460
Government levies	896	-	1 793	-	-	2 689
Penalties and interests	-	-	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	37 804	70 911	201 818	1 166 471	-	1 477 004
Entity's revenue						1 477 004
Expenditure						
Administration expenses	30 887	-	-	-	-	30 887
Employee related costs	33 994	-	-	-	-	33 994
Depreciation and amortisation	1 461	-	-	-	-	1 461
Loss on derecognised assets	37	-	-	-	-	37
Employer grants and project expenses	-	22 500	170 572	1 166 472	-	1 359 544
Total segment expenditure	66 379	22 500	170 572	1 166 472	-	1 425 923
Total segmental surplus/(deficit)						51 081
Assets						
Receivables from exchange transactions	5 549	-	-	-	-	5 549
Receivables from non-exchange transactions	-	6 853	660 439	-	-	667 292
Cash and cash equivalents	-	-	-	-	477 843	477 843
Prepayments	37 864	-	11 108	9 724	-	58 696
Property, plant and equipment and Intangible assets	45 498	-	-	-	-	45 498
Total segment assets	88 911	6 853	671 547	9 724	477 843	1 254 878
Liabilities						
Payables from exchange transactions	19 000	-	-	-	-	19 000
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	19 000	25 194	97 629	722 498	-	864 321
Total liabilities as per Statement of financial Position						864 321



EWSETA

CONTACT DETAILS

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

EWSETA HEAD OFFICE (GAUTENG)

32 PRINCESS OF WALES TERRACE,
SUNNYSIDE OFFICE PARK, 2nd FLOOR, BUILDING B
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

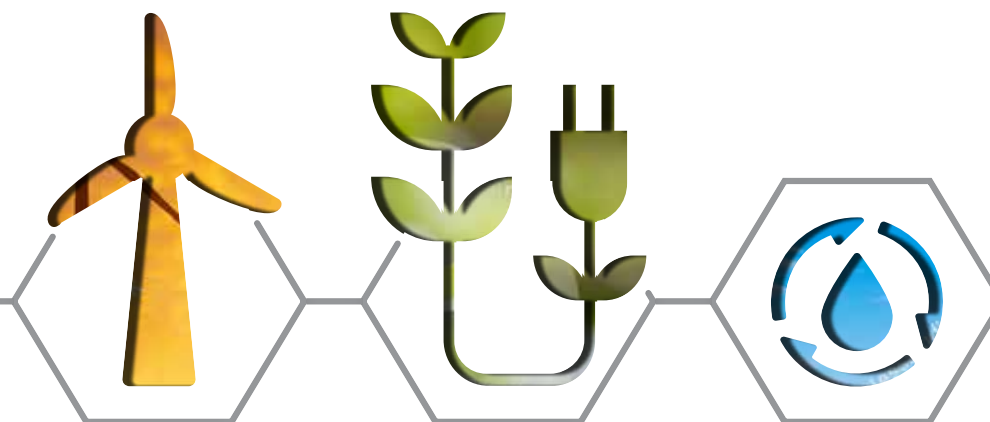
TALETSO TVET COLLEGE,
LEAH MANGOPE HIGH WAY
(BETWEEN LEHURUTSHE FIRE STATION AND HOSPITAL),
LERATO 2880

TEL: 018 363 4124





ENERGY AND WATER SECTOR EDUCATION AND TRAINING AUTHORITY



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA