



Health and Welfare Sector
Education and Training Authority
HWSETA



2017/2018

ANNUAL REPORT



Ms Grace Naledi Mandisa Pandor
Minister of Higher Education and
Training



Mr Buti Manamela
Deputy Minister Of Higher
Education and Training

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A woman wearing a teal short-sleeved shirt, teal trousers, and a black cap is leaning over a brown and white cow in a grassy field. She is holding a small white container and appears to be examining the cow's rear. Another person in a teal shirt is partially visible on the right. The background is a grassy field.

GENERAL INFORMATION

“

During this period, the HWSETA successfully opened its final two provincial offices which means that the HWSETA now has representation in all nine provinces to meet the needs of our stakeholders nationally.”

Mrs Elaine Brass
Acting Chief Executive Officer





Entity Details

Registered Name of Entity:

Health and Welfare Sector Education and Training Authority

Registration Number:

11/HWSETA/01/04/05

Registered Office Address:

17 Bradford Road, Bedfordview, Johannesburg

Postal Address:

Private Bag X15, Gardenview, 2047

External Auditors Information

The Auditor-General SA,
Lefika House,
Pretoria

Bankers' Information

Standard Bank

303 Eastgate Office Towers
43 Bradford Road, Bedfordview, 2008

RMB

1 Merchant Place Cnr Friedman Dr and Rivonia Road, Sandton
2196

Nedbank

6th Floor Corporate Place Nedbank Sandton,
135 Rivonia Road, Sandown, 2196

Corporation for Public Deposits (CPD)

PO Box 427, Pretoria, 0001

Stanlib

17 Melrose Boulevard
Melrose Arch, 2196



List of Abbreviations/Acronyms

AET	Adult Education and Training	NEHAWU	National Education, Health and Allied Workers Union
AFS	Annual Financial Statements	NPSWU	National Public Service Workers Union
APP	Annual Performance Plan	NQF	National Qualifications Framework
AQP	Assessment Quality Partner	NSA	National Skills Authority
ATRs	Annual Training Reports	NSDS	National Skills Development Strategy
AUCOM	Audit Committee	NSF	National Skills Fund
CCMA	Commission for Conciliation, Mediation and Arbitration	OFO	Organising Framework for Occupations
CPD	Continuing Professional Development	OHSA	Occupational Health and Safety Act
CS	Corporate Services	PAIA	Promotion of Access to Information Act
DENOSA	Democratic Nursing Organisation of South Africa	PAYE	Pay As You Earn
DoL	Department of Labour	PFMA	Public Finance Management Act
DoH	Department of Health	POPI	Protection of Personal Information
DHET	Department of Higher Education and Training	QASA	Quad-Para Association of South Africa
DSD	Department of Social Development	QCTO	Quality Council for Trades and Occupations
EDP	Executive Development Programme	RIME	Research, Information, Monitoring and Evaluation
EISA	External Integrated Summative Assessment	RPL	Recognition of Prior Learning
ERP	Enterprise Resource Planning	SACSSP	South African Council for Social Service Professions
ETQA	Education and Training Quality Assurance	SAPS	South African Police Service
ETD	Education, Training and Development (Practitioners)	SARS	South African Revenue Service
EXCO	Executive Committee	SDA	Skills Development Act
FU	Finance Unit	SASSA	South African Social Security Agency
GDS	Growth and Development Summit	SAQA	South African Qualifications Authority
HASA	Hospital Association of South Africa	SDFs	Skills Development Facilitators
HDSA	Historically Disadvantaged South Africans	SDL	Skills Development Levy
HOSPERSA	Health and Other Service Personnel Trade Union of South Africa	SDP	Skills Development Planning
HR	Human Resources	SETA	Sector Education and Training Authority
HSRC	Human Science Research Council	SGB	Standards Generating Body
H&S	Health and Safety	SLA	Service Level Agreement
ISO	International Standards Organisation	SMMes	Small, Micro, Medium Enterprises
IT	Information Technology	SSP	Sector Skills Plan
MERP	Monitoring, Evaluation and Reporting Plan	SWOT	Strengths, Weaknesses, Opportunities and Threats
MIS	Management Information Systems	TVET	Technical and Vocational Education and Training
MOU	Memorandum of Understanding	UIF	Unemployment Insurance Fund
NPC	Non-Profit Company	WSPs	Workplace Skills Plans

Foreword by the Chairperson

Presentation of the Annual Report

I hereby, on behalf of the Accounting Authority, the Board of the Health and Welfare Sector Education and Training Authority (HWSETA) and in my capacity as the Chairperson of the Board, table the 2017/18 HWSETA Annual Report in line with relevant laws. This Annual Report is an account of the performance of the HWSETA towards the achievements of goals and targets stated in its Annual Performance Plan.

After successfully achieving four consecutive unqualified, clean audits, the HWSETA has achieved an unqualified financial audit for 2017/18.

A material finding has been raised by the Auditor-General in respect of the reliability of Programme 2 – Skills development programme implementation and projects, Indicator 8 – Number of unemployed learners registered in skills programmes funded by HWSETA per year.

Whilst any finding made by the Auditor-General is a concern and an indication that corrective measures are required, it should be noted that the finding relates to a sub-indicator that is one of 21 sub-indicators within Programme 2 comprising 15 indicators. This sub-indicator therefore translates into a 1% weighting of the Performance Information Report in its entirety.

The HWSETA has delivered on its mandate effectively, in line with the Skills Development Act and relevant laws. It implemented directives of the Honourable Minister of Higher Education and Training issued in her capacity as the Executive Authority. Its delivery was done in accordance with the National Skills Development Strategy (NSDS) III, the HWSETA plans and National Priorities, particularly the Medium Term Strategic Framework and the National Development Plan Vision 2030.

Performance of Accounting Authority and Executive Management

The tenure of the previous Board ended on 31 March 2018, and under the guidance of Dr Confidence Moloko as Independent Chairperson of the Board, the HWSETA Board provided leadership to the organisation throughout the 2017/18 financial year. It successfully maintained an environment that promoted productivity and excellence. It continued to deliver in line with its mandate, particularly to attain the goals and targets of the NSDS III.

On behalf of the new HWSETA Board that commenced its tenure on 1 April 2018, we extend our thanks to the Board for laying a solid foundation from which the new Board can assume its responsibility as Accounting Authority and we wish the Board members well in future endeavours.

The HWSETA Standing Committees of the Board excelled in their performance; the Audit and Risk Committee served the HWSETA with distinction; and the HWSETA received excellent service from its Internal Auditors.

Towards the end of the 2016/17 financial year, Mrs Elaine Brass assumed the role as Acting CEO for the HWSETA and the recruitment process for the CEO position commenced. It must be noted though that the tenure of the CEO position corresponds with that of the Board tenure and the anticipated changes in Board tenure at the time would have meant that any appointment of a CEO then would be for a period of only 12 – 18 months. In light of this, Mrs Brass has remained in the position as Acting CEO for the HWSETA during the period under review.

The Acting CEO, together with her highly capable Executive Management team, maintained its good management; continued to improve on corporate governance and delivered on the mandate of the HWSETA.

The Office of the Auditor General remained a valuable partner to the HWSETA providing the necessary support and guidance for the organisation to deliver services.



Ms Refilwe Matenche
Chairperson of the Board

After successfully achieving four consecutive unqualified, clean audits, the HWSETA has achieved an unqualified financial audit for 2017/18.

Achievement Against Performance Indicators

The HWSETA successfully achieved 97.5% of its performance indicators as set out in the Annual Performance Plan and extensive progress had been made in the remaining 2.5% not achieved. Furthermore, it executed its plans as stipulated in the Service Level Agreement entered into with the Department of Higher Education and Training.

Sincere Gratitude to the Minister, Board Members, Standing Committees, Staff and the Office of the Auditor General

I hereby, on behalf of the Board of the HWSETA, thank all stakeholders who serve as valuable partners in the pursuit of the mandate of the HWSETA. Sincere thanks to all officials of the Department of Higher Education and Training, especially the Director General, the Deputy Director General and Chief Director and their staff.

The HWSETA hereby offers sincere gratitude to organised labour in the sector and its numerous partner employers in the private and public sector, especially provincial and national departments of Social Development and Health; non-governmental organisations (NGOs), institutions of higher learning, the TVET college sector, professional bodies and Councils.

Sincere thanks to the Team-HWSETA made up of the HWSETA Board, the Acting CEO, her Executive Management Team, Managers and all staff for their collective effort and support that made it possible for the HWSETA to perform consistently throughout the year.

Chief Executive Officer's Report

The HWSETA had an eventful year, marked by many successes and changes.

It was the last year of the tenure of our Board. The Minister, through the Department of Higher Education and Training, came through as promised and appointed a new Board, effective 1 April 2018. The new incoming Board will see the HWSETA through to 31 March 2020. The HWSETA salutes our outgoing Board, and thanks them for their valuable contribution to the HWSETA. They truly lived up to their role in line with the Skills Development Act and HWSETA Constitution, and fulfilled their objectives of providing the HWSETA with leadership and strategic direction.

Our Strategic plans and Annual Performance Plans, with budget, was approved by the Minister. The HWSETA met all its statutory obligations and complied with laws and regulations.

In line with these plans, the HWSETA has performed well, and has achieved 97.5% of its planned targets. Further to this, the HWSETA has once again achieved an unqualified audit relating to its Financial health.

In the year under review, the HWSETA opened its last two offices in Bloemfontein and Nelspruit. We now have offices in all nine provinces. This is to ensure that we can service our stakeholders throughout the country. Our next step is to see how effective these offices are at servicing you, and we will make necessary adjustments where we need to.

The HWSETA remains one of the first SETA's to successfully implement, manage and co-ordinate the External Integrated Summative Assessment (EISA) examinations for the Health Promotion Officer Qualification (Community Health worker) as part of its duties as Assessment Quality Partner (AQP) for the QCTO. We continue to strengthen this delegated function and in the 2018/19 period the HWSETA will extend these exams to the Social Auxiliary Work and Child and Youth Care qualifications.

During the 2017/18 year, the HWSETA developed and registered eight new qualifications, addressing Minister of Religion Occupations. During the same period, the HWSETA developed the Social Security qualifications, which will be submitted to the

QCTO in the 2018/19 period for registration. The HWSETA once again exceeded its target on Recognition of Prior Learning (RPL), where 353 learners were successfully recognised for prior learning, compared to a target of 350. This figure included 100 apprenticeships assessed for recognition, as part of the accelerated artisan programme.

Our research has an overarching effect on our strategy, and the HWSETA continues to benefit from research conducted into the sectors and projects implemented. In the period under review, thirteen research papers were completed, as well as research into the Sector needs (Sector Skills Plan). These assist the HWSETA to identify good performing projects, and where the efforts and funding of the HWSETA should be channeled. They also provide us with valuable information to improve our projects and service our sector better.



Mrs Elaine Brass
Acting Chief Executive Officer

The HWSETA continued with the development of its ERP System and in 2017/18, the ETQA module went live. Despite bugs and teething issues, the module will prove to be a valuable addition to the improved service to our stakeholders. We thank our stakeholders for their patience in this process of development. In 2018/19, the final two modules, namely finance and projects, will go live.

The HWSETA closed its year with R900 million in commitments to the Sector of Health and Social Development. Actual payments during the year to discretionary grant funding was R277 million (R313 million in 2016/17). With a change in the funding cycle of the HWSETA implemented and effective 1 April 2018, the HWSETA has started earlier to roll out projects against the Annual Performance Plan (APP), which should also assist in the earlier movement of funds.

Participation by Employers continues to remain on the low side, with R69 million being paid in mandatory grants over the year, a 63% participation rate (62% in 2016/17). The support from our Departments of Health and Social Development nationally

This year under review saw the HWSETA opening its last two offices in Bloemfontein and Nelspruit. We now have offices in all 9 provinces!

and provincially stabilised, with no significant increase in this year. Each year, the HWSETA reports an underspending on Administration, resulting in more funds being available for Discretionary grant funding for the Sectors we serve.

The HWSETA's focus is now to translate the commitments of R900 million to cash disbursements, as these funds being hosted in our bank accounts do not assist the HWSETA. We appeal to our stakeholders to meet the criteria to assist us to disburse these funds in 2018/19 year.

The HWSETA has established new partnerships in the year under review and has maintained its already established partnerships. Please enjoy some of the good news stories we have displayed in our annual report this year showcasing some of these partnerships.

The Minister of Higher Education and Training announced in December 2016 that the SETA's licenses have been extended to March 2020, with the extension of NSDS III. The paper on the National Skills Development Plan (NSDP) for post school education and training beyond 2020 was launched in December 2017. The National Skills Authority (NSA) and DHET conducted shareholder consultation in January – March 2018, as well as called for formal comments on the paper. This plan, after comments and consultation, will determine the SETA landscape after 2020. Our current Board will see the HWSETA through to 31 March 2020.

The HWSETA cannot achieve targets of 97.5% without a strong control environment and excellent financial health and without a strong and effective Governance in place. The Management of the HWSETA has worked well with the Governance structures of the Board and the Accounting Authority during the year to achieve this.

Statement of Responsibility and Confirmation of Accuracy for the Annual Report

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

- All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General.
- The Annual Report is complete, accurate and is free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the required accounting (GRAP) standards applicable to the public entity.
- The Accounting Authority is responsible for the preparation

of the Annual Financial Statements and for the judgements made in this information.

- The Accounting Authority is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.
- The external auditors are engaged to express an independent opinion on the Annual Financial Statements.
- In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2018.

Yours faithfully,



Mrs Elaine Brass CA (SA)

Acting Chief Executive Officer

Date: 28 July 2018



Ms Refilwe Matenche CA (SA)

Chairperson of the HWSETA

Date: 28 July 2018



Strategic Overview

Our Vision

The creation of a skilled workforce for the health and social development needs of all South Africans

Our Mission

The Health and Welfare Sector Education and Training Authority (HWSETA) endeavours to create an integrated approach to the development and provision of appropriately skilled health and social development workers, to render quality services comparable to worldclass standards.

Our Values

- Integrity
- Transparency
- Transformation
- Service Excellence

Legislative and Other Mandates

The HWSETA is a statutory body, a juristic person, and a Schedule 3 entity – as per the Public Finance Management Act (PFMA).

Constitutional Mandates

As an entity of the DHET, it derives its mandate from the Constitution of the Republic of South Africa specifically Section 29 read with schedule 4, which lists education at all levels, including tertiary education as a functional area of concurrent national and provincial legislative competence.

Policy Mandates

Policy mandates are dictated by the Service Delivery Agreements entered into by Ministers of:

- Department of Higher Education and Training;
- Department of Health; and
- Department of Social Development.

Legislative Mandates

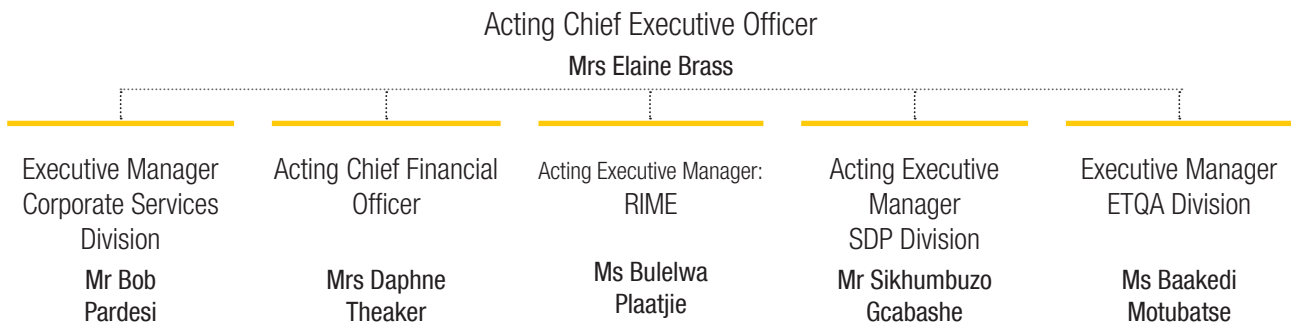
The HWSETA derives its mandate from:

- The Skills Development Act, as amended;
- The Skills Development Levies Act, as amended;
- The SAQA Act, as amended;
- The QCTO Act;
- The Public Finance Management Act, as amended;
- Treasury Regulations;
- All other (relevant/applicable) Human Resources and Industrial Relations Acts;
- All other Health and Welfare Acts and Regulations;
- Grant Regulations; and
- White Paper on Post-school Education.



HWSETA Board Comprising 15 Members

(refer part c: governance for more detailed information)



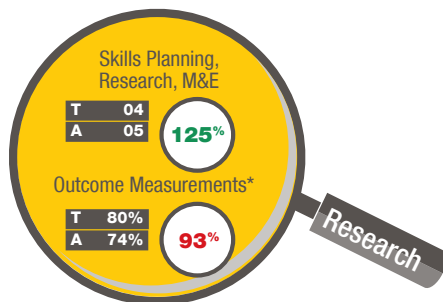
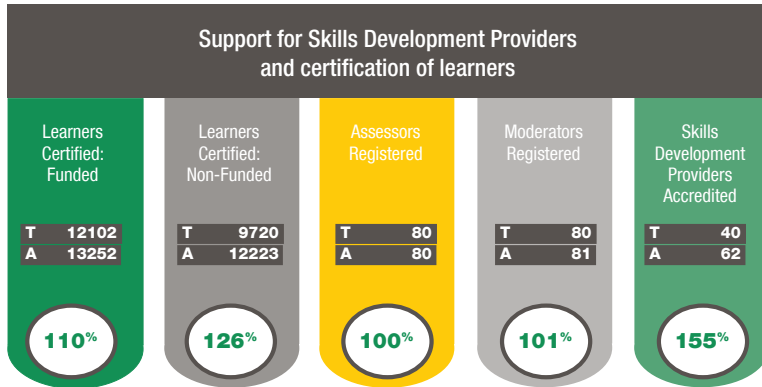
Standing at the back are Mr Bob Pardesi and Ms Baakedi Motubatse

In the front from left to right are Mr Sikhumbuzo Gcabashe, Ms Bulelwa Plaatjie, Mrs Elaine Brass and Mrs Daphne Theaker

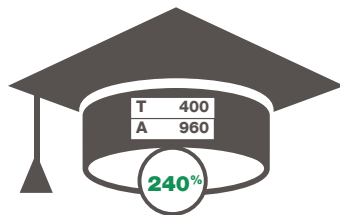
2017/18 Annual Dashboard

T - Target
A - Achieve

% achievement against APP targets



University Student Placement



Government Sector Support



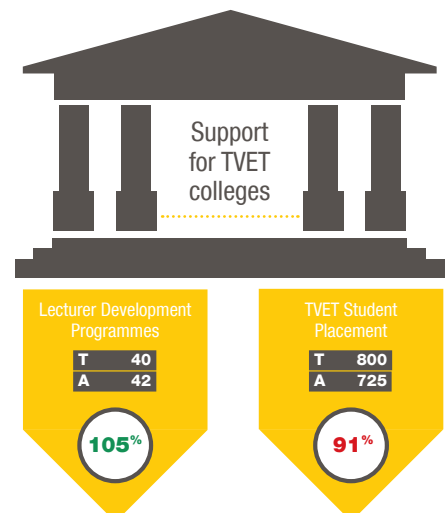
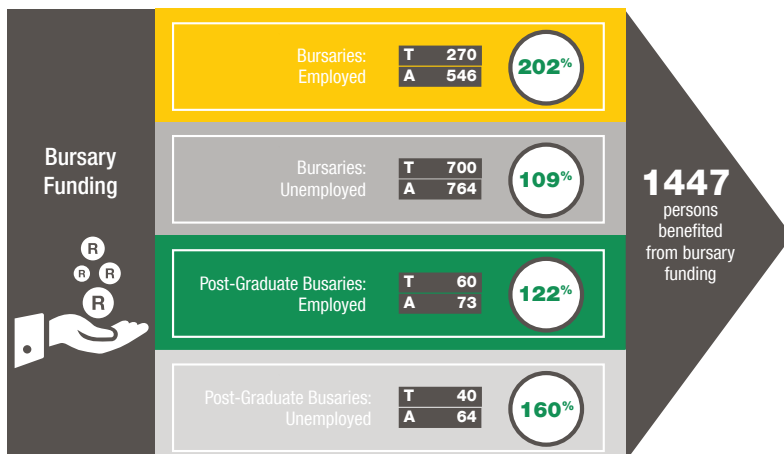
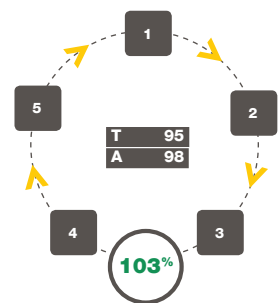
T 06
A 10

Mid-Level Worker Projects



T 06
A 13

Qualifications Development Processes Supported

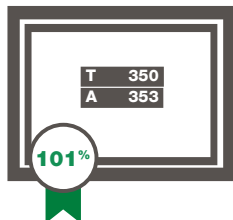


T - Target
A - Achieve

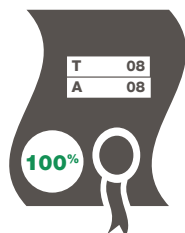
2017/18 Annual Dashboard

% achievement against APP targets

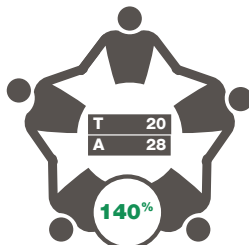
Recognition of
Prior Learning



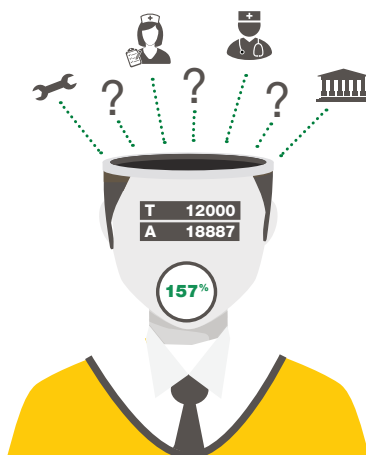
Qualifications
Development



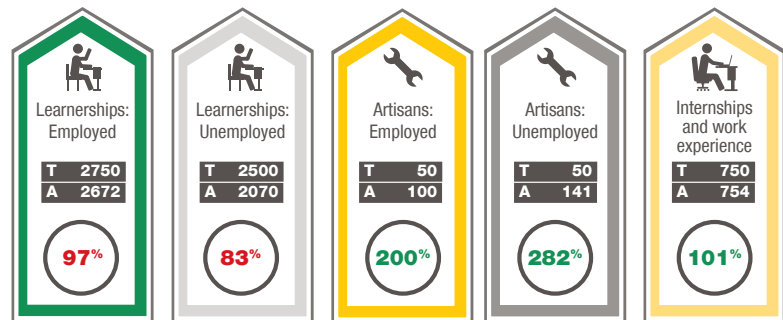
Support for
Co-operatives



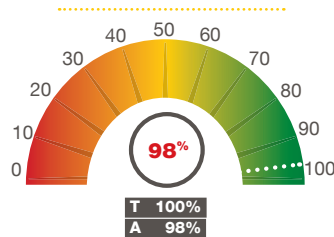
Number of persons
reached with career guidance



