



ANNUAL REPORT

2019/20

BLUEPRINT FOR
SKILLS
DEVELOPMENT

PRESENTATION OF THE **EWSETA ANNUAL REPORT 2019/20**

On behalf of the Accounting Authority and in terms of Section 65 of the Public Finance Management Act, 1 of 1999, I take great pleasure in presenting the Energy and Water Sector Education and Training Authority (EWSETA) Annual Report for the 2019/20 financial period to the Minister of Higher Education, Science and Innovation, Dr Blade Nzimande.

The report reflects the overall performance of the EWSETA in pursuit of its mandate as well as its contributions, with partners and stakeholders, to skills development and training in South Africa's critically important energy and water sectors.

The Auditor-General of South Africa audited the performance information and annual financial statements and the Accounting Authority endorsed the report based on the assurance of accuracy by the EWSETA management and internal audit function.

The EWSETA remains fully committed, in collaboration with the Department of Higher Education and Training, to implementing a blueprint for greater impact in skills development in two sectors that are critical to South Africa's economic and societal well-being.

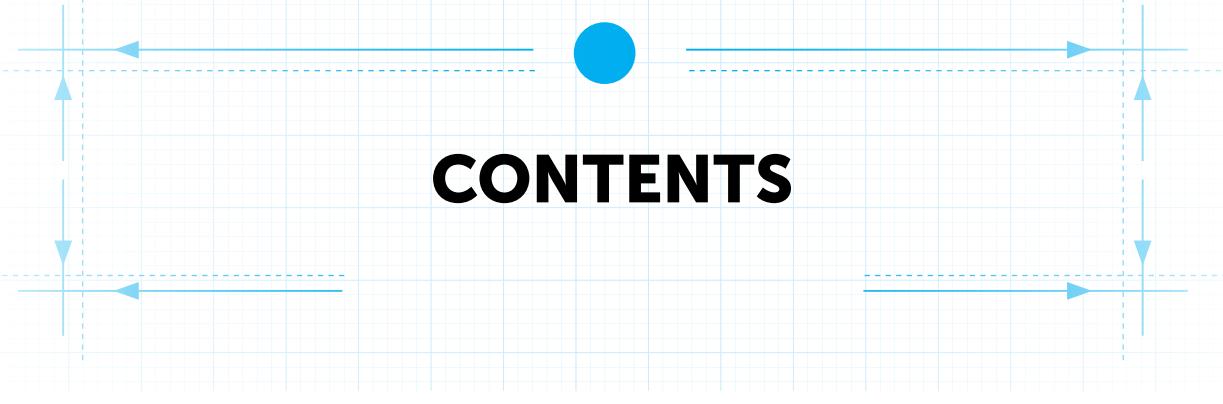
Frans Baleni

Board Chairperson (until 31 March 2020)
30 September 2020

The real value added by SETAs is their understanding of labour market issues in their respective industrial and economic sectors. SETAs must ensure that they are backed by employers and workers, acknowledged as credible and authoritative in skills development with the ability to create interventions and shape solutions that address skills needs. SETAs must become recognised experts in relation to skills demand within their sectors."



Doctor Blade Nzimande,
Minister of Higher Education, Science and
Innovation



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First National Bank / Rand Merchant Bank / Standard Bank

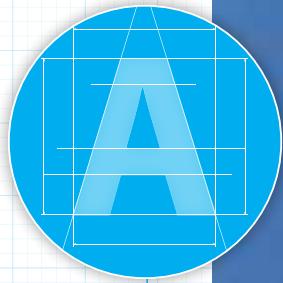
Note to stakeholders

The Foreword by the Chairperson of the outgoing Board, whose tenure ended on 31 March 2020 is followed by an introductory statement from the Chairperson of the incoming Board, whose tenure started on 1 April 2020 and who signed off on this Annual Report on 30 September 2020.

Abbreviations and Acronyms

4IR	4th Industrial Revolution	MoU	Memorandum of Understanding
AGM	Annual General Meeting	MIS	Management Information System
AQP	Assessment Quality Provider	NAMB	National Artisan Moderation Body
ARC	Audit and Risk Committee	NDP	National Development Plan
ATR	Annual Training Report	NGP	New Growth Plan
CEO	Chief Executive Officer	NLPE	Non Levy Paying Employer
CFO	Chief Financial Officer	NSDP	National Skills Development Plan
COO	Chief Operating Officer	NSDS	National Skills Development Strategy
CSE	Corporate Services Executive	OFO	Organising Framework for Occupations
DG	Discretionary Grant	PIVOTAL	Professional, Vocational, Technical and Academic Learning
DHET	Department of Higher Education and Training	PFMA	Public Financial Management Act, 1 of 1999
DHSWS	Department of Human Settlements, Water and Sanitation	QAC	Quality Assurance and Compliance
ETQA	Education and Training Quality Assurance	QACC	Quality Assurance and Compliance Committee
EXCO	Executive Committee	QCTO	Quality Council for Trades and Occupations
FINCOM	Financial Committee	QMR	Quarterly Management Report
FY	Financial year	SAQA	South African Qualifications Authority
HEI	Higher Education Institution	SDA	Skills Development Act, 97 of 1998 (as amended)
HET	Higher Education and Training	SEIFSA	Steel and Engineering Industries Federation
HRRC	Human Resource and Remuneration Committee	SETA	Sector Education and Training Authority
IOPSA	The Institute of Plumbing South Africa	SIP	Strategic Integrated Projects
IPAP	Industrial Policy Action Plan	SLA	Service Level Agreement
IRP	Integrated Resource Plan	WBL	Work-based Learning
LMIS	Labour Market Information System	WoL	War on Leaks
LPC	Learning Programmes Committee	WSP	Workplace Skills Plan
MEF	Monitoring and Evaluation Framework		

PART



GENERAL **INFORMATION**

"What counts in life is not the mere fact that we have lived. It is what difference we have made to the lives of others that will determine the significance of the life we lead."

Nelson Mandela







STRATEGIC

OVERVIEW

The Energy and Water Sector Education and Training Authority (EWSETA) is one of 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, Science and Innovation.

The information provided here is aligned to the EWSETA's new five-year strategy (2020/21 – 2024/25), of which implementation started on 1 April 2020.

Mandate

To anticipate, build and strategically plan and manage skills development and training needs in the energy and water sectors as directed by the National Skills Development Strategy (NSDS III).

Vision

To create a sustainable tomorrow today, through skills.

Mission

We will achieve our mission through:

- Research to determine the skills demand
- Facilitating and coordinating skills development programmes to respond to sectoral challenges
- Driving excellence through quality assurance
- Fostering an ecosystem in energy and water that creates inclusive economic development.

Values

Our values are the bedrock of our decisions, actions, performance and interaction with all our stakeholders. Our values drive our behaviour and through them we create an environment conducive to a high performance organisational culture .

Respect

A sense of value and trust towards each other and stakeholders

Integrity

We act with honesty and integrity, not compromising the truth

Teaming

Positively contributing and collaborating towards the greater vision

Excellence

Striving for the best in all our actions.

Scope

We also serve the energy subsectors of electricity, oil and gas, nuclear and renewable energy and the water subsectors of collection, purification and distribution, waste and sewage and refuse and sanitation.

Constitutional, Legislative and other Mandates

Constitutional mandate

The Constitution of the Republic of South Africa forms the basis of an education system that values human dignity, equality, human rights, freedom, non-racism and non-sexism. Section 29 (1) guarantees the right to a basic education (including adult basic education) for all and to continued education that the state must make progressively

available and accessible. Section 22 enshrines the right of every citizen to choose their trade, occupation or profession freely. The EWSETA therefore has to facilitate access to education and training for all, with a focus on trade occupational qualifications, in the energy and water sectors.

Legislative mandate

EWSETA derives its mandate from the Skills Development Act (SDA), 97 of 1998, as amended. Within that mandate, our key responsibilities are to:

- Develop a Sector Skills Plan (SSP) within the framework of the National Skills Development Strategy (NSDS)
- Implement the SSP by:
 - establishing learning programmes
 - approving Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs)
 - allocating grants to employers, education and skills development providers and workers according to prescribed standards and criteria
 - monitoring the provision of education and skills development in the sector.

- Promote learning programmes by:
 - identifying workplaces for practical work experience
 - supporting the development of learning materials
 - improving facilitated learning.
- Conclude and register learning programme agreements as required
- Perform functions delegated by Section 26 of the Quality Council for Trades and Occupations (QCTO)
- Collect EWSETA-allocated skills development levies
- Liaise with the National Skills Authority (NSA) on related policy, strategy and SPP.

The legislation, regulations and policies listed here inform and guide our strategy and operations:

Legislation	Purpose
Skills Development Levies Act, 9 of 1998 (as amended 9 of 1999)	<ul style="list-style-type: none">• To provide for the imposition of a skills development levy (National Qualifications Framework Act, 67 of 2008)• To provide for the further development, organisation and governance of the National Qualifications Framework (NQF)
Further Education and Training Act, 98 of 1998	<ul style="list-style-type: none">• To establish a national, coordinated, further education and training system that promotes co-operative governance and provides programme-based further education and training
Public Finance Management Act, 1 of 1999	<ul style="list-style-type: none">• To secure transparency, accountability and sound management of the revenue, expenditure, assets and liabilities of the institutions to which the Act applies
Promotion of Access to Information Act, 2 of 2000	<ul style="list-style-type: none">• To give effect to the constitutional right of access to state-held information (Promotion of Administrative Justice Act, 3 of 2000)• To give effect to administrative action that is lawful, reasonable and procedurally fair
Preferential Procurement Policy Framework Act, 5 of 2000	<ul style="list-style-type: none">• To guide procurement in government where a preference point system must be followed
White Paper for Post-School Education and Training, 2013	<ul style="list-style-type: none">• To improve post-school education and training system capacity• To set policies that guide the DHE and institutions for which it is responsible to contribute to building a developmental state with a vibrant democracy and a flourishing economy

National strategies, policies, plans and frameworks

The following national strategies, policies and plans impact directly or indirectly on skills development in the energy and water sectors:

- The National Development Plan (NDP): Overarching long-term plan for South Africa to eliminate poverty and reduce inequality by 2030 through faster and more inclusive economic growth
- The National Skills Development Plan (NSDP) 2030: Derives from the NDP to guarantee adequate, suitable, high-quality skills that contribute to growth, job creation and social development
- The Human Resource Development Strategy for South Africa (HRDS-SA): Coherent, national human resource development framework within which all HRD-oriented policies operate.
- Industrial Policy Action Plans (IPAP 2): Sets out key actions and timeframes for the implementation of industrial policy.
- National Infrastructure Plan, including 18 Strategic Integrated Projects (SIPS): Plan to transform the economic landscape, create new jobs, strengthen the delivery of basic services and support the integration of African economies.
- New Growth Path (NGP): Series of State/private sector partnerships to enhance growth, employment creation and equity with a target of 5 million jobs by 2020.
- White Paper on Post-School Education and Training: Framework for the post-school system stakeholders that combines three major components – education and training, skills development and the world of work.

Sector-specific framework regulations

The EWSETA's operations are informed and influenced by a number of sector-specific framework regulations:

- The Strategic Framework for Water Services, 2003: Sets out a comprehensive approach for the provision of water services.
- The National Water Resource Strategy (NWRS): Provides a framework for the use, development, conservation, management and control of water resources.
- Water Services Act, 108 of 1997: Provides for the rights-of-access to basic water supply and sanitation and sets national standards and tariffs.
- National Water Act, 36 of 1998: Acknowledges the National Government's overall responsibility for, authority over and use of the nation's water resources.
- Municipal Structures Act, 117 of 1998: Provides for the establishment of municipalities.
- The Municipal Systems Act, 32 of 2000: Provides for the core principles, mechanisms and processes that enable municipalities to, socially and economically, uplift local communities.
- Municipal Finance Management Act, 56 of 2003: Promotes good financial management to maximise service delivery.
- Nuclear Energy Act, 46 of 1999: Provides for the establishment of the South African Nuclear Energy Corporation Limited.
- National Nuclear Regulator Act, 47 of 1999: Provides for the protection of persons, property and the environment against nuclear damage through 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

As at 31 March 2020



FOREWORD

BY THE CHAIRPERSON

As outgoing Chairperson of the Energy and Water Sector Education and Training Authority (EWSETA), it is my privilege to present the Accounting Authority's overview of our final year of stewardship.



FRANS BALENI
Chairperson

Our clarion call has been to guide the organisation in the effective pursuit of its mandate. I am pleased to report that our resolve in this regard remained robust and resulted in a number of commendable achievements, some during the past financial year, as reported in this Annual Report.

Over the years, we have worked closely with EWSETA management to lead and strategically direct the transition of a non-

performing entity into one driven today by embedding a high-performance culture in pursuit of implementing a blueprint for greater skills development impact. While this is work in progress and much remains to be done, the year-on-year improvements in the EWSETA's performance over the past five years, indicated in the graph, is testimony to an organisation headed in the right direction.

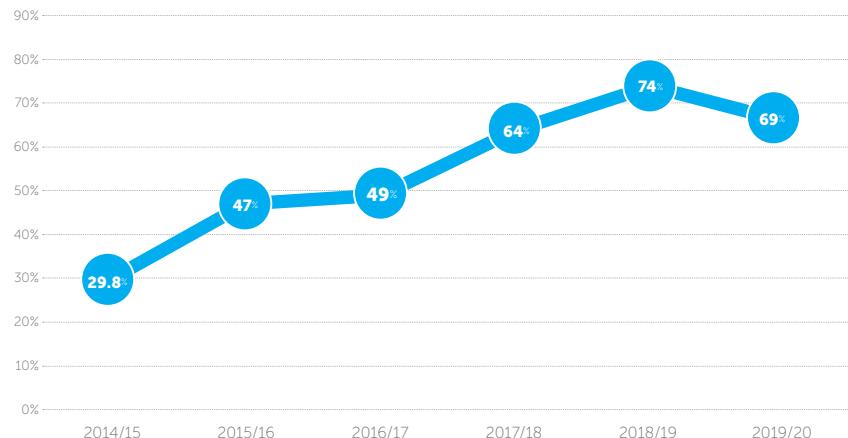


Figure 1. Five-year performance against the Annual Performance Plan (APP) targets.

In pursuit of its mandate to develop skills for South Africa's critical energy and water sectors, EWSETA uses industry insights and sector analysis to identify and verify current and future skills needs. Our purpose is to create a value chain that meets and exceeds the education, training and skills requirements in

these sectors to support South Africa's growth trajectory as the country gears itself to respond to the challenges and opportunities of a digital economy and the unprecedented reality of dealing with the regulations and restrictions of COVID-19.

“

SETAs add value through understanding labour market issues in their respective sectors. The onus is on SETAs to secure employer and worker support as credible and authoritative voices on skills development and create relevant interventions and quality solutions to address sector skills needs.”

In July 2019, the Minister of Higher Education Science and Technology (DHEST), Dr Blade Nzimande, announced the re-establishment of the Sector Education and Training Authorities (SETAs) until 2030. The purpose is to strengthen, realign and repurpose the SETA system to respond more effectively to the skills needs of the 4th Industrial Revolution (4IR), automation and digitisation and the perpetual fight against unemployment.

The new SETA landscape takes effect on 1 April 2020, along with the implementation of the National Skills Development Plan (NSDP) 2030, promulgated by the previous Minister of Higher Education, Naledi Pandor, in March 2019. The NSDP has been developed with the aim of enabling the South African government to contribute towards economic growth, creation of employment and social development. The plan was crafted to respond to the goals of the White Paper for Post-School Education and Training and was developed in context with the objectives of the Skills Development Act (SDA), 97 of 1998, as amended.

Top priorities for SETAs in this landscape will be artisan skills development to rapidly expand workplace-based learning through learnerships, work-integrated learning and internships. The White Paper has firmly repositioned SETAs as the facilitators between employers and training institutions. In this regard, EWSETA's robust stakeholder engagement and strategic partnership strategy will assist us in achieving our top priorities. Partnerships that come to mind where this is illustrated include our partnership with the Chinese Culture and International Education Exchange Centre through which a number of our learners have attended skills training in China. Our interaction with universities to establish research chairs are also paramount to resourcing our research capacity in identifying skills needs for the energy and water sectors.

The 2030 vision set out in the National Development Plan (NDP) emphasises the need to extend collaboration and partnerships for the country to achieve the high levels of economic growth, reduction in unemployment and alleviation of poverty and inequality. Therefore, the NDP calls on social partners to work together and invest in skills development to achieve the outcomes of the NSDP, which is an educated, skilled and capable workforce for South Africa.

The plan directs social partners to collaborate and invest in skills development to create “an educated, skilled and capable workforce for South Africa”. The EWSETA remains steadfast in its commitment to help government give effect to this national priority, as also set out in the Medium-Term Strategic Framework (MTSF).

Despite tough economic conditions and a number of operational challenges, I am pleased to report that the EWSETA's performance improved in a number of areas. We attribute this to, *inter alia*, concerted management efforts to improve the organisation's value chain, better compliance with governance practices, the implementation of new policies and adherence to changes in the discretionary grant process – all of which improved internal efficiencies noticeably.

Critical **strategic matters**

During our tenure as the Accounting Authority, subcommittee oversight contributed significantly to improved performance and positioning the EWSETA's relevance within the energy and water sectors. The committees guided initiatives in a number of critical areas, such as increased organisational efficiency and the revision of policies on performance management, fraud risk, consequence management and irregular, fruitless and wasteful expenditure to improve the achievement of set targets. There is no doubt that the

oversight initiatives added value to the EWSETA's internal control environment and, ultimately, its audit outcomes.

Year-on-year for the past five years, the EWSETA has operated as a going concern that successfully met its short- and long-term financial and project commitments and funded its operational activities. However, for the past three years, due to revenue constraints, the SETA has exceeded its grant-regulated administration income limit of 10.5% by more than 50%. This situation is unsustainable and will have to be dealt with as a priority going forward.

The expected move to Cape House during the reporting period was again delayed, due mainly to continuing contractual challenges and outstanding municipal approvals on submitted plans. This contributed to further strain on the organisation's financial position. The EWSETA looks forward to the finalisation of the Cape House matter in the forthcoming financial year. The matter has been escalated for resolution to the incoming Accounting Authority.

Much has been achieved in the Human Resources environment of the EWSETA, despite a number of constraints. The organisation's first performance management cycle, introduced in 2017/18, gathered momentum during the past year with the effective implementation of, inter alia, the performance management policy and electronic performance management system, as well as formal semester-based evaluations and performance rewards approved by the Accounting Authority.

The 2019 government-directed moratorium on senior management (executive level at EWSETA) appointments in SETAs affected only the appointment of a Planning, Monitoring and Reporting Executive, where an acting executive has been in place since 2017.

The Accounting Authority also recommended leadership coaching for the executive team to align different management styles with the consistent implementation of performance and consequence management policies. This consistent application of these policies is critical for the effective embedding of a high-performance culture throughout the organisation, as envisaged in the EWSETA's newly-approved strategy.

Risk issues and challenges

Similar to any other public or private sector organisation, EWSETA is exposed to strategic risks that could affect its ability to achieve its strategic goals and annual targets. Annually, the SETA updates a strategic risk register that enables management to mitigate risk where necessary. During the reporting period, management discussed emerging operational and strategic risks with the Accounting Authority.

Acknowledgements

We greatly appreciate the support of the DHET Minister, Deputy Minister and department representatives, as well as the honest feedback, support and encouragement from our partners and stakeholders during the past year and throughout the tenure of this Accounting Authority. As outgoing Chairperson, I thank my fellow members for their wise and insightful contributions to the oversight and governance of the EWSETA and, especially, for fulfilling their roles in subcommittees so expertly and diligently during the past five years.

I appreciate, along with the management team, the contribution of every man and woman who led, shared and participated in the EWSETA's journey. I wish to congratulate the newly appointed Chairperson, Dr Moorosi and her Accounting Authority members who are featured on p... of this report. I am confident, as I pass the baton to this new leadership team, that the future of the EWSETA is in good hands.

A future perspective

On behalf of the EWSETA, we congratulate the members of the incoming Accounting Authority on their appointment. We pass on this baton fully confident that the transition will be seamless and that continuity is maintained in the organisation.

As the outgoing Accounting Authority, we are confident that the EWSETA's well-managed re-engineering process has increased synergy internally, as well as its ability to tap more gainfully into a diverse range of talents that will reinforce the relevance of the EWSETA's role as the authority in skills development, training and education in its designated sectors.

There is no doubt that the post-COVID-19 landscape will create new challenges and different opportunities. The oversight and guidance of the incoming EWSETA Accounting Authority on 1 April 2020 will ensure that the implementation of the organisation's blueprint for greater skills development impact remains aligned with those of the Medium-Term Strategic Framework (MTSF) 2019 – 2024 to create a "better Africa and world".



Frans Baleni

Chairperson

As at 31 March 2020

STATEMENT

BY THE INCOMING
CHAIRPERSON

New global and local realities are testing the leadership of organisations on issues of diversity, technological disruptions and, currently the unprecedented impact of the COVID-19 pandemic. In response, most organisations have begun to change the way they operate and manage stakeholders, technology and strategies.

EWSETA is equally affected by the ongoing challenges in this dynamic environment and going forward, enhancing stakeholder relations will be key to overcome challenges, and to ensure sustainability of EWSETA as mandated by the Minister. More than ever, skills development has been highlighted as one of the key solutions to redress the country's economy.

On behalf of the incoming Accounting Authority, I thank the previous Accounting Authority, who served the EWSETA with diligence and distinction and congratulate them for leading the SETA's achievement of several impressive results during their term.

As we take over the baton, the continuing support and unwavering commitment to the journey ahead by the EWSETA team, is fully appreciated.

The unprecedeted speed and magnitude of change today, demands both courage and teamwork, to challenge convention and explore new directions, spot opportunities and take calculated risks to reach strategic goals.

The Accounting Authority would like to thank management, and employees of EWSETA in general, for continuing to steer the ship in ensuring that the organisation brings value to South Africa's Water and Energy Sector.



DR LIMAKATSO MOOROSI
Chairperson

A handwritten signature in black ink, appearing to read "L. Moorosi".

Dr L. Moorosi

Chairperson

30 September 2020

I thank the previous Accounting Authority, who served the EWSETA with diligence and distinction and congratulate them for leading the SETA's achievement of several impressive results during their term.

OVERVIEW

BY THE
CHIEF EXECUTIVE OFFICER



MPHO MOOKAPELE

Chief Executive Officer (Acting)

Over the past five years, the implementation of the National Skills Development Strategy (NSDS III), extended for a further five years in 2016, embedded a foundation for inclusive skills development in South Africa. The strategy bridged the gap between training institutions and the workplace in addressing inadequate skills levels and poor work readiness and enabled young people, many previously disadvantaged, to study, attain skills, access the job market and contribute to South Africa's economy.

As a country, our history and challenges have contributed to a continued need – today still – of basic numeracy and literacy challenges and the current unacceptably high rate of youth unemployment. Our imperative as a SETA, mandated with skills development in the energy and water sectors, was to build an inclusive and solid skills development foundation based on the NSDS. Following a slow start initially in meeting NSDS targets during its early implementation, the EWSETA has exponentially, over the past five years, increased its achievement against performance targets. We attribute this to a greatly strengthened internal governance and control environment.

Organisational Capacity

The injection of the much-needed human resource capacity internally has driven a culture of delivery and impact. We have moved from a low base of 49% achievement of targets in the first year of implementing the NSDS to a significantly improved 74% in the final year of NSDS III.

Our skills development initiatives have opened doors for South Africans to participate on an equal footing in career opportunities in the energy and water sectors. This has included capacitating women, those with disabilities and the youth to have equal access to decent job opportunities and attests to our commitment to the Sustainable Development Goals (SDGs), specifically SDG8, in creating productive employment and decent work for all.

I can personally attest to the incalculable value of a SETA learnership, which gave me access to workplace training, peer mentoring and professional leadership and contributed richly to being acknowledged as the top chartered accountant under 35 in South Africa in 2019.

NSDS III: A Blueprint for NSDP 2030

South Africa's skills development sector is transitioning from the solid foundation of a levelled playing field laid by the NSDS to the implementation of the National Skills Development Plan (NSDP) in which a capacitated workforce can consume, as well as create job opportunities and, therefore, contribute meaningfully to economic growth. In a water-scarce country, also faced with energy challenges, it is imperative that our focus remains steadfast, as it has been, on training initiatives that transcend skills development for employment to developing entrepreneurs who can create small- and medium-enterprises (SMEs) that will be provide water and energy solutions relevant to dealing with our country's socio-economic challenges.

“

I can personally attest to the incalculable value of a SETA learnership, which gave me access to workplace training, peer mentoring and professional leadership and contributed richly to being acknowledged as the top chartered accountant under 35 in South Africa in 2019.”

I am pleased that the EWSETA signed off on the NSDS in the knowledge that the achievement of our targets had contributed meaningfully to realising its objectives of creating greater access to skills and equity for all.

“With a skilled citizenry we can be more resourceful, more inventive, more creative and achieve great things. Skills grow the economy. They create jobs. Skills raise standards of living and reduce inequality.” – Then Deputy President, Cyril Ramaphosa, March 2016

Throughout the implementation of the NSDS, we trained TVET lecturers to deliver relevant, high-quality training.

Our Performance: Projects and Programmes

The DHET-initiated Centres of Specialisation Programme, established to provide TVET colleges with a model for quality in-demand artisanal skills, is an example of one of our projects where industry is driving training through TVET colleges. The EWSETA is a lead SETA in the plumber and electrician trades and is a funder of five trades. We will continue to contribute to government’s efforts to capacitate the TVET system and increase the quality of sector-relevant artisanal skills.

EWSETA has been involved in the War on Leaks (WoL) programme for the past three years. Initiated by the DWS, programme participants are trained as artisans, such as plumbers and water agents, to deal with water leaks and prevent wastage. We want to involve the 5 000 trained water agents in advocating the benefits of responsible water use, hygiene and conservation within communities nation-wide and invite their participation in finding innovative solutions to resolve challenges in the water sector.

Financial overview

Revenue and Expenditure Trends

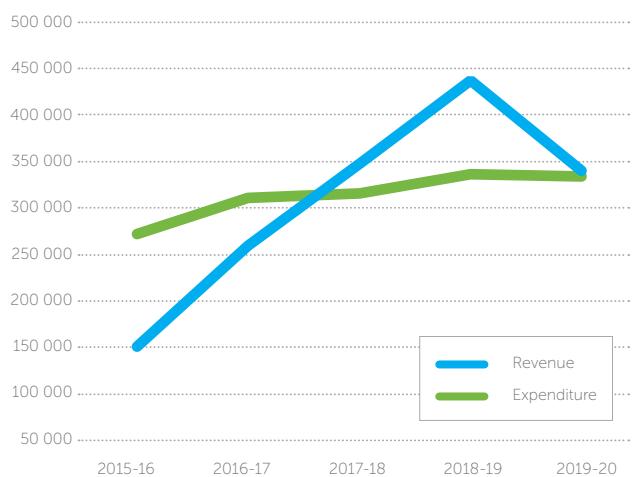


Figure 2: 5-Year Revenue and Expenditure Trend

SDL revenue has increased over the last 4 years at an average rate of 7%. In the 2019/20 year, EWSETA had a decrease of 1% in SDL revenue compared to the prior year. This was as a result of the previously slow moving economic growth and job losses with the energy and water sector. This trend is not expected to improve in the forthcoming FY, due to the impact of the global pandemic, COVID-19 and the projected economic performance, EWSETA's financial strategy contains plans to ensure financial sustainability.

Expenditure has steadily increased at an average rate of 22% over the last 4 years. This is attributable to the increased rate of project completions that can be seen in the improved performance reported. Cost containment measures were implemented in the 2019/20 financial period and this resulted in a 22% decrease in total expenditure (excluding special projects) mainly driven by a decrease in administration expenses and COVID-19 impact resulting in contracts that could not be concluded to ensure training commenced in March 2020.