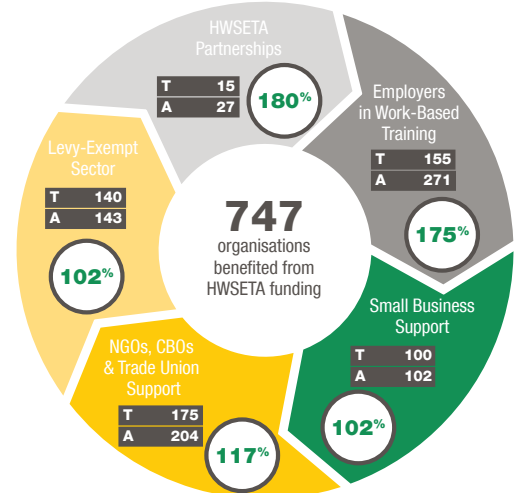
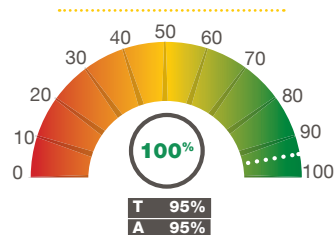
5 737 persons benefited from occupationally directed programmes and work intergrated learning



IT Support

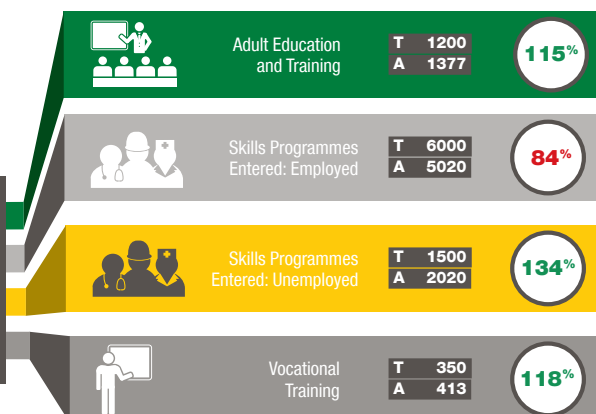


HR Support



8 177

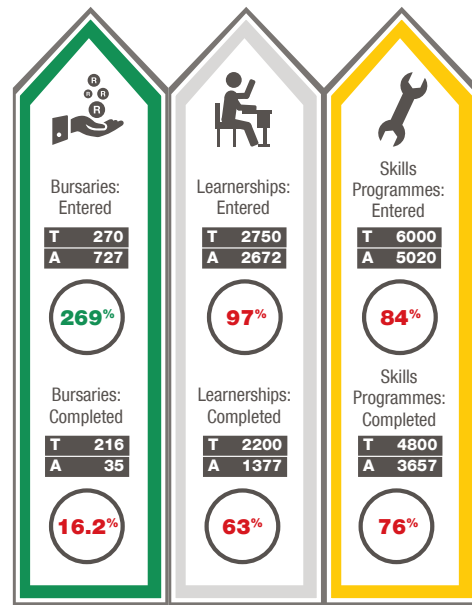
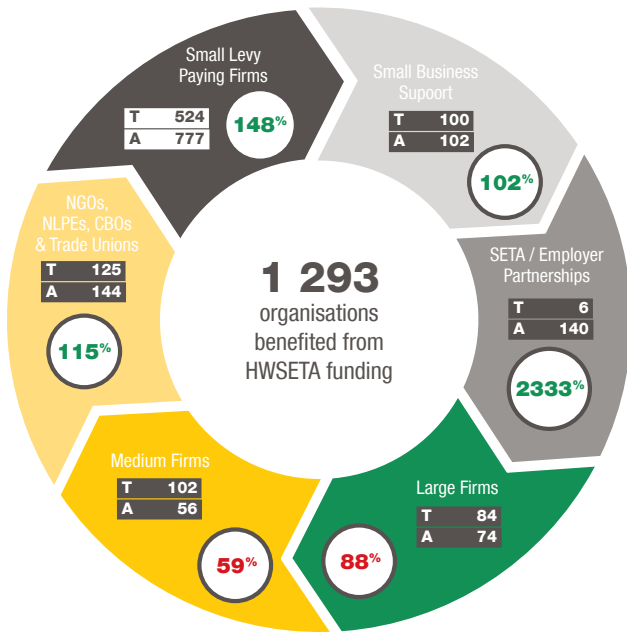
Persons received skills and vocational training



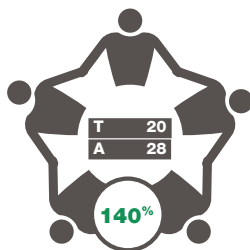
2017/18 Annual Dashboard

T - Target
A - Achieve

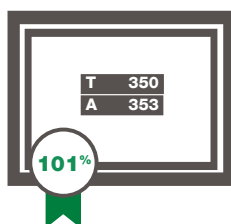
% achievement against SLA annual targets



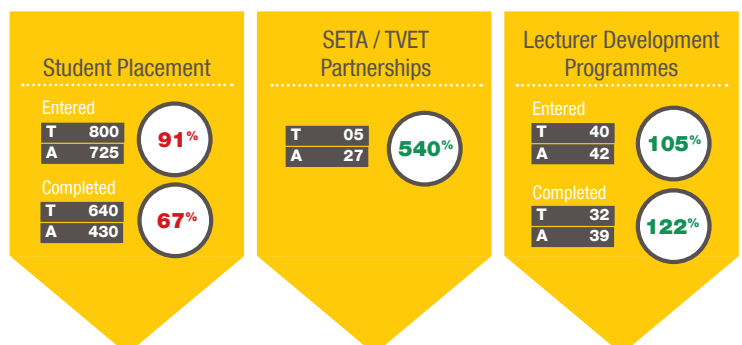
Co-operative Support



Recognition of Prior Learning



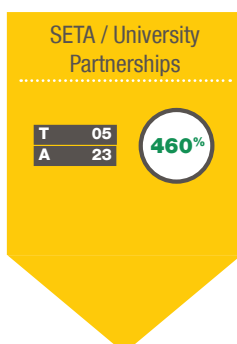
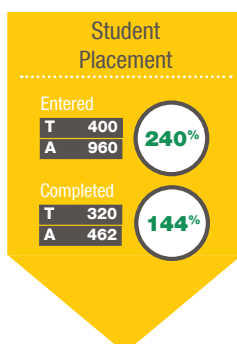
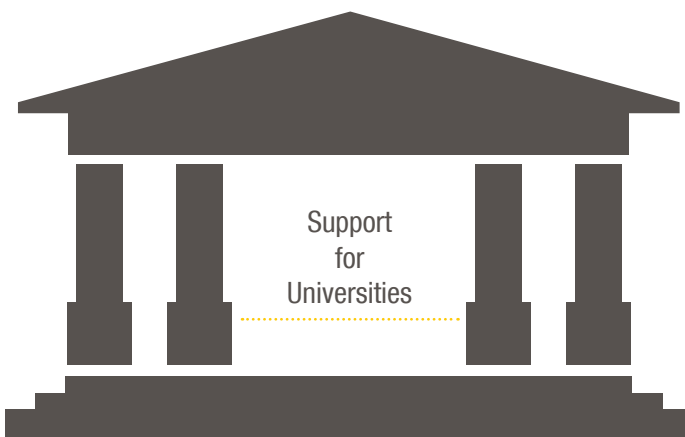
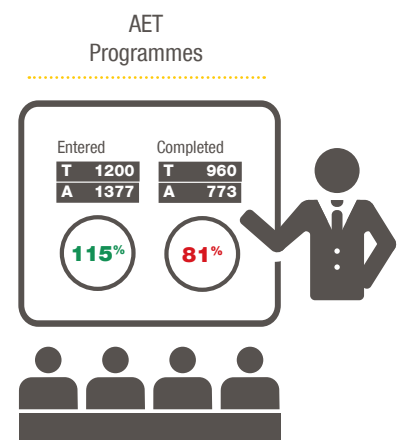
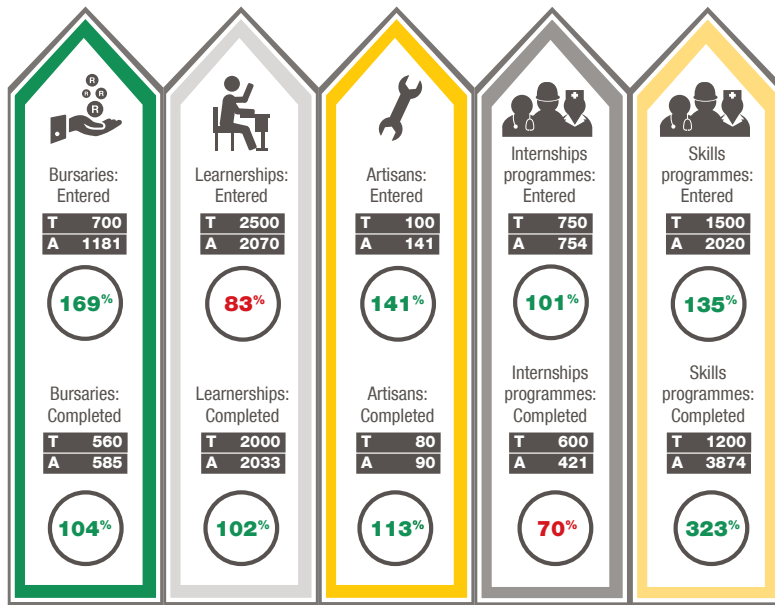
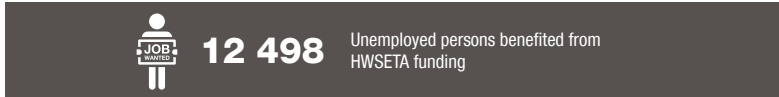
Support for TVET colleges



T - Target
A - Achieve

2017/18 Annual Dashboard

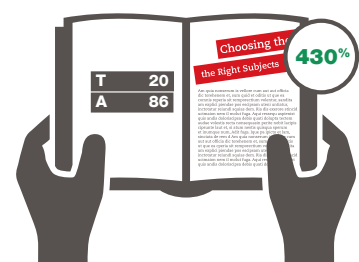
% achievement against SLA annual targets



Rural Development Projects



Career Guidance Events



The year in review

Netcare and HWSETA Join Forces with TVET Colleges

A multilateral partnership between the HWSETA, Netcare and several TVET colleges has resulted in 51 young TVET learners not only successfully completing the Basics of Stores and Stock Control (BSSC) certificate endorsed by the South African Production and Inventory Control Society (SAPICS), but also becoming permanently employed as pharmacy store assistants at various Netcare hospitals across the country.

The achievement of these learners was celebrated at a graduation ceremony held at Netcare's head office in Sandton on 14 March 2018. The Deputy Minister of Higher Education and Training, the Honourable Buti Manamela, attended the event and delivered the keynote address.

The collaboration was initiated as part of a proposal that Netcare CEO, Dr Richard Friedland, presented to various stakeholders including the National Treasury and HWSETA, to drive targeted skills development initiatives that would lead to the creation of permanent jobs for our youth.



With assistance from Campus Managers at TVET Colleges in Gauteng, KwaZulu-Natal, the Free State and the Western and Eastern Cape, learners who had successfully completed either business or financial management studies were identified for placement at Netcare hospitals across the country where they underwent an accelerated 'Netcare on-boarding' process. Once completed, the learners commenced an eight-month 'Basics of Stores and Stock Control' course in 2017.

One of the graduates, Nompzi Mbongo, who is now employed by Netcare Linksfield Hospital, echoes the sentiments of many of her co-learners: "It was an amazing course. Doing both theoretical and practical work meant that you could take the theory you've learned in the classroom and apply it in the workplace. I am very grateful for the opportunity given to me by the HWSETA and Netcare, and to my line manager for coaching me throughout the course. I am inspired to continue growing my career."

The Deputy Minister of Higher Education and Training, the Honourable Buti Manamela (front, centre); Dr Confidence Moloko, Former Chairperson of the HWSETA Board (front, to the left); and Dr Richard Friedland, CEO of Netcare (2nd row, to the right) with the TVET learners who successfully completed the Basics of Stores and Stock Control (BSSC) certificate.

Bringing Dignity to Teenage Girls

Research has revealed that girls who cannot afford sanitary products miss approximately five days of school a month during their monthly cycles. The lack of affordable sanitary products for girls and young women places them at a disadvantage in terms of education and prevents their mobility and productivity as young women.

contributions of sanitary protection for young female students at different colleges throughout the country. The supply of sanitary protection to young women who cannot afford it is an important Corporate Social Investment activity for the HWSETA.

To commemorate Women's Month, the Department of Higher Education and Training (DHET) raised an appeal for

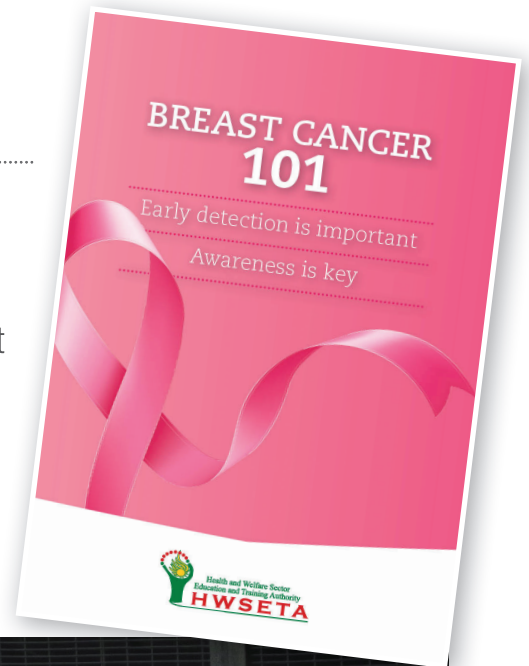
Seen in this photo with a van packed to capacity with sanitary protection scheduled for delivery to DHET are: Mr Veli Mtembu, Driver for the HWSETA, Ms Reena Takoorsadh, PA to the CEO and Mrs Elaine Brass, Acting CEO for the HWSETA.



HWSETA Goes Pink for Breast Cancer

Apart from non-melanoma skin cancer, Breast Cancer is the most common cancer in women of all races. According to The Cancer Association of South Africa (CANSA), Breast Cancer constitutes at least 25% of all cancers in women and will affect 1 in 29 South Africans in their lifetime.

As the SETA that represents the health sector, breast cancer and its effects on the country fall squarely within the scope of the HWSETA. In October 2017, all HWSETA staff from the Head Office in Gauteng, as well as at the nine provincial offices, donned pink t-shirts and headed out to main intersections to hand out breast cancer awareness information.



HWSETA's Enterprise Resource Planning System Progressing Well!

The processes and systems in place at the HWSETA generate substantial quantities of information that necessitates extensive physical storage capacity as all information must be kept for a period of five years. Moreover, this places pressure on the environment through excessive use of paper.

In a bid to streamline processes for both the HWSETA and its stakeholders, as well as to move to a 'paperless' environment, the HWSETA took the decision to implement an Enterprise

Resource Planning (ERP) system.

During the 2016/17 financial year an extensive amount of planning and development was put in place and the first WSPs and ATRs were submitted by employers online.

In the financial year under review, the ETQA modules went live and all development on the projects and finance modules was completed. By the end of the financial year, testing on the projects and finance modules

was in full swing and planning had commenced for phase 2 of the project that will comprise supply chain, human resources, marketing and business intelligence.

Whilst the ERP project has been key to the automation of the HWSETA processes, it has also resulted in the need to build capacity within the IT Department therefore increasing the skills base of employees involved in the project.

The background of the slide features a close-up, slightly blurred image of several hands giving a thumbs-up gesture. The hands are of various skin tones, and the gesture is a universal symbol of approval or success. The image is partially obscured by a white triangular graphic in the top left corner.

PERFORMANCE INFORMATION

“

The performance of the HWSETA has once again been ground breaking in that 97.5% of APP targets have either been achieved or over achieved. Extensive progress has been made towards the achievement of the 2.5% balance.”

Ms Bulelwa Plaatjie,
Acting Executive Manager, RIME





Performance Against Predetermined Objectives

Refer report by Auditor-General on pages 62–65 of this Annual Report.

Situational Analysis - Service Delivery Environment

The Strategic Plan and Annual Performance Plan (APP) for the year under review was implemented in a service delivery environment characterised by a number of challenges.

- The shift from offering occupationally based qualifications to exclusively higher education qualifications for Nursing education has impacted the HWSETA negatively in that nursing occupations are the leading critical and scarce skills reported in the Sector Skills Plan (SSP) 2016 update. This prompted that the pivotal list allocate 47% of planned learnerships to nursing education.
- During the period under review, nursing colleges that had been offering nursing qualifications from NQF level 3 to 6 were required to secure accreditation for NQF level 5 Higher Certificates (Auxiliary Nursing and Auxiliary Midwifery) and an NQF level 6 Diploma (Staff Nurse) from the Council on Higher Education (CHE). However, very few Nursing Colleges were accredited to offer these new qualifications, which resulted in fewer enrolments than targeted in the 2017/18 APP.
- Low participation by employers in the Artisanal sector caused slow implementation of artisanal training. Furthermore, enrolments into the accelerated Artisan

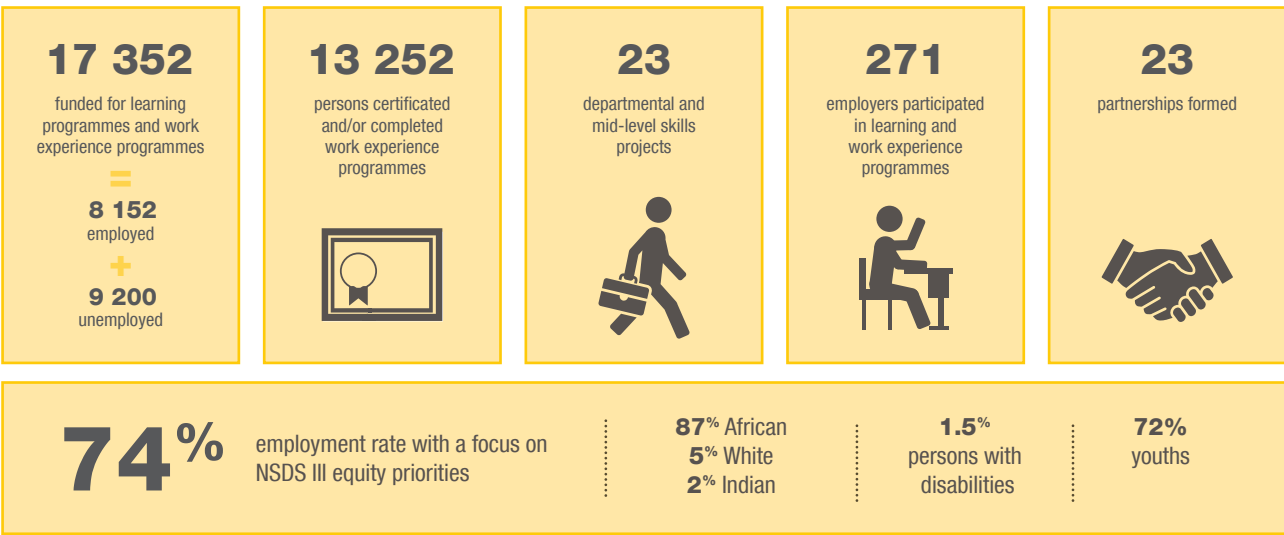
Programme, that requires recognition of prior learning, also occurred at a slower pace and yielded less enrolments than the target figure.

- The mismatch between HWSETA enrolment timeframes and the rate at which government departments sometimes enrol learners into training programmes resulted in training planned for the period under review being carried over to the next financial year.
- For completions, the HWSETA relies on employers participating in training to report learners that have either completed skills development programmes or who have been certificated in learning programmes funded by the HWSETA. Employers who do not timeously report completions and certifications affect targets set in the APP as these are based on entries reported in the previous financial year (2016/17).



The performance of the HWSETA for 2017/18 has nevertheless been ground breaking once again in that 97.5% of APP targets have either been achieved or over-achieved. Extensive progress has been made towards the achievement of the 2.5% balance with progress ranging from 75% to 98% that yielded an average of 90%.

Work-based training supported by the HWSETA through learnerships, apprenticeships, skills programmes, and bursaries, as well as work experience programmes comprising TVET College Placement, University Student Placement, and internships for graduates, yielded the following key outputs:





Situational Analysis

Organisational Environment

During the second and final year of the Board's tenure, there was a strong focus on steady achievement of targets from first to last quarter. The non-alignment of the academic year, the financial year, and the disbursement of discretionary grants based on current year WSP submissions, results in a mismatch in implementation timeframes and hence low achievements reported in quarter one and two, relatively moderate achievement quarter 3 and very high achievement in quarter 4. The Board resolved this mismatch for 2018/19 by changing the approval cycle for discretionary grant projects to take place in quarter four that will facilitate a steady achievement of targets from quarter 1 to quarter 4 in the future. Quarter 4 therefore was very busy for the Board as it had to ensure closure of a number of projects it commissioned during its tenure and also approve discretionary grant projects for 2018/19.

The HWSETA also experienced some changes in its Executive Management. The CEO position could not be filled due to the short tenure of the Board and the CFO continued as the Acting CEO. The Executive Manager for the Skills Development Planning (SDP) division was suspended and subsequently dismissed. To address this, the Executive Manager for the RIME Division served as the Acting Executive for SDP and a manager within the RIME Division served as the Acting Executive Manager for the Division (refer organogram of executives on page 11 for more detail).

Key Policy Developments And Legislative Changes

- Promulgation of National Policy for Integrated Career Development System for South Africa, (Government Gazette, 20 April 2017): This is a national policy that provides a comprehensive and integrated career development system for South Africans. This policy will ensure that citizens of all ages have access to quality career information and career development services throughout their lives. SETAs will form part of this system and will, in particular, conduct career exhibitions and/or festivals; coordinate and lead career development services system. A SETA career forum will be established to serve as a consultative structure that will promote a career development system
- Amendment of Regulation 14 (2) of SETA standard Constitution Regulations, (Government Gazette, 22 August 2017 Call for comments): This amendment revises the term of office of the Chairperson of the Board. It states that, "a chairperson may not serve more than two terms in a particular SETA".
- Extension of due date for the registration of Private Providers offering qualifications and part-qualifications on Occupational Qualifications Framework with the Department of Higher Education and Training. Initial date was communicated through a joint communique 1 of 2016, which set a due date of 30 June 2017. The due date has been extended to 30 November 2018.

Strategic Outcome Oriented Goals

The NSDS III identifies ten strategic outcome oriented goals that aim to drive the country's skills development mandate. During the period under review, the HWSETA has made progress towards the achievement of these goals as follows:

Goal 1:

Improvement of organisational administration and management capability in the HWSETA

There were no resignations from Management and the Executive Management during the year under review. The suspension of the Executive Manager for Skills Development did not affect operations as the organisation moved swiftly to ensure that there were no vacancies in top management. Operations therefore did not experience a vacuum in leadership. Resignations that occurred in the year were in positions lower than management and vacancies that resulted were filled to maintain the 95% minimum staff complement by the end of the financial period. Four additional positions to the organogram were approved by the Board and these positions further capacitated the provincial offices of the HWSETA.

The automation of business processes of the HWSETA is an innovation in service delivery that is coming into fruition. Automation of the Workplace Skills Plan (WSP), Education and Training Quality Assurance (ETQA), Skills Development Projects (SDP), and Finance functions of the HWSETA were completed by 31 March 2018. The WSP and ETQA modules went live in 2017/18 and SDP and Finance will go live in 2018/19. Automation will provide convenience for stakeholders as they will not have to visit HWSETA offices for submission of application forms and other documentation. The automation of business processes is expected to improve service delivery in many ways and these effects are expected by 2019/20.

Goal 2:

Establishment of an institutional mechanism for skills planning in the health and social development sector

Workplace Skills Plans and Annual Training Reports submitted by the private sector to the HWSETA in 2017/18 and those submitted by Government Departments to the PSETA formed the basis for the SSP 2017 update. Additional data sources used to compile the SSP include databases from professional bodies, Medpages, Universities, TVET Colleges etc. Research, monitoring and evaluation conducted by the HWSETA also feeds into the SSP update. The analysis of all data collected from primary and secondary sources produces the critical and scarce skills list and pivotal lists which form the basis for implementation of skills development projects of the HWSETA.

Goal 3:

Increase of access to occupationally-directed programmes in the health and social development sector

Access to occupationally directed programmes was facilitated through partnerships with employers, TVET Colleges, Universities and NSFAS.

Employers in the sector hosted **4742** learnerships

754

graduates were placed in internships

1310

undergraduate bursaries via NSFAS for health and social development sector qualifications

137

postgraduate bursaries for Masters and PhD studies (of this 23 were persons with disabilities)

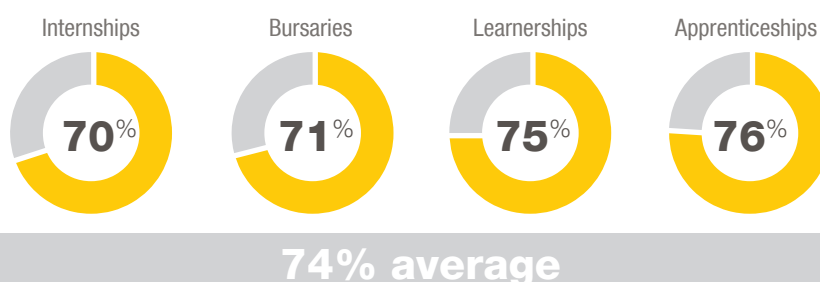
413

TVET College students were funded for vocational training

241

students were funded for apprenticeships.

The track and trace study conducted in 2017/18 on students previously funded by the HWSETA to access occupationally directed programmes yielded the following outcomes:





Goal 4:

Promotion of the growth of a public TVET college system that is responsive to health and social development sector's local, regional, and national skills needs and priorities

The HWSETA promoted the TVET College system through partnerships with 27 TVET colleges

725

students were placed in work integrated learning

42

lecturers received workplace exposure

A significant success is the partnership with Netcare that saw 61 TVET College students hosted as Pharmacy Stock Assistants. Of this number, 51 students completed the training and were employed permanently by Netcare as Pharmacy Stock Assistants.

Goal 5:

Addressing the low level of youth and adult language and numeracy skills to enable additional training in the health and social development sector

In 2017/18 South Africa had an estimated 5.6 million illiterate adults. The Health and Welfare sector has an estimated 50 050 employees occupying elementary positions. The HWSETA planned to support 1200 workers in 2017/18 but actually supported 1377 workers to complete their education through computer assisted and face-to-face learning.

Goal 6:

Encouragement of the use of workplace-based skills development in the health and social development sector

Mandatory grants paid to **907** organisations

74

large firms

56

medium firms

777

small firms

Discretionary grant funding

102 small and emerging businesses

143 levy-exempt organisations for work-based learning

271

employers participated in work-based training and thus provided a platform for learnerships, internships, and work experience placement for TVET Colleges and university students.

6 651

workers were capacitated through skills programmes and short learning programmes

Goal 7:

Encouragement and support of cooperatives, small enterprises, worker-initiated, NGO and community training initiatives in the health and social development sector

The HWSETA entered into a partnership with the Small Enterprise Development Agency (SEDA) to capacitate 28 cooperatives through skills development initiatives. These cooperatives were empowered to create opportunities to make a living for themselves.

In order to ensure the sustainability of small businesses, the HWSETA supported 102 small and emerging businesses

144

organisations benefited from further education and training

85

NGOs

30

CBOs

18

NLPEs

11

Unions



Goal 8:

Increase of health and social development public sector capacity for improved service delivery in support of the National Development Plan

Support for Department of Social Development

126 unemployed graduates placed on internships

21 employed and **3** unemployed persons placed on learnerships

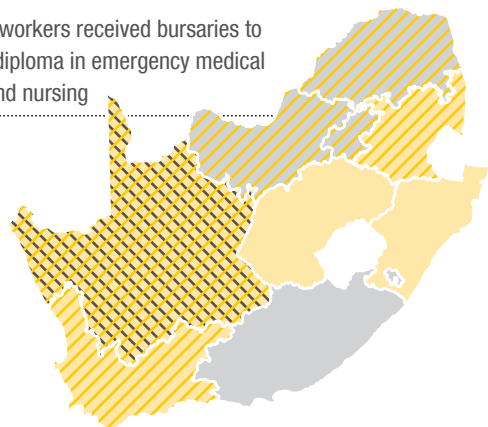


Support for Department of Health

575 workers and **239** unemployed persons placed on learnerships

80 unemployed persons funded for internships

80 workers received bursaries to study diploma in emergency medical care and nursing



Goal 9:

Provision of career and vocational guidance in the health and social development sector

The HWSETA conducted career guidance campaigns across the country in partnership with various government departments, DHET in particular. The HWSETA participated in 86 career guidance events and reached 18 887 scholars from various grades to assist these scholars with subject and career choices. In the future, the HWSETA aims to link up with other SETAs when conducting career guidance campaigns to provide a comprehensive and integrated career development programme.

Goal 10:

Strengthening of the quality assurance system for qualifications development in the health and social development sector

Quality Assurance of skills development providers and qualifications development is a delegated function of the Quality Council for Trades and Occupations (QCTO). During the year under review 62 skills development providers were accredited to offer occupationally based training. 85 assessors and 26 moderators were registered.

Eight occupational qualifications were developed by the HWSETA and submitted to the QCTO for registration. These comprised three Minister of Religion qualifications and five part qualifications. The Social Security qualification is under development and will be submitted to the QCTO for registration in quarter one of 2018/19.

12 775 funded students completed learning programmes via employers, TVET Colleges, Universities, and NSFAS.

6 517 certificates were issued to students whose learner achievements for full qualifications were endorsed by the HWSETA

7 531 statements of results were issued to learners for skills programmes endorsed by the HWSETA

The year in review

Eskom, the HWSETA and Siemens Join Forces to Establish Legacy Skills Development Project

The marginalisation of young people in South Africa is primarily manifested in high youth unemployment and youth targeted interventions are needed to enable young South Africans to actively participate and engage in society and the economy.

Skills development remains a top priority in the country and whilst the achievement of critical mass is desirable, quality in the form of sustainable projects that will offer long-term benefits to project recipients, as well as to society and the economy at large, are an important factor in addressing the country's skills mismatch.

A market gap exists to finding and appointing professional black youth owned (BYO) companies in the field of safety, health, environment, risk management and quality (SHERQ).

With this in mind, the Health and Welfare Sector Education and Training Authority (HWSETA), Eskom and Siemens partnered to provide 15 black South African youth from the Nkangala District of Mpumalanga with comprehensive,

accredited, academic, and work-based practical training in the professional field of SHERQ. The project was launched at a function hosted on-site at Eskom's Kusile Power Station in Mpumalanga on 28 June 2017.

Ten of the 15 youth will become equal partners in Kusile Leroo Consulting (Pty) Ltd., a for profit company that has been established through a Memorandum Of Understanding between Eskom Holdings Ltd., the HWSETA and Siemens (Pty) Ltd. This project will serve as the vehicle to train the BYO shareholders in Eskom and Siemens SHERQ methodologies, as well as afford the company opportunities to conduct reviews and audits on Eskom and Siemens permanent and project sites.

Kusile Leroo Consulting (Pty) Ltd. will become a company mentored and

trained by industry stakeholders in power generation and distribution as well as achieve structured and fast-tracked skills development and transfers which would normally only be achieved in a 5-7 year working experience window. The company will also receive Eskom and Siemens endorsements for projects successfully completed which, in turn, will give Kusile Leroo the market credentials to market itself as a professional company to other state owned or private companies in both upstream and downstream industries.





The HWSETA, Eskom and Siemens alike believe that this project will emerge as a legacy project and offer tangible long-term benefits to the learners involved, as well as to the niche SHERQ environment.



The 15 learners selected from over 400 applicants who embarked on their health, safety and environment two-year training and development journey during the period under review.

Performance Information by Programme/Objectives


Classification of Performance

Description of classification	Progress in %	Colour code
Annual target has been achieved or exceeded before or by 31 March 2018	100	
Annual target was almost achieved based on substantial progress made by 31 March 2018	70 – 99	
Annual target has not been achieved and strides made have yielded moderate success. The non-achievement may be attributed to external factors that impacted negatively on the indicator	40 – 69	
Annual target has not been achieved and strides made have yielded low success. The non-achievement may be attributed to external factors that impacted negatively on the indicator	0 – 39	
Unemployed : U Employed : E		

Programme 1: Administration

Programme 1: Indicator 5

Strategic Objective: 80% of HWSETA funded work-ready graduates finding employment in their trades and occupations in the health and welfare sector¹ in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Comment on deviations	Spend
The percentage of qualified technicians, artisans and unemployed learners previously funded ² by the HWSETA finding employment ³ within 6 months of completing the learning programmes ⁴ in the reporting period	Percentage of qualified technicians, artisans and unemployed learners previously funded by the HWSETA finding employment per year	65% (530/817)	80% (4900)	74%  (628/853)	This indicator is affected by the number of students reported at the time of the survey and also the number of students that can be reached through a telephonic survey. From a target population of 4813, 2231 students were accessible (had contact numbers). Of the 2231 students only 853 responded to the interviews and 628 of these students were employed	Committed: – Spend: –489 Budget: Admin budget

1. The 80% target can only be achieved in the last years of NSDS III since the training of artisans and other workers takes between 2 and 4 years. Certain exogenous factors beyond the control of HWSETA need to be considered
2. Funded refers to issuing of funding approval letter and signing of Memorandum of Agreement and, where applicable, release of tranche payments as per the Memorandum of Agreement
3. Finding employment refers to signing an employment contract as defined in the Basic Conditions of employment Act, as amended
4. Learning programmes refers to learning programmes as defined in the Skills Development Act, as amended



Programme 1: Indicator 12

Strategic objective: Evidence-based research to inform planning⁵ in the sector for the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Comment on deviations	Spend
The Number of research reports based on sound analysis of Health and Social Development sectors confirmed by stakeholders and impact of training assessed in the reporting period	Number of applied research ⁶ reports completed and confirmed by stakeholders that inform planning and impact of training assessed per year ⁷	13	4	5	Over and above the research agenda for 2017/18 the Board commissioned a study on one of the projects funded. This study was therefore additional to the target.	Committed : - Spend: -807 Budget: 801

5. Sector planning refers to sector skills planning, strategic planning and business planning including operational planning

6. Applied research is a form of systematic inquiry involving the practical application of science. It accesses and uses some part of the research communities' (the academia's) accumulated theories, knowledge, methods, and techniques, for a specific, often state-, business-, or client-driven purpose. Applied research is compared to pure research (basic research) in discussion about research ideals, methodologies, programmes, and projects

7. Evaluation of training includes research reports on areas such as dropout rate and analysis, and impact analysis

Programme 1: Indicator 13⁸

Strategic objective: Research within the health and social development fields of study promoted⁹ in the strategic period

Success Indicator	Performance Indicator	Socio economic status	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement	Comment on deviations	Spend
The number of researchers in the sector has increased through targeted funding ¹⁰ in the reporting period	Number of new post graduate research students ¹¹ funded ¹² for research in the health and welfare field per year	E	103	60	73	Due to the huge number of applications, there was a need to cover more qualifying students; hence a number higher than the target was identified, recommended and approved	Committed : 10 328 Spend: -3 076
		U	90	40	64	Due to the huge number of applications, there was a need to cover more qualifying students; hence a number higher than the target was identified, recommended and approved. In addition, the HWSETA received a special funding application for a cohort of disabled students from UWC. As thus 23 students at a cost of R1 8840 million were funded, which increased the total to 64.	Budget: 6755

8. The output indicator associated with this indicator is indicator 19 sub indicator 3

9. Promoted in this context means funded through the HWSETA

10. Targeted funding refers to ring fenced funding aimed at increasing the pool of Masters and Doctoral candidates in the sector graduating and contributing to the sector

11. New post graduate research students refer to registered students in higher education institutions for higher degrees that have a research component in the curriculum and have registered for the first time

12. Funded refers to issuing of funding approval letter and signing of Memorandum of Agreement and where applicable release of tranche payments as per the Memorandum of Agreement



Programme 1: Indicator 15

Strategic objective: Career guidance initiatives aimed at marketing and communicating the health and social development related occupations supported in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Comment on deviations	Spend
The number of school and post-school youth reached through career development awareness programmes in the reporting period	Number of learners reached through HWSETA career development awareness programmes per year	15159 (56 Events)	12000 (20 Events)	18887 (86 Events)	Year-on-year, the number of career guidance opportunities increases as various local, provincial and national government structures organise career guidance activities, particularly in rural communities. The HWSETA takes its career guidance mandate very seriously and it is for this reason that the set target for the 2017/18 financial year was over-achieved.	Committed: - Spend: -200 Budget: 1 000 (discretionary grant budget)

13. Post-school youth refer to those unemployed youth as defined in the Green paper on post school education

14. Reached in this context refers to learners recorded in the register at career fairs or career exhibitions

Programme 1: Indicator 18

Strategic objective: HWSETA is capacitated to deliver on its targets and discharge its mandate in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Comment on deviations	Spend
The percentage of filled positions in the HWSETA to ensure optimum capacity and delivery of services in the reporting period	Percentage of filled positions in the HWSETA approved organogram per year	92% (102/111)	95% (123)	92% (124/130)	The massive recruitment drive in quarter 3 and 4 contributed to the reduction of vacancies and thus meeting the target set for the year.	Committed: - Spend: -401 Budget: 450

15. Filled in this context refers to the signing of contract of employment in the approved organogram

Programme 1: Indicator 20

Strategic objective: HWSETA processes automated and integrated for effective and efficient delivery of services

Success Indicator	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Comment on deviations	Spend
The percentage of processes automated and integrated to ensure effectiveness and efficiency of operations ¹⁶ in the reporting period	Percentage of processes automated and integrated ¹⁷ per year	52% (Dev 65% Dep 38%)	100% (36)	98% (Development 99%) (Deployment 95%)	98% of planned work for financial year 2017/18 was completed, as follows: <ul style="list-style-type: none"> System development for Finance, SDP, and ETQA has been completed WSP submissions process for 2018/19 has been completed. ETQA Module has gone Live The target has not been achieved because some testing is outstanding and there were delays with data uptake due to legacy data quality.	Committed: - Spend: -1 217 Budget: 3 000

16. Efficiency and effectiveness refers to minimum errors and short turnaround times as recorded in the audit trail of the ERP system

17. Automation and integration refers to the development and deployment of the ERP system as approved by the HWSETA board



Programme 2: Skills Development Programme Implementation and Projects

Programme 2: Indicator 2¹⁸

Strategic objective: Employers in the health and social development sector open up their workplaces as places of learning¹⁹ in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Comment on deviations	Spend
The number of employers evaluated and participating in work-based training in the health and social development sector within the reporting period.	Number of employers evaluated and participating ²⁰ in work-based training in the health and social development sector per year	364	155	271	<p>During the 2017-2018 financial year the HWSETA implemented a number of programmes directed at encouraging employers to open up their workplaces into training places. As thus:</p> <ul style="list-style-type: none"> • 145 employers participated in learnerships • 65 employers participated in TVET College WIL • 61 employers participated in internships 	<p>Committed: -</p> <p>Spend: Included in Learnership spend</p> <p>Budget: Included in the Learnership budget</p>

18. The outcome indicator associated with this indicator is indicator 12

19. Support refers to the process of funding and advising employers

20. Evaluation and participation means workplace has been validated and the learners allocated as per the approval schedule and the Memorandum of Agreement signed

Programme 2: Indicator 4^{21 & 22}

Strategic objective: Increase the number of work-ready graduates in trades (artisans) demanded in health and social development sector through targeted funding in the strategic period

Success Indicator	Performance Indicator	Socio economic status	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Comment on deviations	Spend
The number of employed and unemployed persons funded as apprentices to become artisans for the Health and Social Development sector ²³ in the reporting period	Number of employed and unemployed persons funded ²⁴ and enrolled ²⁵ to become artisans through HWSETA funding per year	E	110	50	100	The achievement is from the implementation of 2015-2016 Artisans RPL funding, which is being implemented gradually due to challenges in finding workplaces.	Committed: 20 483
		U	86	50	141	Funding for the 2017-2018 approved project is not yet implemented. Implementation will happen in 2018-2019. The achievement is from implementation of 2015-2016 and 2016-2017 funding which is being implemented gradually due to challenges in finding workplaces.	Spend: -43 704 Budget: 23 200

21. The outcome indicator associated with this indicator is indicator 19 sub indicator 3

22. The outcome indicator associated with this indicator is indicator 5 and indicator 12

23. Transformation and equity imperatives: 85% Black 60% women 5% people with disability 70% youth (35yrs or less) 20% from rural areas



24. Funded refers to issuing of funding approval letter and signing of Memorandum of Agreement and, where applicable, release of tranche payments as per the Memorandum of Agreement

25. Enrolled refers to registration with both the training institution and HWSETA Seta Management System



Programme 2: Indicator 6²⁶

Strategic objective: Increase the number of students in higher education in identified scarce and critical skills through HWSETA funding enabling them enter the labour market²⁷ in the strategic period

Success Indicator	Performance Indicator	Socio economic status	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Comment on deviations	Spend
The number of students funded through HWSETA funded bursaries for training in higher education institutions ²⁸ in the reporting period	Number of students funded ²⁹ through HWSETA funded bursaries for training in higher education institutions per year	E	382	270	546 	During the 2017-2018 financial year the Expression of Interest Bursaries for Employed Persons invited all employers in the sector to participate. The maximum grant awarded per learner was R30 000. Some institutions, however, were able to accommodate more learners than the number of learners targeted by the HWSETA hence the over achievement.	Committed: 90 321 Spend: -41 079 Budget: 60 600
		U	655	700	764 	During the 2017-2018 financial year the HWSETA established partnerships geared towards funding of bursaries for learners studying at Universities and Universities of Technology in areas related to Health, Social Development and Veterinary Services. The overachievement is as a result of partnerships with Northern Cape Premier Trust and Netcare, which ensured that more students were awarded the opportunity	

26. The output indicator associated with this indicator is indicator 19 sub indicator 3

27. Higher education institutions include Universities as defined by the Department of Higher Education and Training and those defined as such by relevant Councils

28. Bursaries for the unemployed students in scarce and critical skills furthering their studies in higher education institutions

29. Funded refers to issuing of funding approval letter and signing of Memorandum of Agreement and where applicable release of tranche payments as per the Memorandum of Agreement

HWSETA Funded Social Auxiliary Learnerships Completed in Eastern Cape

In 2013 the Department of Higher Education and Training (DHET) called on South Africa's 21 SETAs to join forces with TVET Colleges across the country so that the SETAs could drive skills development initiatives in consultation with TVET Colleges, as well as make the services of the SETAs more accessible to the citizens of our country, particularly those living in rural areas.