The mandatory grant payout ratio has been at an average of 75% over the last 5 years, with an exceptionally good payout rate over the last two years of 87%, due to a higher number of qualifying employers. This will improve employer training initiatives through mandatory grants.

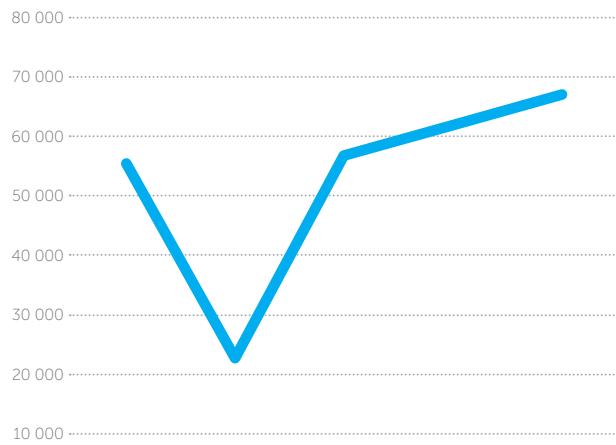


Figure: 3. 5-Year Mandatory Grants Expenditure

Financial controls

The entity continues to implement recommendations from internal and external audit to improve financial controls. The audit outcomes indicate a sound financial control environment that resulted in an unqualified audit but with areas that need to be attended to, to ensure no material findings are reported.

The completion of several forensic investigations into historic procurement irregularities during previous financial years identified areas that required additional or improved controls. The effective implementation of our procurement processes is integral to our B-BBEE status and contributes to our ability to support SME development. Reporting material irregularities and continuously monitoring and improving our procurement processes remain priorities going forward.

If, as a SETA, we focus only on higher education and infrastructure to stimulate the economy and ignore the call for inclusive skills development, we would have failed to fulfil our mandate and would perpetuate the inequality in our country."

Gaining ground

Monitoring and evaluation are priorities to assess and increase our impact through the work that we do. During 2019, we concluded our first impact study and completed a planned tracer study to trace learners and evaluate the impact of our training initiatives in the past years. Results indicated that nearly 37% of those who had completed the EWSETA's apprenticeship programmes were employed or self-employed with more than half employed by the organisation where they had completed their work-based learning. More than 5% of the respondents are also pursuing further full-time studies.

We continued to review business systems and practices to increase efficiencies. A review of our operating model to ensure a smooth transition into the NSDP, identified the need to embed a high-performance organisational culture to drive quality, relevance and impact in responding to sector skills needs.

Stakeholder engagement

Continual stakeholder engagement, through the implementation of a revised communication strategy, among others, was a key focus area during the past year. We successfully extended our reach to a broad range of stakeholders, including learners and employers.

The EWSETA still predominantly serves public entities and water boards. An increase in levy income remains a challenge to delivering quality services. We did see an increase in levy payments from Independent Power Producers (IPP) who reached the contribution threshold, mostly from the wind energy area in the Northern Cape. I thank them for their contributions, as well as their assistance in identifying skills needs in the wind sector.

I also hosted a series of CEO roadshows in several provinces as part of our robust stakeholder engagement strategy implemented during 2019/20. I would like to believe that the positive and constructive nature of those interactions contributed to the increase in levy payers and stimulating participation in developing our Sector Skills Plan (SSP). We thank our valued stakeholders who have contributed to a noted increase in industry participation, in skills planning and the implementation of our skills development plan. We look forward to an improved industry-led skills development partnership.

We are committed to actioning the recommendations and have taken up the gauntlet in our new five-year strategy to become the authoritative voice on skills development and training in the energy and water sectors.

Post-year end events

The unprecedented COVID-19 lockdown in March 2020 presented us with challenges and opportunities. The immediate challenge was to remain relevant and agile in responding to rapid changes in our sectors without compromising an established control environment. The accelerated use of technology in day-to-day operation and delivering training, especially online training, is critically important for us to remain relevant as an authoritative voice in skills development in the energy and water sectors.

The four-months skills development levy holiday announced by government as a measure to assist employers has had a negative financial impact on the EWSETA. Actual revenue for the forthcoming year is expected to be a third lower than forecasted.

Appreciation

I thank our leadership, stakeholders, partners, management team and employees for their support, cooperation, commitment and belief in EWSETA's role and purpose in skills development and training. I look forward to your continued support in deepening our footprint as the credible and respected skills development and training authority in the eyes of our energy and water sector stakeholders.

A perspective on the road ahead

I am really excited about implementing the EWSETA's new, impact-driven five-year strategy (2020/21 – 2024/25) as our blueprint for greater skills development impact in the energy and water sectors and that we will do so from a solid organisational foundation. Our strategy is aligned with becoming the relevant and authoritative voice in quality skills development in our sectors, both of which are integral to South Africa's ability to spur socio-economic growth and create well-being for all who live here.

Going forward, our focus on research will inform our sector skills planning and evidence-based skills development interventions, as well as our ability to stay abreast of emerging 4IR, digital and artificial intelligence technologies. I believe that in instilling a high-performance culture throughout the EWSETA, we will significantly increase the impact of implementing our blueprint for greater skills development.



Mpho Mookapele
Chief Executive Officer (Acting)
30 September 2020

“

I am pleased that the EWSETA signed off on the NSDS in the knowledge that the achievement of our targets had contributed meaningfully to realising its objectives of creating greater access to skills and equity for all. Throughout the implementation of the NSDS, we trained TVET lecturers to deliver relevant, high-quality training.”

Mpho Mookapele, EWSETA Acting CEO

FROM NSDS III TO NSDP 2030

A BLUEPRINT FOR SKILLS DEVELOPMENT

The implementation of the National Skills Development Strategies I, II and III served to establish a solid foundation for skills development in South Africa between 2001 and 2020, as well as to guide South Africa's SETAs in addressing the skills needs of the country. The development of the NSDP 2030, whilst still focusing on the creation of a capacitated workforce, places extensive focus on the role that entrepreneurs can play in economic growth.

As a country it is imperative that we progress from developing skills for employment to developing entrepreneurs who can create employment to deal with our socio-economic challenges.

Moving from the **NSDS III ...**

Purpose:

Through skills development, transform our country and reduce poverty, inequality and unemployment.

Mandate

(derived from the Skills Development Act, 97 of 1998)

- develop the skills of the South African workforce to improve productivity
- increase job opportunities, self-employment and labour market investment in education and training with a return on that investment
- encourage employers to provide opportunities for new entrants to the labour market and to use the workplace as a learning space
- encourage workers to participate in learnerships and other training programmes
- improve the employment prospects of persons previously disadvantaged
- ensure the quality of education and training in and for the workplace.

Launched in 2001 as a framework for the SETAs to pursue their sector-specific skills development mandates, the three phases of the NSDS each emphasised specific aspects of our country's skills development journey.

The NSDS I (2001-2005) focused on a drive towards quality education and the need to cultivate lifelong learning in the workplace, while the implementation of the NSDS II (2005-2010) targeted equity, quality training and skills development

in the workplace. The concepts of learnerships and recognition of prior learning to give workers confidence in their competencies originated during this phase.

The NSDS III, announced in 2011 for a final five-year period, and extended to 31 March 2020, emphasised the assimilation of skills development and higher education, specifically institutional learning linked to occupationally-directed programmes. The focus was on the growth of TVET colleges to address national skills needs and increasing the use of workplace skills programmes, worker-initiated training initiatives and improved public sector service delivery.

The primary goal of the NSDS III, as the final phase of the implementation of this strategy, was to contribute to the building of a capable and developmental state by addressing:

- the need of businesses to equip their workforce with the required skills
- an emphasis on short courses with limited value to career or academic progression
- the systemic blockages to skills development and the absence of planning at sectoral level
- closer cooperation between public colleges, universities and the workplace
- the exclusion of small and micro businesses, cooperatives and community-based organisations from skills development
- the capacity of government departments to lead policy development and drive transformation leaders in their assigned sectors.

As the primary drivers of implementing the NSDS III, South Africa's 21 SETAs, were mandated to develop Sector Skills Plans for the entire economy by promoting and funding learnerships, apprenticeships, skills programmes, bursaries and internships. A ministerial review team supported the SETAs to improve the quality of their strategic plans to reflect national priorities adequately and assess their impact on giving effect to those priorities.

Although effective in shifting the focus and direction of skills development, the implementation of the NSDS was not effective uniformly across all its goals, the National Skills Authority is positive that the envisaged National Skills Development Plan (NSDP) will simplify and address the challenges that still impede skills development today.

“

As distinct from the previous National Skills Development Strategies, the NSDP has been crafted in a policy context of the NDP and the White Paper on Post School Education and Training. There is an explicit acknowledgement that South Africa needs to join hands and minds to generate the solutions to our challenges.

Mrs Grace Naledi Mandisa Pandor,
Minister of Higher Education and Training at launch of NSDP2030

... to the **NSDP 2030**

“There is an explicit acknowledgement that South Africa needs to join hands and minds to generate the solutions to our challenges. The slogan of the NDP emphasises this cooperative paradigm in ‘Our Future – Make It Work.’” – Minister Naledi Pandor, 2019

Purpose

Ensure that South Africa has adequate, appropriate and high-quality skills that contribute towards economic growth, employment creation and social development

Mandate

(derived from the broader plan of government)

- Raise employment through faster economic growth
- Improve the quality of education, skills development and innovation; and
- Build the capability of the state to play a developmental, transformative role

Outcomes

- Identify and increase production of occupations in high demand
- Link education and the workplace
- Improve the level of skills in the South African workforce
- Support the growth of the public college institutional type as a key provider of skills required for socio-economic development
- Support skills development for entrepreneurship and cooperative development
- Encourage and support worker-initiated training
- Support career development services

The role of SETAs in the implementation of the NSDP on the demand and supply side is to conduct labour market research and develop Sector Skills Plans (SSP), Strategic Plans (SP), Annual Performance Plans (APP) and Service Level Agreements (SLA) and submit quarterly reports. On the supply side, the SETAs are expected to address sector skills needs and priorities, scarce and critical skills (PIVOTAL) through implementation of learning programmes (artisans and learnerships), facilitate easy access and different entry points (Articulation and RPL) and

collaborate with the relevant Quality Council, especially the Quality Council for Trade and Occupations to ensure quality and provision of learning programmes.

Distinct from the previous national skills development strategies, the National Skills Development Plan (NSDP) is key to enabling government and its social partners to contribute towards a significant and radical improvement in the quality of education and training.

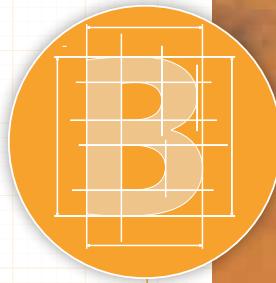
As we step into the re-established SETA landscape in the forthcoming financial year, we are ready to embrace the NSDS successor, the NSDP, to take us towards 2030.

In supporting the goals and objectives of the NSDP, in many ways similar to those of the NSDS, the EWSETA will continue to provide South Africa’s two critically important life-giving sectors, energy and water, with the skills they require for the next 10 years.

The implementation of the NSDP will ensure that the outcomes of government are realised. SETAs will have to realign their strategies with the seven priorities of government’s medium-term strategic framework (MTSF) that focus on growth and job creation; education, skills and health; reliable and quality basic services; spatial integration, human settlements and local government; social cohesion and safe communities; and a capable, ethical and developmental state.

We will support the NSDP through conducting labour market research, developing a SSP, strategic plan and APP, as well as service level agreements (on the demand side) and by addressing sector skills needs and scarce and critical skills through leaning programmes, facilitating access to entry points and collaborating with the QCTO to ensure quality learning (on the supply side). Most importantly, our focus will be on constantly monitoring our activities to measure the impact we are having on creating a workforce that can stimulate and grow a lagging economy.

PART



PERFORMANCE INFORMATION

*"Education is the passport to the future,
for tomorrow belongs to those who
prepare for it today."*

Malcom X







PERFORMANCE INFORMATION

Statement of Responsibility for Performance Information

The EWSETA's Chief Executive Officer is responsible for the authority's performance information and related judgements, as well for establishing and implementing internal controls that reasonably assure the integrity and reliability of the performance information.

In my opinion, the performance information in this annual report reflects fairly our achievements against the strategic objectives, indicators and targets in the EWSETA Strategy 2015/16 – 2019/20 and Annual Performance Plan 2019/20 for the financial year ended March 2020.

The external auditors express an opinion on the EWSETA's performance in their report on pages 72–75 of this report.

The Accounting Authority of the EWSETA approved the performance information set out in this document.

Mpho Mookapele

Chief Executive Officer (Acting)

30 September 2020

The strategic outcome-orientated goal for each of the EWSETA's four internal programmes or key results areas are indicated here with the objectives set to drive goal-achievement.

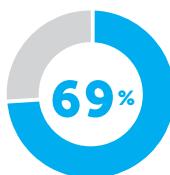
KEY RESULT AREA (PROGRAMME)	STRATEGIC OUTCOME- ORIENTATED GOAL	GOAL STATEMENT
Administration	Build an effective and efficient Sector Education and Training Authority that complies with legislation, policy and good corporate governance principles	<ol style="list-style-type: none">Exercise oversight responsibility for financial, performance reporting, compliance and related internal controlsPromote good corporate governance and practicesImplement HR management practices to recruit adequate and appropriately skilled human resourcesProvide ICT to deliver the EWSETA mandatePromote the EWSETA's reputation and visibility among stakeholders
Skills Planning	Improve sector skills planning	<ol style="list-style-type: none">Establish two Research Chairs to inform skills planning and qualifications and learning interventions development for the energy and water sectorsReview and update the SSP annually
Learning Programmes and Projects	Enhance skills for workers, the unemployed and the informal sector	<ol style="list-style-type: none">Promote and support artisan and other middle- and high-level programmesEstablish partnerships to lead and manage agreed projects and programmesPromote occupational learning pathways for scarce skills through career guidance initiatives
Quality Assurance	Build the capacity to develop skills	<ol style="list-style-type: none">Identify appropriate qualifications for each occupationDevelop and register occupational qualifications where there are gaps

Note to stakeholders

A summary of the Performance Information for the 2019/20 financial year is provided in this section. The full Annual Performance Report is available as Addendum A after the financial information on page 122 of this document.

PERFORMANCE INFORMATION SUMMARY

Refer page 122 for full Annual Performance Report



OVERALL ACHIEVEMENT

T Target
A Achieved
V Variants

Target achieved
 Target not achieved

Programme 1: Administration

Strategic Plan and Annual Performance Plan Tabled in Parliament

Quarterly monitoring reports submitted

Unqualified audit opinion

Approved Annual Risk Plan

Biennial AA and sub-committee report compiled

Quarterly governance charter reports submitted to DGET

Review and implementation of HR strategy

EE reported submitted to Dept. of Labour

WSP and ATR submitted

Performance Management

- Performance agreements signed
- Performance evaluations completed

90% availability of IT systems

Review and implementation of ICT strategy

- Approved ICT strategy
- 19/20 Operational Plan

75% usage of MIS system (10% system usage achieved)

Review and implementation of Marketing & Communications Strategy

Review & Implementation of stakeholder engagement strategy

Customer satisfaction index



of publications

T	A
4	9



of social media platforms

T	A
4	5



of CEO roadshows

T	A
4	4

Programme 2: Skills Planning



Research chairs

T	A
2	0

Commissioned research projects

T	A
1	3

Tracer/ impact studies

T	A
1	1



Companies that received Mandatory Grant Funding

T	A	V	
26	22	-4	LARGE

T	A	V	
25	32	+7	MEDIUM



T	A	V	
70	95	25	SMALL

121 | 149 | 28

PERFORMANCE INFORMATION SUMMARY

Refer page 122 for full Annual Performance Report

Programme 3: Learning Programmes and Projects

	T	A	V
Learnerships entered	1300	1313	+13
Learnerships completed	1200	1380	+180
Bursaries entered	330	337	+7
Bursaries completed	330	247	-83
Skills Programmes entered	300	308	+8
Skills Programmes completed	300	70	-230
Candidacy programmes entered	30	21	-9
Candidacy programmes completed	30	21	-9
Internships entered	300	36	-246
Internships completed	300	117	-183



3850

Unemployed
learners were funded by the EWSETA

	T	A	V
Learnerships entered	200	458	+258
Learnerships completed	125	279	+154
Bursaries entered	20	34	+14
Bursaries completed	20	5	-15
Skills Programmes Entered	1100	1340	+240
Skills Programmes Completed	950	955	+5



3071

Employed
learners were funded by the EWSETA

Artisan Development Programmes



	T	A	V
Entered	800	851	+51
Completed	600	652	+52
RPL	100	100	0



University Programmes

Student placements entered

T	A	V
30	67	+37

Student placements completed

T	A	V
30	30	+0



TVET Programmes

Student placements entered

T	A	V
60	54	-6

Student placements completed

T	A	V
60	139	+79



Partnerships

Universities

T	A	V
3	6	+3

TVET Colleges

T	A	V
10	9	-1

Employers

T	A	V
10	15	+5

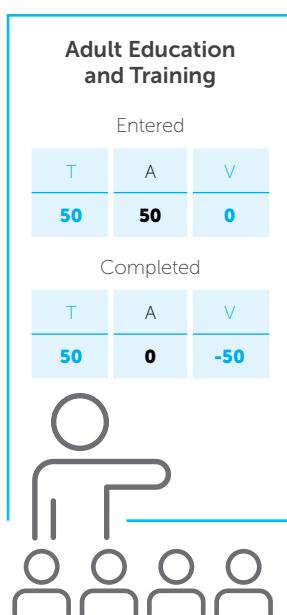
CETC

T	A	V
2	0	-2

PERFORMANCE INFORMATION SUMMARY

Refer page 122 for full Annual Performance Report

Programme 3: Learning Programmes and Projects



% of projects monitored

T	A	V
100%	27%	-73%



Sector Support			
	T	A	
Co-ops	20	1	-19
Small Businesses	20	20	0
NGOs	10	3	-7
NLPEs	5	0	-5
CBOs	5	0	-5
Trade Unions	3	0	-3
Provincial and Rural projects	8	11	+3



Programme 4: Quality Assurance



Workplaces approved

T	A	V
30	31	+1

Qualifications developed and reviewed

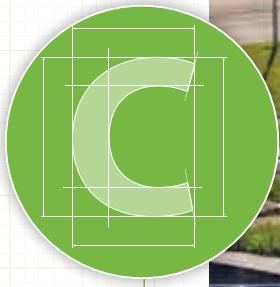
T	A	V
5	5	0



% applications received and processed in 30 days

T	A	V
100	100	0

PART



OPERATIONS REPORT

*"We are what we repeatedly do.
Excellence, then, is not an act
but a habit."*

Aristotle





OVERVIEW

BY THE CHIEF OPERATIONS OFFICER



INEELING MOLETE
Chief Operations Officer

EWSETA's Operations branch is responsible for, amongst others, entering learners into skills programmes, overseeing the completion of learnerships, assuring quality of training, developing qualifications that respond to the qualification needs in the energy and water sectors and placing graduates in workplace programmes.

Our focus is on improving EWSETA's operational efficiency and assisting with placing skills training graduates in workplace programmes to gain experience before entering the job market as active contributors to the economy.

At a strategic level, we have to assure that the quality of qualifications is consistent across all levels of skills training, from new entrants to the upward mobility of those already employed. With this expert stewardship, EWSETA gives effect to the implementation of its blueprint for greater skills development impact.

Upon reflection, 2019/20 was an interesting year. As a SETA, we implemented the final year of our five-year organisational strategy and the final year of the National Skills Development Strategy. The unexpected and rapid arrival of the COVID-19 pandemic in the last month of the financial year, impacted the finalisation of several operational targets.

From NSDS to NSDP

The NSDS III emphasised the assimilation of skills development and higher education with a swing towards institutional learning linked to

occupationally-directed programmes. The focus was on the growth of TVET colleges to address national skills needs, as well as better use of workplace skills programmes, worker-initiated training initiatives and improved public sector service delivery were seen as imperatives.

Prior to the NSDS III, the NSDS I and NSDS II focused on quality education and cultivating lifelong learning in the workplace and on equity, quality training and skills development in the workplace. The concepts of learnerships and recognition of prior learning to give workers confidence in their competencies originated during the implementation of NSDS II.

As someone who has been involved in the NSDS from its inception and remained part of its trajectory over a period of nine years, seeing it come to fruition in its final year of implementation was a proud moment. As we step into the re-established SETA landscape in the forthcoming financial year, we are ready to embrace its successor, the National Skills Development Plan (NSDP), to take us into 2030.

My team and I are excited about and motivated to support the continuation of this initiative that guides and gives structure to skills development in our country. The goals and objectives of the NSDP are, in many ways, similar to those of the NSDS and will guide us for the next 10 years. From a planning perspective, the NSDP will ensure that the outcomes of government are realised. SETA strategies will also have to be aligned with the seven priorities of government's medium-term strategic

“

While the sudden and unprecedented effect of the Coronavirus dominates our current reality and the business environment globally, we need to remain focused to ensure that going forward we will not shirk our responsibility of driving skills development in the energy and water sectors.”

framework (MTSF) to support inclusive growth and job creation; education, skills and health; reliable and quality basic services; spatial integration, human settlements and local government; social cohesion and safe communities; and a capable, ethical and developmental state.

Performance Outcomes

I am proud of the committed and driven Operations team that rose to the challenge and helped to ensure maximum performance at financial year-end. In spite of the onset of the COVID-19 pandemic that impacted the achievement of certain targets, the EWSETA wrapped up the financial period having achieved 69% of its targets.

In addition, EWSETA succeeded in reporting against 11 of the 13 pillars of its strategic plan for the organisation.

The provision of bursaries to underprivileged learners continues to be a flagship project for the EWSETA to ensure that young people with energy or water sector career aspirations are provided the opportunity to pursue their dreams. We entered into partnerships with University of Cape Town, University of Western Cape, Northwest University, University of Witwatersrand, University of Johannesburg, University of Pretoria and University of Limpopo. As regards bursaries, we have responded to nine strategic pillars, namely to Green Skills, 4IR, climate change, technological advancement, photovoltaic programmes, hydro power, water and sanitation, water and conservation and energy efficiency.

I am pleased to report that we have approved 31 workplaces nationally during the reporting period, which equates to 70% of our mandate for workplaces and the achievement of that particular target.

In spite of the challenges encountered with certain aspects of the War on Leaks (WoL) project, it has placed a definitive stake in the ground as South Africa's largest scale skills development project to date. No other skills development project has exited and certificated as many learners. Statistics on the WoL project are summarised on page 34 of this report.

The performance outcomes, achievements and challenges of the Operations team are summarised in the reports on the following pages.

Way forward

There is no doubt that dealing with COVID-19 has forced us out of our comfort zones and given us an opportunity to understand better and respond more effectively to the challenges and opportunities of 4IR and the digital economy. EWSETA's Operations team is up to the challenge.

The development of an online learning system, in close collaboration with our ICT team, to manage learnerships, train artisans and implement skills programmes remotely is well advanced. Planned implementation is set for the 2020/21 financial year when we want to use it in a new project with the Central Energy Fund to train 2 664 unemployed learners to install hot water geysers. When and where necessary, the imperatives of social distancing and increased hygiene will be adhered to scrupulously for as long as is necessary.

We will also ensure that the accessibility to learning material, assessment of learners and moderation of portfolios of evidence of learning remain cost-effective.

We are excited about this new trajectory and look forward to supporting EWSETA in embedding a high-performance, impact-driven culture to meet the challenges and utilise the opportunities of our new business reality with vigour and determination.



Ineeleng Molete
Chief Operations Officer
30 September 2020

Learning Programmes

Our learning programmes advance transformation by providing unemployed youth and employed workers in the energy and water sectors with training and skills development.

During 2019/20, we focused mainly on the priority skills and hard-to-fill vacancies identified in the Professional, Vocational, Technical and Academic Learning (PIVOTAL) programmes.

Challenges and achievements

- During 2019/20 our efforts, supported by those of our stakeholders, increased youth employment and contributed to greater gender and racial equity in our society.
- We exceeded our targets for workers entering learnerships and skills programmes and for awarding bursaries to unemployed youth from previously disadvantaged backgrounds. The bursaries support them at their preferred learning institutions to qualify with sector-specific scarce and critical skills.
- We thank our energy and water sector stakeholders for their participation in our skills development initiatives, specifically learnerships and the skills and artisanal development and work-integrated learning programmes. This increased our ability to enrol employed and unemployed young people successfully in priority skills areas.

Table 1. Enrolments in Learnerships

	NQF Level	Unemployed	Employed
Hot water system installation	2	86	
Water and wastewater reticulation services	2	131	53
Wastewater treatment operations	2	46	60
Mechanical engineering fitter (fitter)	3	49	
Wastewater reticulation services	3	92	64
Water and wastewater process control	3	342	71
National Certificate: domestic appliance repair	3	100	
Mechanical handling: Rigging, manufacturing and engineering	3	29	
Mechanical engineering fitter (fitter)	4	51	
Community water, health and sanitation promotion (community sanitation builder)	3	25	
Community water, health and sanitation facilitation (operation and maintenance)	4	12	
Water and wastewater reticulation services	4	250	
Water and wastewater treatment process control supervision	4	100	
Water Purification processes	4		11
Trade Union practice	4		58
Sanitation project coordination	5		6
Hydro power plant process control operations	5		9

 The White Paper for Post-School Education and Training states that in areas of work such as the artisan trades, apprenticeships have traditionally been the pathway to qualifications. However, the apprenticeship system has been allowed to deteriorate since the mid-1980s, resulting in a shortage of mid-level skills in the engineering and construction fields. Re-establishing a good artisan training system is an urgent priority, the current target is for the country to produce 30 000 artisans a year by 2030'

**National Artisan Development Strategy,
2018**



Enrolments in Skills Programmes

	UNEMPLOYED	EMPLOYED
Electrical Engineering	400	
Community water, health and sanitation facilitation	142	
Leadership development programme	64	
Water and wastewater reticulation services	349	15
Water and wastewater treatment process operations	371	
Water and wastewater process control	14	24
Hot water system installation		50
Plumbing		29
Measurement, control and instrumentation		10
Solar PV systems installations and repairs		10
Welding skills		30



Learners enrolled in artisan development programmes

Electrician	631	Fitter and turner	11
Mechanical fitter	24	Plumber	56
Instrument mechanician	2	Welder	77
		Boiler maker	50



Learners enrolled in Work Integrated Learning

TVET learner placements	54
HET learner placements	67
Internships	36



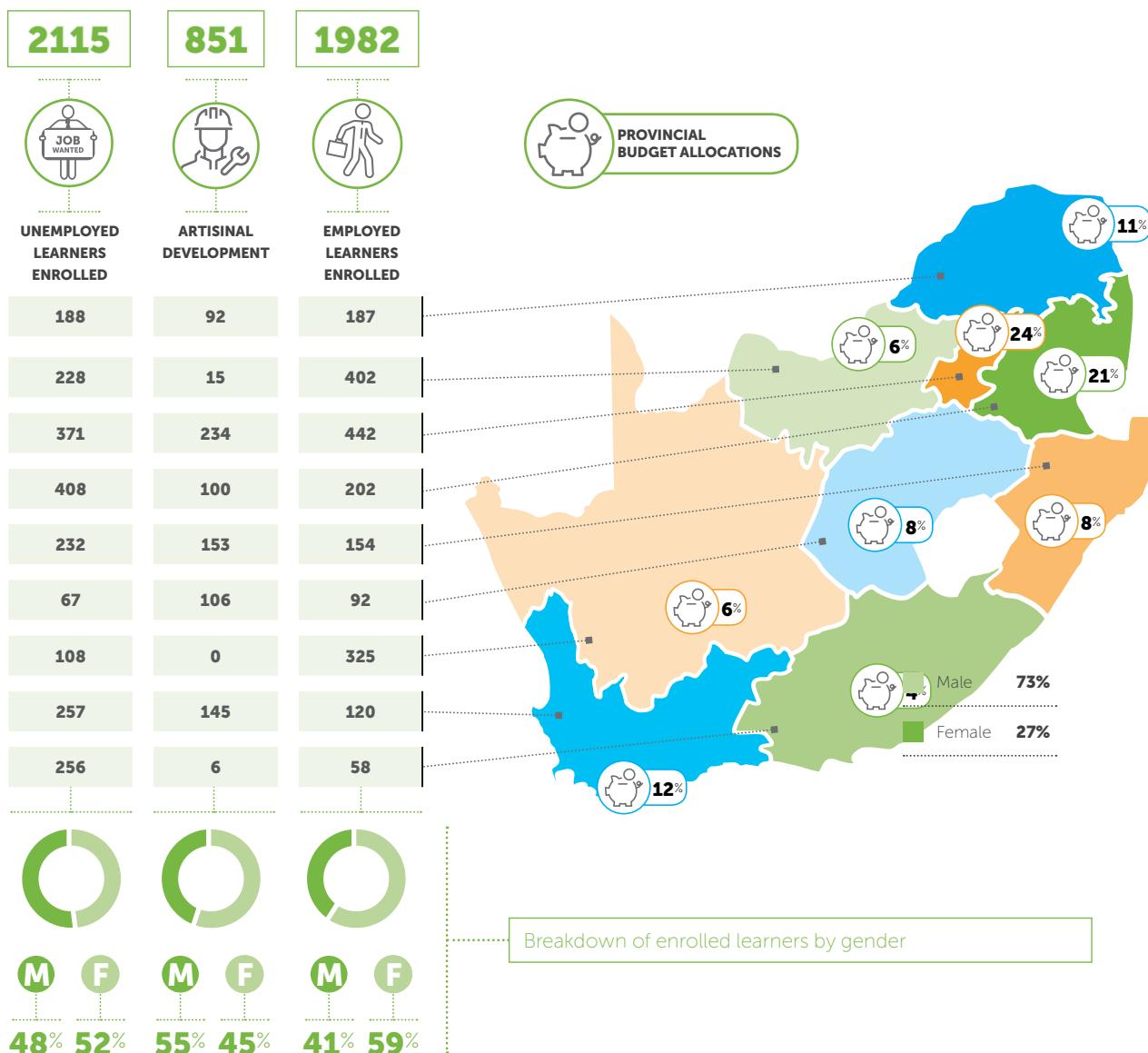
Learners enrolled in Recognition of Prior Learning (RPL)

Power plant auxiliary systems operation Level 3	39
Power plant operations level 4	51
Power plant process control operations level 5	7
Electrical network control level 4	3
Adult Education and Training	50

Project Management and Provincial Operations

The **Project Management** department facilitates the delivery of sector-specific skills interventions from inception to completion. During the reporting period, we achieved most

of our targets and provided assurance about the management of EWSETA projects and the terms and conditions of discretionary grants to ensure their seamless disbursement.



The **Provincial Operations** team implements EWSETA's operations in all provinces from the EWSETA Head Office in Johannesburg and provincial offices in the North West, Free State and Western Cape. Extending the EWSETA's provincial footprint to other provinces will be informed by a review of the impact and financial viability of the pilot offices. During the period under review, the Provincial Operations team successfully achieved the majority of its set targets.

During the reporting period, the provincial offices were responsible for the monitoring and implementation of projects and supporting stakeholders with project-related issues, including the induction of learners, registrations, reporting on progress and receiving and reviewing payment documents to comply with Service Level Agreement (SLA) milestones and supporting EWSETA's provincial initiatives in collaboration with other SETAs and constituency employers.

Challenges and achievements 2019/20

- Legacy contracts:** We terminated all previously contracted lapsed and dormant projects and reallocated reserved funds to meet performance targets for 2019/20, which reflected positively on our performance overall.
- Funding policy:** The revised policy enables us to prioritise qualifications identified annually in SSP updates and requires applicants to apply for funding online to promote transparency and prevent preferential treatment.
- Discretionary grants:** Advertisements for the 2019/20 discretionary grants were published with the evaluation criteria for applicants to pre-screen their suitability before applying. The many applications from non-levy paying employers remains a concern as grants require employers to find workplace opportunities for learners.

We also continued to encourage levy-paying employers to use discretionary grants to increase the number of qualifications in scarce skills, such as for artisans who rely on gaining workplace experience. Going forward, we urge all EWSETA levy-payers to apply for these grants.

While the Phase 1 online grant application system has been proven reliable, incomplete documentation still disadvantaged applicants. In Phase 2, set for roll-out in 2020/21, online learner contracting and monitoring will link them to projects, which will be verified by EWSETA officials before generating learner registration numbers.

Special Projects

	2016/17	2017/18	2018/10	2019/20
Commitments	67.6m	16.4m	15.2m	-
Contract Approvals	24.3m	-	5.2m	-
Disbursements	68.9m	34.5m	16.3m	2.0m

Matric intervention Programme

	2016/17	2017/18	2018/10	2019/20
Commitments	3.6m	12.6m	12.6m	1.9m
Contract Approvals	9.0m	9.0m	9.0m	-
Disbursements	5.4m	8.5m	10.5m	-

Internship Programme

	2016/17	2017/18	2018/10	2019/20
Commitments	12.7m	60.6m	48.8m	8.6m
Contract Approvals	15.1m	58.4	19.0m	9.1m
Disbursements	22.6m	9.6m	30.3m	12.1m

Apprenticeship Programme

	2016/17	2017/18	2018/10	2019/20
Commitments	19.0m	61.8m	167.8m	194.1m
Contract Approvals	13.8m	61.5m	187.9m	133.0m
Disbursements	3.1m	14.1m	81.8m	82.9m

Skills Programme

	2016/17	2017/18	2018/10	2019/20
Commitments	12.0m	30.3m	17.5m	8.8m
Contract Approvals	21.0m	64.5m	21.7m	15.6m
Disbursements	9.1m	43.2m	34.1m	14.5m

Learnership Programme

	2016/17	2017/18	2018/10	2019/20
Commitments	45.1m	38.2m	42.3m	31.5m
Contract Approvals	72.9m	63.7m	80.5m	45.8m
Disbursements	28.6m	70.2m	74.5m	37.2m

Bursaries Programme

	2016/17	2017/18	2018/10	2019/20
Commitments	21.7m	21.6m	53.0m	1.1m
Contract Approvals	21.1m	1.3m	31.4m	0.2m
Disbursements	68.9m	34.5m	16.3m	2.0m

ABET Programmes

	2016/17	2017/18	2018/10	2019/20
Commitments	0.3m	1.1m	1.1m	0.2m
Contract Approvals	0.3m	1.1m	-	0.1m
Disbursements	0.1m	-	-	0.6m

War on Leaks Programme

The War on Leaks programme, launched in August 2018 sought to address the massive impact that water leaks and burst pipes have on the economy and South Africa's dwindling water resources.

In addition to the job opportunities for unemployed youth in the country, the programme was established to train water agents equipped to visit communities where water leaks could be investigated and to educate community members on the importance of saving water.

The ability of young people to enter the workplace with a sound understanding of business principles and the requisite skills for the sector in which they are employed is critical to taking their rightful place in the economy.

During the first two WoL phases, 10 000 learners were enrolled (3 000 and 7 000 respectively).

At a special joint MinMec (Ministers and MECs) meeting held on 17 January 2020, co-chaired by the Minister of Human Settlements, Water and Sanitation, Lindiwe Sisulu, and her COGTA counterpart, Dr Nkosasana Dlamini-Zuma, a decision was taken to give renewed impetus to the programme.



WoL: Phase 1

Commenced:
September
2015



Enrolled

3 000

Completions



2 555

WCWDM
Skills
Programme

910

Water Agents
Programme

952

Artisan
Programme

Permanently
employed to date



44



93

WoL: Phase 2

Commenced:
August
2016



CVs from
the 41 priority
municipalities

12 000

Enrolled

7 000

Completions



6 959

WCWDM
Skills
Programme

3 865

Water Agents
Programme

531

Artisan
Programme

Permanently
employed to date



92



40

Quality Assurance and Compliance

We continued to support the EWSETA in achieving valuable quality assurance practices and positive results in line with the objectives and Strategic Plan of the QCTO.

The EWSETA is responsible for the Quality Assurance functions as delegated by the QCTO in terms of the NQF Act, 67 of 2008 and Skills Development Act, 97 of 1998, as amended.

The Quality Council for Trades and Occupations (QCTO) was established through the Skills Development Act (SDA), 97 of 1998 as one of three quality Councils in South Africa. According to the SDA and National Qualification Framework (NQF) Act 67 of 2008 in chapter 5 in section 26 and 27 the QCTO mandate is clearly outlined.

The QCTO has been in consultation with the EWSETA to finalise service level agreements (SLAs) that start in 2020 until 2024 with the delegated functions of qualification development, accreditation, assessment, quality assurance and certification.

The EWSETA is a QCTO-appointed Development Qualification Partner (DQP), to manage and fund the development of occupational qualifications using the QCTO methodology. The EWSETA is also an appointed Assessment Quality Partner (AQP) tasked to develop, manage and fund the development of assessment instruments and external summative assessments for all registered legacy and occupational qualifications.

Occupational Qualification

(OC) Development

The Skills Development Act defines an occupational qualification as one associated with a trade, occupation or profession, resulting from work-based learning and consisting of knowledge, practical skills and work experience standards.

The purpose of an occupational qualification is to qualify a learner to practice an occupation, reflected on the Organising Framework for Occupations (OFO) or an occupational specialisation related to an occupation that is reflected on the OFO this includes those occupations for which artisan qualification is required i.e. trades.

New Occupational Qualifications registered with SAQA

- OC: Radiation Protection Monitor NQF 4
- OC: Radiation Protection Practitioner NQF 5
- OC: Radiation Protection Technician NQF 6
- OC: Water Regulation Practitioner NQF 8
- OC: Water Use Specialist NQF 7;

Occupational Qualifications developed and submitted to QCTO for evaluation and registration by SAQA

- OC: Gas Turbine Controller NQF 6
- OC: Water Data Collector NQF 3

In addition, OC: Electrical Substation Operations Manager is a qualification that commenced development after the end of the financial period.

QAS Addendum

and Assessment Tools Development

A Qualification Assessment Specification (QAS) Addendum and Assessment tools are developed after a qualification is registered with SAQA. The purpose of the QAS addendum is to assess learners who have completed their training through an External Integrated Summative Assessment (EISA) at an accredited assessment centre. The AQP is required to apply to the QCTO to develop a QAS addendum and assessment tools.

QAS addendum and assessment tools developed and recommended for approval by the QCTO

- Hydro Power Plant Process Controller NQF 6
- Nuclear Power Plant Process Controller NQF 6
- Fossil Power Plant Process Controller NQF 6

QAS addendum and assessment tools completed and awaiting recommendation for approval by the QCTO

- Auxiliary Fossil Power Plant Process Operator NQF 4;
- Fossil Power Plant Process Operator NQF 5;
- Hydro Power Plant Process Operator NQF 5;
- Nuclear Power Plant Process Operator NQF 5.

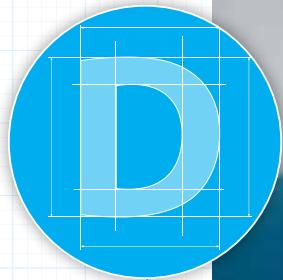
Accreditation

Accreditation of assessment centres and skills development centres are QCTO functions delegated to the EWSETA. The accreditation process comprises institutional compliance and programme delivery readiness. During the period under review, the EWSETA accredited 61 skills development providers.

Workplace approval

The purpose of workplace approval is to verify that employers are compliant with relevant legislation and meeting the set standard which is applicable to the specific trade including, but not limited to, occupational health and safety. In the 2019/20 period, the EWSETA approved 31 workplaces

PART



PLANNING, REPORTING AND MONITORING

"Through life I have learned that the most important critic whose judgement of my actions matters, is my conscience."

Adv Thuli Madonsela,
Public Protector, 2009 - 2016





OVERVIEW

BY THE PLANNING, REPORTING AND MONITORING EXECUTIVE



TSHOLOFELO MOKOTEDI

Executive Planning, Reporting and Monitoring (Acting)

The past financial year saw the second year of establishment of the Planning, Reporting and Monitoring (PRM) branch. We support the EWSETA by implementing a research agenda and applying credible, research-based institutional skills planning to develop policy and qualifications, as well as supporting stakeholder engagements and developing and coordinating the implementation of a comprehensive Monitoring & Evaluation Framework (MEF).

Our activities during 2019/20 focused primarily on postgraduate qualifications, research for skills planning and development, workplace learning through mandatory grants, project evaluation and special project partnerships in the energy and water sectors.

Reflecting on **2019/20**

Skills planning remains the cornerstone of our support to the EWSETA. In the last five years, we improved our strategic planning processes at management and governance levels and appointed an experienced researcher. With this expertise on board, service suppliers are held accountable for delivering quality research products and services. We also improved our research methodologies and looked at future skills needs.

Highlights and achievements during the reporting period also included:

- Excellent feedback on our Strategic Plan (SP), Annual Performance Plan (APP) and Sector Skills Plan (SSP) by a DHET ministerial panel of experts. The plans were quality-rated at 94%, 92% and 91 % respectively. The

panel of experts assess the quality of SETA plans and reports and provide feedback over a two-year period (2020-2021) to strengthen planning and reporting, assess research and consultation and affirm the existence of multi-year and annual plans for the SSP

- Met or exceeded most of our stakeholder engagement strategy milestones
- Exceeded mandatory grant targets for payments to small and medium firms, while employer participation increased by 15,37% compared to the previous year. We need to focus more on participation of large firms
- Exceeded our targets for commissioned research, which included the SSP and the Impact and Tracer studies. Following procurement processes for three research projects on linking higher education and work, influencing emerging technologies and artificial intelligence skills in our sectors and methodology for determining hard-to-fill-vacancies, we could not find suitable providers
- Developed for the first time, a draft Monitoring & Evaluation System Development Plan which sets out a roadmap towards a comprehensive monitoring and evaluation system for the EWSETA
- Met TVET partnership targets and continued to implement the Centres for Specialisation project through TVET Colleges, while the dual system projects gained traction. In the following years Service Level Agreements will be concluded

“

We are excited about developing and implementing EWSETA’s research agenda, which is driving the value-addition to strategic skills planning and adding credence to EWSETA as an authoritative voice in skills planning for the energy and water sectors.”

- The Solar Water Heater collaboration agreement with Central Energy Fund is regarded as an exemplary partnership model and serves to support strategic national priorities

Research agenda

The emphasis of our research agenda is on developing a body of knowledge to support skills development for the energy and water sectors. We conduct research to understand skills demand and supply in our sectors and quality-assure and align sector-relevant skills development programmes with national skills development priorities.

A key research outcome is a sector skills pipeline that spurs economic growth, creates employment and eradicates poverty. Our research intent is to support key activities, interests and initiatives, invest in evaluation and focus on evidence-based research.

Revised planning framework

The PRM team used a newly-revised planning framework to develop the EWSETA Strategic Plan (SP) and Annual Performance Plan (APP). The framework supports national development priorities and mitigates government planning process challenges and misalignment between political/strategic and budgeting/institutional implementation processes.

Despite tight deadlines and challenges with the phasing in of the new framework, especially from the Department of Planning, Monitoring and Evaluation (DPME), we delivered our credible SP and APP on time. We were gratified, once again, by the positive feedback from DGET for scores of 94% and 92% respectively for the SP and APP from the panel of experts. Feedback from the DGET panel and the Auditor-General on both reports will assist us to further improve our 2021/22 submissions.

Evaluation studies

The introduction of impact and tracer evaluation studies to improve our planning gained momentum with the finalisation of the first impact study in 2018/19 and the development of a tracer study in 2019/20. Some of the recommendations from the impact study that were used to inform our planning included:

- implement quality learning opportunities to optimise education and training outcomes
- linking employers to graduated learners to increase employment opportunities
- incorporate learning modules on entrepreneurship in WIL programmes
- Employers should focus on training unemployed learners with the intention of recruiting those who successfully meet the requirements of training objectives
- update EWSETA grant funding policy for employers and learners to participate in research to improve levels of participation
- improve the MIS for more effective QMR data management and learner and employer records management.

The tracer study, the first-of-its-kind for the EWSETA, was completed at the end of the reporting period to trace the employment profile of learners who had completed the EWSETA’s Work-Based Learning (WBL) programmes. The study provided information about completed transition to employment, employment status and satisfaction with the programme in terms of job preparedness.

Key findings from this study, as well as the Work Integrated Learning impact study conducted during the period under review can be found on page 41.

Monitoring and evaluation (M&E)

The EWSETA drafted an M&E System Development Plan as the precursor to a comprehensive M&E system. The term 'development' rather than 'operational' or 'implementation' is used to denote a growth path for the organisation. Detailed operational plans with timeframes and responsibilities have also been developed for each phase of implementation. Our internal M&E systems capacity was disrupted in 2019/20 and we look forward to the implementation in the forthcoming period.

Submission of WSPs and ATRs

During the period under review, EWSETA's employer base comprised 969 (40.89%) levy-paying and 1401 (59.11%) non-levy paying companies registered. Levy-paying employers are required to submit a WSP and ATR annually and in 2019 only 180 employers submitted WSPs and ATRs. This represents an 18.5% submission rate and therefore a key area of focus in the new financial period.

Performance outcomes

A number of exciting initiatives undertaken by various EWSETA teams during the past year included our increased presence at industry outreach events, employer capacity building sessions and roadshows. The outcome of these activities was increased stakeholder engagements, specifically with levy-paying employers, civil society, tertiary education institutions and the youth.

The CEO's national roadshow, created a platform for direct interaction with employers. We deliberately prioritised inactive employers and I am confident that the benefits from these engagements will become evident in the 2020/21 WSP submissions and greater availability at workplaces for work-based integrated learning. While employer participation in mandatory grants improved by 15.38% as indicated above, we continued to engage with inactive employers.

Progress with the implementation of Research Chairs included participation in a meeting with the Water Research Commission (WRC) and all other relevant partners to identify areas of duplication. We will explore this important development further in the new year to ensure that the chairs we appoint will influence the skills development agendas for the energy and water sectors and optimise resources and capacity.

Way forward

In the year ahead, we will use the results from our commissioned research to include several technical occupations in our planning processes that will meet the future skills needs in our sectors. We share the EWSETA's commitment to instilling a high performance culture and implementing a blueprint for greater impact in skills development in the energy and water sectors.



Tsholofelo Mokotedi

Executive Planning, Reporting and Monitoring (Acting)
30 September 2020



The EWSETA sponsored ten young water professionals to attend the Young Water Professionals Conference held in October 2019

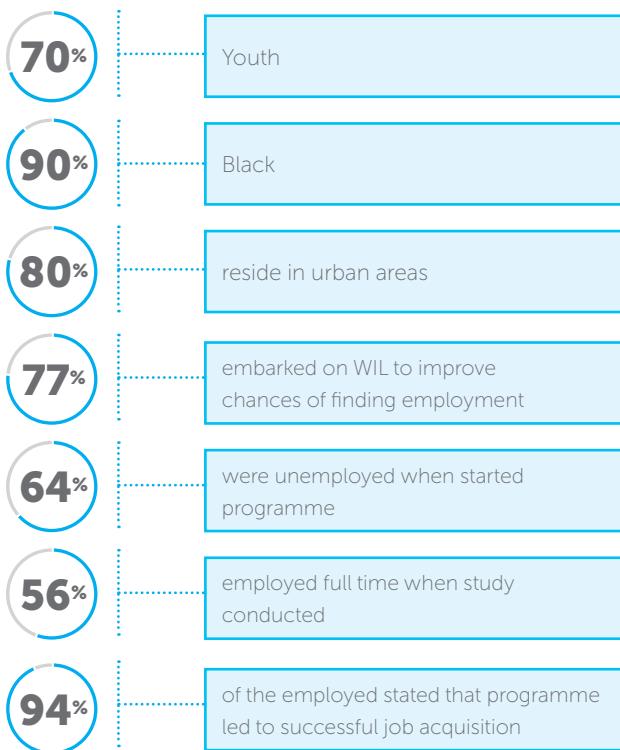


Tsholofelo Mokotedi is seen here interacting with stakeholders in East London on February 2020. This event formed part of the CEO stakeholder interaction sessions

WIL Impact Study

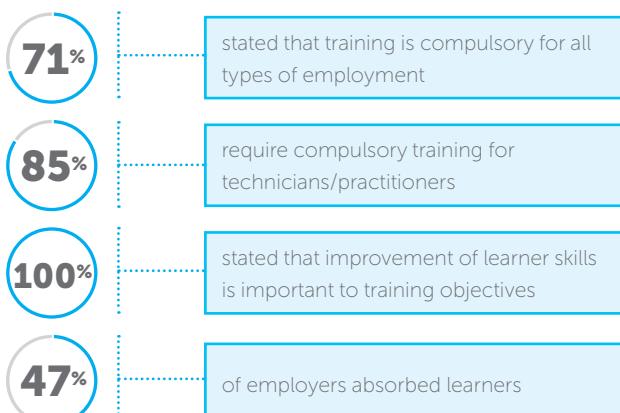


Key findings



Need emerged for an EWSETA-based electronic portal to increase visibility

What Employers had to Say



WIL = Work Integrated Learning

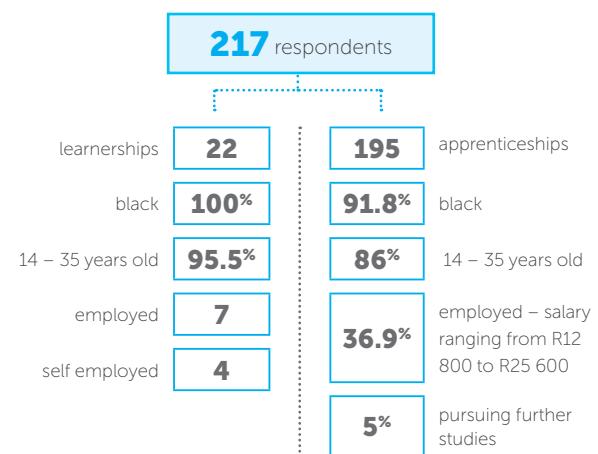
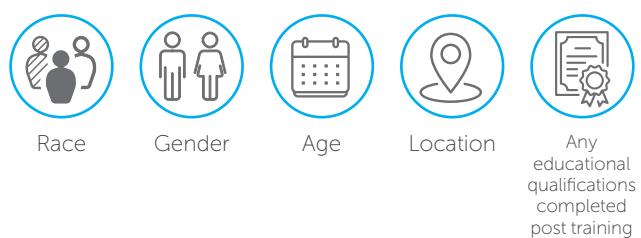
WBL Tracer Study

DHET mandated activity to investigate outcomes of 2016/17 apprenticeships and learnerships

Study sought to gain answers to following questions:



Context of Study



WBL = Work Based Learning

WSP AND ATR SUBMISSIONS

Sectoral Submission of WSPs and ATRs by Province

Limpopo

2019	6	E 4 W 2
2018	3	E 2 W 1

Gauteng

2019	80	E 61 W 19
2018	70	E 54 W 16

North West

2019	5	E 3 W 2
2018	4	E 3 W 1

Northern Cape

2019	4	E 2 W 2
2018	3	E 2 W 1

Western Cape

2019	39	E 32 W 7
2018	35	E 30 W 5

Mpumalanga

2019	7	E 4 W 3
2018	4	E 3 W 1

Free State

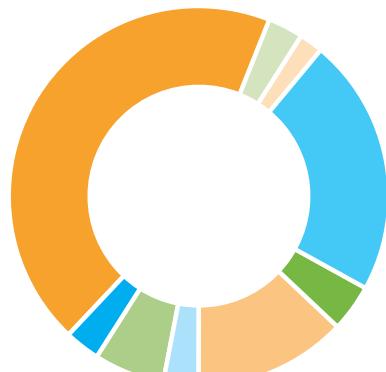
2019	5	E 2 W 3
2018	4	E 2 W 2

KwaZulu-Natal

2019	24	E 17 W 7
2018	24	E 16 W 8

Eastern Cape

2019	10	E 6 W 4
2018	9	E 5 W 4



■ Limpopo	■ Mpumalange
■ Gauteng	■ KwaZulu-Natal
■ North West	■ Free State
■ Northern Cape	■ Eastern Cape
■ Western Cape	



969

Levy paying employers



Submission rate



2019

180

WSP and ATR submissions



Increase on previous year



2018

156

WSP and ATR submissions



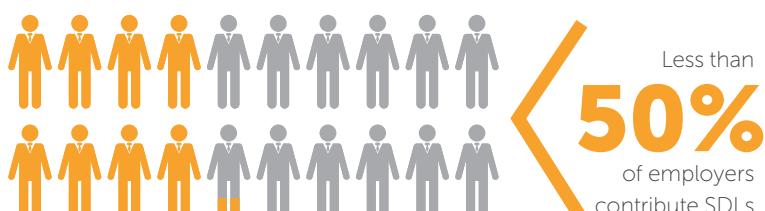
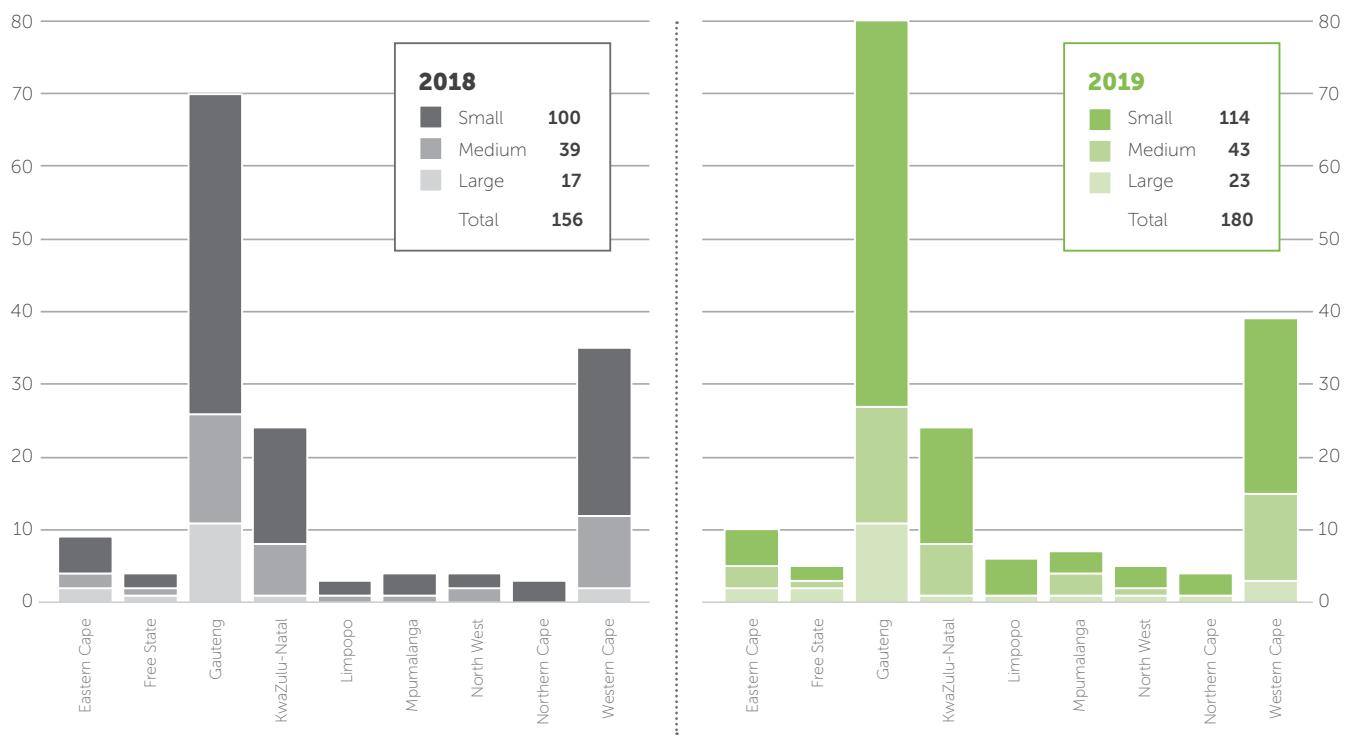
- new sector entrants
- more employers complied with submission deadlines

- increased employer understanding of value of WSP and ATR
- increased knowledge of EWSETA systems

- capacity building sessions
- increased stakeholder engagement

WSP AND ATR SUBMISSIONS

Employer Size Distribution by Province



This results in insufficient sector participation in skills planning and development

Recommendations for 2020/21



Analysis of SETAs incorrectly assigned and facilitation of inter-SETA transfers



SDLs from levy-exempt companies who are willing to contribute



SARS registration for newly established businesses that could qualify as levy payers



Improved MIS capability to collect WSP/ATR data from non-levy paying organisations



Capacitation of research unit to enhance research function and drive skills planning

Energy Sector Cluster

South Africa's Integrated Resource Plan (IRP) envisions an energy sector that embraces a mix of energy subsectors and technologies to address South Africa's energy needs.