This call by the DHET, the fact that partnerships with training institutions have been an integral aspect of the HWSETA's operations since its inception, and the need to positively address the skills mismatch in the social development sector prompted partnership negotiations between the HWSETA and King Hintsa TVET College in 2013. During these negotiations King Hintsa TVET College was called on to apply for accreditation from the HWSETA to offer the Social Auxiliary Work Level 3 qualification.

Once this had been finalised, the HWSETA entered into a learnership agreement that would see 100 learners participating in the learnership for the Social Auxiliary Work Level 3 qualification. In terms of this agreement, King Hintsa would provide not only the theory component of the learnership, but also support the learners with

placement in suitable workplaces. The Provincial Department of Social Development in the Eastern Cape, as well as Mquma Municipality were approached to assist with providing workplaces for the 100 learners.




80 of the initial 100 learners successfully completed the learnership and graduated on 6 March 2017. Through this project, the learners have not only taken an important step towards their future careers in social services, but they will be able to make a positive contribution towards the skills mismatch that exists in the sector.





Programme 2: Indicator 7^{30 & 31}

Strategic objective: Fund experiential learning across the sector to ensure work-ready graduates contribute to effective delivery of health and social development services in the strategic period

Success Indicator	Performance Indicator	Funded Programme	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Comment on deviations	Spend
The number of unemployed TVET college students and other unemployed graduates of mid-level qualifications enrolled in workplace experience through Workplace Experience Grant in the reporting period ³²	Number of unemployed TVET college students enrolled ³³ for work-experience and experiential learning programmes ³⁴ funded by the HWSETA per year	Internships	614	750	754 	During the 2017-2018 financial year the Expression of Interest for Internships invited all employers in the sector to participate and the number approved exceeded the target slightly.	Committed: 78 092 Spend: -81 371 Budget: 97 800
		TVET student placement	1012	800	725 	The underachievement is as a result of employer's non- submission of learner registration forms within stipulated timeframes. 8 organizations withdrew from participating in the programme. Furthermore, challenges were experienced with Government Departments who did not adhere to the HWSETA timeframes due to their own internal processes and one Department having a strike action in the last two months of the financial year.	
		University student placement	502	400	960 	The overachievement in this programme is as a result of funding allocated being able to accommodate more learners than the targeted number. Planning is based on the maximum duration of WIL, which is 12 months. However the different programmes have different durations and this is only known once Universities make applications. Furthermore, The non-alignment of the financial year to the academic year also results in the overlap of implementation from one financial year to the next. E.g learners approved in the 2016-2017 financial year may only be enter WIL in the 2017-2018 financial year based on the academic calendar.	

30. The output indicator associated with this indicator is indicator 19 sub indicator 3

31. The outcome indicators associated with this indicator are indicators 5 and 12


32. This indicator includes TVET student placements, university student placement and internships

33. Enrolled refers to registration with both the training institution and HWSETA Seta Management System

34. Workplace experience and experiential learning refers to a course, or a portion of a course, requiring students to participate in a supervised workplace experiential learning, directed field study, internship, cooperative, or cooperative work term course that is related to their programme of study or training. It is also viewed as having four basic elements of learning in the workplace: experience, practice, conversations and reflection where at least 70% of workplace learning is through on-the-job experience and practice 20% of workplace learning is through others (coaching, feedback and personal networks) 10% of workplace learning is through formal off-job training (Jennings, C: 2009). For the purposes of NSDS III, the target includes internships (500) , TVET graduate placement (2050) and University student placement (100)

Programme 2: Indicator 9³⁵

Strategic objective: Support cooperatives within the health and social development sector through funding for skills development training within the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Comment on deviations	Spend
The number of cooperatives in the health and social development sector whose skills training is funded ³⁶ by the HWSETA in the reporting period	Number of cooperatives in the health and social development sector whose skills needs are funded by the HWSETA per year ³⁷	30	20	28 	The over achievement is as a result of the partnership between the HWSETA and SEDA aimed at training and development of Cooperatives across all nine provinces.	Committed: - Spend: -1 286 Budget: 1 160

35. The outcome indicator associated with this indicator is indicator 12


36. Funded refers to issuing of funding approval letter and signing of Memorandum of Agreement and where applicable release of tranche payments as per the Memorandum of Agreement

37. Co-operatives are those organisations established in terms of the co-operatives Act, 2005 (Act 14 of 2005). Funding in respect of these organisations includes start-up funding and skills development funding linked to worker initiated training.



Programme 2: Indicator 10³⁸

Strategic objective: Fund small and emerging businesses³⁹ for skills development in the sector in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Comment on deviations	Spend
The number of small and emerging businesses funded in both health and social development sectors through HWSETA skills development funds in the reporting	Number of small and emerging businesses funded ⁴⁰ through HWSETA skills development funds per year	106	100	102 	HWSETA approved funding for SME stakeholders to participate, 102 MoA's were received and approved.	Committed: 4 293 Spend: -533 Budget: 6 000


38. The outcome indicator associated with this indicator is indicator 12

39. Small and emerging businesses as defined by the Department of Trade and Industry

40. Funded refers to issuing of funding approval letter and signing of Memorandum of Agreement and where applicable release of tranche payments as per the Memorandum of Agreement

Programme 2: Indicator 11⁴¹


Strategic objective: Support NGOs, CBOs and trade unions skills development initiatives in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Comment on deviations	Spend
The number of participants in skills development projects funded by the HWSETA to support NGOs, CBOs and trade unions in the reporting period	Number of participants in skills development projects funded by the HWSETA to support NGOs, CBOs, and trade unions per year	179	175	204 	The HWSETA entered into a partnership with the Workers College for the training of Trade Union representatives. Training commenced in February 2018. The over achievement on this target is based on the implementation of two strategies aimed at both the Trade Union and NGO sector. The Levy Exempt grant has participation of more than 100 employees from NGOs who were funded for training and development.	Committed: 4 910 Spend: -1 749 Budget: 5 250

41. The outcome indicator associated with this indicator is indicator 12

Programme 2: Indicator 17^{42 & 43}

Strategic objective: Support⁴⁴ public TVET Colleges and associated students in vocational training in the strategic period

Success Indicator	Performance Indicator	Socio economic status	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Comment on deviations	Spend
The number of learners in TVET college partners funded ⁴⁵ for vocational training in the reporting period	Number of learners in TVET colleges and other public colleges ⁴⁶ (and the number of associated learners) enrolled ⁴⁷ for vocational training courses funded ⁴⁸ by the HWSETA per year	U	1212	350	413 	The over achievement is as a result of two different strategies implemented in partnership with TVET colleges.	Committed: 34 136 Spend: -7 502 Budget: 21 000

42. The output indicator associated with this indicator is indicator 19 sub-indicator 3

43. The outcome indicator associated with this indicator is indicator 12

44. Support in this instance refers to HWSETA funding

45. Funded refers to issuing of funding approval letter and signing of Memorandum of Agreement and, where applicable, release of tranche payments as per the Memorandum of Agreement

46. Public colleges include public nursing colleges and public agricultural colleges

47. Enrolled refers to registration with both the training institution and HWSETA Seta Management System

48. Funded refers to issuing of funding approval letter and signing of Memorandum of Agreement and, where applicable, release of tranche payments as per the Memorandum of Agreement



Programme 2: Indicator 14⁴⁹

Strategic objective: Support⁵⁰ Goal 3 of the National Development Plan: A capable public service to deliver on the objectives of a developmental state in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Comment on deviations	Spend
The number of projects funded aimed at addressing the skills development priorities of the Departments of Health and Social Development in the reporting period	Number of projects funded ⁵¹ through discretionary grants aimed at the public sector education and training per year	13	6	10	The Department of Social Development has interest and priority in Internships especially Social Work. Furthermore, the Department of Health Northern has initiated the process of articulating some of their staff within the Emergency Medical Care field towards a full qualification. This is also one of the priority areas as indicated in the NDP. The over achievement is as a result of the support required by Departments from the HWSETA	Committed: 6 946 Spend: -17 092 Budget: 6 372

49. The outcome indicator associated with this indicator is indicator 12

50. Support in this instance refers to HWSETA funding

51. Funded refers to issuing of funding approval letter and signing of Memorandum of Agreement and, where applicable, release of tranche payments as per the Memorandum of Agreement

Programme 2: Indicator 15⁵²

Strategic objective: Identification, development of strategies and funding⁵³ of priority Mid-level skills in the sector⁵⁴ in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Comment on deviations	Spend
The number of health and social development projects ⁵⁵ addressing mid-level skills funded ⁵⁶ in the reporting period	Number of programmes funded through grants to develop and address mid-level skills per year	11	6	13	The HWSETA received expressions of interest for the implementation of mid-level skills in the sector during the financial year, which were funded from both budgeted funds as well as surplus funds. The over achievement is as a result of the submissions made by employers in the sector.	Committed: - Spend: - Budget: 1 200

52. The outcome indicator associated with this indicator is indicator 12

53. Funding in this context means having met the requirements of the Expression of Interest which includes signing the Memorandum of Agreement

54. Health and Social Development projects and programmes include those that support cooperatives, cross-sectoral projects, development of placement guides and qualification development



55. Projects and programmes initiated and funded through grants shall have equity and transformation imperatives of 85% black, 60% women, 5% people with disabilities and 70% youth

56. Mid-level categories refer to those categories of mid-level workers as defined by the respective statutory body



Programme 2: Indicator 3^{57 & 58}

Strategic objective: Increase of the number of work-ready graduates in mid-level and high-level skills development programmes through targeted funding within the strategic period

Success Indicator	Performance Indicator	Socio economic status	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Comment on deviations	Spend
The number of employed and unemployed learners funded and registered through learnerships in the reporting period	Number of employed and unemployed learners registered ⁵⁹ in learnership training programmes and funded ⁶⁰ by the HWSETA per year	E	3232	2750	2672 	The under achievement is due to the number of approved employers who plan to implement learnerships after 31 March 2018 as the last day of implementation is 30 June 2018. The number of rejections after work place site validation for social learnerships was also high compared to previous years.	Committed: 100 355 Spend: -75 994 Budget: 128 750
		U	2475	2500	2070 	The under achievement is due to the number of approved employers who plan to implement learnerships after 31 March 2018 as the last day of implementation is 30 June 2018. The number of rejections after work place site validation for social learnerships was also high compared to previous years	

57. The output indicator associated with this indicator is indicator 19 sub indicator 3



58. The outcome indicator associated with this indicator is indicator 12

59. Registered means learner, employer and training provider details captured in the Seta Management System

60. Funded refers to issuing of funding approval letter and signing of Memorandum of Agreement and, where applicable, release of tranche payments as per the Memorandum of Agreement

Programme 2: Indicator 8^{61 & 62}

Strategic objective: Improve sector-level productivity and economic growth through funding of identified skills programmes in the strategic period⁶³

Success Indicator	Performance Indicator	Socio economic status	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Comment on deviations	Spend
The number of unemployed and employed workers funded and registered for skills programmes in the reporting period	Number of employed and unemployed learners registered in skills programmes funded by HWSETA per year	E	8224	6000	5020 	The under-achievement on this target is due to the number of approved employers who will implement skills programme training after 31 March 2018, as the last day of implementation is 30 June 2018.	Committed: 31 501 Spend: 9 346 Budget: 40 500
			5019	1500	2020 	The over-achievement was because of early implementation by employers and timeous funding by the HWSETA.	

61. The output indicator associated with this indicator is indicator 19 sub indicator 3

62. The outcome indicators associated with this indicator are indicators 5 and 12

63. This support includes employed workers and unemployed learners



Programme 2: Indicator 21⁶⁴

Strategic objective: Support adult education and promote lifelong learning in the sector⁶⁵

Success Indicator	Performance Indicator	Socio economic status	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Comment on deviations	Spend
Number of Learners registered ⁶⁶ for AET programmes over the strategic period.	Number of learners registered ⁶⁷ for AET programmes funded by HWSETA per year	U	1540	1200	1377	The over achievement is a result of the current partnership the HWSETA has with the Northern Cape Community College. All learners reported in the Fourth quarter are enrolled for ICT at the Potsmansburg center, which is one of the biggest centers in the Northern Cape Province.	Committed: 2 600 Spend: -6 596 Budget: 4 800

64. The output indicator associated with this indicator is indicator 19 sub indicator 3

65. This support includes employed workers and unemployed learners

66. Registered means learner, employer and training provider details captured in the Seta Management System

67. Registered means learner, employer and training provider details captured in the Seta Management System

Programme 2: Indicator 16⁶⁸

Strategic objective: Support partnerships to facilitate quality training and skills development in the sector in the strategic period⁶⁹

Success Indicator	Performance Indicator	Socio economic status	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Comment on deviations	Spend
The number of TVET College lecturers trained to offer qualifications in the health and social development sector in the reporting period	Number of TVET College lecturers placed ⁷⁰ in work experience with employers per year	E	54	40	42	The Expression of interest for the 2017-2018 financial year extended the programme to also include Trade qualification lecturers. This has resulted in the increased number of lecturers funded for this programme.	Committed: 166 Spend: 103 Budget: 120

68. Registered means learner, employer and training provider details captured in the Seta Management System

69. The output indicator associated with this indicator is indicator 19 sub indicator 3

70. This support includes employed workers and unemployed learners



Programme 2: Indicator 22⁷¹

Strategic objective: Support⁷² levy-exempt organisations skills development initiatives in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Comment on deviations	Spend
The number of levy-exempt organisations funded by the HWSETA in the reporting period	Number of levy-exempt organisations funded by the HWSETA per year	132	140	143	HWSETA approved funding for levy-exempt stakeholders, using an expression of interest for accredited and non-accredited training. Hence the exceeding of target.	Committed: 9 573 Spend: -1 946 Budget: 8 400
	Number of levy paying organisations funded by the HWSETA per year ⁷³					
	Large Firms				74 This target is dependent on the number of organisations that participated by submitting WSP.	Mandatory Grant
	Medium Firms				56 This target is dependent on the number of organisations that participated by submitting WSP.	
	Small Firms				777 HWSETA has a large number of small organisations registered in the sector and submitting WSPs.	

71. The outcome indicator associated with this indicator is indicator 12

72. Support in this instance refers to HWSETA funding

73. This performance indicator, "Number of levy paying organisations funded by the HWSETA per year" is not part of the Service Level Agreements between DHET and HWSETA. It has been included in the annual performance report to meet the requirements of alignment of APP and SLA.

Programme 3: Quality Assurance and Qualification Development

Programme 3: Indicator 23⁷⁴

Strategic objective: Support partnerships to facilitate quality training and skills development in the sector in the strategic period⁷⁵

Success Indicator	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Comment on deviations	Spend
The number of partnership ⁷⁶ agreements signed outlining areas of collaboration in the reporting period	Number of partnerships signed through Memoranda of Understanding with the HWSETA per year ⁷⁷	28	15	27	The HWSETA entered into partnerships with employers, TVET colleges, Universities and Statutory bodies based on the number of applications received. The HWSETA was able to fund more organisations through the utilisation of its surplus funds	Committed: 22 432 Spend: -2 373 Budget: 7 500

74. The outcome indicator associated with this indicator is indicator 12

75. Partnerships include HWSETA-TVET College partnerships, HWSETA-University partnerships and HWSETA-Employer partnerships





76. Partnership refers to projects where shared responsibility is agreed upon and defined in the memorandum of agreement or the memorandum of understanding

77. Partnerships herein include Universities, TVET Colleges, Councils, Statutory bodies, employer bodies, communities of practice, etc.



Programme 3: Indicator 19⁷⁸

Strategic objective: HWSETA accredited training providers deliver quality programmes in the strategic period

Success Indicator	Performance Indicator		Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Comment on deviations	Spend
The number of skills development training providers ⁷⁹ accredited to offer full qualifications in the reporting period	Number of skills development training providers ⁸⁰ accredited ⁸¹ per year		111	40	62 	The over-achievement is based on received, processed and approved applications from Skills Development Providers. The HWSETA has no control over the number of applications that are received.	Committed: 773 Spend: -773
	Sub-indicator 1: Percentage of assessors registered per year		85% (529/620)	80	80%  (85/106)	<ul style="list-style-type: none"> 106 applications were received during 2017/18 85 applications were approved and thus 85 Assessors were registered 16 applications were declined 5 applications were still undergoing evaluation 	Budget Admin. budget
	Sub-indicator 2: Percentage of moderators registered per year		81% (197/243)	80%	81%  (26/32)	<ul style="list-style-type: none"> 32 applications were received during 2017/18 26 applications were approved and thus 85 Assessors were registered 5 applications were declined 1 application was still undergoing evaluation 	
The number of skills development training providers ⁸² accredited to offer full qualifications in the reporting period	Sub-indicator 3: Number of learners certificated per year ⁸³	Funded	18986	12102	13252 	The target was over-achieved due to the number of certificated and completed students reported during the year under review. Some programmes experienced challenges that affected a complete overhaul of certifications and completions. Plans are in place to address the challenges in order to ensure reporting of outputs of the HWSETA.	
		Internships ⁸⁴			421	Learners commenced their 12-month internship during the financial year therefore they will complete the internship after the financial year ends. These will therefore be reported in quarter 1 and 2 of the 2018/19 financial periods as learners complete their internship placements.	
		TVET WIL			430	The duration for this programme is 18 months and therefore more learners are expected to complete their work experience during the 2018/19 financial year.	
		University WIL			462	The HWSETA was able to fund more learners based on the funding model and duration of WIL for the different qualifications. WIL is aligned to an academic period and therefore the majority of the learners completed in the third quarter.	
		AET			773	Compared to the rate of entries in the previous financial years, the completions reported are low. The nature of the programme causes completion rate of learners to be slow.	
		Lecturer Development			39	These are lecturers that were funded in the 2016/17 financial year.	
		Learnerships (18.1)			1377	Compared to the rate of entries in the previous financial years, the completions reported are low. This is due to delays in submitting proof of completions by employers, delays in verifications of learner achievements for HWSETA Qualifications, dropouts and late implementation of programmes by employers. An early drive to collect proof of completions from employers will be embarked on in the new year.	
		Learnerships (18.2)			2033	The number of completions reported are a result of a drive by the HWSETA to ensure that employers submit proof of completions from previous year's implementation.	
		Skills Programmes (18.1)			3657	Compared to the rate of entries in the previous financial years, the completions reported here are low. This is due to delays in training verifications and implementation of approved funding by employers.	
		Skills Programmes (18.2)			3874	Employers training unemployed learners seem to start and complete skills programmes training on time which leads to early reporting.	
		Artisans (18.2)			90	These completions are from closing off previous years approved funding. Employers implementing artisan training comply with requirements timeously.	



Success Indicator	Performance Indicator		Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Comment on deviations	Spend
The number of skills development training providers ⁸² accredited to offer full qualifications in the reporting period	Sub-indicator 3: Number of learners certificated per year ⁸³	Bursaries (18.1)			35	Compared to the rate of entries in the previous financial years, the completions reported here are low. This is due employers not submitting the learner results for the academic year.	
		Bursaries (18.2)			61	The number of completions reported are a result of the HWSETA's ability to fund more students for bursaries through its Ad-hoc projects in the previous financial year.	
		Non funded	12845	9720	12223	4694 students were certificated for full qualifications and 7529 students were endorsed for skills programmes. The over-achievement is due to the high number of students trained by private colleges accredited by the HWSETA.	Admin. budget

78. The outcome indicator associated with this indicator is indicator 12
79. This indicator includes all processes associated with the supply pipeline of HWSETA quality assured qualifications such as the registration of assessors, moderators and certification of learners
80. Skills Development Training Providers refers to those as defined by the SAQA Act and the HWSETA policy
81. Accreditation refers to meeting the criteria as set in the SAQA Act and the QCTO Act and policies/regulations and the HWSETA accreditation policies
82. This indicator includes all processes associated with the supply pipeline of HWSETA quality assured qualifications such as the registration of assessors, moderators and certification of learners
83. This sub-indicator includes all learners reported as certificated during the reporting period. It also includes funded and non-funded learners that have gone through the HWSETA quality assurance, certification and funding system
84. The programmes listed within the performance indicator, "Num
85. The programmes listed within the performance indicator, "Number of learners certificated per year" are not part of the 2017/18 APP but have been included to align reporting of certificated learners/completions to the Service Level Agreements of the DHET and HWSETA. These include Internships, TVET WIL, University WIL, AET, Lecture Development, Learnerships, Skills Programmes, Artisans, and Bursaries
86. This sub-indicator includes all learners reported as certificated during the reporting period. It also includes funded and non-funded learners that have gone through the HWSETA quality assurance, certification and funding system

Programme 3: Indicator 24⁸⁷

Strategic objective: HWSETA through its partners register develop and register demand led qualifications in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Comment on deviations	Spend
Number of new demand-led qualifications developed and registered through the registration bodies in the reporting period	Number of new demand-led qualifications developed and registered through the registration bodies per year	14	8	8	Three qualifications were developed for the Minister of Religion Occupations. These qualifications expanded to have five part qualifications to cater for associated categories of occupations in the religious sector. These will be registered independently of the full qualification. As thus, three qualifications and five part qualifications were submitted and accepted by the QCTO for registration.	Committed: - Spend: -1 302 Budget: R8 000
	Sub-indicator 1: Percentage of processes supported to develop qualifications per year	98%	95	98% (98/100)	Social Security qualifications were developed and completed by the end of the financial year. They will be resubmitted to the QCTO for registration in quarter one of the next financial year.	