Conventional coal-powered electricity, renewable sources of energy, oil & gas, as well as nuclear, all have a key role to play in SA's energy sector and are therefore the domain of EWSETA's Energy Sector Cluster (ESC).

Looking back at 2019/20, sector partnerships and participation in a variety of industry events continued to play a key role in the activities of the ESC.

Our influence in the Youth in Energy Policy Draft Steering Committee resulted in the formation of the Energy Sector Skills Development Forum that aims to ensure sufficient skills planning and targeted interventions at a national level in response to critical skills gaps and formulation of a sector response to 4IR. In addition, the Energy Cluster participated in the planning and delivery of the Local Government Youth Development Forum National Youth Policy 2020-2030 Consultation. Through these interventions, the ESC participated actively and effectively in driving youth skills development.

Industrial Development Zones (IDZs) remain an area of focus and collaboration and during the period under review great strides were made with Richards Bay IDZ. Participation in a roadshow with TSAZ Renewable Energy in KZN highlights the important role of renewable technology for learners in rural communities. Staying in KZN, the ESC partnered with the Basadi Ba-Africa Summit that seeks to roll out renewable energy training to women in KZN and involvement in this initiative resulted in a meeting hosted and chaired by The Durban Chamber of Commerce and Industry where potential partners were able to meet with representatives of the Khanyisa Basadi programme.

In accordance with DHET Standard Operating Procedures relating to the verification and correct classification of employers, we will continue to ensure all employers fall within their scope of jurisdiction. In the year under review the ESC stakeholder engagement strategy with employers was focused to responding to the reports recommendation of increasing the levy-base through sensitising employers on the benefits of being linked and participating in SETAs that are relevant to the core business.

Inter-SETA transfers for ten employers were processed and a further thirteen initiated applications to join EWSETA. These transfers have increased the number of employers that participate and apply for Discretionary Grants.

Participation in the following events allowed the EWSETA to sensitise stakeholders in the energy sector to the role played by the EWSETA in this critical sector, to establish the EWSETA as an authority on skills development in the sector, as well as to network and interact with key players in the sector.

- Sponsorship of laptops and tablets, as well as provision of career guidance at the Department of Mineral Resources and Energy's 2019 Learner Focus Week (LFW)
- Participation in the annual week-long NECSA Science Week that included career guidance presentations and exhibitions. EWSETA's participation contributes to increasing the learner pipeline for careers in the sector..
- The ESC has worked closely with the National African Energy Wholesalers Association of South Africa (NAEWASA) that represents new black business entrants in the energy sector, with a strong focus on transformation in the oil and gas sub-sectors.
- Participation as a sponsor at Windaba 2019, hosted by the South African Wind Energy Association's (SAWEA), the Southern African Energy Efficiency (SAEE) Convention, and the Africa Energy Indaba 2020.

Representatives of the ESC attended the 2019 Africa Utility Week Conference and Assaf Smart Cities Seminar, DHET's Professional Development of Campus Managers Workshop and learner inductions in Mpumalanga.

During the period under review, collaborative agreements were signed with Kelvin Power (Pty) Ltd, Proconics, Basadi Ba-Africa Summit (Pty) Ltd and South African Renewable Energy Technology Centre. Projects have been implemented with LamoCorp (Pty) Ltd and Technology Innovation Agency.

There was a strong drive to contribute to the eradication of youth unemployment, as well as to promote skills development and entrepreneurship in the energy sector. The Integrated Resource Plan 2019 has provided the sector with clear policy guidelines which boost investor confidence in South Africa's energy market.

We envision that in the new financial year the sector will continue to grow as government procures more renewable energy sources to stabilise the national grid. Moreover, the Eskom roadmap seeks to craft short- and long-term goals of the largest power utility in Africa and to offer opportunities for competition in the procurement of energy.

Looking ahead, the EWSETA will build on relationships initiated by formalising partnerships with Association Bodies and welcoming new energy employers through participation in the Renewable Energy Independent Power Producer Procurement Programme; working with existing employers in skills development; and further strengthening and growing its relationship with key partners.

Water Sector Cluster

EWSETA's Water Sector comprises three sub-sectors, namely: collection, purification and distribution; refuse and sanitation services, and waste and sewerage services. The Water Sector Cluster is responsible for stakeholder interaction within this sector.

SETA partnerships were a key focus during the period under review and the EWSETA joined forces with several other SETAs on the entrepreneurship and cooperative development inter-SETA committee. This committee was led by Services SETA.

In the reporting period, the EWSETA Water Sector Cluster participated in the following key industry events: 1st Water Reuse Symposium organised by the Water Institute of Southern Africa; the 8th World Conference on Ecological Restoration hosted by the Society for Ecological Restoration; the 2019 Groundwater Conference: Conservation, Demand and Surety by the Ground Water Division of the Geological Society of South Africa; the YWP-ZA Conference arranged by the South African Young Water Professionals Empowerment Platform of WISA; as well as the 20th Waternet/WARFSA/GWP-SA Symposium hosted by the University of Johannesburg.

The launch of the Department of Human Settlements, Water and Sanitation's National Water and Sanitation Master Plan in late 2019 seeks to consolidate various existing policies and strategies run by the Department. The plan outlines the importance of collaboration and co-operation between DWS, EWSETA, institutions of higher learning and sector partners to fund training of water sector practitioners in the curation, management and use of data and the associated technologies

Priorities for the Water Sector Cluster in 2020/21 are the preparation of research documents on skills interventions required for COVID-19, sanitation sub-sector, water-food-energy nexus, climate change; development of a new policy, standard operating procedures and model for the establishment of high impact partnerships; an increased focus on online learning and virtual engagements; as well as the establishment of chambers for governance purposes.

Timeline of Developments in Water Sector: NSDS III

2011

- Start of the NSDS III
- Water sector moved from LGSETA to EWSETA
- Seawater desalination plant opened in Mossel Bay
- Southern African Development Community (SADC) unveiled its climate change adaptation plan for the regional water sector
- Acid Mine Water Drainage (AMD) problem tackled by DWS and the TCTA

2013

- NWRS2 is launched

2012

- South Africa achieves MDG target on improved sanitation
- The NDP is launched
- Study shows glaring water shortage in South Africa by 2030

2014

- General elections
- Nomvula Mokonyane appointed Minister of Water and Sanitation
- SAHRC releases report on government's constitutional commitment to the people of South Africa

2015

- The MDGs (2000-2015) come to a close, the SDGs begin
- Protracted severe drought begins in South Africa
- DST releases Water RDI Roadmap

2016

- National Sanitation Policy (NSP) is released

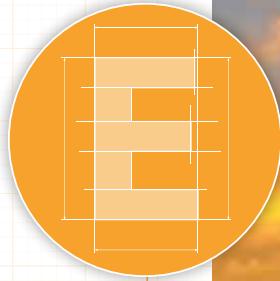
2018

- Gugile Ernest Nkwinti appointed Minister of Water and Sanitation
- City of Cape Town announces Day Zero to take place in April 2018 and moves water restrictions to Level 6B
- President Cyril Ramaphosa declared the sewage problem in the Vaal River system a national crisis in October last year and authorised the deployment of the South African National Defence Force to intervene

2019

- National Water and Sanitation Masterplan is released after extensive consultations
- General elections
- Lindiwe Sisulu appointed Minister of Human Settlements, Water and Sanitation

PART



CORPORATE SERVICES

"Excellence is never an accident. It is always the result of high intention, sincere effort, and intelligent execution; it represents the wise choice of many alternatives - choice, not chance, determines your destiny."

Aristotle





OVERVIEW

BY THE CORPORATE SERVICES EXECUTIVE



CANDICE MOODLEY
Corporate Services Executive

As a precursor to the National Skills Development Plan (NSDP 2030), the implementation of the National Skills Development Strategy (NSDS) established a solid foundation from which Sector Education and Training Authorities (SETAs) can realign their strategies with the 10-year NSDP vision of bringing together government and social partners to spur economic growth, employment and social development when it rolls out in the new financial year.

Certainly, from a SETA perspective, strategies going forward will build on two important milestones achieved during the past financial year: the final year of implementation of the NSDS III and the re-establishment of the SETAs until 2030, as announced by the Minister of Higher Education, Science and Technology, Dr Blade Nzimande, in July 2019.

From an EWSETA perspective, I am confident that our achievements against NSDS III targets created a firm foothold from which to contribute meaningfully to the intent of the NSDP to create an educated, skilled and capable workforce for South Africa by 2030.

And from a Corporate Services perspective, the past financial year affirmed the valued ability of a stable, capacitated and proficient support services management team, working closely with committed and resourceful employees to provide EWSETA with innovative, sustainable solutions in areas integral to fulfilling its mandate.

The tenure of EWSETA's new Accounting Authority starts on

1 April 2020, as does the implementation our new five-year strategy as the blueprint for creating greater skills development impact in which we envisage a high-performance SETA.

Supporting performance outcomes

Our core focus remained robust: to support EWSETA in the pursuit of its mandate with a capacitated workforce, enabling technologies, appropriate facilities and the expertise to build a strong brand with a solid reputation.

During the reporting period, EWSETA implemented the final year of its 2016-2020 strategy. The goal-led objectives of the Corporate Services team focused on:

- attracting, developing and retaining people with the right skills in the right positions
- utilising ICT optimally to enhance business systems and processes
- creating awareness and marketing EWSETA's services to stakeholders through internal and external communication.

In giving effect to these objectives, Corporate Services engaged with a wide range of sector representatives, professional bodies and stakeholders, interacted regularly with employees and collaborated closely across functional lines in the organisation. The feeling of mutual pride shared by the Corporate Services Team is something that we will nurture and strengthen in the period going forward.

“

For the past 10 years, SETAs aligned their strategies with the implementation of the NSDS (I, II and III) that set out to create access to training and skills development opportunities, address inequities in class, race, gender, age and disability and reduce skills shortages and mismatches to improve productivity and economic growth.”

Some 2019/20 **highlights**

- The appointment in March 2019 of a seasoned and experienced Marketing and Communication Manager for EWSETA’s critically important Marketing and Communication department created much-needed stability in that environment. Respectively, the manager’s extensive experience in marketing in a SETA environment energised teams that are pivotal to driving high performance within the organisation and effective communication with external stakeholders.
- Despite the unprecedented immediacy of the COVID-19 lockdown, our ICT team ensured that all EWSETA employees could work remotely and they received the tools and training to start working virtually with almost no delays. The implementation and roll out of Microsoft Office 365 across the entire organisation, even before the onset of COVID-19, was an instrumental enabler in this regard.
- The new EWSETA website, developed in-house and launched in September 2019, offers a range of online functionalities that were previously unavailable, such as event registration and RSVP, vacancies, tenders and requests for quotes notifications as well as a career guidance portal and stakeholder e-learning portal which will both be launched in 2020/2021. A most welcomed initiative and addition to the website by stakeholders has been ‘Your Voice Counts’ interaction with EWSETA’s ACEO, which through the Office of the CEO is monitored regularly.
- The successful creation of EWSETA’s social media presence during the past year increased our interaction with stakeholders and is an area that we will prioritise for communicating with and receiving feedback from our widely dispersed stakeholder groups in the energy and water sectors.
- Career guidance remains a key element of our strategy and I am pleased to report that we exceeded our 2019/20 APP targets. During the reporting period, we included an additional three provinces in EWSETA’s rural-to-rural career guidance roadshows to extend the incredible impact of this rural learner outreach programme.

Challenges, **opportunities and achievements**

The announcement of the new SETA landscape only in July 2019 affected the EWSETA’s ability, during the first quarter of 2019/20, to provide employees with the assurance of job security. This resulted in several resignations and a loss of scarce skills, with a ripple effect on meeting targets and achieving objectives for the reporting period.

The renovations to Cape House were again hampered by unforeseen delays, including approvals from the City of Joburg in terms of submitted plans. These approvals were still outstanding at financial year-end on 31 March 2020. The outgoing Accounting Authority provided the new EWSETA Board with a full report on Cape House for deliberation and a decision on the way forward is anticipated in the forthcoming period.

Due to limited space, as well as safety and health concerns that could have affected employees and operations adversely, EWSETA moved its head office during the last quarter of 2019/20 from the 2nd to the ground floor of the same building where it is currently accommodated. The move was completed efficiently with almost no downtime.

Despite the lack of a permanent ICT and Facilities Manager from August 2019 to end March 2020, effective ICT resource management ensured that critical business functions were never compromised. We look forward to implementing a new, in-house developed integrated Enterprise Resource Planning (ERP) and Management Information System (MIS) in the year ahead. This will replace an outdated MIS that was no longer aligned to the core business processes of the organisation, and will enable optimal enterprise resource planning and information and stakeholder management.

I am confident that our investment this past year in the review and realignment of our ICT environment will result in significant cost savings for EWSETA which will begin to be realised within the 2020/2021 financial period. We are determined to overcome all remaining ICT challenges with innovative, impact-driven solutions and a new strategy geared towards hybrid resourcing, mentoring and skills development and transfer, to improve core skills at all levels in the organisation.

Our stakeholder satisfaction survey, planned for 2019/20, was put on hold to revise the research methodology and will be conducted in 2020/21 to ensure that we understand and respond effectively to sector skills needs and stakeholder expectations within the fast-changing dynamics of a digital economy. This is one of the APP targets that was not met, however, as we ensure that as an organisation we are making the desired impact through all our initiatives, it was essential that our stakeholder survey be developed with the correct impact in mind.

General feedback from employees and participants in stakeholder engagements during the past year confirmed an overall improvement in EWSETA's communication. I am proud of how our well-led marketing and communication team rose to the challenge of creating greater awareness and influencing perceptions positively about EWSETA among our internal and external stakeholders. Working closely with our colleagues in the Planning, Monitoring and Reporting Branch certainly contributed to this accomplishment and we thank the managerial team, led by Ms. Mokotedi, for their collaborative support and participation whenever required.

Way forward into **a new reality**

We will start the new financial year in a world still riven by the adversity of dealing with a COVID-19 pandemic. The only certainty is that much of our new reality will be business unusual, which may require a hybrid work structure where employees interchange between working remotely and working from our office locations.

We can take heart from the words of Nelson Mandela that determination and skills will triumph over adversity. I believe firmly that EWSETA will emerge digitally stronger and smarter, better able to deal with and optimise the challenges and opportunities that will cross our path in the year ahead. I also believe that inculcating an impact-driven, high-performance culture will improve organisational performance and contribute to job satisfaction and a rewarding work experience.

Certainly, the Corporate Services team is optimistic about our strategic direction. We will pursue our objectives of sustainable skills development, improved stakeholder engagement and the alignment of people, systems and best practices with the needs of the organisation to support EWSETA's new five-year strategy as its blueprint for greater skills development.

I thank the Corporate Services team for remaining committed, stakeholder-focused and service orientated despite trying times. Your contributions have not gone unnoticed and are greatly appreciated. I look forward to being part of a great team as we navigate the waters of an unchartered new reality, seeing beyond the immediate to the opportunities on the horizon.

Reports on our human resources, ICT and facilities management and marketing and communication activities during the past year can be found on the following pages.



Candice Moodley

Corporate Services Executive
30 September 2020



Human Resources

Our Human Resources Department provides the organisation with a capacitated workforce and access to systems, processes, policies and programmes to help realise its vision and fulfil its mandate.

Our approach to employee relations consists of continuous engagement in employee-related matters and maintaining a constructive relationship with our union representatives.

During the past year, EWSETA's attrition rate decreased to 11.6% (2020: 13.3%), which may already attest to a positive, early impact on employees who function optimally in an environment where they are held accountable for their performance against clearly articulated expectations and the security of a re-established SETA landscape until 2030.

Employee skills development and training remain critical to our pursuit of a high-performance culture. Our strategy is informed by the results of a 2017/18 skills audit, which identified skills shortages and mismatches. Since we started addressing these issues in 2018/19, the organisational performance which was 3.24 in 2017/18, since improved to 3.5. in 2018/2019. During 2019/2020, 53% (2019:68%) of employees participated in various skills development and training interventions.

Key initiatives

Employee Wellness/Assistance Programme: We launched the programme at the start of the reporting period in partnership with ICAS, to provide employees with an additional supported platform in terms of health and overall well-being, at work and at home. Employees received regular updates on the importance of mental health, nutritional well-being and work-life balance. The programme also provided access to testing for life-threatening conditions, such as tuberculosis. During the final quarter of 2019/20, we provided employees with credible information about COVID-19 and increased the frequency of the updates to keep employees abreast of developments and well-informed about staying safe and healthy.

Employee Satisfaction Survey: A short, high-level employee engagement survey was conducted and an encouraging 90% participation level across all employees was achieved, which is far above the normal best practice rate. The intention in the reporting period was to have an employee engagement partner analyse the responses so as to provide management and staff with an employee engagement strategy where the culture and change management interventions are directly responding to the concerns raised by staff in open and transparent focus groups. The finalisation of this strategy is anticipated for the 2020/2021 financial period. We look forward to the recommendations from the survey that will also support the inculcation of a high-performance culture in which all employees fully embrace our RITE values.

Rewards and Recognition: At an Employee Wellness event held in December 2019, the ACEO used the opportunity

to hold the first EWSETA Long Service Awards, where all staff who have provided 5, 10 and 15 years of service were awarded with a Long Service Certificate. The financial rewards were processed during the January 2020 Payroll run for the applicable years' of service as per the approved Awards Policy. The longest serving staff member at EWSETA has been serving the organisation for 19 years. These staff members were also acknowledged in Issue 11 of the EWSETA Chronicle.

Performance management: During the past year, we progressed well with the consistent implementation of EWSETA's performance management system. We also continuously identify and address areas for improvement. The performance moderation committee delayed the finalisation of performance rewards in August 2019 in the interest of ensuring that performance criteria were consistently and equitably applied across the organisation. Performance Rewards were therefore, paid to qualifying staff in December 2019.

Recruitment: Concerted recruitment efforts resulted in filling a number of long-standing vacancies at managerial level, which left only one position to fill in the new financial year. A moratorium on executive and senior management placements issued by our Honourable Minister in December 2019, as well as several resignations resulted in an higher than anticipated vacancy rate by the end March 2020. .

Labour relations: EWSETA experienced several union changes that affected the relationship between the employer and employees negatively. We will finalise a recognition agreement with the South Africa State and Allied Workers Union to move forward with one union and a constructive relationship in 2020/21

Policies and governance: The finalisation of reviewing and aligning all our HR policies with new labour legislation during the reporting period has contributed to greater stability in the HR environment. EWSETA is also doing well in meeting employment equity targets and our employment equity report was submitted on time in January 2020.

Challenges

Several challenges persist in our HR environment that remained unresolved during the 2019/20 financial year. Primary among these is a highly unaffordable organisational structure despite having actioned the 2017/18 skills audit and salary benchmarking recommendations. Remuneration still accounts for more than 90% of EWSETA's entire administration budget. This leaves us with a high vacancy rate in scarce and critical skills and existing positions that are not

aligned with our new five-year strategy. EWSETA is addressing the matter urgently as part of an operational model and organisational design process in the forthcoming period which will ensure that our five-year strategy will be effectively implemented through an operating model that is aligned to our mandate and a structure that is fit for purpose.

Risk management: Collaboration between the HR and Risk and Compliance teams during the reporting period ensured that the tracking system that monitors the mitigation of identified risks was regularly updated, resulting in 63% of HR risks closed by year-end and 37% partially closed. .

In response to dealing with COVID-19 regulations, EWSETA established a COVID-19 Disaster Management Committee

with representation from all branches to monitor, guide and oversee the organisation's adherence to government-legislated guidelines to protect our employees and prevent workplace infections. Going forward, the committee will assess business impact and prepare a business continuity plan, as well as ensure that we comply with social distancing and sanitation measures in preparing our Parktown offices and provincial offices for re-occupation when permitted. Our primary concerns in dealing with COVID-19 restrictions remain the health and safety of all our employees and visiting stakeholders and ensuring the effective continuation of EWSETA operations.

The following Tables reflect EWSETA's HR Information pertinent to the period under review.

Table: 2. Personnel cost per programme

Programme	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure	Number of employees	Average personnel cost per employee (R'000)
Admin*	22,574	55,1%	35	645
Project Admin	15,253	37,2%	33	462
War on leaks	3,159	7,7%	9	351
	40,986	100,0%	77	532

Table: 3. Personnel cost per salary band

Level	Personnel expenditure (R'000)	% of personnel expenditure to total of personnel cost	Number of employees	Average personnel cost per employee ('000)
Top Management	1,839	4,9%	1	1,839
Senior Management	4,749	12,6%	3	1,583
Professional Qualified	10,493	27,7%	14	750
Skilled	13,348	35,3%	26	513
Semi-Skilled	7,398	19,6%	24	308
Unskilled	-	0,0%	0	-
	37,827	100,0%	68	556

Table: 4. Performance rewards

Level	Performance rewards (ZAR)	Personnel expenditure (ZAR)	% of performance rewards to total personnel cost
Top management	44,980	1,715,845	2.6%
Senior management	178,365	4,508,998	3.96%
Professionally-qualified	445,558	11,738,356	3.8%
Skilled	678,505	13,348,242	5.08%
Semi-skilled	488,888	7,817,344	6.3%
Unskilled	0	0	0
TOTAL	1,836,296	39,128,785	4.7%

Table: 5. Training Costs

Level	Personnel Expenditure ('000)	Training Expenditure ('000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee ('000)
Operations	15,253	327	2,1%	15	22
Planning, Reporting & Monitoring	7,206	95	1,3%	5	19
Finance	5,853	105	1,8%	7	15
Corporate Services	6,243	128	2,1%	7	18
Chief Executive Office	3,272	9	0,3%	2	5
TOTAL	37,827	664	1,8%	36	18

Apart from an extremely busy year that kept our workforce fully engaged, we are proud to confirm the achievement of 53% of our staff development target.

Table: 6. Employment changes

Level	Employment at beginning of period	Appointments	Terminations	Employment at end of period
Top Management	0	0	0	0
Senior Management	3	0	0	3
Professionally Qualified	16	3	3	16
Skilled	56	0	5	51
Semi - Skilled	1	0	1	0
Unskilled	0	0	0	0
TOTAL	76	3	9	70

Regrettably we bade farewell to 9 staff members for various reasons which are specified in the terminations table.

Table: 7. Equity targets, employment equity status and disabled staff status

Level	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
MALE								
Top Management	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	0	0	0	1
Professionally Qualified	8	0	0	0	0	0	0	0
Skilled	12	1	1	0	1	0	0	1
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	21	1	1	0	1	0	0	2

Due to the freezing of senior management and lower-level positions, we were not able to meet the Employment Equity targets in this section.

Level	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
FEMALE								
Top Management	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	1	0	0	0
Professionally Qualified	5	0	0	0	1	0	1	0
Skilled	30	0	2	0	0	0	1	1
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	36	0	2	0	2	0	2	1
<i>Due to the freezing of senior management and lower-level positions, we met some of the targets by race at the professionally qualified level.</i>								
DISABLED STAFF								
Top Management	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0
Professionally Qualified	0	0	0	0	0	0	0	0
Skilled	0	0	0	0	0	0	0	0
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0
<i>We did not have Employment Equity targets in this section.</i>								

Table: 8. Reasons for terminations

Reason	Number	% of total number of staff leaving
Death	0	0
Resignation	4	5.71
Dismissal	3	4.28
Retirement	0	0
Ill – health	0	0
Expiry of contract	2	2.8
Other	0	0
TOTAL	9	12.79

With 12.79% terminations, only 5.71% of terminations are categorised as Labour turnover as a result of resignations tendered. Regrettably, 4.28% was as a result of dismissals while the remaining 2.8% was as a result of end of contract term.

Table: 9. Labour relations: Misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal warning	0
Written warning	2
Final written warning	4
Dismissal	3
TOTAL	9

We approach disciplinary action as a remedial process to instil professional conduct and a high-performance culture. It is unfortunate that some of the disciplinary actions resulted in dismissals.

Information and Communications Technology (ICT) and Facilities Management

ICT is profoundly changing the way we work with workplaces requiring robust and flexible information and operations technologies customised to meet organisational needs.

The 2019/20 financial year saw major transformation and change within EWSETA's ICT and Facilities environment and marked the end of the three-year ICT and Facilities strategy cycle.

Achievements

In addition to the achievements mentioned in the Executive Overview, the team aligned EWSETA's ICT environment with industry best practices that include COBIT 5, ITIL and 27001 cyber security standards. We continue to proactively maintain and mitigate identified risks to ensure transparent and quality service delivery.

We also rolled out Office 365 successfully to employees to unify the organisation's communication and collaboration infrastructure. This enabled employees to participate in online communication and collaboration via Teams from remote locations, which increased EWSETA's ability to maintain operational efficiencies during the COVID-19 lockdown significantly. The redeployment of the mail delivery system to a cloud-based platform also created greater stability, ease of access and high availability.

During the year, EWSETA's ICT network and server infrastructure was redesigned and redeployed to incorporate a more secure and an active disaster management architecture. We deployed a hybrid cloud/physical server hosting and synchronisation plan to maintain high-availability and crucial data backup and storage.

Facilities management

Effective facilities management remains critical to providing a safe and healthy work environment for employees and stakeholders. During the reporting period, the head office was moved to the ground floor of the Sunnyside Office Park due to a lack of adequate space on the previously occupied 2nd floor and the expiry of the lease contract. In the year ahead, we will take guidance from the new Accounting Authority about finalising renovations and moving to Cape House.

Challenges

Insufficient ICT resources remain a challenge and increased the need for outsourced service providers and consultants. Going forward, a new, smarter hybrid resourcing model with a core focus on improving internal core skills will support EWSETA infrastructure and systems.

Our stakeholders continue to demand high quality, sophisticated and reliable ICT solutions and provisions. This presents us with the challenge on how to satisfy expectation and demand, while balancing the costs of delivering services within in an economy that is facing a major crisis.

Future plans

Along with the changes wrought by COVID-19 and dealing with the resulting challenges, we look forward to an exciting new strategy cycle with opportunities to improve stakeholder engagements, increase internal and external collaboration and smarter service delivery.

Marketing and Communication

During the period under review, EWSETA's marketing and communication team realised several noteworthy achievements, including a significant increase in visibility across several social media platforms.

An important milestone was the successful creation of EWSETA's presence across five social media platforms (Facebook, LinkedIn, Twitter, Instagram and You Tube) which grew month-on-month and increased stakeholder reach and interaction significantly.

Our successful Rural2Rural Career Guidance Roadshows extended interaction with high school learners in Orange Farm (Gauteng), the Free State and Western Cape. Planned collaboration with the Department of Human Settlements, Water and Sanitation during Water Week 2020 had to be cancelled due to COVID-19 and are on hold pending decision about cancelled events in the year ahead.

The consistent enthusiastic response from learners to EWSETA's energyDRIVE truck is a communication tool aligned directly with our blueprint for greater skills development impact and certainly a mechanism that we want to replicate in the water sector. Due to COVID-19, we are thinking creatively about the use of digital platforms for these visits going forward.

Other key career guidance activities included participation in the Department of Energy and Mineral Resources' Learner Focus Week and the NECSA and Mondi Science Week events.

In collaboration with EWSETA's Planning, Reporting and Monitoring Branch, we initiated a successful series of CEO roadshows as a platform for direct and transparent engagement with the leaders and decision-makers among our stakeholders. These constructive information-sharing sessions contributed to the verification of data in our Sector Skills Plan (SSP) and a mutual understanding between EWSETA and its stakeholders of the needs and challenges in our sectors.

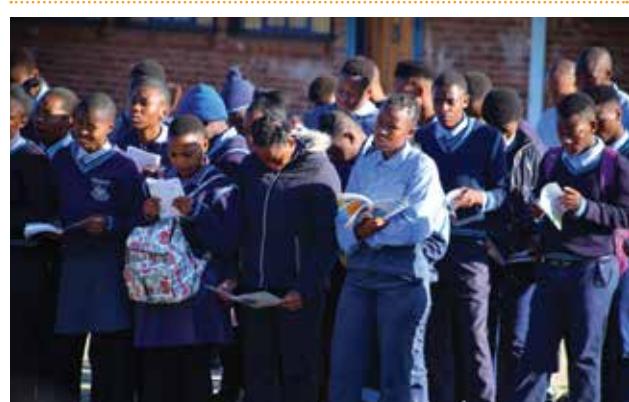
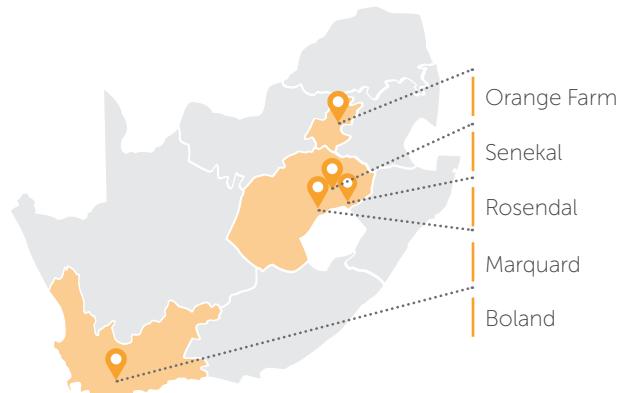
These events successfully solidified existing and established employer partnerships and emphasised the critical role of employers in meeting future energy and water sector skills needs. Constructive stakeholder responses to the CEO's questions about expectations of EWSETA as a skills development authority, collaboration in driving skills development and ways to improve Workplace Skills Plans (WSP) processes and industry's participation in skills development will inform future initiatives to encourage and attract employer participation in EWSETA projects and programmes.

We also participated in the Green Youth Indaba, IFAT Africa, Windaba and WISA's Young Water Professionals Conference, as well as the Africa Energy Indaba. Participation in the Power and Electricity World Africa event, scheduled for the end of March 2020, was postponed due to COVID-19 safety measures.

The EWSETA's various social media platforms were established between the months of March and May 2019. By the end of the financial period, the EWSETA had recorded the following increase in followers

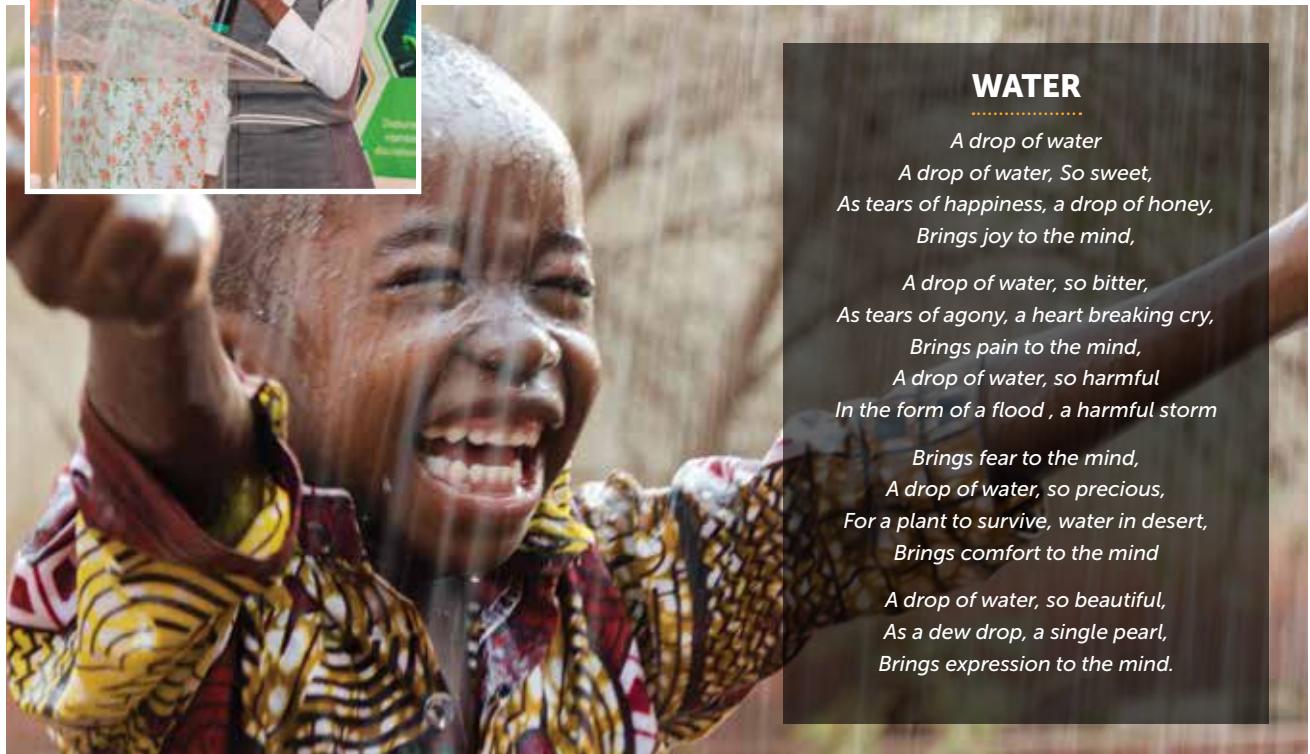


Rural2Rural Career Guidance Roadshows





In October 2019, learners from the schools visited during the Rural2Rural roadshows were invited to submit poems about either the energy or water sector. Boitumelo Serumula from Utsane High School in Hammanskraal, North-West Province, emerged as the overall winner in the competition for her touching and powerful poem on water. Boitumelo Serumula, is seen here with her creative writing teacher, Ms Ledimo Mashishi, reading her poem to guests at the 2019 AGM.



WATER

A drop of water

A drop of water, So sweet,

As tears of happiness, a drop of honey,

Brings joy to the mind,

A drop of water, so bitter,

As tears of agony, a heart breaking cry,

Brings pain to the mind,

A drop of water, so harmful

In the form of a flood , a harmful storm

Brings fear to the mind,

A drop of water, so precious,

For a plant to survive, water in desert,

Brings comfort to the mind

A drop of water, so beautiful,

As a dew drop, a single pearl,

Brings expression to the mind.

At our AGM on 8 November 2019, EWSETA's outgoing Chairperson, Frans Baleni, discussed the implications of 4IR and digital technologies on the energy and water sector with the attendees. This was reinforced through the use of a smartphone-based platform for voting and feedback purposes. The 200 attendees were asked to describe their perception of the EWSETA using one word. The words submitted were used to create a word cloud that consisted of more than 70% positive words with great, hopeful, positive and promising emerging as the four most-repeated words. We are immeasurably appreciative to our stakeholders for their continued support and encouragement to always set the bar higher in responding to sector expectations.

We added an unusual, but well-appreciated, element to the AGM when the winner of our high school poetry competition, Boitumelo Serumula from Utsane High School in Hammanskraal, North-West Province, read her touching and powerful poem on water. Her creative writing teacher, Ms Ledimo Mashishi, accompanied her to the event.

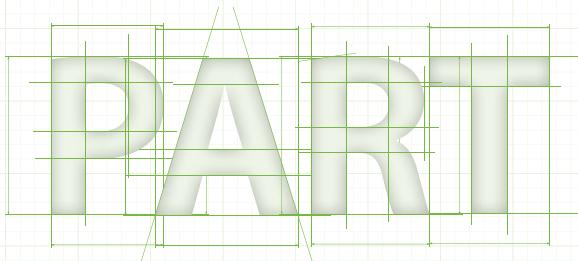
EWSETA's quarterly Chronicle newsletter again served as a valuable source of information to stakeholders. We also produced and disseminated guides for employers and entrepreneurs, respectively to highlight the role of employers in skills development and provide them with information about EWSETA funding and highlight opportunities for young entrepreneurs in the sectors we serve.

Challenges and risks

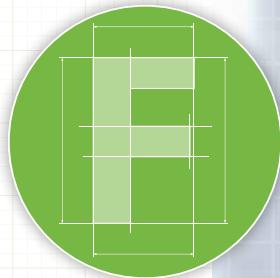
The nature of marketing and communication is to identify issues and help the organisation mitigate risks to protect and maintain its reputation. To fulfil this role effectively, we are developing communication and marketing policies to guide employees, as our brand ambassadors, to promote and protect EWSETA's brand and reputation.

While COVID-19 derailed activities planned for March 2020, the marketing and communication team used the opportunity of a new reality to assess stakeholder interaction and devise new ways to communicate. As we support the organisation in embedding a high-performance culture and implementing our blueprint for greater skills development impact, our focus in the year ahead will be on 'new ways of communicating' in a digital economy and dealing with the new reality of COVID-19 world.

Our successful and growing presence on social media will serve as the springboard for information sharing going forward. The marketing and communication team is motivated to deal with any steep learning curves and excited about the opportunities that lie ahead.



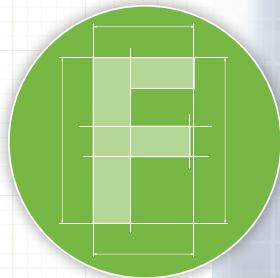
PART



GOVERNANCE

"Sound corporate governance is an essential element of good corporate citizenship. Good corporate governance requires an acknowledgement that an organisation doesn't operate in a vacuum but is an integral part of society and therefore has accountability towards current and future stakeholders."

King IV Report on Corporate Governance
2016



IF

ACCOUNTABILITY





CORPORATE GOVERNANCE OVERVIEW

Corporate governance, by definition, is concerned with insightful leadership by the governing body towards the achievement of an ethical culture, good performance, effective control and legitimacy.

The EWSETA's governance structures and processes commit the SETA to the highest standards of business integrity. We regularly review and adapt these to comply with and reflect best practice.

The EWSETA's governance standards compare well with best practices and guide the organisation in embedding its values in day-to-day activities.

Strategic oversight

Governance Framework

The key roles within the EWSETA's strategic governance framework are depicted on page 61. Each of these roles and responsibilities exemplify the Service Level Agreement governing the relationship between the EWSETA and the Executive Authority. The Accounting Authority remains ultimately accountable for the proper fulfilment of committee functions and each of the committee chairs reports to the Board on the committees deliberations and recommendations. During 2019/20, the following committees, in response to Terms of Reference, supported the Accounting Authority in the execution of its duties.

Legislative Compliance

A dedicated compliance officer in the Risk and Compliance Department ensures that the organisation complies with laws and regulations, as well as legislative deadlines. Our compliance timetable is merged with the Board calendar to ensure meetings and compliance deadlines are coordinated. Operationally, compliance with legislation is included in the performance agreement and job description of every employee.

Minimising conflict of interest

Board and Committee members are required to complete and sign an annual Declaration of Interest form to declare potential conflicts of interest with the business of the EWSETA. This practice is an agenda item before meetings commence, where all members are requested to declare any potential conflict of interest against any agenda item. As directed in the EWSETA's Constitution and Code of Conduct, members with a potential conflict of interest must be recused from the meeting.

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 committees. 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.

Responsibilities of the various governance bodies in EWSETA



Board Committees

Composition of the Board for the financial year 2019/20 (outgoing Board)



FRANS BALENI

Independent Chairperson

- BA (Social Science Development Studies), UJ
- Dipl (Political Science & Trade Unionism), Whitehall College, Ireland
- BOD Certificate, IMD, Switzerland



LETHABO MANAMELA

Organised Employer

- BCompt (Accounting) (University of the North)
- Certificate in the Theory of Accounting (RAU)
- BCom Hons (Accounting) (RAU)
- Executive Development (WITS)



LESTER GOLDMAN

Professional Bodies

- Dr of Business Administration (NMU)
- South African Institute of Professional Accountants (Professional Accountant SA)
- Master of Business Administration (Business School Netherlands)
- Certificate in Applied International Management (AF Consulting, Stockholm Sweden)
- Bachelor of Commerce: Accounting (UPE)
- Diploma in Business Management (Damelin Management School)



TSHIMANE MONTOEDI

Organised Labour

- Programme in Business Communication (UNISA)
- Certificate in Human Resources (UNISA)
- Applied Organisational Development Programme (UNISA)
- Degree in Organisational and Industrial Psychology (UNISA)



VUYO BIKITSHA

Organised Labour

- BA (Rhodes University)
- Advanced Labour Law (UNISA)



SAKI MAKUME

Organised Employer

- MPhil (Labour Law and Employment Relations) (UJ)
- BTech (Human Resources Management) (VUT)
- Development Programme in Labour Relations (UNISA)
- Advanced Certificate Mediation and Arbitration (UNW) Advanced Diploma Labour Law (RAU)
- Certificate Labour Relations Management (RAU)
- National Diploma Personnel Management (VUT)



KWENA MAKGOHLO

Organised Employer

- BTech (Human Resources Management) (UNISA)
- National Diploma (Human Resources Management) (Technikon North West)



SELLO MANYAMA

Organised Labour

- Certificate End-user Computing (Stamford Computer & Business College)
- Certificate Gardening and Horticulture (Intec College)



NDLELA RADEBE

Organised Labour

- National Technical Certificate N3 Mechanical (VUT)
- Fundamental Management Programme (NWU)
- Trade Unionist Development Programme Labour Law (WITS)
- Development Programme Labour Relations (UNISA)
- Advanced Certificate Labour Relations (NWU)
- Certificate Course Labour Relations Management (UNISA)



PETUNIA RAMUNENYIWA

Organised Employer

- BA (Psychology) (University of Venda)
- University Education Diploma (University of Venda).
- MBA (MANCOSA) (Current)



MONICA MALUNGA

Organised Employer

- BSc Chemistry and Biochemistry (Univ. of Natal)
- Advanced Business Programme (DUT)
- B Tech Management (DUT)



ESME COETZER

Organised Employer

- Doctorate in Business Leadership (Unisa)

Gender and constituency representation of Board

Figure: 4. Composition of the Accounting Authority for the period 2019/20 by gender

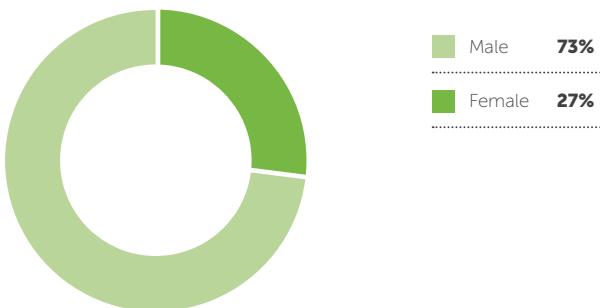
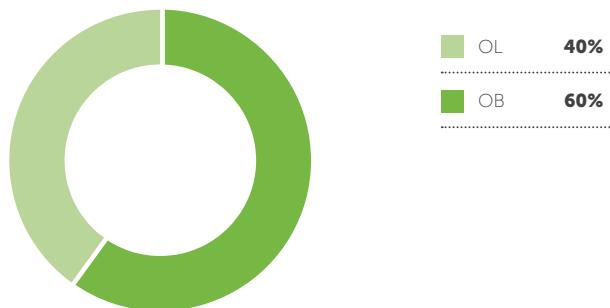


Figure: 5. Member representation of organised labour (OL) and organised business (OB).



“

*Good governance cannot remain merely a philosophy.
Concrete steps have to be taken for realising its goals”*

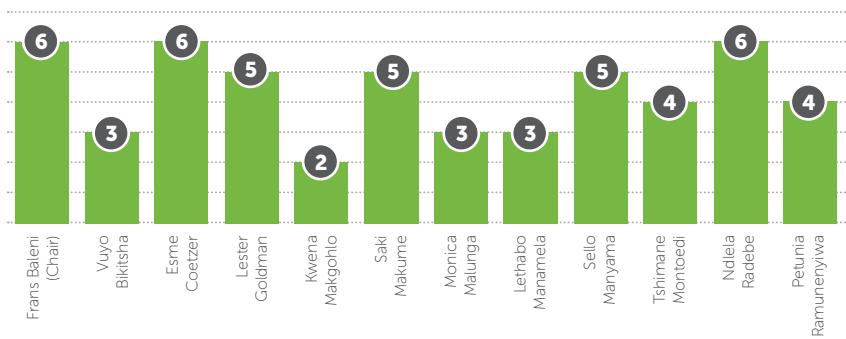
Narendra Modi

Meeting attendance and remuneration of board members

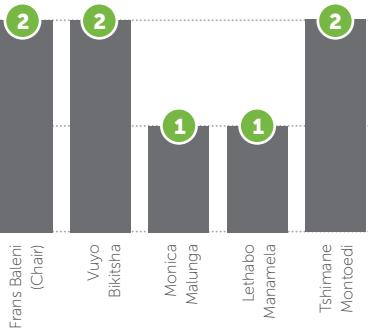
Board and Committee members receive an allowance for attending and contributing to official meetings. The rates are aligned with remuneration level sub-category S in the "Circular from the National Treasury on Adjustment of the Remuneration Levels", as determined by the Minister of Finance and approved by the Minister of Higher Education and Training. Audit and Risk Committee members received the same remuneration rate.

According to Circular 2 on 'Remuneration Tariffs for Board and Committee members of SETAs and non-SETAs that report to the DHET', daily rates apply for attending and preparing for Board and Committee meetings. Ministerial appointments and independent committee members receive allowances. Board members who are public officials or government employees are not remunerated for attending meetings unless they take unpaid leave. Relevant tax rates apply.

Total Board Meetings Attended by Members



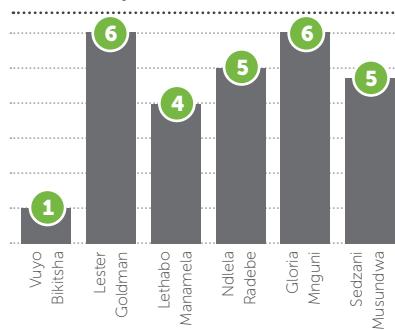
Total EXCO Meetings Attended by Members



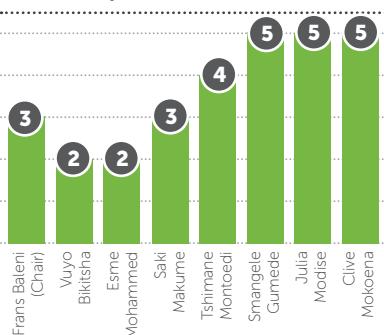
Total ARC Meetings Attended by Members



Total FINCO Meetings Attended by Members



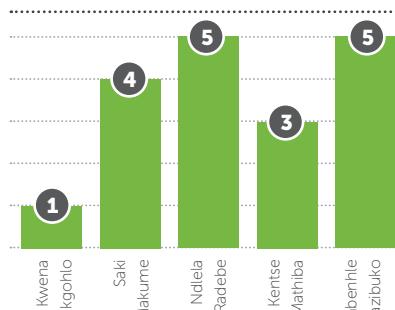
Total HRCC Meetings Attended by Members



Total LPC Meetings Attended by Members



Total QACC Meetings Attended by Members



Total SPC Meetings Attended by Members



Table: 10. Board member remuneration and attendance at meetings during 2019/20

MEETINGS SCHEDULED	BOARD	EXCO	ARC	FIN-COM	HRRC	LPC	QACC	SPC	FEES PAID	TRAVEL COSTS
Scheduled	4	2	7	6	5	4	5	4	122 078	2 261
Special	1	-	2	-	-	-	-	-	107 925	3 085
Strategic planning	1	-	-	-	-	-	-	-	73 389	216
AGM	1	-	-	-	-	-	-	-	151 095	3 277
Induction	-	-	-	-	-	-	-	-	196 997	12 855
BOARD MEMBERS										
Frans Baleni (Chair)	6/7	2/2	-	-	3/5	-	-	-	131 097	2 261
Vuyo Bikitsha	3/7	2/2		1/6	2/5				73 389	216
Esme Coetzer	6/7				2/5	2/4			-	761
Lester Goldman	5/7			6/6		3/4*			151 095	3 277
Kwena Makgohlo	2/7						1/5		-	1 516
Saki Makume	5/7				3/5		4/5		116 559	3 642
Monica Malunga	3/7	1/2							-	-
Lethabo Manamela	3/7	1/2	6/9	4/6*					-	3 400
Sello Manyama	5/7					4/4		4/4	129 510	27 510
Tshimane Montoedi	4/7	2/2			4/5*	2/4			114 942	3 085
Ndlela Radebe	6/7			5/6			5/5*	3/4	176 997	12 855
Petunia Ramunenyiwa	4/7		6/9				3/4*		-	-
ARC INDEPENDENT MEMBERS										
Shelley Thomas	-	-	8/9	-	-	-	-	-	158 112	967.48
Tom Tshitangano	-	-	5/9	-	-	-	-	-	72 999	1 732.80
Nomusa Mufamadi	-	-	7/9	-	-	-	-	-	77 586	2 142.86
BOARD COMMITTEE INDEPENDENT MEMBERS										
Smangeli Gumede					5/5				54 504	-
Gloria Mnguni				6/6					64 755	-
Julia Modise					5/5				54 504	-
Dennis Mtsweni						3/4			-	1 108
Sedzani Musundwa				5/6					51 804	2 164
Andile Nconjane						3/4			-	796
Esme Mohammed					2/5					
Clive Mokoena					5/5					
Verena Meyer-Singh							3/4			
Nthabiseng Lebea							3/4			
Kentse Mathiba						3/5				
Ntombenhlle Mazibuko							5/5			
EXECUTIVE TEAM										
Ineeleng Molete									-	-
Mpho Mookapele									-	-
Candice Moodley									-	-
Tsholofelo Mokotedi									-	-

Composition of Executive Management

CHIEF EXECUTIVE OFFICER

Mpho Mookapele (Acting)



PLANNING, REPORTING & MONITORING (PRM)

Tsholofelo Mokotedi
(Acting)



CHIEF OPERATING OFFICER (COO)

Ineeleng Molete



CHIEF FINANCIAL OFFICER (CFO)

Mpho Mookapele



CORPORATE SERVICES EXECUTIVE (CSE)

Candice Moodley



Centralise and coordinate the long-term strategic planning of organisational priorities aligned with the EWSETA's mandate, NSDS/NSDP and Sector Skills Plan and develop the Annual Performance Plan

Drive cross-component process excellence by directing the operations strategy, policies, platforms and programmes to accomplish EWSETA, stakeholder and national goals and objectives

Establish effective and efficient administration, management and control systems to ensure sound financial and supply chain management within the EWSETA

Provide ICT, human resources and marketing advice, coaching and solutions that support the EWSETA in the identification and management of strategic workforce issues and major change programmes



Composition of the Board appointed 1 April 2020



**LIMAKATSO
MOOROSI**

Independent
Chairperson



**LESTER
GOLDMAN**

Professional Bodies



**NANDI
MALUMBAZO**

Community
Organisation



NDLELA RADEBE

Organised Labour



**NOMAVA
NOBATANA**

Organised Labour



**THOMAS
WEDDERSPOON**

Organised Labour



**DUMISANE
MAGAGULA**

Organised Labour



**RUTH
NTLOKOTSE**

Organised Labour



**KEAGILE
PHOLOBA**

Organised Labour



**NHLANHLENI
NGIDI**

Organised Employer



**HILDA
MHLONGO**

Organised Employer



**SOLomon
MANKO BOKABA**

Organised Employer



**MONICA
MALUNGA**

Organised Employer



ESME COETZER

Organised Employer



**VERENA MEYER-
SINGH**

Organised Employer

AUDIT AND RISK COMMITTEE REPORT

We are pleased to present the Audit and Risk Committee (ARC) report for the financial year ended 31 March 2020.



MARIANA STRYDOM

Chairperson of the Audit and Risk Committee

Members and Attendance

The ARC provided oversight of the activities of the EWSETA during the 2019/20 financial year and consists of the members listed hereunder. The ARC should meet at least four (4) times per annum, as per its approved terms of reference and during the current financial year nine (9) meetings were held by the ARC. The term of office of the members of the ARC expired on 31 March 2020.

ARC members and attendance

MEMBER NAME	MEMBER TYPE	NUMBER OF MEETINGS ATTENDED
Shelley Thomas (Chairperson)	Independent member	8
Nomusa Mufamadi	Independent member	7
Tom Tshitangano	Independent member	5
Lethabo Manamela	Board member	6
Petunia Ramunenyiwa	Board member	6

The new members of the committee were appointed on 29 May 2020.

New ARC members

MEMBER NAME	MEMBER TYPE
Mariana Strydom (Chairperson)	Independent member
Faizal Docrat	Independent member
Sedzani Musundwa	Independent member
Lwazi Giba	Independent member
Nomava Nobatana	Board member
Solomon Bokaba	Board member

The new members of the ARC provided oversight of the audit process for the 2019/20 financial period, and therefore signed off this report.

ARC responsibility

The ARC reports that it has complied with its responsibilities arising from Section 51(1)(a) of the PFMA and Treasury Regulation 27.1.

The ARC also reports that it has adopted appropriate formal terms of reference as its ARC Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the entity over financial and risk management is effective and efficient, and in line with the PFMA. Internal controls that were not satisfactory related to the Accreditation process, as reported by internal audit.

Financial Management environment

The ARC noted that the financial management environment had been strained due to there being four fixed-term contractors filling the position of the Chief Financial Officer (CFO) during the past 18 months. This situation arose as a result of the appointed CFO acting as Chief Executive Officer (CEO), pending the appointment of the CEO.

Evaluation of annual financial statements

The ARC has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Authority;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The ARC concurs with and accepts the Auditor-General of South Africa's audit report.

Internal audit

The ARC is satisfied that the outsourced internal audit function operated effectively and that it has addressed the risks pertinent to the entity through its audits.

Auditor-General of South Africa

The ARC has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.



Mrs. M. Strydom

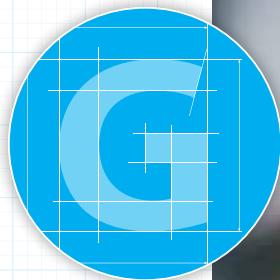
Chairperson of the Audit Committee
30 September 2020

“

Good corporate governance is not negotiable and it depends on the ability by management and those charged with governance to take responsibility.

Mariana Strydom

PART



FINANCIAL INFORMATION

"If you are going to achieve excellence in big things, you develop the habit in little matters. Excellence is not an exception, it is a prevailing attitude."