87. The outcome indicator associated with this indicator is indicator 12



Programme 3: Indicator 25⁸⁸

Strategic objective: Encouraging better use of workplace-based-skills programmes in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Comment on deviations	Spend
Number of students funded ⁸⁹ to obtain full or part qualification through Recognition of Prior Learning ⁹⁰ in the reporting period	Number of students funded ⁹¹ to obtain full or part qualification through Recognition of Prior Learning ⁹² in the reporting period	351	350	353	253 learners were assessed for recognition of prior learning by assessors trained by the HWSETA. 100 apprenticeships were assessed for recognition of prior learning as part of accelerated artisan programme	Committed: 12 849 Spend: -1 739 Budget: 7 000

88. The output indicator associated with this indicator is indicator 19 sub indicator 3

89. Funded in this context refers to signing the MoA and registering in the HWSETA Management System (SMS)

90. Recognition of Prior Learning (RPL) is a process of identifying a candidate's knowledge and skills against a qualification or part thereof. The process involves, inter alia, the identification, mediation, assessment and acknowledgement of knowledge and skills obtained through informal, non-formal and/ or formal learning

91. Funded in this context refers to signing the MoA and registering in the HWSETA Management System (SMS)

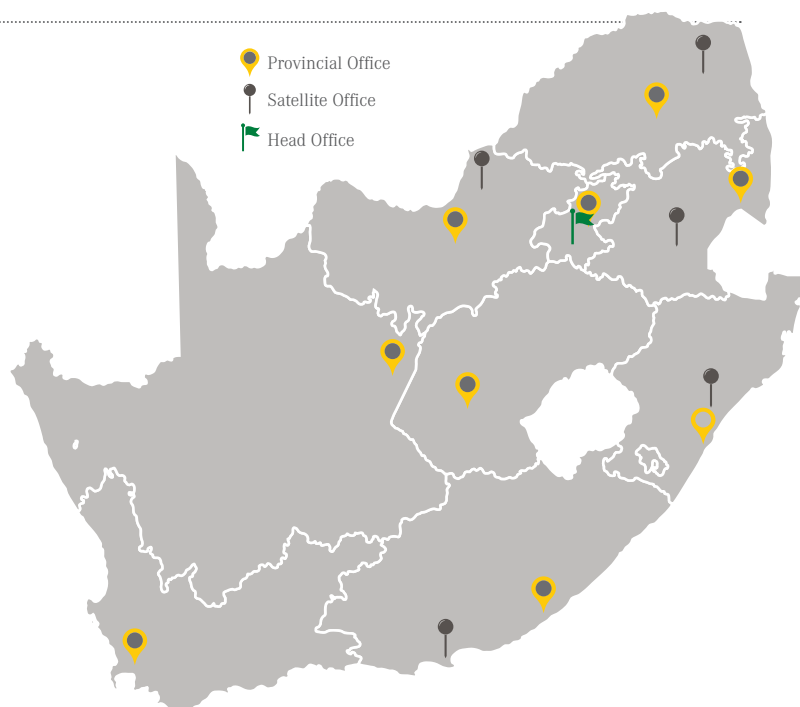
92. Recognition of Prior Learning (RPL) is a process of identifying a candidate's knowledge and skills against a qualification or part thereof. The process involves, inter alia, the identification, mediation, assessment and acknowledgement of knowledge and skills obtained through informal, non-formal and/ or formal learning

HWSETA Expands its Presence to all Nine Provinces

Since the HWSETA was established in 2001, it has changed and grown in line with legislation governing the operations of South Africa's 21 SETAs. However, 2013 was an important year for the HWSETA as it was at this time that the HWSETA Board made a decision to decentralise its operations and establish fully-fledged Provincial Offices in several main centres across the country.

Initially, offices were established in the Gauteng, Eastern Cape, Western Cape Limpopo and KZN provinces and each of these offices was quickly capacitated with the requisite staff. Whilst this enabled more effective stakeholder service than previously, the vast geographic distances that stakeholders from the Free State, North-West, Mpumalanga and Northern Cape needed to travel to access HWSETA services resulted in the HWSETA Board taking the decision to establish provincial offices in the remaining four provinces.

This is a process that was completed during the period under review, which means that the HWSETA is well placed to serve the needs of its stakeholders on a national basis through its head office, nine provincial offices, as well as the five satellite offices situated at TVET Colleges.





Strategies to Overcome Areas of Underperformance

The performance information by programme/objective on pages 26–39 indicates that the following indicators were not fully achieved:

- Indicator 3 – Number of employed and unemployed learners registered in learnerships training programmes and funded by the HWSETA per year:
Employed learners – Achieved 2672 against a target of 2750 (97% achieved)
Unemployed learners – Achieved 2070 against a target of 2500 (83% achieved)
- Indicator 5 – Percentage of qualified technicians, artisans and unemployed learners previously funded by the HWSETA finding employment per year: Achieved 74% against a target of 80% (93% achieved)
- Indicator 7 – Number of unemployed TVET college students enrolled for work-experience and experiential learning programmes funded by the HWSETA per year – TVET College Student Placement: Achieved 725 against a target of 800 (91% achieved)
- Indicator 8 – Number of employed and unemployed learners registered in skills programmes funded by the HWSETA per year: Employed learners – Achieved 5020 against a target of 6000 (83% achieved)
- Indicator 20 – Percentage of processes automated and integrated per year: Achieved 98% against a target of 100% (98% achieved)

Disclosure on alignment of APP and SLA targets

The following targets were not included in the APP as the approval time-frame of the two documents is not the same. i.e. the APP gets approved first and the SLA is received much later by DHET

- Large, medium, and small firms are not in the APP
- Completions in the APP are aggregated to include all programmes. The SLA however has disaggregated targets per programme.

In order to address these areas of under-achievement the HWSETA has adopted the following strategies:

- Completions will be monitored and collected from various stakeholders. This will ensure a higher target population for the track and tracer study.
- Automation of business processes will ensure that essential data is accurate and has integrity i.e. contact numbers collected and captured correctly. This will secure a higher number of the accessible population.
- The approval cycle for discretionary funding has been shifted to quarter 4 of the preceding financial year. This has moved the implementation of learners to quarter two and three. As from 2018/19 implementation of learning programmes will therefore not overlap over two financial years.
- Provide support to employers to get their workplaces ready for accommodating students on occupationally based programmes.



Revenue Collection

Sources of revenue (R million)

Skills Development Revenue

Estimate – 2016/17	Actual collection 2016/17	(Over)/under collection	Commentary	Estimate – 2017/18	Actual collection -2017/18	(Over)/under collection H11
R456	R400	R-56	12% lower than budgeted. contributions received from employers have not increased as expected.	R416	R445	R29

Investment Income – Interest

Estimate – 2016/17	Actual collection 2016/17	(Over)/under collection	Commentary	Estimate – 2017/18	Actual collection -2017/18	(Over)/under collection H11
R40	R52	R12	Higher than expected due to large cash balances held. There has been an improvement in the movement of cash.	R55	R56	R1

Government Levies

Estimate – 2016/17	Actual collection 2016/17	(Over)/under collection	Commentary	Estimate – 2015/16	Actual collection -2015/16	(Over)/under collection
R72	R117	R45	Actual collection is higher than expected as more government departments are complying with the Cabinet Circular of 2012.	R123	R124	R1



GOVERNANCE

“

Research has revealed that a need exists for training in healthcare quality and patient safety. During the year under review, and in the future, programmes aimed at clinicians and mid-level healthcare workers will be funded by the HWSETA to improve the quality and safety of healthcare provision in the country.”

Sikhumbuzo Gcabashe,
Acting Executive Manager SDP





The HWSETA Board

The Board's role is to provide leadership, direction, and stewardship of the organisation's assets and interests in relation to the public funds it administers to promote public interest in skills development within the Health and Social Development (welfare) sectors.

The Board is constituted of 15 Board members representing the following constituencies and stakeholders in the sectors served by the HWSETA:

- Ministerial appointed Independent Chairperson
- Organised Labour
- Organised Employers, including small businesses and relevant government departments
- Levy-exempt sector
- Any interested professional body or bargaining council with jurisdiction in the sector, which the DHET Minister considers appropriate for the sector

It meets every quarter, or as required, to enable it to assert its governance responsibility as the Accounting Authority and as the employer of all HWSETA staff.

Fiduciary Responsibility of Board Members

All Board members are aware of their fiduciary responsibilities and the need for fair, transparent, and accountable decisions and actions. Board members are both individually and collectively liable for all decisions and actions of omission and commission by the Board during their term of office.

Statutory Meetings

Attendance of Board members at all statutory meetings is recorded in attendance registers which are audited annually by the Internal Auditors and the Auditor-General South Africa. All meetings are formally noted, with an agenda and supporting meeting packs. Meeting protocol is formal, and all

minutes and documents are formally tabled, considered, addressed, filed, and stored.

Meeting Attendance Fees for Board Members

Board members are not staff members of the HWSETA, and they do not receive any salaries or benefits. Board members are employers of the HWSETA staff, and as such serve the HWSETA in their capacity as the Accounting Authority with executive oversight, accountability, and responsibility. A meeting fee is paid to Board members for their attendance at and contributions to statutory meetings.

A record is kept of all allowances paid to members, and such record is audited through internal and external audits conducted by the Internal Auditor and the Auditor-General South Africa, respectively.

Board Changes During Year Under Review:

The 4th Board was appointed on 14 June 2016 for a period up to 31 March 2018.

Board members in place during the year under review:

Ministerial Appointees

- Dr Confidence Moloko, Independent Chairperson

Representing Employer Representatives

- Dr Andrew Crichton
Department of Health
- Dr Wiseman Magasela
Department of Social Development
- Dr Dumisani Bomela

HASA

- Dr Nceba Ndzwayiba
Netcare Limited
- Mr Dumisani Ndebele
NPG
- Ms Teleni Ntabeni
SASSA

Representing Organised Labour

- Ms Mosidi Ndambule
DENOSA
- Ms Fazeela Fayers
HOSPERSA
- Mr Pat Motubatse
NEHAWU
- Mr Hitler Sekhitla
NEHAWU
- Mr Mbongiseni Khanyesa
NPSWU
- Mr Ignatius Mokaila
NUPSAW

Representing the Levy Exempt Sector

- Mr Ari Seirlis
QASA

Representing Professional Councils

- Dr Charlotte Nkuna
SA Veterinary Council

Board Resignations During the Year Under Review:

- Dr Andrew Crichton
Department of Health
resigned 4 October 2017
- Mr Hitler Sekhitla
NEHAWU
resigned 1 November 2017



HWSETA Board Comprising 15 Members

Executive Committee of the Board

The Board is assisted by its Executive Committee, comprising 5 members from the Board. The Executive Committee meets monthly to assert strategic oversight over the HWSETA's affairs.

Standing Committees

The Board has 5 Standing Committees, namely:

- Finance, Remuneration & Tender Standing Committee
- Skills Development & RIME Standing Committee
- ETQA Standing Committee
- Corporate Services Standing Committee

The Standing Committees provide technical guidance and recommendations in key portfolio areas, as well as assist the Executive Committee.

Audit, Risk and Governance Committee

The Audit, Risk and Governance Committee is a standing committee with direct delegations from, and reporting to, the Board. It assists the Accounting Authority in its compliance, oversight, governance and fiduciary responsibilities within the prevailing legislative prescriptions. Furthermore, this committee is responsible for review and update of the risk analysis, by management and independently from internal audit.

The Audit, Risk and Governance Committee comprises 3 independent members who are recruited openly and are not members of the Board. The remaining two members of this committee stem from the Board.

This committee functions in line with its Committee Charter and complies with principles of good corporate governance and with the requirements of the Public Finance Management Act.

HWSETA Board Meeting Attendance 2017/18



Dr E.T. Confidence Moloko
Independent Chairperson



Mr Hitler Sekhitla
NEHAWU



Mr Aristides Seirlis
QASA



Dr Dumisani Bomela
HASA



Ms Fazeela Fayers
HOSPERSA



Mr Patrick Motubatse
NEHAWU



Dr Wiseman Magasela
Department of Social
Development

Board Meeting and Special Board Meetings	15	9	8	14	10	8	7
EXCO and CEO Recruitment	13	14	7	4		3	14
SD/RIME Standing Committee Meetings		1		4	2	3	
ETQA Standing Committee Meetings			3			1	
Corporate Services		5			5		1
Standing Committee Meetings		6		1	4		3
Finance and Remuneration Standing Committee Meetings			4	8			3
Audit and Risk Committee Meetings				4			
Other Meetings	4	4		2			1
TOTAL	32	39	22	37	21	15	29

HWSETA Board Meeting Attendance 2017/18



Dr Nceba Ndswayiba
Netcare Limited



Mr Dumisani Ndebele
NPG



Mr Kagiso Mokaila
NUPSAW



Dr Charlotte Nkuna
SA Veterinary Council



Ms Teleni Ntebeni
SASSA



Mr Mbongiseni Khanyeza
NPSWU



Ms Mosidi Nkambule
DENOSA

Dr Andrew Creighton
National Department of
Health

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Executive Authority Department of Higher Education and Training

The HWSETA reports to the DHET on the following basis:

- Quarterly reporting of both financial and non-financial performance information
- The Annual Sector Skills Plan
- The annual budget and Strategic Plan
- Annual Performance Plan for the following financial year
- The Service Level Agreement with DHET
- Ad hoc reporting

Internal Control Unit

The HWSETA's Internal Audit function is outsourced to an independent firm and it operates on an approved three-year rolling strategic internal audit plan. The Internal Audit plan is formulated on the HWSETA's current operations and the strategic plan, with a focus on the key risks of the HWSETA as identified by the annual risk assessment. The Internal Auditors report in accordance with an approved Charter which is in line with the Audit Committee Charter. The Internal Audit function has continuously added value by strengthening the control environment through improvements in internal control.

In the current year, internal audits were performed, which allowed the HWSETA to strengthen internal controls.

Internal Audit and the Audit and Risk Committee

The Effectiveness of Internal Control

The system of internal control applied by the Health and Welfare SETA over financial and risk management is effective, efficient and transparent.

In line with the PFMA and the Treasury Regulations, Internal Audit provides the Audit and Risk Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, we noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations there from.

An updated annual formal risk assessment was undertaken by Health and Welfare SETA for the year ending 2017/18. Consequently, Internal Audit used this data to prepare the 3-year rolling strategic plan and the annual operating audit plan. The Committee monitored the significant risks faced by the Health and Welfare SETA and is satisfied that these risks were managed to an acceptable level. The Health and Welfare SETA implemented a risk management strategy which includes a fraud prevention plan. We acknowledge that the findings raised by the Auditor-General South Africa for the last financial year-end have been satisfactorily resolved.

Management is committed to addressing the issues raised by the Internal Auditors and External Auditors and this follow-up report is reviewed by the Committee during its meetings. Accordingly, the system of internal control over financial reporting for the period under review was efficient and effective.

Internal Audit

We are satisfied that the Internal Audit function has operated effectively and that it has addressed the risks pertinent to the Health and Welfare SETA in its audits. We believe the Internal Audit has contributed to the improvement of internal controls within the Health and Welfare SETA.

Audit and Risk Committee Responsibility

The Audit and Risk Committee has adopted appropriate formal terms of reference in its Charter in line with the requirements of Section 51(1)(a) of the Public Finance Management Act, No. 1 of 1999 and Treasury Regulation 27. The Audit and Risk Committee has conducted its affairs in compliance with this Charter.

Key activities and objectives of the Audit and Risk Committee

The Audit and Risk Committee has:

- reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report, with the Auditor-General South Africa and the Accounting Authority;
- reviewed the Auditor-General's management letter and management's response thereto;
- reviewed changes in accounting policies and practices; and
- reviewed significant adjustments resulting from the audit if applicable.

The Audit and Risk Committee concurs and accepts the Auditor-General's conclusions on the Annual Financial Statements, and is of the opinion that the Audited Annual Financial Statements be accepted and read together with the report of the Auditor-General South Africa.



The following internal audits were conducted by the internal auditors during the 2017/18 financial year:

- Human resource management and payroll review
- ETQA review
- Fraud prevention plan review
- Discretionary grant, commitment and policy procedure review
- Procurement and contract management review
- Performance information audit
- Risk management process review
- ERP functionality review: Phase 1 (Finance)
- ERP functionality review: Phase 1 (ETQA)
- POPI readiness review

The Audit and Risk Committee is established and comprises three independent members and two Board members. The Committee is advisory in nature and reports directly to the Board.

The Committee's Charter and Terms of Reference are aligned to the HWSETA's constitution, the PFMA and Treasury Regulations. This Committee also takes on the responsibility of IT and Governance oversight.

The Audit and Risk Committee has the following objectives, to review

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> a. the effectiveness of the internal control systems; b. the effectiveness of internal audit; c. the risk areas of the entity's operations to be covered in the scope of internal and external audits; d. the adequacy, reliability and accuracy of financial information provided to management and other users of such information; e. any accounting and auditing concerns identified as a result of internal and external audits; | <ul style="list-style-type: none"> f. the entity's compliance with legal and regulatory provisions; g. the activities of the internal audit function, including its annual work programme, coordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations; and h. where relevant, the independence and objectivity of the external auditors. |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

The table below discloses relevant information on the audit committee members

Name	Qualifications	Internal or external	If internal, position in the public entity	No. of Meetings attended
Mr R Adam (Chairperson)	CA (SA)	External	n/a	4
Mrs M Ramatsheli	MPhil Internal Auditing	External	n/a	7
Mr G Higgins	CA (SA)	External	n/a	4
Mr P Motubatse	Board Member	Internal	Board Member	4
Mr D Ndebele	Board Member	Internal	Board Member	3



Compliance with Laws and Regulations

The HWSETA has established internal mechanisms to ensure compliance with laws and regulations, including checklists and internal reporting. The following are significant changes to laws and regulations that have had an effect on the period under review.

HWSETA License

SETA's are established by the Minister of Higher Education and Training for a period of 5 years. During the 2015/16 financial year the license that was scheduled to expire on 31 March 2016 was extended to 31 March 2018. On 15 December 2016, the Minister of Higher Education and Training announced a further extension of the SETA licences to 31 March 2020.

Fraud and Corruption

The HWSETA has a fraud prevention plan in place that has been implemented. As one mechanism, the HWSETA has an anonymous tip-offs hot line, which is widely advertised, and is included on our website. The HWSETA investigates all tip-offs made without exception. Tip-offs from our hot line are given directly to our internal auditors who then report to the appropriate authority for investigation.

Allegations of Misconduct

There have been charges of misconduct by some staff members of the HWSETA during the year. One staff member has been dismissed subsequent to year-end.

A total of 18 tip-offs were received between 1 April 2017 and 31 March 2018. These tip-offs were reported through the tip-offs hot-line and went directly to the Internal Auditors to ensure confidentiality. All 18 related to external service providers and not the internal affairs of the HWSETA. All tip-offs were investigated. Four were resolved and the resolution of fourteen were in progress at the end of the financial period.

Minimising Conflict of Interest

The HWSETA abides by the HWSETA Related Party policy. Declarations of interest are made and recorded at each Board and subcommittee meeting of the HWSETA, and in the Tender Committee meetings for specification and adjudication of tenders.

All employees, including senior management declare their interest annually, which is co-ordinated and monitored by the Corporate Services Division. In an effort to discourage conflicts of interest, it is the policy of the HWSETA that all employees are discouraged from the acceptance of gifts from employers, suppliers and other outside parties. All small gifts are declared by the employee and assessed by Corporate Services.

If any conflict arises, the affected employee will immediately refrain from participation in any supply chain management process or decision-making process in this regard. This has occurred on a few occasions, and the affected individual has refrained from participation in decision making in the affected area/issue.

Code of Conduct

The HWSETA has a Code of Conduct and Business Ethics Policy which provides direction to employees with regard to their relationship with other employees and the public and to indicate the spirit in which employees should perform their duties, what should be done to avoid conflicts of interest and what is expected of them in terms of their personal conduct in public and private life.

The primary purpose of the Code is to promote exemplary conduct in line with our values. Notwithstanding this, an employee shall be guilty of misconduct and shall be dealt with in accordance with the relevant HWSETA policies, if she / he contravenes any provision of the Code or fails to comply with any provision thereof. A register of all declaration of interests and gifts is maintained.

Health, Safety and Environmental Issues

The health and safety of all employees is of paramount importance at the HWSETA. Regular meetings of the HWSETA OHS Committee are held in order to discuss safety issues, identify potential safety risks and address these accordingly.

Members of the Committee are trained in OHSA and conduct regular inspections. A safe working environment contributes to staff morale and productivity. Employees are encouraged to do e-filing and minimise paper printing where possible. Paper and waste recycling are encouraged.

Social Responsibility

The HWSETA invests its annual Corporate Social Responsibility spend in the following areas:

- Hygiene/Dignity Packs
- School Uniforms
- Bursaries
- Early Childhood Development

Protection of Personal Information

The HWSETA has made significant effort to ensure readiness for the implementation of POPI. The effective date for implementation of this Act has not yet been determined. The HWSETA underwent a POPI Readiness assessment, has drawn up a roadmap, and has started with internal assessment and awareness. The HWSETA embraces the objectives and spirit of this act.



Risk Management

The HWSETA is committed to promoting a sound control environment and maintains appropriate systems of internal control and risk management. Good governance is promoted through transparency and openness. Effective risk management exists to ensure that all potential threats to financial interests of the state as well as its achievement of objectives are identified and addressed in a timely manner. There exists an adequate system of internal control in place to mitigate the significant risks faced by the HWSETA to an acceptable level

Risk management is a continuous process of the HWSETA, where internal control systems are regularly reviewed for effectiveness taking into consideration changes to the internal and external environment. Appropriate risk and control procedures are developed, communicated throughout the HWSETA and monitored. Risk management was effective throughout the financial year, which has translated into increased performance of the HWSETA during the year.

There is an ongoing process for the identification, evaluation and management of all significant risks faced by the HWSETA. This is performed through regular risk assessments, including an annual risk assessment. All identified significant risks are addressed by the formulation and implementation of mitigating controls. There is a Risk Management Committee in place that meets every quarter to ensure that mitigation of risk is in place to ensure that risks are managed to an acceptable level of risk.

The HWSETA performed its risk assessment for the 2017/18 financial year in February 2017.

Fifteen (15) strategic risks were identified for focus and mitigation in 2017-2018. These risks were reported on monthly and remained under control for the full financial year. In general, the HWSETA was able to manage its risks and reduced residual risk to an acceptable level. There is however still focus on certain risks that need to be managed monthly.