Colin Powell





REPORT OF THE AUDITOR-GENERAL

TO PARLIAMENT ON ENERGY AND WATER SECTOR EDUCATION AND TRAINING AUTHORITY

Report on the audit of the financial statements

Opinion

- I have audited the financial statements of the Energy and Water Sector Education and Training Authority (EWSETA) set out on pages 80 to 121, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
- In my opinion, the financial statements present fairly, in all material respects, the financial position of the EWSETA as at 31 March 2020, 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 the opinion

- I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
- I am independent of the public entity in accordance with sections 290 and 291 of the Code of ethics for professional accountants and parts 1 and 3 of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
- I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Restatement of corresponding figures

- As disclosed in note 32 to the financial statements, the corresponding figures for 31 March 2019 were restated as a result of an error in the financial statements of the public entity for the year ended, 31 March 2020.

Events after the reporting date

- I draw attention to note 30 in the financial statements, which deals with subsequent events and specifically the possible effects of the future implications of the president's announcement of a four-month skills development levy payment holiday on public entity's future prospects, performance and cash flows.

Responsibilities of the accounting authority for the financial statements

- 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.
- In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

11. My objectives are to obtain reasonable assurance about whether 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.
12. 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

13. 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 on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
14. My procedures address the usefulness and reliability of 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 do not examine whether the actions taken by the public entity enabled service delivery. My procedures also do 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.
15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the public entity for the year ended 31 March 2020:

PROGRAMME	PAGES IN THE ANNUAL PERFORMANCE REPORT
Programme 3 – learning programmes and projects	126 – 130

16. 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.
17. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
 - Programme 3 – learning programmes and projects

Other matters

18. I draw attention to the matters below.

Achievement of planned targets

19. Refer to the annual performance report on page(s) 122 to 131 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

20. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of a number of 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

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

Annual financial statements

23. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA.
24. Material misstatements of prepayments, receivable from exchange transactions, commitments, prior period error, segment reporting and contingent assets disclosure identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

25. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R168 703 000 as disclosed in note 28 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. Most of the irregular expenditure was as a result of expenditure incurred in the period 2013 to 2019, but identified in 2020.

Other information

26. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
27. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
28. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
29. When I do receive and read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

30. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
31. There was inadequate oversight over the financial, performance and compliance and related internal controls as some previously reported audit findings were not sufficiently resolved.
32. Actions plans implemented by the public entity did not adequately address root causes of previously reported audit findings as repeat findings were identified.
33. The public entity did not implement sufficient monitoring controls to ensure accurate and complete financial and performance reports were kept, which resulted in material adjustments of the financial statements, performance report and non-compliance with laws and regulations.

Other reports

34. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
35. The accounting authority of the public entity commissioned a detailed forensic investigation by an independent consultant into the extent and liability of identified irregularities and the extent of prejudice suffered by the public entity. The investigation was finalised in April 2020, the outcome of the investigation and findings are detailed in the forensic report.

Auditor-General

Pretoria
30 September 2020



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 financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority.
 - conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Energy and Water Sector Education and Training Authority (EWSETA) to continue as a going concern. If I conclude that a material uncertainty exists, I am required to

draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern

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

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also 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, actions taken to eliminate threats or safeguards applied.

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 members have reviewed the entity's cash flow forecast for the year to 31 March 2021 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 80–121, which have been prepared on the going concern basis, were approved by the Accounting Authority on 30 September 2020 and were signed on its behalf by:



Dr. Limakatso Moorosi
Accounting Authority Chairperson
30 September 2020

ACCOUNTING AUTHORITY'S REPORT

THE MEMBERS SUBMIT THEIR REPORT
FOR THE YEAR ENDED 31 MARCH 2020.

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.

The SDL payment holiday as noted in the subsequent events, does not impact the going concern of the entity based on the going concern assessment done at year end.

3. Subsequent events

On 1 April 2020, the Minister of Higher Education and Training appointed a new accounting authority for EWSETA on a 5-year term ending on 31 March 2025.

On 21 April 2020, the President of South Africa announced a 4-month skills development levy (SDL) payment holiday as one of the relief measures for businesses (employers) during the lockdown period in response to the COVID-19 pandemic. The payment relief was effective from 1 May 2020 to 31 August 2020. The direct impact to EWSETA is a loss of 1/3 of the budgeted revenue for the year, which would negatively impact the performance targets of the entity.

4. Accounting Authority

The members of the Accounting Authority provided oversight of the activities of the SETA during the 2019/20 financial year are listed below. The term of office for this Accounting Authority ended on 31 March 2020.

MEMBERS OF ACCOUNTING AUTHORITY	DESIGNATION	APPOINTMENT
Frans Baleni	Chairperson	Ministerial Appointee
Vuyo Bikitsha	Member	Organised Labour
Lester Goldman	Member	Organised Business
Kwena Makgohlo	Member	Organised Business
Saki Makume	Member	Organised Business
Lethabo Manamela	Member	Organised Business
Sello Manyama	Member	Organised Labour
Nontsikelelo Mbono (Resigned)	Member	Organised Business
Moketenyane Moleko (Resigned)	Member	Organised Business
Tshimane Montoedi	Member	Organised Labour
Ndlela Radebe	Member	Organised Labour
Petunia Ramunenyiwa	Member	Organised Business

Members of the newly-appointed Accounting Authority which took office from 1 April 2020 are as follows:

MEMBERS OF ACCOUNTING AUTHORITY	DESIGNATION	APPOINTMENT
Dr. Limakatso Moorosi	Chairperson	Ministerial Appointee
Dr. Lester Goldman	Member	Professional Bodies
Dr. Nandi Malumbazo	Member	Community Organisation
Mr. Ndlela Radebe	Member	Organised Labour
Ms. Nomava Nobatana	Member	Organised Labour
Mr. Thomas Wedderspoon	Member	Organised Labour
Mr. Dumisane Magagula	Member	Organised Labour
Ms. Mamolaba Ruth Ntlokotse	Member	Organised Labour

Ms. Keagile Pholoba	Member	Organised Labour
Mr. Nhlanhleni Lucky Ngidi	Member	Organised Business
Ms. Hilda Dikeledi Mhlongo	Member	Organised Business
Mr. Solomon Manko Bokaba	Member	Organised Business
Ms. Monica Malunga	Member	Organised Business
Dr. Esme Coetzer	Member	Organised Business
Ms. Verena Meyer-Singh	Member	Organised Business

5. 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 the Accounting Authority meetings on a quarterly basis.

The salient features 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 PFMA; and
 - executive members.

Chairperson and Acting 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 Acting Chief Executive Officer is legislated in terms of The Government Gazette No.34720 dated 4 November 2011. The Chief Financial Officer, the Chief Operating Officer, the 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 six separate occasions during the financial year. The accounting authority schedules to meet at least four times per annum.

Non-executive members have access to all members of management of the entity.

Audit and Risk Committee

For the year under review, the chairperson of the Audit and Risk Committee was Shelley Thomas (Independent member). The committee met nine times during the financial year to review matters necessary to fulfil its role.

Internal audit

The entity has outsourced its internal audit function to BDO.

The annual financial statements set out on pages 80–122, which have been prepared on the going concern basis, were approved by the accounting authority on 30 September 2020 and were signed on its behalf by:

Dr. Limakatso Moorosi

Accounting Authority Chairperson
30 September 2020

KEY FINANCIAL INFORMATION

Revenue received

(R'000)

SDL income	308 864
Government Levy	3 571
Penalties and interest	1 939
Investment income	20 442
Other income	143
Special project income	3 514
	338 473

Expenditure

(R'000)

Administration expenses	47 770
Employee costs	22 574
Depreciation and amortisation	827
Loss on derecognised assets	107
Mandatory grant and project expenses	273 585
Repairs and maintenance	114
	344 977

Closing balances on learning programme commitments for the period (R'000)

ABET Programme	125
Apprenticeship Programme	1 068 892
Bursaries Programme	915
Internship Programme	11 346
Learnership Programme	33 777
Skills Programme	9 202

Research commitments as at end of financial period (R'000)

Research	554
Research chairs	5 460

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Note(s)	2020 R'000	2019 Restated* R'000
ASSETS			
Current assets			
Receivables from exchange transactions	2	50,252	40,880
Receivables from non-exchange transactions	3	70,913	272,413
Prepayments	4	6,075	16,825
Cash and cash equivalents	5	364,612	508,616
		491,852	838,734
Non-current assets			
Property, plant and equipment	6	61,576	61 488
Intangible assets	7	571	519
		62,147	62 007
Total Assets		553,999	900 741
LIABILITIES			
Current liabilities			
Payables from exchange transactions	8	5,543	7,262
Payables from non-exchange transactions	9	68,284	154,565
Unspent conditional grants and receipts	10	19,869	128,383
Provisions	11	179,292	323,024
		272,988	613,234
Total Liabilities		272,988	613,234
NET ASSETS			
Reserves			
Administration reserve		62,147	62,008
Mandatory grant reserve		233	100
Discretionary grant reserve		218,631	225,399
Total Net Assets		281,011	287,507

* See note 32

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2020

	Note(s)	2020 R'000	2019 restated* R'000
REVENUE			
Non-exchange revenue	12	317,888	626,585
Exchange revenue	13	143	174
Investment revenue	14	20,442	26,090
Total revenue		338,473	652,849
EXPENDITURE			
Mandatory grant and project expenses	15	(273,585)	(687,997)
Administration expenses	16	(47,770)	(40,026)
Employee related costs	17	(22,574)	(24,873)
Depreciation and amortisation		(827)	(2,279)
Finance costs		-	(1)
Repairs and maintenance		(114)	(88)
Loss on disposal of assets		(107)	(98)
Total expenditure		(344,977)	(755,362)
Deficit for the year		(6,504)	(102,513)

* See note 32

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2020

	ADMINISTRATION RESERVE R'000	MANDATORY GRANT RESERVE R'000	DISCRETIONARY GRANT RESERVE R'000	TOTAL RESERVES R'000	ACCUMULATED SURPLUS R'000	TOTAL NET ASSETS R'000
Opening balance as previously reported	44,546	90	311,084	355,720	-	355,720
Adjustments						
Prior year adjustments	-	-	34,368	34,368	-	34,368
Balance at 01 April 2018 as restated*	44,546	90	345,452	390,088	-	390,088
Changes in net assets						
Surplus (loss) for the year	-	-	-	-	(102,513)	(102,513)
Allocation of surplus (loss) to reserves	(27,699)	9,622	(84,436)	(102,513)	102,513	-
Excess funds transferred to/from discretionary reserve	45,161	(9,612)	(35,613)	(64)	-	(64)
Total changes	17,462	10	(120,049)	(102,577)	-	(102,577)
Opening balance as previously reported	62,007	100	195,246	257,353	-	257,353
Adjustments						
Prior year adjustments	-	-	30,157	30,157	-	30,157
Balance at 01 April 2019 as restated*	62,007	100	225,403	287,510	-	287,510
Changes in net assets						
Surplus (loss) for the year	-	-	-	-	(6,504)	(6,504)
Allocation of surplus (loss) to reserves	(29,544)	9,893	13,147	(6,504)	6,504	-
Excess funds transferred to/from discretionary reserve	29,684	(9,760)	(19,924)	-	-	-
Total changes	140	133	(6,777)	(6,504)	-	(6,504)
Balance at 31 March 2020	62,147	233	218,627	281,007	-	281,007

* See note 32

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

	Note(s)	2020 R'000	2019 restated* R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Cash receipts from stakeholders and customers		514,539	666,124
Interest income		20,442	26,090
		534,981	692,214
Payments			
Employee related costs		(22,574)	(24,873)
Mandatory grant, administrative and project expenses		(655,337)	(592,407)
Finance costs		-	(1)
		(677,911)	(617,281)
Net cash flows from operating activities	19	(142,930)	74,933
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(901)	(19,838)
Purchase of other intangible assets	7	(173)	-
Net cash flows from investing activities		(1,074)	(19,838)
Net increase/(decrease) in cash and cash equivalents		(144,004)	55,095
Cash and cash equivalents at the beginning of the year		508,616	453,521
Cash and cash equivalents at the end of the year	5	364,612	508,616

* See note 32

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	APPROVED BUDGET R'000	ADJUSTMENTS R'000	FINAL BUDGET R'000	ACTUAL AMOUNTS ON COMPARABLE BASIS R'000	DIFFERENCE BETWEEN FINAL BUDGET AND ACTUAL R'000	REFERENCE NOTE 29
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	-	-	-	143	143	
Investment income	21,809	-	21,809	20,442	(1,367)	a
Total revenue from exchange transactions	21,809	-	21,809	20,585	(1,224)	
Revenue from non-exchange transactions						
Transfer revenue						
Special project income	-	-	-	3,514	3,514	b
Skills development levy income	352,547	-	352,547	312,435	(40,112)	c
Interest and penalties income	-	-	-	1,939	1,939	d
Total revenue from non-exchange transactions	352,547	-	352,547	317,888	(34,659)	
Total revenue	374,356	-	374,356	338,473	(35,883)	
Expenditure						
Personnel	(37,118)	-	(37,118)	(22,574)	14,544	e
Depreciation and amortisation	-	-	-	(827)	(827)	f
Rental for the premises	(706)	-	(706)	(2,321)	(1,615)	g
Repairs and maintenance	(500)	-	(500)	(114)	386	
Administrative expenses	(50,760)	-	(50,760)	(45,449)	5,311	h
Mandatory grants expenses	(74,103)	-	(74,103)	(67,259)	6,844	i
Discretionary grants expenses	(211,169)	-	(211,169)	(202,812)	8,357	j
Special project expenses	-	-	-	(3,514)	(3,514)	k
Total expenditure	(374,356)	-	(374,356)	(344,870)	29,486	
Operating deficit						
Loss on disposal of assets and liabilities	-	-	-	(6,397)	(6,397)	
Deficit for the year	-	-	-	(107)	(107)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement						
Capital Expenditure						
Capital Expenditure	5,050	-	5,050	1,074	(3,974)	l

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), 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, depreciation and amortisation 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, plant 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 property and equipment.

EWSETA's mandate is dependant on the renewal of their operating licence which expires in 2030. Management has a reasonable expectation 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 performance bonus provision is based on individual provisional performance scores available at year-end.

Provision for discretionary grants

The provision for discretionary grants relates to bursary programmes and outstanding discretionary grants invoices payable. A provision is raised for claimed discretionary grants where supporting evidence has not been received yet at year end.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition

The entity assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit:

The entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Mandatory grants payout rate

The entity pays out 20% of the levies received as mandatory grants to qualifying employers.

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, its 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.

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

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

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs, which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Work in progress assets are capitalised to the cost of the construction asset and these assets are not depreciated until such construction asset is in the location and condition necessary for it to be capable of operating in the manner intended by management i.e.available for use.

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

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

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

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 to 8 years
Office equipment	Straight-line	5 to 15 years
IT 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.

The entity designates its property, plant and equipment as non-cash generating assets. Property, plant and equipment are used to deliver services and not to generate commercial return.

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.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

EWSETA recognised heritage assets as an asset if, and only if:

- (a) it is probable that future economic benefits or service potential associated with the asset will flow to the entity; and
- (b) the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost.

After recognition as an asset, a class of heritage assets shall be carried at its cost less any accumulated impairment losses

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.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

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.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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.

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 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.

Internally generated goodwill is not recognised as an intangible asset.

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Computer software	Straight-line	3 to 10 years

1.4. Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

The entity uses its assets to deliver services and not to generate commercial return.

1.5. 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% (2019: 20%) of the total levies paid by the employer.

Discretionary grants and 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.

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

Retrospective adjustments 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.

1.6. 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.

1.7. Budget information

The approved budget is prepared on an 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 2019/04/01 to 2020/03/31 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.

1.8. 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 those family members who may be expected to influence, or be influenced by that person 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.

1.9. 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.

1.10. 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.

1.11. Financial instruments

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

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

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 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 recognised during the financial period. The financial assets' carrying amount is reduced through the use of an allowance account/ provision for doubtful debt account. When a receivable is uncollectable, it is written off against the allowance account/ provision for doubtful debt. Subsequent recoveries of amounts previously written off are recognised in surplus or deficit for the year.

In assessing whether the entity's financial asset or group of financial assets is impaired at end of reporting period, EWSETA considers the following among others:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter sequestration or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - i. adverse changes in the payment status of borrowers in the group (e.g. an increased number of delayed payments); or
 - ii. national or local economic conditions that correlate with defaults on the assets in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers, or adverse changes in market conditions that affect the borrowers in the group); and

- Other circumstances and considerations which in management's view will have a negative impact on the recoverability of the financial asset or group of financial assets (for example the passing of prescription period as determine in the Prescription Act)

Financial liabilities

All financial liabilities of the entity are classified as financial liabilities at armotised 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.

1.12. 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.

1.13. 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 social security contributions;
- 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.

1.14. 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.

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.

Contingencies

A contingent liability is:

- a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

1.15. 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.

Recognition criteria

When the outcome of a transaction involving an exchange transaction can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

The amount of revenue can be measured reliably; it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; the stage of completion of the transaction at the reporting date can be measured reliably; and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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.

1.16. 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.

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.

Measurement

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

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

Levy Income

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act No. 9 of 1999), registered member companies of the Energy and Water Sector Education and Training Authority (EWSETA) pay a Skills Development Levy (SDL) 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 recognised 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 and 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 refundable.

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.

Government grants income

Government grants are recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, the amount of the revenue can be measured reliably, and to the extent that there has been compliance with any restrictions and conditions associated with the grant.
- The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow.
- A liability is recognised for the portion of government grants representing restrictions or conditions that the entity has not fulfilled. When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Interest and Penalties

Interest and penalties on the skills development levies are charged to the employers for late submission of their EMP201. This interest and penalties are recognised by EWSETA when they accrue/ paid to the entity as per the allocation provided by DHET.

1.17. Investment income

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

1.18. Comparative figures

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

1.19. 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.

1.20. 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:

- (c) this Act; or
- (d) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (e) any provincial legislation providing for procurement procedures in that provincial government.

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

- Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is required with the exception of updating the note to the financial statements.
- Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year-end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.
- Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.
- Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.21. 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 comprise those in the ordinary course of business and those relating to special projects.

1.22. Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash. A commitment is an agreement or a pledge to assume a financial obligation at a future date. The entity has two types of commitments:

1. Those for the receipt of goods or services from suppliers and
2. Lease commitments to render or receive a service to or from a customer.

A commitment arises out of a contractual agreement between the entity and another party which entitles the entity or the third party to enforce the delivery of the agreed upon goods or services at an agreed amount. Contractual commitments are not recognised but are disclosed in the notes to the financial statements.

The entity measures and discloses the amount of contractual commitments at the stated contract amount.

The entity enters into contractual agreements where the amount of the obligation will be determined at a future date. The entity measures such contractual commitments using an estimate based on available and reliable information at reporting date.

Where there are changes in the estimate determined by management at a future date, the change is accounted for in accordance with GRAP 3 Accounting policies, Accounting estimates and Errors.

1.23. Going concern assumption

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

The assets of the entity exceed its liabilities by R281,011,000 (2019: R287,507,000).

The accounting authority is satisfied that the entity has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

The accounting authority has satisfied itself that the entity is in good financial position and that it has access to sufficient Grants revenue to meet its foreseeable cash requirements.

On 22 July 2019 the Minister of the Department of Higher Education and Training re-established the SETAs within a new SETA Landscape from 1 April 2020 to 31 March 2030.

At the end of financial year, the company had adequate capital funds in its bank accounts to complete projects that were at different stages of construction.

1.24. Prepayments

Prepayments are payments that the entity has made at the reporting date for economic benefits or service potential to be received in future periods. Prepayments are made in accordance with contracts between the entity and third parties.

The entity recognises as an asset the extent to which payments made exceed the value of economic benefits or service potential received. The entity measures prepayments at the fair value of the consideration paid, to the extent that it exceeds the value of goods or services received. As the entity receives the related goods or services, it shall reduce the carrying amount of prepayments made by the fair value of those goods or services received. Any related asset or expense will be recognised in accordance with the applicable GRAP standard .

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. Receivables from exchange transactions

	2020 R'000	2019 RESTATED R'000
Trade debtors	48,525	37,834
Deposits	429	429
Interest accrued	1,197	2,469
Staff debtors	101	148
	50,252	40,880

3. Receivables from non-exchange transactions

	2020 R'000	2019 RESTATED R'000
Mandatory grant receivables	-	6,503
Intersetra debtors	2,072	2,069
Discretionary grant receivable	68,841	263,841
	70,913	272,413

4. Prepayments

	2020 R'000	2019 RESTATED R'000
Discretionary grant prepayments	5,852	16,542
Admin prepayments	223	283
	6,075	16,825

5. Cash and cash equivalents

	2020 R'000	2019 RESTATED R'000
Cash and cash equivalents consist of:		
Cash on hand	1	2
Bank balances	278,264	422,568
Short-term investments/instruments	86,347	86,046
	364,612	508,616

6. Property, plant and equipment

	2020			2019		
	COST R'000	ACCUMULATED DEPRECIATION AND IMPAIRMENT R'000	CARRYING VALUE R'000	COST R'000	ACCUMULATED DEPRECIATION AND IMPAIRMENT R'000	CARRYING VALUE R'000
Buildings - work in progress	58,395	-	58,395	58,381	-	58,381
Furniture and fixtures	1,135	(344)	791	1,223	(307)	916
Motor vehicles	667	(276)	391	283	(180)	103
Office equipment	146	(67)	79	186	(75)	111
Computer Equipment	3,473	(1,553)	1,920	3,092	(1,115)	1,977
Total	63,816	(2,240)	61,576	63,165	(1,677)	61,488

Reconciliation of property, plant and equipment - 2020

	OPENING BALANCE R'000	ADDITIONS R'000	WRITE-OFF R'000	DEPRECIATION R'000	IMPAIRMENT LOSS R'000	TOTAL R'000
Buildings - work in progress	58,381	14	-	-	-	58,395
Furniture and fixtures	916	17	(65)	(77)	-	791
Motor vehicles	103	384	-	(96)	-	391
Office equipment	111	-	(20)	(12)	-	79
Computer equipment	1,977	486	(22)	(519)	(2)	1,920
Total	61,488	901	(107)	(704)	(2)	61,576

Reconciliation of property, plant and equipment - 2019

	OPENING BALANCE R'000	ADDITIONS R'000	WRITE-OFF R'000	DEPRECIATION R'000	IMPAIRMENT LOSS R'000	TOTAL R'000
Buildings - work in progress	39,971	18,410	-	-	-	58,381
Furniture and fixtures	1,203	371	(16)	(131)	(511)	916
Motor vehicles	128	-	-	(25)	-	103
Office equipment	124	-	-	(13)	-	111
Computer equipment	1,441	1,088	(114)	(437)	(1)	1,977
Leasehold improvements	15	-	-	(15)	-	-
Total	42,882	19,869	(130)	(621)	(512)	61,488

Pledged as security

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

Details of property

EWSETA purchased the Cape House building at 15 McLaren Street, Marshalltown, Johannesburg for R21,660,000. The building is a heritage asset and has been certified accordingly. Due to the building being held primarily for administrative purposes, it is classified as property, plant and equipment and not as a heritage asset.

The building is currently under renovation and to date an amount of R36,735,000 has been capitalised. The building is not yet available for occupation therefore depreciation has not commenced. The renovation of the building is taking longer than anticipated due to contractual delays experienced. No impairment has been recognised on the work in progress due to the heritage characteristics of the building.

Other information

Repairs and maintenance of R0.29 million were incurred on PPE for motor vehicles in the current financial year.

7. Intangible assets

	2020			2019		
	COST R'000	ACCUMULATED DEPRECIATION AND IMPAIRMENT R'000	CARRYING VALUE R'000	COST R'000	ACCUMULATED DEPRECIATION AND IMPAIRMENT R'000	CARRYING VALUE R'000
Computer software	5,210	(4,639)	571	5,037	(4,518)	519

Reconciliation of intangible assets - 2020

	OPENING BALANCE R'000	ADDITIONS R'000	AMORTISATION R'000	TOTAL R'000
Computer software	519	173	(121)	571

Reconciliation of intangible assets - 2019

	OPENING BALANCE R'000	AMORTISATION R'000	TOTAL R'000
Computer software	1,664	(1,145)	519

8. Payables from exchange transactions

	2020 R'000	2019 RESTATED R'000
Trade payables	3,787	4,875
Payroll accruals	357	5
Accrued expenses	1,399	2,382
	5,543	7,262

9. Payables from non-exchange transactions

	2020 R'000	2019 RESTATED R'000
Inter SETA Payables	47	32
Skills development grants payable-mandatory	30,586	29,114
Skills development grants payable-discretionary	37,651	125,419
	68,284	154,565

10. Unspent conditional grants and receipts

	2020 R'000	2019 RESTATED R'000
Department of Water and Sanitation	19,869	128,383
Movement during the year		
Balance at the beginning of the year	128,383	12,727
Additions during the year	-	120,435
Income recognition during the year	(3,514)	(4,779)
Utilised for the payments of project expenses	(105,000)	-
	19,869	128,383

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

Reconciliation of provisions - 2020

	OPENING BALANCE R'000	ADDITIONS R'000	UTILISED DURING THE YEAR R'000	REVERSED DURING THE YEAR R'000	TOTAL R'000
Legal proceedings	-	198	-	-	198
Employer refund	913	23	-	(99)	837
Performance bonus	2,799	550	(1,198)	-	2,151
Discretionary grant	317,041	67,930	(209,951)	-	175,020
Leave provisions	2,271	43	(173)	(1,055)	1,086
	323,024	68,744	(211,322)	(1,154)	179,292

Reconciliation of provisions - 2019

	OPENING BALANCE R'000	ADDITIONS R'000	UTILISED DURING THE YEAR R'000	REVERSED DURING THE YEAR R'000	TOTAL R'000
Employer refund	813	180	-	(80)	913
Performance bonus	1,358	2,799	(1,358)	-	2,799
Discretionary grant	333,288	294,116	(310,363)	-	317,041
Leave provisions	3,549	32	(731)	(579)	2,271
	339,008	297,127	(312,452)	(659)	323,024

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.

The provision for performance bonus relates to performance bonuses still to be approved in accordance with the entity's remuneration policy. As at the reporting date, performance ratings had not yet been finalised and as such an estimate was made of the performance bonus payable based on individual's provisional performance ratings available at year end.

The provision for discretionary grants relate to bursary programmes and discretionary grants claims where supporting evidence has not been received yet at year end.

12. Non-exchange Revenue

	2020 R'000	2019 RESTATED R'000
Administration		
Levies received	40,512	38,065
Government levies received	1,190	1,127
Interset transfers in/(out)	(3)	221
	41,699	39,413
Mandatory grants		
Levies received	77,152	71,180
Interset transfers in/(out)	-	442
	77,152	71,622
Discretionary Grants		
Levies received	191,215	180,704
Government levies received	2,381	2,255
Interset transfers in/(out)	(12)	1,105
	193,584	184,064
Interest received from employers	603	12,103
Penalties received from employers	1,336	4,034
	1,939	16,137
Special project income		
Special projects - War on Leaks	3,514	315,348
Other projects	-	-
	317,888	626,585

13. Exchange Revenue

	2020 R'000	2019 RESTATED R'000
Other income	143	174

14. Investment Revenue

	2020 R'000	2019 RESTATED R'000
Interest revenue		
Bank	20,442	26,090

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 rate of between 6.00% and 6.45% throughout the year.