Unusual risks identified in the period under review:

- Governance of the HWSWETA beyond 2017-2018 – The DHET announced a new Board on 1 April 2018, therefore this risk has now passed
- The high risk relating to the development and implementation of the ERP system remains. This is inherent due to the nature of such development and implementation.

King III and King IV

The release of King III on 1 September 2009 and the subsequent release of King IV on 1 November 2016, represents a significant milestone in the evolution of corporate governance in South Africa and brings with it significant opportunities for organisations that embrace its principles. HWSETA continues to strive to ensure that it prospers in an environment of good and balanced corporate governance. While it is understood that achieving good corporate governance is a complex task, HWSETA believes that sound governance practices offer numerous practical benefits and that such practices should be integrated into its operational processes and is a code to live by rather than comply to. The HWSETA is fully committed to the King III, and has adopted King IV principles.

Audit and Risk Committee Report

We are pleased to present our report for the year ended 31 March 2018.

The Audit Committee reports that it has complied with its responsibilities arising from Section of the Public Finance Management Act and Treasury Regulation 27.1.10. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

The effectiveness of internal control

Our review of the findings of the internal audit work, which was based on the risk assessments conducted in the HWSETA revealed certain weaknesses, which were then raised with the HWSETA, however these were not significant weaknesses identified in internal control.

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

- Human resource management and payroll review
- ETQA review
- Fraud prevention plan review
- Discretionary grant, commitment and policy procedure review
- Procurement and contract management review
- Performance information audit
- Risk management process review
- ERP functionality review: Phase 1 (Finance)
- ERP functionality review: Phase 1 (ETQA)
- POPI readiness review

The Committee monitored the significant risks faced by the Health and Welfare SETA and is satisfied that these risks were managed to an acceptable level. The Health and Welfare SETA implemented a

risk management strategy which includes a fraud prevention plan. We acknowledge that the findings raised by the Auditor-General South Africa for the last financial year end have been satisfactorily resolved.

Management is committed to addressing the issues raised by the Internal Auditors and External Auditors and this follow up report is reviewed by the Committee during its meetings. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

Internal Audit

We are satisfied that the Internal Audit function has operated effectively and that it has addressed the risks pertinent to the Health and Welfare SETA in its audits. We believe the Internal Audit has contributed to the improvement of internal controls within the Health and Welfare SETA.

In-year Management and Monthly/Quarterly Report

The HWSETA has submitted monthly and quarterly reports to the Executive Authority as required.

Evaluation of Financial Statements

The Audit and Risk Committee has:

- Reviewed and discussed the audited

annual financial statements to be included in the Annual Report, with the Auditor-General South Africa and the Accounting Authority;

- Reviewed the Auditor-General's management letter and management's response thereto;
- Reviewed changes in accounting policies and practices; and
- Reviewed significant adjustments resulting from the audit, if applicable.

Auditor's Report


We have reviewed the HWSETA's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved, except for matters that can only be fully resolved on implementation of an automated ERP system.

Conclusion

The Audit and Risk Committee concurs and accepts the Auditor-General's conclusions on the Annual Financial Statements, and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General South Africa.

Appreciation

The Audit and Risk Committee expresses its sincere appreciation to the Accounting Authority, Executive management team, Internal Audit and the Auditor-General South Africa for their co-operation towards us achieving the requirements of our Charter as mandated.



Mr R Adam CA (SA)

Chairman of the Audit and Risk Committee

The year in review

Inaugural Graduation at Eastern Cape Agricultural College

Three of South Africa's previously defunct agricultural colleges re-opened in 2015 to improve the skills base in the agricultural sector with a strong focus on animal health skills.

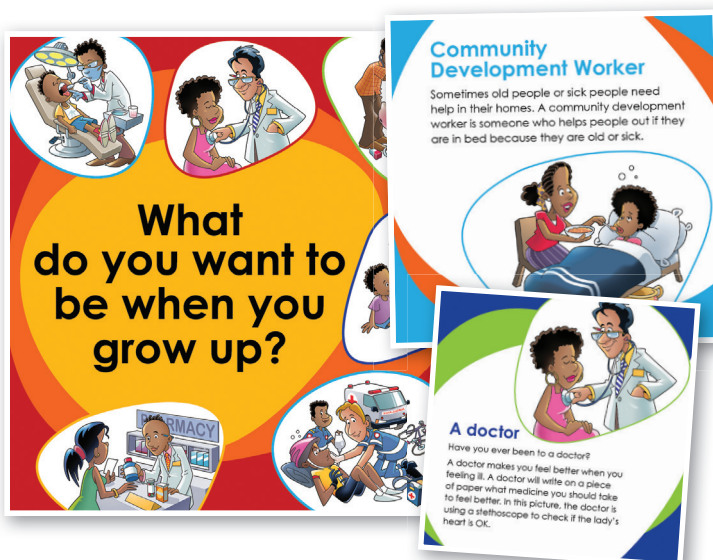
The Tsolo Agricultural and Rural Development Institute (TARDI) in the Eastern Cape is one of the three re-opened agricultural colleges and the HWSETA provided R8.9 million to fund the inaugural group of 50 students to obtain a Diploma in Animal Health. The hard work and success of this group of students was celebrated at the inaugural graduation ceremony that took place on 16 March 2018 at the college.

Through its contribution to the bursaries for these students, the HWSETA has successfully not only impacted the lives of the young graduates through a skills development opportunity, but has also provided much-needed animal health skills for rural communities.



Dambuza Philasande, centre, who graduated Cum Laude, received the award for the Best Performing Student in 2015, 2016 and 2017. She is seen here from left to right with Ms Luyanda Lokwe, Projects Manager for the HWSETA, Mr Mlibo Qoboshiyane, MEC for Eastern Cape Rural Development and Agrarian Reform, Dr N T Ndudane, Principal of TARDI, and Mrs Welekazi Mangaliso, HWSETA's Provincial Manager in the Eastern Cape.

Foundation Phase Career Guide



Effective career guidance is very important to young people in South Africa. Whilst many might assume that one should only really start thinking about a career in the last few years of schooling, it is important that young minds are made aware of the many different career paths and opportunities that are available to them when they 'grow up'. Parents and educators have an important role to play in ensuring that this country's youngsters are exposed to as many different career opportunities as possible.

During the period under review, the HWSETA produced a career guidance booklet comprising cartoons and easy to understand text aimed at informing young minds about possible careers within the health, social development and veterinary sectors.



HUMAN RESOURCE MANAGEMENT

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Technology has, and continues, to change the world we live in and this is particularly true of the HWSETA's ERP system that once completed will benefit the HWSETA and its stakeholders alike.”

Mr Bob Pardesi,
Executive Manager, Corporate Services





Human Resources

Employment and Vacancies

Programme/activity/objective	2017/2018 No. of Employees	2017/2018 Approved Posts	2017/2018 Vacancies	% of vacancies
Top Management	0	1	1	100%
Senior Management	5	5	0	0%
Professional qualified	75	85	7	8%
Skilled	44	45	4	8%
Semi-skilled	0	0	0	0%
Unskilled	0	0	0	0%
TOTAL	124	136	12	8%

The statistics above are as at 31 March 2018 and is not reflective of the turnover rate during the financial year under review.

Employment Changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	0	0	0	0
Senior Management	5	0	0	5
Professional qualified	66	12	3	75
Skilled	40	7	3	44
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
Total	111	19	6	124

Reasons for Staff Leaving

	Number	% of total no. of staff leaving
Death	0	0%
Resignation	6	4.8%
Dismissal	0	0%
Retirement	0	0%
Ill health	0	0%
Expiry of contract	0	0%
Other	0	0%
Total	6	4.8%

The main reasons for staff leaving includes better job offers.



Human Resources

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	2
Written Warning	3
Final Written warning	2
Dismissal	0
TOTAL	7

Disciplinary action taken is informed by the HWSETA disciplinary code and policy. Progressive discipline is followed where the transgression warrants such.

Equity Target and Employment Equity Status - Male

Levels	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	2	2	0	0
Professional qualified	7	7	0	2	2	1	1	1
Skilled	13	13	1	2	2	4	1	1
Semi-skilled	7	6	3	2	1	1	0	0
Unskilled	2	3	0	1	0	0	0	0
TOTAL	30	29	4	7	7	8	2	2

Equity Target and Employment Equity Status - Female

Levels	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	1	0	0	0	0	0	0
Senior Management	1	1	0	0	0	1	1	1
Professional qualified	9	8	1	1	2	1	1	2
Skilled	25	19	4	5	2	2	2	2
Semi-skilled	23	24	8	7	2	1	0	2
Unskilled	0	0	0	0	0	0	0	0
TOTAL	58	53	13	13	6	5	4	7



Human Resources

Equity Target and Employment Equity Status - Disabled

Levels	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	1	0	0
Skilled	0	0	1	1
Semi-skilled	2	2	2	2
Unskilled	0	0	0	0
TOTAL	2	3	3	3

The above table includes interns.

Personnel Cost by programme/ activity/ objective

Programme/activity/ objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Administration (Finance, Corporate Services, RIME and CEO's Office)	79 251	40 221	50%	55	731
Skills Development Planning*	25 236	21 849	86%	54	404
Education, Training and Quality Assurance	12 379	8 914	72%	15	594

* The figures provided for Skills Development Planning include personnel costs for the Provincial offices.

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top (CEO) Management	2 058	3%	1	2 058
Senior (EXEC) Management	7 910	11%	6	1 318
Professional qualified (MNGRS)	6 980	10%	10	698
Skilled	50 777	72%	86	590
Semi-skilled	3 259	4%	21	155
Unskilled				
TOTAL	70 984		124	572




Human Resources

Performance Rewards

Programme/activity/objective	Performance rewards (R'000)	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top (CEO) Management	137	2 058	6%
Senior (EXEC) Management	437	7 910	5%
Professional qualified (MNGRS)	489	6 980	7%
Skilled	2 919	50 777	5%
Semi-skilled	228	3 259	6%
Unskilled			
TOTAL	4 210	70 984	

Training Costs

Programme/activity/objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of individual training interventions undertaken	Avg training cost per employee
Administration (Finance, Corporate Services, RIME and CEO's Office)	40 221	241	0.7%	112	2.15
Skills Development Planning	21 849	40	0.18%	16	2.50
Education, Training and Quality Assurance	8 914	480	5.38%	36	13.33
TOTAL	70 984	761		164	



FINANCIAL INFORMATION

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The change in the funding cycle during the financial year will in the future assist with the earlier movement of funds. In the period under review, the HWSETA closed its year with R900 million in commitments to projects and programmes in our sector. An amount of R277 million was paid during the period to discretionary grant funding and savings realised on administration expenses will be carried over to the 2018/19 financial year for discretionary grant funding.”

Mrs Daphne Theaker
Acting Chief Financial Officer





Report of the Auditor-General to Parliament on the Health and Welfare Sector Education and Training Authority

for the year ended 31 March 2018

Opinion

1. I have audited the financial statements of the Health and Welfare Sector Education and Training Authority set out on pages 66 to 102, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison between budget and actual expenditure for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Health and Welfare Sector Education and Training Authority as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and the Skills Development Act of South Africa, 1998 (Act No. 97 of 1998) (SDA).
3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting authority for the financial statements

6. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the PFMA and SDA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the accounting authority is responsible for assessing the Health and Welfare Sector Education and Training Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

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

Report of the Auditor-General to Parliament on the Health and Welfare Sector Education and Training Authority

for the year ended 31 March 2018

Report on the audit of the annual performance report

Introduction and scope

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
11. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2018:

Programmes	Pages in the annual performance report
Programme 1 Administration	2 – 6
Programme 2 Skills Development Programme Implementation and Project	7 – 20
Programme 3 Quality Assurance and Qualification Development	21 – 27

13. 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.

14. The material finding in respect of the reliability of the selected programme is as follows:

Programme 2 – Skills development programme implementation and projects Indicator 8: Number of unemployed learners registered in skills programmes funded by HWSETA per year

15. The achievement of 2020 for unemployed learners registered in skills programmes funded by HWSETA as reported in the annual performance report is understated. I was unable to determine the full extent of the understatement of the reported achievement as it was impractical to do so.

Other matter

16. I draw attention to the matter below.

Achievement of planned targets

17. Refer to the annual performance report on pages 26 to 39 for information on the achievement of planned targets for the year and explanations provided for the under/ over achievement of a significant number of targets. This information should be considered in the context of the material finding on the reliability of the reported performance information in paragraph 15 of this report.

Adjustment of material misstatements

18. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of programme 2: skills development programme implementation and projects as well as programme 3: quality assurance and qualification development. As management subsequently corrected only some of the misstatements, I raised material findings on the reliability of the reported performance information. Those that were not corrected are reported above.

Report of the Auditor-General to Parliament on the Health and Welfare Sector Education and Training Authority

for the year ended 31 March 2018

Report on the audit of compliance with legislation

Introduction and scope

19. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
20. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

21. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes foreword by the acting chairperson of the board, chief executive officer's overview, statement of responsibility and confirmation of accuracy for the annual report, strategic overview and the audit committee's 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.
22. 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.

23. 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.
24. If, based on the work I have performed, I conclude that there is a material misstatement in this other information; I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

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

Financial and performance management

26. Management did not adequately review the annual performance report as a result errors were not identified and corrected prior to submission for audit.

Auditor-General

Pretoria
31 July 2018



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



Annexure – Auditor-General's responsibility for the audit

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

Financial Statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority.
 - conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the HWSETA ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those Charged with Governance

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



Statement of Financial Performance

for the year ended 31 March 2018

		2017/18	2016/17
	Note	R'000	R'000
REVENUE			
Non - Exchange Revenue	3	568 963	516 954
Skills Development Levy: income		562 181	509 518
Skills Development Levy: penalties and interest		6 782	7 436
Exchange Revenue		56 895	55 033
Interest income	4	56 493	51 791
Other income	5	402	3 242
Total revenue		625 858	571 987
EXPENSES			
Total expenses		462 661	473 147
Employer grant and project expenses	6	345 795	373 157
Administration expenses	7	116 866	99 990
Net surplus for the year	2	163 197	98 840



Statement of Financial Position

as at 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
ASSETS			
Current assets		1 005 394	807 542
Accounts receivable: Non-exchange transactions	10.1	1 629	3 967
Accounts receivable: Exchange transactions	10.2	4 952	4 013
Prepayments and advances	9	1 297	1 138
Inventories	12	841	653
Cash and cash equivalents	13	996 675	797 771
Non-current assets		13 916	11 992
Property, plant and equipment	8.1	8 146	7 721
Intangible assets	8.2	5 770	4 271
TOTAL ASSETS		1 019 310	819 534
FUNDS AND LIABILITIES			
Current liabilities		83 446	46 867
Grants and transfers payable - Non exchange transactions	14.1	67 143	35 350
Trade and other payables - Exchange transactions	15	10 642	6 440
Levy exempt provision	16	5 640	4 616
NSF Funds received in Advance	17	1	1
Operating lease commitment	26	20	460
Funds and reserves		935 864	772 667
Administration reserve		13 916	11 992
Employer grant reserve		-	-
Discretionary reserve		921 948	760 675
TOTAL FUNDS AND LIABILITIES		1 019 310	819 534



Statement of Changes in Net Assets

for the year ended 31 March 2018

		Administration reserve	Employer grant reserve	Discretionary reserve	Unappropriated surplus	Total
		R'000	R'000	R'000	R'000	R'000
Balance at 31 March 2016		11 619	-	662 208	-	673 827
Net surplus	2				98 840	98 840
Allocation of unappropriated surplus		29 125	37 432	32 283	(98 840)	
Transfer from Employer reserves			(37 432)	37 432		
Transfer to Discretionary reserves		(28 752)		28 752		
Balance at 31 March 2017		11 992	-	760 675	-	772 667
Net surplus	2				163 197	163 197
Allocation of unappropriated surplus		14 972	40 888	107 337	(163 197)	
Transfer from Employer reserves			(40 888)	40 888		
Transfer to Discretionary reserves		(13 048)		13 048		
Balance at 31 March 2018		13 916	-	921 948	-	935 864



Cash Flow Statement

for the year ended 31 March 2018

		2017/18	2016/17
	Note	R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating activities			
Cash receipts from stakeholders		569 365	520 196
Levies, and penalties received		568 963	516 954
Other cash receipts from stakeholders		402	3 242
Cash paid to stakeholders, suppliers and employees		(422 882)	(474 121)
Grants and project payments		(343 799)	(375 658)
Compensation of employees		(70 984)	(60 608)
Payments to suppliers and other		(8 099)	(37 855)
Cash generated from operations	27	146 483	46 075
Interest income	4	56 493	51 791
Net cash inflow / (outflow) from operating activities		202 976	97 866
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8.1	(2 196)	(1 511)
Purchase of intangible assets	8.2	(1 876)	(1 253)
Disposal of property, plant and equipment			42
Net cash (outflow) from investing activities		(4 072)	(2 722)
Net increase / (decrease) in cash and cash equivalents		198 904	95 144
Cash and cash equivalents at the beginning of the year		797 771	702 625
Cash and cash equivalents at the end of the year	13	996 675	797 771



Statement of Comparison Between Budget and Actual Expenditure

for the year ended 31 March 2018

2017 / 18				2016 / 17
Reference to explanations	R'000 Actual	R'000 Approved budget	% Variance	R'000 Actual
Total Levy Income 80%	445 459	415 586	7%	400 230
Levy - Mandatory	109 697	103 754	6%	98 066
Levy - Discretionary	271 439	257 269	6%	243 156
Levy - Administration	57 542	54 563	5%	51 572
Levy - Interest & Penalties	6 781	-	100%	7 436
Total Income - Government Dept	123 504	123 494	0%	116 724
Total Investment Income	56 493	54 898	3%	51 791
	625 456	593 978	5%	568 745
Skills Development Levies Grant refund	254			103
Sundry income	148			3 139
Administration Expenditure	116 866	123 537	-5%	99 990
Accommodation and Travelling	5 170	5 554	-7%	5 170
Advertising and Promotions	1 280	1 467	-13%	1 119
Audit - External	2 367	2 752	-14%	2 103
Audit - Internal	1 838	2 833	-35%	1 655
Bank charges	97	77	26%	75
Branding	920	564	63%	461
Catering and Refreshments	353	301	17%	258
Cleaning	885	766	16%	643
Consulting Fees	637	618	3%	238
Courier & Postage	195	381	-49%	294
Depreciation	2 148	2 655	-19%	2 357
Audit Committee costs	198	204	-3%	192
Governance Costs	2 923	2 751	6%	2 595
Insurance Premiums	518	466	11%	440
Groceries	114	120	-5%	62
Lease charges	35	172	-80%	50
Legal fees	2 336	869	169%	776
Memberships & Subscriptions	336	284	18%	268
Motor Vehicle expenses	38	109	-65%	41
Printing and Stationery	1 926	2 124	-9%	1 446
Programme evaluations	311	451	-31%	402
Quality Council for Trades and Occupations	2 226	2 184	2%	2 036
Research costs	807	801	1%	1 028
Recruitment costs	401	450	-11%	634
Rent Paid and storage	8 982	9 321	-4%	8 717
Repairs and Maintenance	155	122	27%	26
Salaries	70 984	74 076	-4%	60 608
Security	154	212	-27%	164
Social responsibility	98	106	-8%	87



Statement of Comparison Between Budget and Actual Expenditure

for the year ended 31 March 2018

Reference to explanations	2017 / 18			2016 / 17
	R'000	R'000	% Variance	R'000
	Actual	Approved budget		Actual
Software licences and support	1 891	2 339	-19%	1 971
Staff, Board Training and bursaries	876	1 072	-18%	444
Staff welfare and EAP	130	225	-42%	87
Telephone and faxes	1 480	1 380	7%	1 302
Management of fraud hotline	31	38	-18%	34
International benchmarking and research	420	850	-51%	-
Water and Electricity, rates and taxes	1 403	1 773	-21%	1 336
Other consumables	134	378	-65%	231
POPI Compliance	12	1 000	-99%	
Workshops	2 057	1 692	22%	640
G				
Mandatory Grants	68 809	73 665	-7%	60 634
Project Expenditure - Discretionary Funds	276 986	390 776	-29%	312 523
Total grants	345 795	464 441		373 157
Surplus before capital expenditure	163 197	6 000		98 840
CAPEX	4 072	6 000	-32%	2 764
Surplus	159 125	-		96 076

Commentary on material variances - 20% and R500 000 or more

- A Levy Income is slightly over budget in the current year. The collection of levy income is not predictable. In the formulation of budget, a proposed collection is estimated based on factors available at the time of budgeting.
- B Investment Income - Investment income remains high due to the high cash balance maintained. The Corporation for Public Deposits average interest rate increased from 7.1% to 7.38%.
- C Internal audit fees- Due to some ERP processes being deferred to the new financial year, some of the related audits could not be performed. In addition, a there remains fees that need to be billed for work completed at the end of March 2018.
- D Depreciation - There was a significant portion of fixed assets that reached the end of their useful life in the prior year which will only be replaced early in the 2018/19 financial year.
- E Legal Fees - This cost is above budget due to unforeseen legal cases in respect of staff disciplinary matters and fees to defend legal actions against the HWSETA.
- F Salaries - Lower than budget due to vacancies. 95% of all positions were filled at year-end.
- G POPI - The HWSETA POPI readiness project had been started in 2017-18, however most of this budget will be spent in the next year.



Notes to Financial Statements

for the year ended 31 March 2018

1. ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

BASIS OF PREPARATION

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

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board, and the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999), and on the going concern basis. The HWSETA is a Public Entity listed in schedule 3A to the PFMA. The HWSETA obtains its mandate from the Skills Development Act and provides this service to its sectors of Health and Social Development in South Africa.

The Annual Financial Statements have been prepared on a historical cost basis.

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.

NEW ACCOUNTING PRONOUNCEMENTS

The HWSETA has not applied the following standards and interpretations, as the effective dates have not yet been gazetted by the Minister:

GRAP 20 – Related Party Disclosures

GRAP 32 – Service session arrangements: Grantor

GRAP 108 – Statutory Receivables

GRAP 109 – Accounting by Principles and Agents

IGRAP17 – Service concession arrangements where a grantor controls a significant residual interest in an asset

IPSAS 20 on Related Party Disclosures has been applied to these financial statements.

1.1 CURRENCY

These financial statements are presented in South African Rands since that is the currency in which the majority of the entity transactions are denominated. All amounts are rounded to the nearest one thousand, unless otherwise stated.

1.2 REVENUE RECOGNITION

Exchange revenue

Revenue is measured at fair value of the consideration received or receivable.

Non-exchange transactions

Revenue from non-exchange transactions are recognised in accordance with GRAP 23 using the ‘assets and liabilities’ approach. Non-exchange revenue transactions result in resources being received by the HWSETA, usually in accordance with a binding arrangement. When the HWSETA receives resources as a result of a non-exchange transaction, it recognises an asset and revenue in the period that the arrangement becomes binding and when it is probable that the HWSETA will receive economic benefits or service potential and it can make a reliable measure of the resources transferred.

When the resources transferred to the HWSETA are subject to the fulfilment of specific conditions, it recognises an asset and a corresponding liability. As and when the conditions are fulfilled, the liability is reduced and the revenue is recognised. The asset and the corresponding revenue are measured on the basis of the fair value of the asset on initial recognition.

Non-exchange transactions include the receipt of levy income, penalties and interest on such income levied by SARS, received by the HWSETA from the Department of Higher Education and Training. This income category also includes the receipt of levy income from Government Departments of Health and Social Development.

1.2.1 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 HWSETA pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS) who collects the levies on behalf of the Department of Higher Education and Training. Companies with an annual payroll cost of less than R500 000 are exempted in accordance with section 4(b) of the Levies Act as amended, effective 1 August 2005.



Eighty percent (80%) of skills development levies are paid to the HWSETA (net of the twenty percent contribution to the National Skills Fund) as a direct charge against the National Revenue Fund.

A net receivable / payable is recognised for SARS adjustments. An estimate as a result of retrospective adjustments by SARS due at year-end is based on historical trends and actual data where these amounts are available subsequent to year end. Changes to prior year estimates are accounted for in revenue in the current period.

The HWSETA 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 that are in excess of the amount the HWSETA 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, net of bad debts and provision for irrecoverable amounts.

Revenue is adjusted for inter-SETA transfers due to employers changing SETA's. Such adjustments are separately disclosed as Inter-SETA transfers. The amount of the inter-SETA adjustment is calculated according to the Standard Operating Procedure issued by the Department of Higher Education and Training in June 2001.

Exempted employers

An employer who is liable to pay the levy is exempted, if during any month, there are reasonable grounds for believing that the total remuneration (as determined in accordance with the Act) paid or payable by that employer to all its employees during the following 12 month period will not exceed R500 000. The HWSETA recognises a payable in respect of SDL levy refunds due to Levy exempt employers. This payable is a provision based on levies received from possible levy exempt entities.

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

Interest and penalties

Interest and penalties on the skills development levy is recognised when it is received. This is recognised as non-exchange transactions.

Investment income

Interest income from investments including fixed deposits and cash held in current accounts, is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

1.2.2 GOVERNMENT LEVY INCOME

In accordance with the Cabinet Circular of 2012, Government Departments pay 30% of 1% of their annual payroll budget to a SETA effective 01 April 2013. The 30% received by the HWSETA is utilised as follows:

10%	Administration costs of the SETA
20%	Discretionary grants and projects.

1.2.3 GOVERNMENT GRANTS AND OTHER DONOR INCOME

Funds transferred by the National Skills Fund (NSF) are accounted for in the financial statements of the HWSETA as a liability until the related eligible special project expenses are incurred, when the liability is utilised the revenue is recognised as income in the statement of financial performance.

Property, plant and equipment acquired because of government projects are capitalised in the financial statements of the HWSETA, as the HWSETA controls such assets for the duration of the project. Such assets are disposed of in terms of agreement with the donor.

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

Unconditional grants received are recognised when the amounts have been received.

1.2.4 LEVY EXEMPT INCOME.

Levy exempt income is monies received from employers who are exempt from paying SDL levies. As per the Skills Development Circular 09/2013, the HWSETA transfers all monies received from levy exempt employers to discretionary grant income after the expiry date of five years from date of receipt of the funds, if not refunded to the respective employer through the SARS system.



1.3 GRANTS AND PROJECT EXPENDITURE

A registered employer company or organisation may recover a maximum of 69.5% of its total levy payment by complying with the grant criteria in accordance with the Skills Development Regulations issued in terms of the Skills Development Act 1999 (Act No 9 of 1999). A refund of 20% would be for participation in mandatory grants, and 49.5% for participation in discretionary grants.

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. The grant is equivalent to 20% of the total levies paid by the employer during the corresponding financial period for the skills planning grant and skills implementation grant.

Discretionary grants and project expenditure

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

Project expenditure comprises:

- costs that relate directly to the specific project;
- costs that are attributable to contract activity in general and can be allocated to the project; and
- such other costs as are specifically chargeable to the SETA under the terms of the contract.

Such costs are allocated using methods that are systematic and rational and are applied consistently to all costs having similar characteristics.

Discretionary grants and project costs are recognised as expenses in the period in which they are incurred. A receivable is recognised net of a provision for irrecoverable amounts for incentive and other payments made to the extent of expenses not yet incurred in terms of the contract.

Grant payments and projects

A provision is recognised for grant payments once the specific criteria set out in the regulations to the Skills Development Act, 97 of 1998 have been complied with by member companies and it is probable that the HWSETA will approve the payment. The measurement of the obligation involves an estimate, based on the established pattern of past practice of approval for each type of grant.

No provision is made for projects approved at year-end, unless the service in terms of the contract has been delivered or the contract is of an onerous nature. Where a project has been approved, but has not been accrued for or provided for, it is disclosed as commitments in the notes to the financial statements.

1.4 EMPLOYEE BENEFITS

Salaries and wages

Salaries and wages are recognised on an undiscounted basis as expenditure in the statement of financial performance.

Leave

The HWSETA recognised a liability and an expense for accumulating leave as and when employees render services that entitle them to leave days. The amount of the liability and expense is determined as the additional amount payable as a result of the unused leave days owing to employees at the end of the period.

Performance bonuses

A liability and expenses are recognised for performance bonuses when a reliable estimate can be made of the amount to be paid as performance bonuses. A reliable estimate can only be made when performance assessments have been completed in terms of the Performance policy and the bonus value has been approved. This process starts and is completed after year end.

Post-retirement benefits

The HWSETA provides a defined contribution plan as post-retirement benefits to its employees.

The HWSETA recognises a liability for any contributions owing to the fund at the end of the period and recognises the amount of contributions that were paid or due to the plan during the reporting period as an expense.

1.5 COMMITMENTS

Commitments are disclosed in the notes to the annual financial statements and are not raised as liabilities and is where the HWSETA has, in the normal course of its operations, entered into a contractual agreement with entities related to project expenses or capital expenditure, or where there is a conditional letter of approval of funds. Commitments are measured at the amount that the entity would rationally pay to settle the obligation or to transfer it to a third party at the reporting date.



1.6 IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

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

- The PFMA of 1999,
- The Skills Development Act of 1998,

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

All irregular and fruitless and wasteful expenditure is charged against the respective class of expenditure in the period in which they are incurred and disclosed in a note in the period that it is identified.

Where instances of possible fruitless and wasteful expenditure are identified, the incidence is investigated, and where appropriate, recovered from the party/parties responsible.

1.7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (owned and leased) are initially recognised at cost and subsequently at cost less accumulated depreciation and adjusted for any impairments. Depreciation is calculated on the straight-line method to write off the cost of each asset to estimated residual value over its estimated useful life as follows:

Computer equipment	3 to 6 years
Motor Vehicles	5 to 8 years
Office furniture and fittings	10 to 20 years
Office equipment	6 to 10 years
Leased assets	Depreciated over the lease period

The useful lives and residual values are estimated on an annual basis at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets are reviewed regularly to assess whether there is any indication of impairment and where the carrying amounts of assets are greater than their recoverable service amounts, the assets are written down to these recoverable service amounts. The recoverable service amount is the greater of the fair value of the asset less costs to sell or the value in use. Depreciation and impairment losses are included in the surplus or deficit.

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.

Where the carrying amount of an item of property, plant and equipment is greater than its estimated recoverable service amount, it is written down immediately to its recoverable service amount (i.e., impairment losses are recognised).

1.8 INTANGIBLE ASSETS

Acquired computer software licences and computer application packages are capitalised on the basis of the costs incurred and bring to use the specific software. These costs are amortised over their estimated useful lives.

Computer software	3 to 6 years
Computer Software Licences	over the period of the licence

The useful lives and residual values are estimated on an annual basis at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

Intangible assets are reviewed regularly to assess whether there is any indication of impairment and where the carrying amounts of intangible assets are greater than their recoverable service amounts, these assets are written down to these recoverable service amounts. The recoverable service amount is the greater of the fair value of the intangible asset less costs to sell or the value in use. Amortisation and impairment losses are included in the statement of financial performance.

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

Where the carrying amount of an intangible item is greater than its estimated recoverable service amount, it is written down immediately to its recoverable service amount (i.e., impairment losses are recognised).

Costs associated with developing or maintaining computer software programmes are recognised as an expense when incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the HWSETA, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Amortisation of such costs will be amortised from the time of bringing the asset into use over the estimated life of the asset.



1.9 INVENTORIES

Inventories are initially measured at cost.

Inventories are subsequently measured at the lower of cost and current replacement cost. Cost is determined on the first in first out (FIFO) basis. Current replacement cost is the cost that the entity would incur to acquire the asset on the reporting date. The HWSETA hold inventory for consumption in the production process of goods to be distributed at no charge.

1.10 LEASING

Finance leases are leases that transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Legal title may or may not eventually be transferred. An operating lease is a lease other than a finance lease.

The HWSETA as a lessee

In respect of an operating lease, periodic payments are made to the lessor in return for the use of the asset. These periodic payments are recognised in equal instalments (the straight-line basis) as an expense over the period of the lease, and not based on actual cash payments.

1.11 CONTINGENT LIABILITIES

Contingent liabilities are disclosed when the HWSETA has a possible obligation that will probably result in an outflow of economic benefits depending on occurrence or non-occurrence of a future event.

Disclosed amounts in respect of contingent liabilities are measured on the basis of the best estimate, using experience of similar transactions or reports from independent experts.

1.12 IMPAIRMENT OF ASSETS

Impairment is the loss in the future economic benefits or service potential of an asset over and above the systematic recognition of the loss through depreciation or amortisation. All HWSETA assets are non-cash generating.

Property, plant and equipment and Intangible assets

Property, plant and equipment and intangible assets are annually assessed, by considering internal and external factors where there is an indication of impairment. If any such indication exists, the recoverable service amount of the asset is estimated at the higher of fair value less cost to sell and its value in use.

The assets value in use is determined using one of three approaches, depreciated replacement cost, restoration cost or service units. The approach selected will be determined by the availability of the data and the nature of the impairment.

An impairment loss is recognised whenever the carrying amount exceeds the recoverable service amount.

A previously recognised impairment loss is only reversed if there has been a change in the estimates used to determine the recoverable amount; however, not to an amount higher than the carrying amount that would have been determined (net of depreciation and amortisation) had no impairment loss been recognised in previous years.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

1.13 PROVISIONS

Provisions are recognised when the HWSETA has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits or service potential that can be estimated reliably.

1.14 FINANCIAL INSTRUMENTS

Initial Recognition

Financial assets and financial liabilities are recognised on the HWSETA statement of financial position when the HWSETA becomes a party to the contractual provisions of the instrument.

All regular way purchases and sales of financial assets are initially recognised using trade date accounting.

Initial Measurement

Financial instruments are initially measured at fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs directly attributable to the acquisition or issue of the financial asset or liability.

Financial Assets

The HWSETA's principle financial assets are cash and cash equivalents, loans and advances and other receivables.

Accounts and other receivables

Accounts and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of Accounts receivable is established when there is objective evidence that the HWSETA will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the receivables carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The movement in the provision is recognised in the Statement of Financial Performance.



Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, investments and deposits held by HWSETA with the Corporation for Public Deposits (CPD) and domestic banks. Cash and cash equivalents are measured at amortised cost.

Financial liabilities

The HWSETA principal financial liabilities are accounts and other payables.

All financial liabilities are measured initially at fair value and include transaction costs where appropriate. After initial recognition all financial liabilities are measured at amortised cost using the effective interest rate method.

Derecognition

A financial asset or a portion thereof is derecognised when the HWSETA realises the contractual rights to the benefits specified in the contract, the rights expire, and the HWSETA surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognising, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in equity is included in net surplus or deficit for the period.

A financial liability, or a part thereof, is derecognised when the obligation specified in the contract is discharged, cancelled, or expires. On derecognising, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is included in net surplus or deficit for the period.

Fair value considerations

The fair values at which financial instruments are carried at the balance sheet date have been determined using available market values. Where market values are not available, fair values will be calculated by discounting expected future cash flows at prevailing interest rates where material.

Offsetting

Financial assets and financial liabilities are offset if there is any intention to realise the asset and settle the liability simultaneously and a legally enforceable right to set off exists.

1.15 RESERVES

Net assets are sub-classified in the Statement of Financial Position between the following funds and reserves:

Administration reserve

This is the reserve maintained for the operational and running costs of the HWSETA.

Employer grant reserve

This is the reserve maintained for the paying back to employers a percentage of the contributed levies after they satisfy the specific criteria set out in the Act.

Discretionary grant reserve

This is the reserve set out of surplus monies for use on special projects which the HWSETA deem suitable in fulfilling its objectives as set out in the Act.

Accumulated surplus / deficit

This is the reserve arising out of operations and is reallocated at the end of the year to the above reserves on the basis set out below.

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 No97 of 1998). Accrual basis of accounting is used to calculate the reserves and thus reserves are not an indication of the cash used or available at the end of the year.

Member employer company levy payments are set aside in terms of the Skills Development Act and the regulations issued in terms of the Act, for the purpose of:

	2017/18	2016/17
	%	%
Administration cost of the HWSETA	10.5	10.5
Employer grant fund levy	20	20
Discretionary grant and projects	49.5	49.5
Received by the HWSETA	80	80
Contribution to the National Skills Fund	20	20
	100	100

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to pay for its administration costs.

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 amount retained in the administration reserve equates to the net book value of property, plant and equipment and intangible assets.



The net surplus/deficit is allocated to the administration reserve, the mandatory grant reserve and the discretionary fund reserve based on the above.

Surplus funds are moved to the discretionary fund reserve from the administration reserve on the HWSETA' S board approval (after prior written approval from National Treasury) and from the mandatory grant on fulfilment of the HWSETA' S payment obligations.

1.16 TAXATION

HWSETA is exempt from income tax in terms of section 10 of the Income Tax Act, 1962 (Act 58 of 1962).

1.17 COMPARATIVE AMOUNTS

Where necessary, comparative amounts have been adjusted to conform to changes in the presentation. No comparatives were restated in the current year.

1.18 PRESENTATION OF BUDGET INFORMATION IN THE FINANCIAL STATEMENTS

The HWSETA presents a comparison of the budget amounts for which it is held publicly accountable and actual amounts as a separate financial statement in the Annual financial statements.

The comparison of budget and actual amounts are presented separately for each level of legislative oversight:

- the approved and final budget amounts.
- the actual amounts on a comparable basis and.
- by way of note disclosure and explanations of material differences between the budget for which the entity is held publicly accountable and actual amounts.

The budget covers the period 1 April 2017 to 31 March 2018 and has been prepared on the accrual basis of accounting.

1.19 RELATED PARTIES

An entity or individual is considered to be a related party to the HWSETA when the party has the ability to control the HWSETA or can exercise significant influence over the HWSETA in making financial and operating decisions, or if the party and the HWSETA are subject to common control.

1.20 KEY ACCOUNTING JUDGEMENTS

In the application of the HWSETA's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on past experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Non-exchange receivables

The calculation in respect of the impairment of non-exchange transactions is based on an assessment of the extent to which receivable have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness or other information available. This was performed across all classes of these receivables.

Property, plant and equipment and Intangible assets

The useful lives of assets are based on management's estimation. Management considers the impact of technology, condition of the asset, obsolescence, and service requirements to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

The following values in the Annual Financial Statements have been judgementally derived:

- Depreciation of property, plant and equipment, and amortisation of intangible assets.
- Provision for doubtful debts from non-exchange transactions.
- Provision for Levy Exempt employers

Levy exempt employers

A provision for levy exempt employers is made annually based on the identification of levy exempt employers based on information available from these entities, and the amount of contributions received from employers who have not been specifically identified as being levy exempt. The change in any estimate is also effected by prior scheme year levy reversals that occurred in the current year.



2 ALLOCATION OF NET SURPLUS FOR THE YEAR TO RESERVES 31 MARCH 2018

	Total per Statement of Financial Performance R'000	Administration Reserve R'000	Employer Grant Reserve R'000	Discretionary Grant Reserve R'000
Total revenue	625 858	131 838	109 697	384 323
Skills development levy: income				
Admin levy income (10.5%)	57 542	57 542	-	-
Grant levy income (69.5%)	381 136	-	109 697	271 439
Government levy income	123 504	73 894	-	49 610
Skills development levy: penalties and interest	6 781	-	-	6 781
Investment income	56 493	-	-	56 493
Other income	402	402	-	-
Total expenses	(462 661)	(116 866)	(68 809)	(276 986)
Administration expenses	(116 866)	(116 866)	-	-
Employer grants and project expenses	(345 795)	-	(68 809)	(276 986)
Net surplus per the Statement of Financial Performance allocated	163 197	14 972	40 888	107 337

The amounts reflected on the note do not represent actual cash flows. Instead, these amounts were prepared on an accrual basis in line with Generally Recognised Accounting Practice (GRAP).

2 ALLOCATION OF NET SURPLUS FOR THE YEAR TO RESERVES 31 MARCH 2017

	Total per Statement of Financial Performance R'000	Administration Reserve R'000	Employer Grant Reserve R'000	Discretionary Grant Reserve R'000
Total revenue	571 987	129 115	98 066	344 806
Skills development levy: income				
Admin levy income (10.5%)	51 572	51 572	-	-
Grant levy income (69.5%)	341 222	-	98 066	243 156
Government levy income	116 724	75 381	-	41 343
Skills development levy: penalties and interest	7 436	-	-	7 436
Investment income	51 791	-	-	51 791
Other income	3 242	2 162	-	1 080
Total expenses	(473 141)	(99 990)	(60 634)	(312 523)
Administration expenses	(99 990)	(99 990)	-	-
Employer grants and project expenses	(373 157)	-	(60 634)	(312 523)
Net surplus per the Statement of Financial Performance allocated	98 840	29 125	37 432	32 283

The amounts reflected on the note do not represent actual cash flows. Instead, these amounts were prepared on an accrual basis in line with Generally Recognised Accounting Practice (GRAP).