15. Mandatory grant and project expenses

	2020 R'000	2019 RESTATED R'000
Mandatory grants		
Mandatory grant expenses	67,258	61,997
Discretionary grants		
Discretionary grant expenses	180,822	287,101
Project administration expenses	18,273	19,402
Qualification development	1,098	1,062
External moderation	577	969
Sector skills planning	687	955
Career guidance	1,356	1,160
	202,813	310,649
Special projects		
Special projects - War on Leaks	3,514	315,351
Other projects	-	-
	273,585	687,997

16. General expenses

	2020 R'000	2019 RESTATED R'000
Accommodation	578	386
Advertising	306	815
Auditors remuneration	3,058	3,755
Bad debts expenses	6,310	1,184
Bank charges	93	90
Cleaning and facilities management	284	273
Computer expenses	1,413	6,963
Consulting and professional fees	9,043	2,689
Document storage	568	551
Entertainment	31	66
Forensic audit fees	2,697	-
Governance committee fees	1,484	1,487
Insurance	117	107
Internal audit fees	1,749	351
Office and printers rental	3,283	4,276
Legal fees	942	761
Marketing and communication	2,228	2,524
Moving costs	467	520
Postage and courier	240	183
Printing and stationery	916	1,624
QCTO expenses	2,587	2,488
Rates	546	481
Security	830	2
Small assets	560	1,407
Staff recruitment costs	267	522
Staff welfare	326	353
Licences and subscriptions	470	468
Telephone and fax	738	1,165
Training costs	664	599
Travel	2,060	1,508
Water and electricity	594	703
Workshop expenses	2,321	1,725
	47,770	40,026

17. Employee related costs

	2020 R'000	2019 RESTATED R'000
Salary and wages	19,113	19,154
Bonus	1,249	2,937
Medical aid - company contributions	283	311
Unemployment insurance fund	126	131
Skills development levy	392	387
Leave expense	(966)	(548)
Provident fund	1,771	1,894
Other insurances	606	607
	22,574	24,873

18. Accumulated Surplus

Ring-fenced internal funds and reserves within accumulated surplus - 2020

	ADMINISTRATION RESERVE R'000	MANDATORY GRANT RESERVE R'000	DISCRETIONARY GRANTS R'000	SPECIAL PROJECTS R'000	TOTAL PER DISCRETIONARY R'000	TOTAL STATEMENT OF FINANCIAL PERFORMANCE R'000
Skills development levy: income	40,515	77,152	191,198	-	191,198	308,865
Government levies	1,190	-	2,381	-	2,381	3,571
Penalties and interest	-	-	1,938	-	1,938	1,938
Investment income	-	-	20,442	-	20,442	20,442
Special project income	-	-	-	3,514	3,514	3,514
Other income	143	-	-	-	-	143
Total revenue	41,848	77,152	215,959	3,514	219,473	338,473
Administration expenses	(47,770)	-	-	-	-	(47,770)
Employee costs	(22,574)	-	-	-	-	(22,574)
Depreciation and amortisation	(827)	-	-	-	-	(827)
Loss on disposal of assets	(107)	-	-	-	-	(107)
Employer grants and project expenses	-	(67,259)	(202,812)	(3,514)	(206,326)	(273,585)
Repairs and maintenance	(114)	-	-	-	-	(114)
	(29,544)	9,893	13,147	-	13,147	(6,504)

Ring-fenced internal funds and reserves within accumulated surplus - 2019

	ADMINISTRATION RESERVE R'000	MANDATORY GRANT RESERVE R'000	DISCRETIONARY GRANTS R'000	SPECIAL PROJECTS R'000	TOTAL PER DISCRETIONARY R'000	TOTAL STATEMENT OF FINANCIAL PERFORMANCE R'000
Skills development levy: income	38,286	71,619	181,858	-	181,858	291,764
Government levies	1,127	-	2,255	-	2,255	3,382
Penalties and interest	-	-	16,137	-	16,137	16,137
Investment income	-	-	26,090	-	26,090	26,090
Special project income	-	-	-	315,351	315,351	315,351
Other income	125	-	-	-	-	125
Total revenue	39,538	71,619	226,340	315,351	541,691	652,849
Administration expenses	(40,026)	-	-	-	-	(40,026)
Employee costs	(24,873)	-	-	-	-	(24,873)
Depreciation and amortisation	(1,767)	-	-	-	-	(1,767)
Loss on disposal of assets	(98)	-	-	-	-	(98)
Employer grants and project expenses	-	(61,997)	(310,649)	(315,351)	(626,000)	(687,997)
Impairment loss	(512)	-	-	-	-	(512)
Repairs and maintenance	(88)	-	-	-	-	(88)
Finance Cost	(1)	-	-	-	-	(1)
	(27,827)	9,622	(84,309)	-	(84,309)	(102,513)

19. Cash (used in) generated from operations

	2020 R'000	2019 RESTATED R'000
Deficit	(6,504)	(102,513)
Adjustments for:		
Depreciation and amortisation	827	2,279
Loss on derecognition of assets	107	98
Bad debts written off	6,310	1,107
Movements in provisions	(143,726)	(12,435)
Changes in working capital:		
Receivables from exchange transactions	(9,372)	(1,399)
Other receivables from non-exchange transactions	195,192	40,764
Prepayments	10,750	1,804
Payables from exchange transactions	(1,719)	(1,025)
Taxes and transfers payable (non-exchange)	(86,281)	30,597
Unspent conditional grants and receipts	(108,514)	115,656
	(142,930)	74,933

20. Financial instruments disclosure

Categories of financial instruments 2020

Financial Assets

	AT FAIR VALUE R'000	AT AMORTISED COST R'000	TOTAL R'000
Receivables from exchange transactions	-	50,252	50,252
Receivables from non-exchange transactions	-	70,913	70,913
Cash and cash equivalents	364,612	-	364,612
	364,612	121,165	485,777

Financial Liabilities

	AT AMORTISED COST R'000	TOTAL R'000
Payables from exchange transactions	5,543	5,543
Payables non-exchange transactions	68,284	68,284
	73,827	73,827

Categories of financial instruments 2019

Financial Assets

	AT FAIR VALUE R'000	AT AMORTISED COST R'000	TOTAL R'000
Trade and other receivables from exchange transactions	-	40,880	40,880
Other receivables from non-exchange transactions	-	272,413	272,413
Cash and cash equivalents	508,616	-	508,616
	508,616	313,293	821,909

Financial Liabilities

	AT AMORTISED COST R'000	TOTAL R'000
Payables from exchange transactions	7,262	7,262
Payables from non-exchange transactions	154,565	154,565
	161,827	161,827

Analysis of financial assets that are past due as at the end of the reporting period but not impaired 2020

	30-60 DAYS R'000	MORE THAN 120 DAYS R'000	TOTAL R'000
Receivables from exchange transactions	8,012	42,240	50,252
Receivables from non-exchange transactions	-	70,913	70,913
	8,012	113,153	121,165

Analysis of financial assets that are past due as at the end of the reporting period but not impaired 2019

	30-60 DAYS R'000	60-120 DAYS R'000	MORE THAN 120 DAYS R'000	TOTAL R'000
Receivables from exchange transactions	-	-	40,880	40,880
Receivables from non-exchange transactions	-	-	272,413	272,413
	-	-	313,293	313,293

Analysis of financial assets that are individually determined to be impaired as at the end of the reporting period 2020

	MORE THAN 120 DAYS R'000	TOTAL R'000
Prepayments	9	9
Mandatory debtors	6,300	6,300
	6,309	6,309

Analysis of financial assets that are individually determined to be impaired as at the end of the reporting period 2019

	MORE THAN 120 DAYS R'000	TOTAL R'000
Discretionary debtors	1,107	1,107
Trade debtors	1,381	1,381
	2,488	2,488

21. Commitments

	OPENING BALANCE 2019/20 R'000	ADJUSTMENTS 2019/20 R'000	2019/20 ADDITIONAL COMMITMENTS R'000	2019/20 ADDITIONS (*OFFERS OF CONTRACTS) R'000	UTILISED 2019/20 R'000	CLOSING BALANCE 2019/20 R'000
ABET Programme	1,062	(490)	125	-	(572)	125
Apprenticeship Programme	1,059,740	(35,307)	120,476	7,920	(83,937)	1,068,892
Bursaries Programme	19,149	(18,234)	-	-	-	915
Internship Programme	38,961	(25,950)	8,230	2,100	(11,995)	11,346
Learnership Programme	44,272	(18,326)	37,638	8,602	(38,409)	33,777
Matric Intervention Programme	9,000	1,470	-	-	(10,470)	-
Skills Programme	17,346	(12,037)	18,615	-	(14,722)	9,202
Research	1,507	-	-	-	(953)	554
Research Chairs	5,460	-	-	-	-	5,460
Building renovations	1,169	(1,169)	-	-	-	-
IT System and Support	7,955	-	2,178	-	(4,179)	5,954
	1,205,621	(110,043)	187,262	18,622	(165,237)	1,136,225

The above commitments relates to discretionary grants and administration, with an exception of an apprenticeship special project with a closing balance of R873,254,250 included in the special projects total commitment. The commitment relates to the War on Leaks Programme and is fully funded by the Department of Water and Sanitation. Department of Water and Sanitation is a related party.

* These are commitments that have been approved by the Accounting Authority in 2019/20 financial year. The award letters were accepted by the implementing agents however the contracts (Service Level Agreements) were not yet finalised at year-end.

22. Contingencies

Contingent liabilities

Mandatory Grants Regulation

In October 2019, BUSA won the court case against DHET, where the department's decision to decrease the mandatory grant levies from 50% to 20% in terms of section 4(4) of the SETA grant regulations was set aside.

The court, however did not decide on the mandatory levy or grant percentage to be applied from the court date onwards. The effect of the ruling is that the Minister would have to decide on the percentage for mandatory grants in consultation with the sector. To date, the Minister has not yet made the decision with regard to the mandatory grant percentage.

DHET continued to show the mandatory levies portion as 20% in 2019/20 year in the levy download information. The SETA also continued to pay and accrue mandatory grants at 20% in the 2019/20 financial year in the absence of a revised percentage which was aligned to the approved annual performance plan. The mandatory grant expenditure - Note 15 and the mandatory grant liability - Note 9 were calculated using a grant percentage of 20.

The SETA therefore discloses a contingent liability in regard to the amount of the mandatory grants payable to qualifying levy payers from the date of the court decision to the year end. This is disclosed as a liability as the intention of the litigant, BUSA, was to increase the mandatory grant percentage from 20. The timing and amount of this contingent liability is uncertain and no reasonable estimate can be made at reporting date. The department is currently in discussions with BUSA in regard the mandatory grant percentage.

Legal claim

A discretionary grant service provider instituted a claim against the entity in respect of work carried out. The claim amounts to R850,000. EWSETA's position is that the complainant did not implement the project within the specified time on the SLA, and hence the project was terminated as per the SLA.

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 R232,889 (2018/2019: R72,950) will be payable to such employers. This amount is contingent based on the uncertainty of the number of submissions that will be received and approved.

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 will be made.

Contingent assets

EWSETA has issued a summons against the service provider for building refurbishment done on the Cape House Property. The supplier failed to deliver on services as per the service level agreement. An amount of R15,955,415 which was paid in advance is claimable.

The entity has concluded a forensic investigation on numerus allegations. Civil and criminal processes have commenced against alleged offenders in an attempt to recover the funds. An amount of R91,510,124 also disclosed as irregular expenditure is potentially claimable.

23. Related parties

Relationships

Controlling entity	Department of Higher Education, Science and Technology
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 the SETAs, the QCTO and NSF, TVET Colleges, Universities, ASSAF, CSIR, HSRC, NACI, NRF, SACNASP, SANSA and TIA. The transactions are 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	DWS (P Ramunenyiwa); DPE (N Mbono); MDA (T Montoedi); NUMSA (V Bikitsa); SAMWU (S. Manyama); WISA (L. Goldman); DOE (K. Makgohlo); Rand Water (S. Makume); SANEDI (L. Manamela); Umgeni Water (M. Moleko); NUM (N. Radebe)
Members of the Accounting Authority who provided oversight of the activities of the SETA in 2019/20	F. Baleni (Chairperson); P. Ramunenyiwa; N. Mbono; K. Msebenzi; T. Montoedi; V. Bikitsa; L. Goldman; K. Makgohlo; S. Makume; L. Manamela; S. Manyama; N. Radebe; E. Coetzer; M. Malunga; S. Thomas;
Members of the newly appointed Accounting Authority	L. Moorosi (Chairperson); L. Goldman; N. Malumbazo; D. Magagula; R. Ntlokotse; K. Pholoba; N. Radebe; T. Wedderspoon; N. Nobatana; E. Coetzer ; S. Bokaba; N. Ngidi; M. Malunga; H. Mhlongo; V. Singh
Members of key management	M. Mookapele (ACEO& CFO); I. Molete (COO); C. Moodley (CSE); T. Mokotedi (APRME)

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties

	2020 R'000	2019 RESTATED R'000
DHET	68	73
FOODBEVSETA	5	5
LG SETA	23	20
MERSETA	1,796	1,796
PSETA	55	55
MQA	(5)	(5)
Services SETA	(1)	33
W&R SETA	(15)	(38)
MICT SETA	36	36
CETA	72	88

Amounts included in Trade receivable/ (Trade Payable) regarding members of the accounting authority

	2020 R'000	2019 RESTATED R'000
F. Baleni	(39)	(40)
V. Bikitsa	(18)	(22)
L. Goldman	(48)	(18)
N. Radebe	(40)	(26)
S. Makume	(26)	(18)
S. Manyama	(54)	(21)

Mandatory grants, discretionary grants and projects - Entities with a representative serving on EWSETA's Accounting Authority

	2020 R'000	2019 RESTATED R'000
DWS	67,595	172,468
ESKOM	(14,887)	-
SAMWU	(78)	(78)
WISA	(69)	-
TIA	-	(3,351)

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 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.

TVET and Universities

	2020 R'000	2019 RESTATED R'000
ABC (Proprietary) Limited	(57)	(57)
Ehlanzeni TVET College	(973)	(973)
False Bay College	(14)	(14)
Sekhukhune TVET College	(1,753)	(1,753)
Umfolozi TVET College	(141)	(141)
University of Johannesburg	(126)	(126)
University of Stellenbosch	(45)	(45)
West Coast College	(210)	(210)

Related party transactions

Employers transferred to/ (from) SETAs

	2020 R'000	2019 RESTATED R'000
MERSETA	(4)	1,770
CETA	(15)	-
Services SETA	(24)	-
LG SETA	3	-

Fees and reimbursements - Members of the Accounting Authority

	2020 R'000	2019 RESTATED R'000
F. Baleni (Chairperson)	(133)	(177)
L. Manamela	(3)	-
T. Montoedi	(118)	(174)
M. Kwena	(2)	-
V. Bikitsha	(74)	(95)
L. Goldman	(154)	(91)
N. Radebe	(190)	(140)
S. Makume	(120)	(131)
S. Manyama	(157)	(102)
S. Musundwa	(54)	-
J. Modise	(55)	-
G. Mnguni	(65)	-
S. Gurnede	(55)	-
C. Mokoena	(56)	-
S. Thomas	(159)	-
T. Tshitangano	(75)	-
N. Mufamadi	(80)	-

Project Transactions - entities with representative serving on EWSETA's Accounting Authority

	2020 R'000	2019 RESTATED R'000
TIA	-	3,351
DOE	585	554
DWS	92,986	194,940
ESKOM	148,315	-
WISA	(535)	-
NUM	(300)	(1,093)
SAMWU	(1,799)	(4,389)
TVET Colleges and Universities		
Advisor Progressive College	-	(1,600)
Cape Peninsula University of Technology	(5,186)	(8,870)
Capricorn College For FET	(119)	-
Central University of Technology	(1,727)	(845)
College of Cape Town	(1,592)	-
CTC College	(5,888)	(3,055)
Ekurhuleni TVET College	-	(96)
Esayidi TVET College	(308)	-
False Bay College	(39)	-
Gert Sibande TVET College	(380)	(1,611)
Maluti TVET College	(225)	(225)
Motheo College	(120)	-
Nelson Mandela Metropolitan University	(74)	(687)
Northern Technical Further College	(406)	(3,654)
NSFAS	-	(3,400)
Orbit TVET College	-	(14)
Flavius Mareka TVET College	(2)	-
South West Gauteng College	(135)	(135)
Taletso TVET College	(8)	(23)
Technical Further TVET	-	(1,088)
Tshwane University of Technology	-	(1,163)
University of Cape Town	(125)	-
University of Free State	(207)	-
University of Johannesburg	(1,181)	(238)
University of Kwazulu Natal	-	(47)
University of Limpopo	-	(1,864)
University of North-West	(49)	-
University of Pretoria	(1,112)	(1,840)
University of Stellenbosch	(2,289)	(1,539)
University of Western Cape	(614)	(28)
University of Zululand	-	(38)
University of Witwatersrand	(207)	(376)
Vaal University of Technology	(1,101)	-
West Coast College	(134)	-
White River Technical College	(3,960)	(2,063)

24. Key management information

Executive

2020

	SALARY R'000	OTHER BENEFITS R'000	ACTING ALLOWANCES R'000	TOTAL R'000
Chief Financial Officer	1,290	197	-	1,487
Chief Operating Officer	1,164	395	-	1,559
Corporate Services Executive	1,113	363	-	1,476
Acting Chief Executive Officer	-	-	352	352
Acting Chief Financial Officer	-	-	147	147
Acting Planning, Monitoring and Reporting Executive	-	-	322	322
	3,567	955	821	5,343

2019

	SALARY R'000	OTHER BENEFITS R'000	ACTING ALLOWANCES R'000	TOTAL R'000
Chief Executive Officer	934	125	-	1,059
Chief Financial Officer	1,378	102	-	1,480
Chief Operating Officer	1,275	303	-	1,578
Corporate Services Executive	1,187	282	-	1,469
Acting Chief Executive Officer	-	-	147	147
Acting Chief Financial Officer	-	-	112	112
Acting Planning, Monitoring and Reporting Executive	-	-	322	322
	4,774	812	581	6,167

Other benefits include performance bonuses

Non-executive - Accounting Authority

2020

	MEETING FEE R'000	TRAVEL COSTS R'000	TOTAL R'000
Board Chairperson	131	2	133
Members	1,044	60	1,104
	1,175	62	1,237

2019

	MEETING FEE R'000	TRAVEL COSTS R'000	TOTAL R'000
Board Chairperson	172	5	177
Members	695	38	733
	867	43	910

Accounting Authority sub-committees

2020

	MEETING FEE R'000	TRAVEL COSTS R'000	TOTAL R'000
Audit and Risk Committee Chairperson	158	1	159
Members	151	4	155
	309	5	314

2019

	MEETING FEE R'000	TRAVEL COSTS R'000	TOTAL R'000
Audit and Risk Committee Chairperson	212	2	214
Members	189	4	193
	401	6	407

1.25. Risk management

Financial risk management

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

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 heading 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.

2020

	CARRYING AMOUNT R'000	6 MONTHS OR LESS R'000	6-12 MONTHS R'000	1-2 YEARS R'000
Payables from exchange transactions	-	-	-	(5,543)

2019

	CARRYING AMOUNT R'000	6 MONTHS OR LESS R'000	6-12 MONTHS R'000	1-2 YEARS R'000
Payables from exchange transactions	-	-	(7,262)	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. Verification costs are settled in cash. Financial assets exposed to credit risk at year-end were as follows:

2020

	GROSS R'000	IMPAIRMENT R'000	TOTAL R'000
Receivables from exchange transactions	51,633	(1,381)	50,252
Cash and cash equivalents	364,612	-	364,612
	416,245	(1,381)	414,864

2019

	GROSS R'000	IMPAIRMENT R'000	TOTAL R'000
Receivables from exchange transactions	42,261	(1,381)	40,880
Cash and cash equivalents	508,616	-	508,616
	550,877	(1,381)	549,496

Market risk

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

26. 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 re-established to 31 March 2030. The loss of revenue due to the 4-month skills development levy (SDL) payment holiday has not impacted the going concern of the entity.

27. Fruitless and wasteful expenditure

	2020 R'000	2019 RESTATED R'000
Opening balance as previously reported	316	319
Opening balance as restated	316	319
Add: Expenditure identified - current	13	6
Less: Amounts recovered - current	-	(9)
Closing balance	329	316
Details of incidents		
Interest on late payments	-	4
Booking cancellations	2	-
Mobile data not utilised	11	-
Other	-	2
	13	6

28. Irregular expenditure

	2020 R'000	2019 RESTATED R'000
Opening balance as previously reported	210,549	80,224
Correction of prior period error	-	41,666
Opening balance as restated	210,549	121,890
Add: Irregular expenditure - current	29,694	4,150
Add: DG expenditure not in line with budget	-	84,509
Add: Irregular expenditure - prior period	139,009	-
Closing balance	379,252	210,549
Details of irregular expenditure - current year		
Incorrect calculation allocation of points	-	41
Non-compliance with SCM Legislation	4,655	3,955
Non compliance with practice note 8	-	149
Hotel rates above the cost containment threshold	-	5
Excess over 10.5% admin budget	25,039	-
DG expenditure not in line with budget	-	84,509
	29,694	88,659
Details of irregular expenditure - prior year		
Non-compliance with Legislation (2013-2019)	139,009	-

29. Budget differences

Material differences between budget and actual amounts

- (a) The actual interest income received was higher than budgeted as bank balances were higher than anticipated.
- (b) Special project income relates to the income recognised as the War on Leaks project is implemented. The income is not included in the budget as it is recognised as per the project implementation
- (c) Levy income received is lower than budgeted as increments of salaries within the Energy and Water sector were lower than expected.
- (d) Interest and penalties were not budgeted as it is anticipated that all employers would pay levies on time.
- (e) Personnel costs are lower than budgeted due to vacant positions within the entity; and the reallocation of salaries for project admin costs.
- (f) Depreciation and amortisation are non-cash items not included in the entity budget.
- (g) Rental for the premises is higher than budgeted due to delays in completion of purchase office building.
- (h) Administration expenses are lower than budgeted due to cost containment measures put into place during the year.
- (i) Mandatory grant expenditure is lower than budgeted as the expected number of employers did not qualify for the grant during financial years.
- (j) Discretionary grant expenses are lower than budgeted as costs are driven by the progress on projects. Total DG expenditure includes cost of projects approved in prior years, and expensed in the current year as projects are implemented.
- (k) Special project expenses are not budgeted for as they are fully recoverable from DWS.
- (l) Cost-saving by the entity to minimise non-compliance on administration budget.

30. Events after the reporting date

Non-adjusting events after the reporting date:

1. On 1 April 2020, the Minister of Higher Education and Training appointed a new Accounting Authority on a 5-year term ending on 31 March 2025.
2. On 21 April 2020, The President of South Africa announced a 4 month skills development levy (SDL) payment holiday as one of the relief measures for businesses (employers) during the lockdown period in response to the COVID-19 pandemic. The payment relief was effective from 1 May 2020 to 31 August 2020. The direct impact to EWSETA is a loss of 1/3 of the budgeted revenue for the year, which resulted in the revision of the performance targets of the entity.

Adjusting events after the reporting date:

EWSETA had a legal case with an employee at year end. The CCMA awarded a judgement in favour of the employee after the reporting period and the financial statements have been adjusted accordingly.

31. Change in estimate

Property, plant and equipment

In the current financial period, management revised the useful life of motor vehicles from 5 to 8 years. The residual value was also revised down from R99 000 to R0.00. The effect of this revision has decreased the depreciation charge for the current and future periods by R 6,310

The impact on the cash flow statement is a decrease in non-cash movement of the same amount.

Intangible assets

In the current financial period, management revised the useful life of certain software from 3 to 10 years. The effect of this revision has decreased the amortisation charge for the current and future periods by R 416,110

The impact on the cash flow statement is a decrease in non-cash movement of the same amount.

Office equipment

In the current financial period, management revised the useful life of office equipments from 5 to 6 years. The effect of this revision has decreased the depreciation for the current and future periods by R 1,112

The impact on the cash flow statement is a decrease in non-cash movement of the same amount.

32. Prior period errors

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position

	AMOUNT PREVIOUSLY REPORTED R'000	PRIOR PERIOD ERROR R'000	RECLASSIFICATION ERROR R'000	RESTATED AMOUNT R'000
Receivables from exchange transactions	40,934	(54)	-	40,880
Receivables from non-exchange transactions	272,489	(76)	-	272,413
Prepayments	17,399	(574)	-	16,825
Payables from exchange transactions	(57,506)	(67)	50,311	(7,262)
Payables from non-exchange transactions	(114,989)	8,464	(48,040)	(154,565)
Provision	(343,217)	22,464	(2,271)	(323,024)
Discretionary grant reserve	(195,245)	(30,157)	-	(225,402)
Trade receivables	40,302	-	(2,469)	37,833
Interest accrued	-	-	2,469	2,469

Statement of Financial Performance

	AMOUNT PREVIOUSLY REPORTED R'000	PRIOR PERIOD ERROR R'000	RECLASSIFICATION ERROR R'000	RESTATED AMOUNT R'000
Exchange transactions	125	49	-	174
Mandatory grant and project expenses	(668,644)	(3,488)	(15,865)	(687,997)
Administration expenses	(39,256)	(770)	-	(40,026)
Employee related costs	(40,738)	-	15,865	(24,873)
Deficit for the year	(98,304)	(4,209)	-	(102,513)

- Administration expenses were understated in the prior year by R0.564 million. An amount of R0.574 was incorrectly recorded as a prepayment in the 2018/19 financial year.
- Leave provisions of R2.271 million was incorrectly classified as leave accrual under payables from exchange transactions. The reclassification has resulted in movement between classes of liabilities and did not change the liability position of the organisation as at 31 March 2019.
- An amount of R34.366 million was incorrectly recognised in the prior year due to incorrect interpretation of accounting policies. The correction resulted in reduction of provisions by R22.464, project accruals by R7.347 and R4,555 million which changed the net financial position of the entity by reducing the liabilities.
- An amount of R48,040 million was incorrectly classified as admin accruals instead of project accruals. The reclassification has resulted in movement within the classes of liabilities in the statement of financial position and did not change the liability position of the organisation as at 31 March 2019.
- An amount of R3.488 million relates to invoices that were erroneously omitted from accruals at the end of 2018/19 financial year for mandatory and project expenses. This error also understated payables from non-exchange transaction in the Statement of Financial Position.
- Interest accrued was incorrectly disclosed as Trade Receivables in Note 2: Receivables from non exchange. The error was just a classification error and it does not change the balance of Receivables from Non-exchange in the Statement of Financial Position.
- Employee related costs of R15.865 million relating to project management was incorrectly classified as administration costs. The reclassification resulted in movement between classes of expenses and had no impact on the deficit.
- The discretionary grant reverses have been amended accordingly to reflect the changes above.

Disclosures

Commitments

	AMOUNT PREVIOUSLY DISCLOSED R'000	RECLASSIFICATION R'000	PRIOR PERIOD ERROR R'000	RESTATED AMOUNT R'000
Learnership Programme	43,272	1,000	-	44,272
Skills Programme	18,346	(1,000)	-	17,346
Apprenticeship Programme opening balance	1,055,615	-	4,125	1,059,740
	1,117,233	-	4,125	1,121,358

The worker support was incorrectly classified as Skills programme. The correction of the error resulted in a reclassification of R1 million to learnership programme which is aligned to the award letter and the SLA that was signed.

A commitment of R4.12 million was erroneously omitted in the opening balance of Apprenticeship Programme

Financial Instruments

	AMOUNT PREVIOUSLY DISCLOSED R'000	PRIOR PERIOD ERROR R'000	RESTATED AMOUNT R'000
Financial Assets	822,038	(129)	821,909
Financial Liabilities	172,495	(10,668)	161,827
	994,533	(10,797)	983,736

The financial instruments disclosure was affected by errors and reclassifications as explained above under Statement of Financial Position. Refer to note 20 for details on Financial Instruments.

Analysis of financial assets that are past due as at the end of the reporting period but not impaired

	AMOUNT PREVIOUSLY DISCLOSED R'000	PRIOR PERIOD ERROR R'000	RESTATED AMOUNT R'000
Receivables from exchange transactions	-	40,880	40,880
Receivables from non-exchange transactions	-	272,413	272,413
	-	313,293	313,293

The disclosure for analysis of financial assets that are past due as at the end of 2019 financial year, but not impaired, was erroneously omitted in the prior year annual financial statements. The correction of this error only affects the disclosure note and has no impact on the statements.

Analysis of financial assets that are individually determined to be impaired as at the end of the reporting period

	AMOUNT PREVIOUSLY DISCLOSED R'000	PRIOR PERIOD ERROR R'000	RESTATED AMOUNT R'000
Discretionary debtors	-	1,107	1,107
Trade debtors	-	1,381	1,381
	-	2,488	2,488

The disclosure for analysis of financial assets that are individually determined to be impaired as at the end of the 2019 financial year was erroneously omitted in the prior year annual financial statements. The correction of this error only affects the disclosure note and has no impact on the statements.

Related Parties

Related party balances

	AMOUNT PREVIOUSLY DISCLOSED R'000	PRIOR PERIOD ERROR R'000	RESTATED AMOUNT R'000
Mandatory grants, discretionary grants and projects	262,451	(90,061)	172,390
TVET Colleges and Universities	-	3,319	3,319
	262,451	(86,742)	175,709

The balance of mandatory grants, discretionary grants and projects was affected by errors and reclassifications as explained above under Statement of Financial Position.

An amount of R3.3 million relating to balances with TVET Colleges and Universities were erroneously omitted from the related party disclosure as at 31 Mar 2019.

Related party transactions

	AMOUNT PREVIOUSLY DISCLOSED R'000	PRIOR PERIOD ERROR R'000	RESTATED AMOUNT R'000
Employers transferred to/ (from) SETAs	-	1,770	1,770
Projects transactions	341,625	(146,685)	194,940
TVET and Universities	-	34,499	34,499
	341,625	(110,416)	231,209

An amount of R1.7 million relating to transactions with other SETAs and R34.4 million relating to transactions with TVET Colleges and Universities were erroneously omitted from the related party disclosure.

Risk management

	AMOUNT PREVIOUSLY DISCLOSED R'000	PRIOR PERIOD ERROR R'000	RESTATED AMOUNT R'000
Liquidity risk	57,506	(50,244)	7,262
Credit risk	549,549	(53)	549,496
	607,055	(50,297)	556,758

The risk management disclosure was affected by errors and reclassifications as explained above under Statement of Financial Position. Refer to note 25 for details on risk management.

Irregular expenditure

	AMOUNT PREVIOUSLY DISCLOSED R'000	PRIOR PERIOD ERROR R'000	RESTATED AMOUNT R'000
Opening balance	168,883	41,666	210,549

The opening balance of irregular expenditure was erroneously misstated due to a calculation error. The correction resulted in an increase of irregular expenditure opening balance by R41.6 million.

Segment information

Assets

	AMOUNT PREVIOUSLY DISCLOSED R'000	PRIOR PERIOD ERROR R'000	RESTATED AMOUNT R'000
Cash and cash equivalents - Administration	-	12,332	12,332
Cash and cash equivalents - Mandatory grants	-	30,028	30,028
Cash and cash equivalents - Discretionary grants	-	337,872	337,872
Cash and cash equivalents - Special projects	508,615	(380,232)	128,383
	508,615	-	508,615

The cash and cash equivalents in the prior year were erroneously disclosed under cash and cash equivalents for special projects. The correction of this error will merely affect the disclosure in segment reporting.

33. Segment information

Segment surplus or deficit, assets and liabilities

2020

	ADMINISTRATION R'000	MANDATORY GRANTS R'000	DISCRETIONARY GRANTS R'000	SPECIAL PROJECTS R'000	TOTAL R'000
Revenue					
Skills Development Levy Income	40,515	77,152	191,198	-	308,865
Government levy	1,190	-	2,381	-	3,571
Penalties and interest	-	-	1,938	-	1,938
Investment income	-	-	20,442	-	20,442
Other Income	143	-	-	-	143
Special project income	-	-	-	3,514	3,514
Total segment revenue	41,848	77,152	215,959	3,514	338,473
Entity's revenue					338,473
Expenditure					
Administration expenses	47,770	-	-	-	47,770
Employee costs	22,574	-	-	-	22,574
Depreciation and amortisation	827	-	-	-	827
Loss on derecognised assets	107	-	-	-	107
Mandatory grant and project expenses	-	67,259	202,812	3,514	273,585
Repairs and maintenance	114	-	-	-	114
Total segment expenditure	71,392	67,259	202,812	3,514	344,977
Total segmental surplus/(deficit)					(6,504)
Assets					
Receivables from exchange transactions	50,252	-	-	-	50,252
Receivables from non-exchange transactions	-	-	70,913	-	70,913
Cash and cash equivalents	8,978	31,536	304,229	19,869	364,612
Prepayments	223	-	5,852	-	6,075
Property, plant and equipment	61,576	-	-	-	61,576
Intangible assets	571	-	-	-	571
Total segment assets	121,600	31,536	380,994	19,869	553,999
Total assets as per Statement of Financial Position					553,999
Liabilities					
Payables from exchange transactions	5,543	-	-	-	5,543
Payables from non-exchange transactions	-	30,586	37,698	-	68,284
Provisions	3,435	950	174,907	-	179,292
Unspent conditional	-	-	-	19,869	19,869
Total segment liabilities	8,978	31,536	212,605	19,869	272,988
Total liabilities as per Statement of Financial Position					272,988
Reserves					
	ADMINISTRATION RESERVE	MANDATORY GRANTS RESERVE	DISCRETIONARY GRANTS RESERVE		
Reserves at 31 March 2020	62,147	233	218,631		

2019 Restated

	ADMINISTRATION R'000	MANDATORY GRANTS R'000	DISCRETIONARY GRANTS R'000	SPECIAL PROJECTS R'000	TOTAL R'000
Revenue					
Skills Development Levy Income	38,286	71,623	181,809	-	291,718
Government levy	1,127	-	2,255	-	3,382
Penalties and interest	-	-	16,137	-	16,137
Investment income	-	-	26,090	-	26,090
Other Income	174	-	-	-	174
Special project income	-	-	-	315,348	315,348
Total segment revenue	39,587	71,623	226,291	315,348	652,849
Entity's revenue					652,849
Expenditure					
Administration expenses	40,026	-	-	-	40,026
Employee costs	24,873	-	-	-	24,873
Depreciation and amortisation	2,279	-	-	-	2,279
Loss on derecognised assets	98	-	-	-	98
Mandatory grant and project expenses	-	61,997	310,649	315,351	687,997
Repairs and maintenance	88	-	-	-	88
Finance costs	1	-	-	-	1
Total segment expenditure	67,365	61,997	310,649	315,351	755,362
Total segmental surplus/(deficit)					(102,513)
Assets					
Receivables from exchange transactions	40,880	-	-	-	40,880
Receivables from non-exchange transactions	-	8,572	263,841	-	272,413
Prepayments	16,825	-	-	-	16,825
Cash and cash equivalents	12,332	30,028	337,873	128,383	508,616
Property, plant and equipment	61,488	-	-	-	61,488
Intangible assets	519	-	-	-	519
Total segment assets	132,044	38,600	601,714	128,383	900,741
Total assets as per Statement of Financial Position					900,741
Liabilities					
Payables from exchange transactions	7,262	-	-	-	7,262
Payables from non-exchange transactions	-	29,115	125,450	-	154,565
Provisions	5,070	913	317,041	-	323,024
Unspent conditional grants	-	-	-	128,383	128,383
Total segment liabilities	12,332	30,028	442,491	128,383	613,234
Total liabilities as per Statement of Financial Position					613,234
Reserves					
	ADMINISTRATION RESERVE	MANDATORY GRANTS RESERVE	DISCRETIONARY GRANTS RESERVE		
Reserves at 31 March 2019	62,007	100	225,399		

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

ADDENDUM

ANNUAL PERFORMANCE REPORT 2019/20

PROGRAMME 1: ADMINISTRATION

Strategic Objective 1.1:

To co-ordinate the development, monitoring and implementation of EWSETA Strategic and Annual Performance Plans and report progress

PERFORMANCE INDICATOR	ANNUAL TARGETS	REPORTING PERIOD	MEANS OF VERIFICATION	ACHIEVEMENT MILESTONES	VARIANCE	REASONS FOR VARIANCE
1.1.1.	Approved Strategic and Annual Performance Plans	Annually	Proof of submission Letter of approval from Minister	Final SP and APP tabled in Parliament by due date and approved by the Executing Authority	-	Target achieved
1.1.2.	Timely submission of Quarterly Performance Reports.	Quarterly	Proof of submission. Acknowledgement of receipt by DHET/Treasury	Quarterly monitoring reports submitted to the relevant authorities within the prescribed period	-	Target achieved

Strategic Objective 1.2:

Promote good governance and management practices.

PERFORMANCE INDICATOR	ANNUAL TARGETS	REPORTING PERIOD	MEANS OF VERIFICATION	ACHIEVEMENT MILESTONES	VARIANCE	REASONS FOR VARIANCE
1.2.1.	Outcome of the AGSA Audit.	Annually	Signed Audit report from AGSA	Received an unqualified audit opinion for the 2018/19 financial period	-	Target achieved
1.2.2.	Approved annual risk plan	Annually	Approved annual risk plan	Strategic Risk Register approved by AA	-	Target achieved
1.2.3.	Biennial performance evaluation of Accounting Authority and sub-committees conducted.	Biennial	Evaluation report	The biennial performance evaluation of the AA and sub-committees was conducted, and results reported and implemented	-	Target achieved
1.2.4.	Number of Governance Charter reports submitted to DHET.	Quarterly	Proof of submission/AOR	4 reports submitted to DHET	-	Target achieved.

Strategic Objective 1.3:

Attract, develop and retain the right people, in the right positions for the EWSETA throughout the planning period.

PERFORMANCE INDICATOR	ANNUAL TARGETS	REPORTING PERIOD	MEANS OF VERIFICATION	ACHIEVEMENT MILESTONES	VARIANCE	REASONS FOR VARIANCE
1.3.1. Review and implementation of the HR Strategy.	Achievement of HR Strategy milestones	Annually	Signed/Approved HR Strategy and 19/20 Operational Plan	All HR strategy milestones for the year were achieved	N/A	Target achieved
1.3.2. Review and implementation of the Employment Equity Plan.	EE Targets per approved plan achieved	Annually	EE Report submission to DoL	50%	50%	Target not achieved There were two targets. One target met with the use of unconventional methods of Recruitment. Numerical goals of a total staff compliment of 78 was not achieved due to certain positions on lower levels being frozen due to budget challenges. In addition, a directive from DHET was sent to SETAs which placed a moratorium on Recruitment of Executive and Senior Management positions until new Board was appointed.
1.3.3. Implementation of Performance Management.	Performance Agreements signed for all applicable staff	Annually	Signed Performance Management Agreements for all applicable staff	All applicable staff performance agreements were signed	N/A	Target achieved
	Performance evaluations conducted for all applicable staff	Bi-annually	Approved Performance Evaluation report for all applicable staff	All applicable staff performance evaluations were conducted	N/A	Target achieved 2018/2019 final semester evaluation conducted in May 2019 and 2019/2020 first semester evaluation conducted in October 2019.
1.3.4. Submission and approval of annual WSP and ATR	EWSETA WSP and ATR approved and submitted to the relevant SETA	Annually	Approved WSP and ATR from relevant SETA	WSP / ATR submitted on 30 April 2019 and approved by Services SETA	N/A	Target achieved

Strategic Objective 1.4:

Optimal utilisation of ICT to enable the EWSETA to deliver on its mandate.

PERFORMANCE INDICATOR	ANNUAL TARGETS	REPORTING PERIOD	MEANS OF VERIFICATION	ACHIEVEMENT MILESTONES	VARIANCE	REASONS FOR VARIANCE
1.4.1. Review and implementation of the ICT Strategy.	Achievement of ICT Strategy Milestones	Annually	Signed/Approved ICT Strategy and 19/20 Operational Plan	All ICT strategy milestones for the year were achieved	-	Target achieved
1.4.2. % of systems availability	90% of systems availability	Monthly	System failure reports	90%	-	Target achieved
1.4.3. % of MIS usage.	75% MIS Usage	Monthly	System usage reports	10%	-65%	Target not achieved Only 10% usage was achieved due to gaps in the integration and alignment of various business processes, which resulted in a greater reliance on manual systems. This is being addressed in 2020/21 through the development of our own ERP and MIS system.

Strategic Objective 1.5:

Market and promote the work of the EWSETA to stakeholders through internal and external communication.

PERFORMANCE INDICATOR	ANNUAL TARGETS	REPORTING PERIOD	MEANS OF VERIFICATION	ACHIEVEMENT MILESTONES	VARIANCE	REASONS FOR VARIANCE
1.5.1. Review and implementation of the Marketing and Communications Strategy	Achievement of Marketing and communications Strategy Milestone	Annually	Signed/Approved Marketing and Communications Operational Plan	All marketing and communication strategy milestones for the year were achieved	0	Target achieved
1.5.2. Review and implementation of the Stakeholder Engagement Strategy.	Achievement of Stakeholder Engagement Strategy Milestones	Annually	Signed/Approved Stakeholder Engagement Operational Plan	Not all milestones for the year were achieved	-	Target not achieved More than 80% of the milestones were achieved. Milestones that were not achieved, were planned to be achieved at the end of the fourth quarter, which was not feasible.
1.5.3. Customer Satisfaction Index.	< 80%	Annually	Approved Survey Analysis Report	Survey not undertaken	-1	Target not achieved By the conclusion of the financial year, research objectives and approach that needed to be clarified and agreed had not been finalised.
1.5.4. Number of publications (online and print).	4 publications	Quarterly	4 SETA publications	9 publications produced	+5	Target achieved Ability to produce a quarterly newsletter in addition to other important/mandatory publications enabled the over achievement of this target

PERFORMANCE INDICATOR	ANNUAL TARGETS	REPORTING PERIOD	MEANS OF VERIFICATION	ACHIEVEMENT MILESTONES	VARIANCE	REASONS FOR VARIANCE
1.5.5. Number of active social media platforms.	Four Social Media Platforms active	Annually	4 active social media platform	5 active social media platforms	+1	Target achieved EWSETA active on LinkedIn, Facebook, Instagram, Twitter and YouTube
1.5.6. Number of CEO roadshows.	4 CEO Stakeholder Roadshows	Quarterly	Event Invitations Attendance Registers	4 roadshows held	0	Target achieved

PROGRAMME 2: SKILLS PLANNING

Strategic Objective 2.1:

Catalyse the production of masters and doctoral graduates in the energy and water sectors.

PERFORMANCE INDICATOR	ANNUAL TARGETS	REPORTING PERIOD	MEANS OF VERIFICATION	ACHIEVEMENT MILESTONES	VARIANCE	REASONS FOR VARIANCE
2.1.1. Number of research chairs appointed.	2 research chairs appointed	Annually	Letters/TORs of appointment	0 research chairs appointed	-2	Target not achieved due to lengthy time to conclude controlling process
2.1.2. Number of commissioned research projects.	1 research project	Annually	Approved researched report	3 research projects commissioned	+2	Target exceeded
2.1.3. Number of tracer/ impact studies conducted.	1 evaluation study	Annually	Research reports	1 tracer study conducted	-	Target achieved

Strategic Objective 2.2:

Conduct research for planning of skills development in the energy and water sectors.

PERFORMANCE INDICATOR	ANNUAL TARGETS	REPORTING PERIOD	MEANS OF VERIFICATION	ACHIEVEMENT MILESTONES	VARIANCE	REASONS FOR VARIANCE
2.2.1. Annual Updated Sector Skills Plan.	A reviewed SSP submitted to the DHET and approved.	Annually	Approved SSP Proof of submission	SSP submitted to DHET by due date and approved by Executive Authority	-	Target achieved

Strategic Objective 2.3:

Conduct research for planning of skills development in the energy and water sectors.

PERFORMANCE INDICATOR	ANNUAL TARGETS	REPORTING PERIOD	MEANS OF VERIFICATION	ACHIEVEMENT MILESTONES	VARIANCE	REASONS FOR VARIANCE
2.3.1. Number of firms supported with mandatory grants.	121 Large = 26 Medium = 25 Small = 70	Annually	List of approved companies Proof of payment	Supported 149 firms with mandatory grants Large 22 Medium 32 Small 95	L -4 M +7 S +25	Large: Some companies did not meet mandatory grant application requirements Medium: More companies met mandatory grant application requirements Small: More companies met mandatory grant application requirements

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS

Strategic Objective 3.1:

Increase workplace learning through discretionary grants.

PERFORMANCE INDICATOR	ANNUAL TARGETS	REPORTING PERIOD	MEANS OF VERIFICATION	ACHIEVEMENT MILESTONES	VARIANCE	REASONS FOR VARIANCE
3.1.1. Number of learners who enter learnerships. U (Unemployed) W (Workers)	U = 1 300 W = 200	Quarterly	Signed agreements	SETA FUNDED U = 931 W = 58 SECTOR FUNDED U = 382 W = 400	U = +13 W = +258	U = Target achieved as a result of EWSETA discretionary grant implementation process and learning interventions funded by the energy and water sector W = Target exceeded due to implementation of discretionary grants and partnerships with industry.
3.1.2. Number of learners who complete learnerships	U = 1 200 W = 125	Quarterly	Certificates	SETA FUNDED U = 612 W = 0 SECTOR FUNDED U = 768 W = 279	U = +180 W = +154	U = Target exceeded due to discretionary grant projects approved in prior years, as well as learnership programmes and learning interventions funded by the energy and water sector W = Target exceeded due to learning interventions funded by the energy and water sector
3.1.3. Number of learners who enter bursaries	U = 330 W = 20	Annually	Signed agreements	U = 337 W = 34	U = +7 W = +14	U = Target achieved as a result of EWSETA discretionary grant implementation process W = Target achieved as a result of EWSETA discretionary grant implementation process

PERFORMANCE INDICATOR	ANNUAL TARGETS	REPORTING PERIOD	MEANS OF VERIFICATION	ACHIEVEMENT MILESTONES	VARIANCE	REASONS FOR VARIANCE
3.1.4. Number of learners who complete bursaries	U = 330 W = 20	Annually	Statement of Results Certificates	U = 247 W = 5	U = -83 W = -15	U = Target not achieved as bursaries are meant to be reported at completion of full qualification. W = Target not achieved as bursaries are meant to be reported at completion of full qualification.
3.1.5. Number of learners who enter skills programmes	U = 300 W = 1 100	Quarterly	Signed agreements	SETA FUNDED U = 157 W = 1 037 SECTOR FUNDED U = 151 W = 303	U = +8 W = +240	U = Target achieved as a result of EWSETA discretionary grant implementation process and learning interventions funded by the energy and water sector. W = Target achieved as a result of EWSETA discretionary grant implementation process and learning interventions funded by the energy and water sector.
3.1.6. Number of learners who complete skills programmes	U = 300 W = 950	Quarterly	Statement of Results	SETA FUNDED U = 0 W = 234 SECTOR FUNDED U = 70 W = 721	U = -230 W = +5	U = Target not achieved due to late implementation of 2019/20 DG projects. W = Target achieved
3.1.7. No of learners who enter candidacy programmes	U = 30	Annually	Candidacy agreements	U = 21	U = - 9	U = Target not achieved due to lack of positive response from two DG window cycles, including engagements with sector.
3.1.8. No of learners who complete candidacy programmes	U = 30	Annually	Letter of completion/ Proof of registration	U = 21	U = - 9	U = Target not achieved due to insufficient candidacy/professional registration in previous fiscal year
3.1.9. Number of learners who enter Internship	U = 300	Annually	Signed agreements	U = 36	U = -246	U = Target not achieved due to lack of positive response from two discretionary grant cycles and targeted recruitment
3.1.10. Number of learners who complete Internships	U = 300	Annually	Employer letter	U = 117	U = -183	U = Target not achieved in 18/19 fiscal, hence target for 18/19 completions was not achieved
3.1.11. Number of learners who enter artisan development programmes	800	Quarterly	Signed agreements	SETA FUNDED 819 SECTOR FUNDED 32	+ 51	Target achieved as a result of EWSETA discretionary grant implementation process and learning interventions funded by the energy and water sector.

PERFORMANCE INDICATOR	ANNUAL TARGETS	REPORTING PERIOD	MEANS OF VERIFICATION	ACHIEVEMENT MILESTONES	VARIANCE	REASONS FOR VARIANCE
3.1.12. Number of learners who complete artisan development programmes	600	Quarterly	Certificates	652	+ 52	Target achieved
3.1.13. Number of learners who enter RPL programmes	100	Quarterly	Signed agreements	100	+ 0	Target achieved as a result of RPL programmes funded by the energy and water sector.

Strategic Objective 3.2:

Implement special projects with strategic partners to drive strategic sector skills development goals.

PERFORMANCE INDICATOR	ANNUAL TARGETS	REPORTING PERIOD	MEANS OF VERIFICATION	ACHIEVEMENT MILESTONES	VARIANCE	REASONS FOR VARIANCE
3.2.1. No of TVET student placement entered	60	Annually	Signed agreements	54	-6	Target not achieved due to lack of positive response from two discretionary grant cycles and targeted recruitment.
3.2.2. No of TVET student placement completed	60	Annually	Employer letter	139	+ 79	Target achieved due to discretionary grant projects approved in prior year.
3.2.3. No of University student placement entered	30	Annually	Signed agreements	67	+37	Target achieved
3.2.4. No of University student placement completed	30	Annually	Employer letter	30	0	Target achieved
3.2.5. No of SETA/TVET College partnerships	10	Annually	Partnership Agreements	9	-1	Target not achieved due to collaborative agreements not being concluded or signed on time.
3.2.6. No of SETA/Universities partnerships	3	Annually	Partnership Agreements	6	+ 3	Target not achieved due to collaborative agreements not being concluded or signed on time.
3.2.7. No of SETA/Employer partnerships	10	Annually	Partnership Agreements	15	+5	Target achieved

PERFORMANCE INDICATOR	ANNUAL TARGETS	REPORTING PERIOD	MEANS OF VERIFICATION	ACHIEVEMENT MILESTONES	VARIANCE	REASONS FOR VARIANCE
3.2.8. No of SETA/CETC Partnerships	2	Annually	Partnership Agreements	0	-2	Target not achieved
3.2.9. No of TVET Lecturer Development Programmes entered	3	Biennially	Signed agreements	8	+ 5	Target achieved
3.2.10. No of Lecturer Development Programmes completed	3	Biennially	Signed agreements	6	+ 3	Target achieved
3.2.11. No of SETA Offices opened in TVET Colleges	0	Annually	Signed Lease Agreements	0	0	Non-commitment of achievement towards this performance indicator
3.2.12. No of learners entered AET programmes	50	Annually	Signed agreements	50	0	Target achieved
3.2.13. No of learners completed AET programme	50	Annually	Certificates	0	-50	Target not achieved as learners did not complete the programme by year end.
3.2.14. Number of co-operatives supported	20	Annually	Records of Co-ops supported	1	-19	Target not achieved due to lack of positive response from two discretionary grant cycles and targeted recruitment
3.2.15. Number of small businesses supported	20	Annually	Records of SMMEs supported	20	0	Target achieved
3.2.16. Number of NGOs supported	10	Annually	Records of NGOs supported	3	- 7	Target not achieved due to lack of positive response from two discretionary grant cycles and targeted recruitment
3.2.17. Number of NLPEs supported	5	Annually	Records of NLPEs supported	0	- 5	Target not achieved due to lack of positive response from two discretionary grant cycles and targeted recruitment
3.2.18. Number of CBOs supported	5	Annually	Records of CBOs supported	0	- 5	Target not achieved due to lack of positive response from two discretionary grant cycles and targeted recruitment

PERFORMANCE INDICATOR	ANNUAL TARGETS	REPORTING PERIOD	MEANS OF VERIFICATION	ACHIEVEMENT MILESTONES	VARIANCE	REASONS FOR VARIANCE
3.2.19. Number of Trade Unions supported	3	Annually	Records of Trade Unions supported	0	- 3	Target not achieved due to lack of positive response from two discretionary grant cycles and targetted recruitment.
3.2.20. Number of Provincial and Rural projects planned	8	Annually	Signed agreements	11	+ 3	Target achieved

Strategic Objective 3.3:

Ensure quality implementation of all projects and their timeous completion through continuous monitoring.

PERFORMANCE INDICATOR	ANNUAL TARGETS	REPORTING PERIOD	MEANS OF VERIFICATION	ACHIEVEMENT MILESTONES	VARIANCE	REASONS FOR VARIANCE
3.3.1. % of projects monitored.	100%	Annually	Monitoring Reports	27%	- 73%	Target not achieved as 64% of DG projects were only approved late in the fourth quarter of the 2019/20 financial year, there was not sufficient time to conduct monitoring.

Strategic Objective 3.4:

Increase awareness of energy and water occupations amongst youth.

PERFORMANCE INDICATOR	ANNUAL TARGETS	REPORTING PERIOD	MEANS OF VERIFICATION	ACHIEVEMENT MILESTONES	VARIANCE	REASONS FOR VARIANCE
3.4.1. Number of career guides distributed.	12 000	Annually	Attendance Registers and Request letters	12373	+373	Target achieved The EWSETA Rural2Rural roadshow events proved to be very successful and granted us direct access to numerous learners at schools
3.4.2. Number of career initiatives held.	20	Quarterly	Attendance Registers	20	0	Target achieved
3.4.3. Entrepreneurship opportunity guide developed for energy and water sector.	1	Annually	Developed Guide	Guide Developed	0	Target achieved

PROGRAMME 4: QUALITY ASSURANCE

Strategic Objective 4.1:

Increase the number of approved workplaces.

PERFORMANCE INDICATOR	ANNUAL TARGETS	REPORTING PERIOD	MEANS OF VERIFICATION	ACHIEVEMENT MILESTONES	VARIANCE	REASONS FOR VARIANCE
4.1.1. Number of approved workplaces.	30	Annually	Accreditation letters	31	+1	Target achieved

Strategic Objective 4.2:

Increase efficacy in the discharge of Quality Assurance functions.

PERFORMANCE INDICATOR	ANNUAL TARGETS	REPORTING PERIOD	MEANS OF VERIFICATION	ACHIEVEMENT MILESTONES	VARIANCE	REASONS FOR VARIANCE
4.2.1. % of applications received and processed in 30 days.	100%	Annually	System Reports	100%	0	Target achieved

Strategic Objective 4.3:

Develop qualifications informed by demand

PERFORMANCE INDICATOR	ANNUAL TARGETS	REPORTING PERIOD	MEANS OF VERIFICATION	ACHIEVEMENT MILESTONES	VARIANCE	REASONS FOR VARIANCE
4.3.1. Number of qualifications developed and reviewed.	5	Annually	Registration letters	5	0	Target achieved

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Tel: +27 51 406 9481/ 9391

EWSETA Fraud Hotline

The EWSETA is committed to conduct healthy business practices with honesty and integrity, that will not only ensure a stable employment environment for everyone, but also ensure the continued future success of the organisation. For this reason, the EWSETA utilises a Fraud Hotline service that will enable all internal and external stakeholders to report anonymously on any unethical and dishonest conduct by EWSETA staff and stakeholders.

The EWSETA Fraud Hotline is managed by Tip-Offs Anonymous and is therefore totally independent of the EWSETA. This service includes a complete anonymous reporting function supported by the Protected Disclosures Act 26 of 2000.

Anyone can contact the EWSETA Fraud Hotline by dialing the dedicated toll free number, or alternatively via

e-mail, website, post or fax. All of these facilities are independently managed by Deloitte Tip-Offs Anonymous. Trained operators, using sophisticated contact centre equipment will respond to calls in English 24/7, and in all 11 official languages between 8am and 5pm, 365 days a year.

- Operators will interview callers, probing for specific facts so as to record as much information as possible and to gain a clear understanding of the case
- The information is then analysed and forwarded to the designated senior officials at the EWSETA who will decide on the corrective action to be taken
- Feedback on reported incidents is provided upon follow-up by the whistle blower through the Deloitte Tip-offs Anonymous facility

Contact Details for the Tip-offs Anonymous Hotline

Toll free Number:

0800 611 205

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ewseta@tip-offs.com

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ENERGY AND WATER SECTOR EDUCATION AND TRAINING AUTHORITY



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