3 SKILLS DEVELOPMENT LEVY INCOME, PENALTIES AND INTEREST

	2017/18 R'000	2016/17 R'000
Levy income: Administration	131 436	126 953
Levies received	131 436	126 953
Levies received from SARS	57 542	51 572
Government levies received	73 894	75 381
Intersecta transfers in	-	-
Intersecta transfers out	-	-
Levy income: Employer Grants	109 697	98 066
Levies received	109 697	98 066
Levies received from SARS	109 697	98 066
Intersecta transfers in	-	-
Intersecta transfers out	-	-
Levy income: Discretionary Grants	327 830	291 935
Levies received	327 830	291 935
Levies received from SARS	271 206	243 165
Government levies received	49 610	41 343
Transfer from Levy Exempt	233	-
Interest	2 896	3 053
Penalties	3 885	4 383
Intersecta transfers in	-	1
Intersecta transfers out	-	(10)
Total Skills Development Levy Income	568 9635	516 954

4 INTEREST INCOME

	2017/18 R'000	2016/17 R'000
Interest income from banking institutions	56 493	51 791
	56 493	51 791

5 OTHER INCOME

	2017/18 R'000	2016/17 R'000
Other income comprises:		
Mandatory grants received from Services SETA	254	103
Release of prescribed payables	80	1 980
Discretionary grants refunds	-	1 080
Recovery from Legal claims	-	50
Other	68	1
Insurance proceeds	-	28
	402	3 242

6 EMPLOYER GRANT AND PROJECT EXPENSES

	2017/18 R'000	2016/17 R'000
Mandatory grants	68 809	60 634
Movement in provision	1 996	(2 501)
Disbursed	66 813	63 135
Discretionary grants	276 986	312 523
Disbursed	276 986	312 523
	345 795	373 157

7 ADMINISTRATION EXPENSES

	Note	2017/18 R'000	2016/17 R'000
Depreciation	8.1	1 771	1 896
Amortisation of Intangible assets	8.2	377	461
Operating lease		9 008	8 745
Buildings		8 973	8 695
Plant, machinery and equipment		35	50
Maintenance, repairs and running costs		155	26
Property and buildings		141	13
Machinery and equipment		14	13
Quality Council for Trades and Occupations (QCTO)		2 226	2 036
Research costs		807	1 028
Advertising, marketing and promotions, communication		1 280	1 119
Consultancy and service provider fees		637	238
Legal fees		2 336	776
Cost of employment	7.1	70 984	60 608
Travel and subsistence and accommodation		5 170	5 170
Staff training and development		763	238
Remuneration to members of the accounting authority		2 923	2 595
Remuneration to members of the audit committee		198	192
External auditor's remuneration		2 367	2 103
Other		15 864	12 759
Workshops		2 057	640
Internal audit fees		1 838	1 625
Forensic audit fees		-	30
Courier and postage		195	294
Telephone		1 480	1 302
Programme evaluations - ETQA		311	402
Management of Fraud hotline		31	34
Printing and stationery		1 924	1 446
Staff welfare		130	87
Office cleaning		885	643
Insurance		518	440
Motor vehicle expenses		38	41
Social responsibility		98	87
Software support		1 891	1 971
Storage		9	22
Subscriptions		336	268
Staff bursaries		113	206
Security		154	164
Water and electricity, rates and taxes		1 403	1 336
Recruitment costs		401	634
Bank charges		97	75
Branding		920	461
Other consumables		134	231
Write off of small assets		2	-
POPI compliance		12	-
International benchmarking		420	-
Catering and refreshments		353	258
Groceries		114	62
		116 866	99 990



7.1 COST OF EMPLOYMENT

	Note	2017/18 R'000	2016/17 R'000
Salaries and wages		60 824	52 308
Basic salaries		53 813	46 444
Performance awards		3 908	3 277
Temporary staff and interns		2 045	1 985
Leave expense		1 058	602
Social contributions		10 160	8 299
Medical aid allowance		1 695	1 210
Provident fund - additional benefits		1 395	1 129
Provident fund contributions: defined contribution plan		5 966	4 973
SDL Levies		620	538
UIF		220	199
Other salary related costs - cell phone allowances		264	250
		70 984	60 608
Number of permanent employees at period end			
Permanent		124	111
Temporary		2	1
Internships		4	23

8.1 PROPERTY PLANT AND EQUIPMENT

	Cost R'000	Accumulated depreciation/ impairment R'000	Closing carrying amount R'000
Year ended 31 March 2018			
Computer equipment	4 682	(3 209)	1 473
Office furniture and fittings	5 383	(1 942)	3 441
Office equipment	5 236	(2 391)	2 845
Motor vehicles	892	(505)	387
Balance at end of period	16 193	(8 047)	8 146
Made up as follows:			
- Owned assets	16 193	(8 047)	8 146
	Cost R'000	Accumulated depreciation/ impairment R'000	Closing carrying amount R'000
Year ended 31 March 2017			
Computer equipment	4 450	(2 682)	1 768
Office furniture and fittings	5 208	(2 470)	2 738
Office equipment	4 623	(1 917)	2 706
Motor vehicles	892	(383)	509
Balance at end of period	15 173	(7 452)	7 721
Made up as follows:			
- Owned assets	15 173	(7 452)	7 721



8.1 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

MOVEMENT SUMMARY 31 MARCH 2018

	Carrying amount 2017 R'000	Additions R'000	Disposals R'000	Depreciation Charge/ Impairment Loss R'000	Carrying amount 2018 R'000
Computer equipment	1 769	782	-	(1 078)	1 473
Office furniture and fittings	2 736	801	-	(96)	3 441
Office equipment	2 707	613	-	(475)	2 845
Motor vehicles	509	-	-	(122)	387
Balance at end of year	7 721	2 196	-	(1 771)	8 146

MOVEMENT SUMMARY 31 MARCH 2017

	Carrying amount 2016 R'000	Additions R'000	* Disposals R'000	Depreciation Charge/ Impairment Loss R'000	Carrying amount 2017 R'000
Computer equipment	2 237	609	(34)	(1 043)	1 769
Office furniture and fittings	2 343	678	-	(285)	2 736
Office equipment	2 929	224	-	(446)	2 707
Motor vehicles	631	-	-	(122)	509
Balance at end of year	8 140	1 511	(34)	(1 896)	7 721

* Disposal: Computer equipment with a cost of R1 115 158 and carrying value of R34 252 has been identified for disposal in early 2018/19 financial year. In addition, Furniture and fittings with a cost of R468 477 and Computer equipment with a cost of R133 853, that has almost reached the end of their useful life have also been identified for disposal.

8.2 INTANGIBLE ASSETS

Year ended 31 March 2018	Cost R'000	Accumulated amortization/ impairment R'000	Closing carrying amount R'000
Computer software	1 750	(1 145)	605
Computer software - Work in progress - ERP Development	5 165	-	5 165
Balance at end of year	6 915	(1 145)	5 770
Made up as follows:			
Owned assets	6 915	(1 145)	5 770

Year ended 31 March 2017	Cost R'000	Accumulated amortization/ impairment R'000	Closing carrying amount R'000
Computer software	2 011	(1 025)	986
Computer software - Work in progress - ERP Development	3 285	-	3 285
Balance at end of year	5 296	(1 025)	4 271
Made up as follows:			
Owned assets	5 296	(1 025)	4 271



8.2 INTANGIBLE ASSETS (CONTINUED)

MOVEMENT SUMMARY 2017/18

	Carrying amount 2016 R'000	Additions R'000	Disposals R'000	Amortization Charge R'000	Carrying amount 2018 R'000
Computer software - Purchased	984	-	-	(377)	607
Computer software - Work in progress - ERP Development	3 287	1 876	-	-	5 163
Balance at end of year	4 271	1 876	-	(377)	5 770

MOVEMENT SUMMARY 2016/17

	Carrying amount 2017 R'000	Additions R'000	Disposals R'000	Amortization Charge R'000	Carrying amount 2017 R'000
Computer software - Purchased	950	36	-		986
Computer software - Work in progress - ERP Development	2 529	1 217	-	(461)	3 285
Balance at end of year	3 479	1 253	-	(461)	4 271

9 PREPAYMENTS AND ADVANCES

	2017/18 R'000	2016/17 R'000
Insurance	361	297
Office rental in advance	820	718
Subscriptions and other supplier deposits	116	123
Closing balance	1 297	1 138

10.1 ACCOUNT RECEIVABLES: NON EXCHANGE TRANSACTIONS

	Note	2017/18 R'000	2016/17 R'000
Intersecta debtors	25	18	18
SARS levy reversals - Employer mandatory grant overpaid	11	3 439	4 431
Provision for doubtful debts		(1 828)	(482)
		1 629	3 967



10.2 ACCOUNT RECEIVABLES: EXCHANGE TRANSACTIONS

	2017/18 R'000	2016/17 R'000
Interest receivable on cash balances	2 433	1 760
Net Receivables	29	41
Other receivables	128	140
Less: Provision for bad debts	(99)	(99)
Staff receivables - salary advances	126	106
Office rental deposits	1 159	1 159
Staff study assistance/bursaries	1 205	947
	4 952	4 013

Staff study assistance represents bursaries paid in respect of employees studies. At the end of the course this amount is either expensed or recovered based on the employee results.

11 EMPLOYER OVERPAID

Included in Skills Development Levy debtors is:	2017/18 R'000	2016/17 R'000
SARS receivable/(payable)		
Opening carrying amount	4 431	2 473
Net effect of SARS Adjustments on levies for the current year	(992)	1 958
Closing carrying amount	3 439	4 431

12 INVENTORIES

	2017/18 R'000	2016/17 R'000
Consumables	841	653

There are no consumables held at current replacement cost

Inventory is recognised at the lower of cost and net realisable value on the first in first out basis.

13 CASH AND CASH EQUIVALENTS

	2017/18 R'000	2016/17 R'000
Cash - Bank deposits	295 907	196 342
Cash - Corporation for Public Deposits	526 471	394 114
Cash - Investments in term deposits	174 269	207 301
Cash on hand	28	14
Cash and cash equivalents at end of year	996 675	797 771

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held.

Cash includes cash on hand and cash with banks. Cash equivalents are short term, highly liquid investments that are held with registered banking institutions with maturities of three months or less and that are subject to an insignificant risk of change.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, and investments in money market instruments.

As the HWSETA was no longer exempted by the National Treasury from the requirement of Treasury Regulation 31.3 to invest surplus funds with the Corporation for Public Deposits (CPD), surplus funds were invested in institutions that have been approved by the National Treasury including the CPD.



14 ACCOUNT PAYABLES

14.1 GRANTS AND TRANSFERS PAYABLE NON-EXCHANGE TRANSACTIONS

	Note	2017/18 R'000	2016/17 R'000
Grants payable		61 653	35 077
SARS levy reversals - Employer mandatory grants underpaid		5 466	249
Intersecta Payables	25	24	24
		67 143	35 350

15 TRADE AND OTHER PAYABLES: EXCHANGE TRANSACTIONS

	2017/18 R'000	2016/17 R'000
Trade creditors	6 847	4 533
Staff leave accrual	2 440	1 775
SARS - PAYE/UIF and third party payables	1 355	132
	10 642	6 440

The staff leave accrual is calculated by apportioning the annual salary to a daily cost which is then multiplied by the number of leave days accumulated at year-end by an employee.

16 LEVY EXEMPT PROVISION

	2017/18 R'000	2016/17 R'000
Opening balance	4 616	1 915
Transferred to discretionary income	(233)	-
Additional provision created	1 257	2 701
Closing balance	5 640	4 616

This balance relates to levy-Exempt employers contributing levies to the HWSETA. Unclaimed funds received more than 5 years ago have been transferred to discretionary income as per the Skills Development Levies Act.



17 DEFERRED GOVERNMENT GRANTS AND DONOR FUNDING

17.1 NATIONAL SKILLS FUND (NSF) ADVANCE RECEIPTS

	2017/18 R'000	2016/17 R'000
Opening balance	(1)	(1)
Received during the year/ (paid during the year)	-	-
Deposits current (NSF)	-	-
	(1)	(1)
Less Utilised and recognised as income or against accrual as conditions met	-	-
Learners allowance	-	-
Training provider	-	-
Learners uniform	-	-
	-	-
Net payable/(receivable)	(1)	(1)
Made up as follows:	(1)	(1)
Receivable	-	-
Payable	(1)	(1)

Note that in the current and prior year there were no NSF projects.

18 CONTINGENCIES

- 18.1 In terms of the PFMA, all surplus funds as at year-end may be forfeited to National Treasury. Formal approval was obtained from the National Treasury to retain the surplus funds of 2016-2017 which was approved. Formal approval was sent to the National Treasury on 31 May 2018 to apply to retain surplus funds for 2017-2018.
- 18.2 A letter of demand was received from attorneys after year end 2008-09, acting on behalf of a consulting firm demanding R823 267 from the HWSETA. This was for a contract that was not awarded to them. There is no indication that this demand will succeed in favour of the plaintiff. The plaintiff, Ler-Ong has on two occasions removed the matter from the court roll after being set-down for trial. Currently the matter is pending to 2019. Total possible further cost amounts to R250 000 once trial begins.
- 18.3 Currently there is an application for recovery of costs in the matter of Thuto Bophelo, the HWSETA and others. The recovery of costs is in the HWSETA's favour.



19 COMMITMENTS

19.1 DISCRETIONARY RESERVES

	NSDS Objectives and Is	Opening Commitment 2016/17 R'000	Approved by Accounting Authority and committed 2017/18 R'000	Current year Commitments released as no MoU at 31 March 2018	Commitments released 2017-18	Utilised-2017/18 R'000	Closing Commitment 2017/18 R'000
Learnerships	P 2, I 3	243 438	155 350	-27 450	-37 628	(72 878)	260 832
SME Training support	P 2, I 10	6 915	8 929	-4 636	-	(533)	10 675
Co-Operative Funding - Alfred Nzo DA (Adhoc 2015-16)	P 2, I 9	1 285				(1 286)	(1)
WIL University Students	P 2, I 7	15 754	16 800	-728	-332	(16 363)	15 130
WIL Bachelor of Veterinary Science 2017-18 (adhoc)	P 2, I 7		3 456			(2 765)	691
WEG for TVETS	P 2, I 7	48 267	36 000	-1 485	-15 775	(21 028)	45 979
Post Graduate WEG	P 2, I 7	258				-	258
TVET Learner Bursary	P 2, I 6	4 599				(1 793)	2 806
Graduate learners FET	P 2, I 16	144				-	144
FET Lecturers Work experience	P 2, I 16	6				-	6
WEG for TVET lecturers	P 2, I 16	67	225	-55		(104)	133
Artisans Training	P 2, I 4	76 967	23 141	-	-	(25 931)	74 177
Work Experience for PWD project - Dietrich Voigt	P 2, I 7	630				(210)	420
Internships	P 2, I 7	46 732	46 800	-6 120	-2 183	(40 705)	44 524
Skills Programmes	P 2, I 8	48 462	40 251	-4 689	-4 061	(9 346)	70 617
Bursaries for employed and unemployed	P 2, I 6	65 624	75 970	-2 598	-12 850	(27 986)	98 161
Bursaries - Veterinary Students - 15/16 2	P 2, I 6	709				(710)	(1)
Teaching aids for Veterinary -2015-16	P 2, I 14	-			221	(221)	(0)
Teaching Aid for Veterinary 2017-18	P 2, I 14		2 388			(2 387)	1
ICD 10 Coding - WC Dept of Health - projects	P 2, I 14	1 674				(196)	1 478
Cooperatives for teaching Aids - UP (adhoc)	P 2, I 14	131				(178)	(47)
Adopt a school VET science- UP	Ad Hoc	520			-520	-	-
Partnership between Faculty of Agricultural Colleges Partnerships	P 2, I 14	140			-140	-	-
AET 2015-2016	P 2, I 21	873				(69)	804
Levy Exempt Funding	P 2, I 22	7 668	7 450	-2 382	-	(1 946)	10 790
NGO support Eerslerus	P 2, I 11	240				-	240
NGO Support - SDF facilitator	P 2, I 11		4 910			-	4 910
Other NGO initiatives	P 2, I 11	631				-	631
Curriculum and learning/Review of qualifications	P 3, I 24	1 321				(420)	902
PWD internships	P 2, I 7	2 744				-	2 744
ECD - level 4	P 2, I 3	3 852				-	3 852
Rural community project - ECD level 4 -	P 2, I 3	616				-	616
Early childhood NQF 4 and 5 adhoc	P 2, I 3		8 485			-	8 485
National certificate vocational	P 2, I 17	972				-	972
TVET vocational 2017-18	P 2, I 17		26 338	-527		(7 502)	18 309
Research bursaries for post grad	P 1, I 13	7 035	6 755	133	-	(2 776)	11 147
RPL project enrolled nursing	P 2, I 3	-137				-	(137)
WEG for College Lecturers	P 2, I 16	5			-4	-	1
Durban U Tech Ad Hoc Cadavers	Ad Hoc	-25				-	(25)
NHLS - Internships Ad Hoc	P 2, I 7	15 444			-15 444	-	-
WITS Drama Therapy - Ad Hoc -2016-17	Ad Hoc	258				(305)	(47)
Dept of Rural Dev. - Animal Health Technicians	P 2, I 6	1 773				(1 274)	499
Annexure to APP 2014-2015	P 2, I 3	28 279			-802	(1 604)	25 873
Assessor/Moderator training	P 3, I 19	1 452				-	1 452
ETQA - Training of SDP's on RPL	P 3, I 25	1 739				(1 739)	(0)
ETQA - Training of CDP's on RPL 2017-18	P 3, I 25		5 905			-	5 905
Public sector projects - Facilitation and Mentoring training for CDP's	P 2, I 14	1 317			-43	(1 274)	(0)
NC Community Colledge AET	P 2, I 14	3 445				-	3 445
Albertina Sisulu Univ of Pretoria	Ad Hoc	515				(265)	250
DEAFSA project -SAW learnerships	P 2, I 3	787				(348)	440
Northern Cape Education Trust Fund	Ad Hoc	98			-98	-	(1)
Fort Cox College of Agriculture and Forestry (adhoc)	Ad Hoc	3 410				(893)	2 517
ECD NQF LEVEL 4 - NORTHERN CAPE RURAL (adhoc)	P 2, I 3	2 486				(1 165)	1 321
N LEVEL TVET BURSARIES	P 2, I 6	6 426			-1 600	-	4 826
AdHoc - Dept of Rural Dev. - Animal Health Technicians	P 2, I 14	8 650				(1 853)	6 798



19.1 DISCRETIONARY RESERVES (CONTINUED)

	NSDS Objectives and Is	Opening Commitment 2016/17 R'000	Approved by Accounting Authority and committed 2017/18 R'000	Current year Commitments released as no MoU at 31 March 2018	Commitments released 2017-18	Utilised- 2017/18 R'000	Closing Commitment 2017/18 R'000
Rural Health Advocacy Project	P 3, I 23	450				(360)	90
Partnership agreements - ECD level 4 and 5	P 3, I 23		9 256			-	9 256
Partnership agreement - Pietermaritzburg mental health	P 3, I 23		610			(202)	408
Sefako Makgatho Health Sciences - Dentist chairs	P 2, I 14	3 815				(3 815)	-
Durban University of Technology (adhoc)	P 2, I 14	325				(283)	43
Umfolozi TVET - ECD 5 Diploma	P 2, I 21	10 661				(5 715)	4 946
University fo Fort Hare - Executive Leadership	P 2, I 14	4 828				(1 217)	3 611
OASA - PWD WE	P 3, I 21	903				(812)	91
ETQA - RPL for SDPs	P 3, I 25		6 944			-	6 944
Northlink TVET - WE for unemployed	P 3, I 23	4 354				(1 812)	2 542
Cape Mental Health Capacity building (adhoc)	Ad Hoc	1 420				(1 135)	285
Workers college	P 2, I 11	2 274				(1 749)	525
Higher certificate in Disability practice - UCT	P 2, I 6	1 640				(1 490)	150
Qualifications development	P 3, I 24	5 360				(882)	4 478
Indigenous Knowledge Systems	P 2, I 6	1 000				(375)	625
UWC Research grants	P 1, I 13	775				(300)	475
Social Work Induction Standard	Ad Hoc	3 000				-	3 000
BEE	Ad Hoc		45			(45)	-
Gauteng Health - Internships	P 2, I 7	240				-	240
N- Level TVET colleges	P 2, I 6	7 871				(1 700)	6 172
SEDA - Cooperatives	P 2, I 9	3 494				-	3 494
WITS Drama for life Internships	P 2, I 7	516				(220)	296
Northern Cape Premiers Trust	P 2, I 6	5 893	9 758			(5 751)	9 900
Pietermaritzburg Mental Health	P 2, I 14	270				(267)	3
University of Cape Town	P 2, I 14	30				-	30
North wet University - Training of Farmers	P 3, I 23		1 842			-	1 842
Doctors without Borders	P 2, I 7		360			(80)	280
Assessor/Moderator training 2017-18	P 3, I 19		773			(773)	-
Dept of Health - NC Emergency medical care	P 2, I 14		4 520			-	4 520
Learnerships - Dischem	P 3, I 23		10 519			-	10 519
SAVC - Monitoring programme for animal health	P 3, I 23		205			-	205
Eastern Cape Department of Health	P 2, I 1	1 752				-	1 752
Placement of TVET graduates in workplace	P 2, I 17				8 325	-	8 325
Bursaries for Employed persons	P 2, I 6				2 220	-	2 220
Bursaries for unemployed in Diploma in nursing	P 2, I 6				4 879	-	4 879
Capacity building for NGOs	P 2, I 22				4 505	-	4 505
Porter development programme and stock management - Netcare	P 2, I 21				2 600	-	2 600
Artisan development programme - Netcare	P 2, I 4				1 840	-	1 840
Clinical engineering technician - Netcare	P 2, I 4				460	-	460
Post qualification bursaries - Bachelor of Nursing	P 1, I 13				1 600	-	1 600
Veterinary science undergraduate bursaries	P 2, I 6				1 952	-	1 952
Internships - human resources	P 2, I 7				3 960	-	3 960
Learnerships - People with disabilities	P 2, I 3				2 400	-	2 400
Post graduate bursaries - Persons with disabilities	P 1, I 13				1 840	-	1 840
Internships	P 2, I 7				3 000	-	3 000
Bursaries for employed - Healthcare quality and Patient safety	P 2, I 6				8 880	-	8 880
University of Pretoria - Executive Leadership programme	P 2, I 7				4 587	-	4 587
Undergraduate university busaries	P 2, I 6				3 710	-	3 710
Work integrated learning	P 2, I 7				5 195	-	5 195
Undergraduate university busaries	P 2, I 6				18 263	-	18 263
		725 066	513 985	(50 537)	(11 043)	(276 986)	900 486



19.1 DISCRETIONARY RESERVES – CONTINUED

Total Discretionary Grants Committed (Contracted only)

	2017/18 R'000	2016/17 R'000
	900 486	725 066
	98%	95%

The HWSETA has committed 98% of reserves in 2017-2018, however, the funding of such commitments flows between 1 to 3 years, and hence the HWSETA has sufficient funds to make good on all of its commitments. The Grant Regulations requires SETAs to commit at least 95% of its reserves each financial year.

19.2 OPERATING COMMITMENTS

	2017/18 R'000	2016/17 R'000
Approved and contracted:		
Procurement of advertising, printing and stationery		514
Procurement of Furniture and fittings	313	1 072
Procurement of IT equipment	-	56
Development of IT software - ERP development	6 124	6 751
	6 437	8 393
Total Commitments: Discretionary and Operating	906 923	733 460

20 OPERATING LEASES

	2017/18 R'000	2016/17 R'000
At the balance sheet date, HWSETA has outstanding commitments under non-cancellable operating lease which fall due as follows:		
Not later than one year	1 554	9 084
Later than one year but not later than five years	1 729	574
Later than five years	-	-
	3 283	9 658

Refer to note 26



20 OPERATING LEASES (CONTINUED)

The operating leases relate to the following rental contracts entered into by the HWSETA:

Office	Effective date	Termination date	Escalation rate
Head Office - JHB	01 April 2018	31 March 2020	7%
Northern Cape - Kimberley	01 April 2018	31 March 2020	8%
KZN - Durban	01 April 2018	31 March 2020	8%
Eastern Cape - East London	01 April 2018	31 March 2020	8%
Western Cape - Cape Town	01 April 2018	31 March 2020	8%
Gauteng - Midrand	01 April 2018	31 March 2020	8%
North West - Mafikeng	01 April 2018	31 March 2020	10%
Mpumalanga - Nelspruit	03 January 2017	31 March 2020	8%
Free State - Bloemfontein	01 April 2018	31 March 2020	8%
Limpopo - Polokwane	01 April 2018	31 March 2020	8%

21 MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

The following material losses through criminal conduct, irregular, fruitless and wasteful expenditure were incurred during the 2017/18 year.

	2017/18 R'000	2016/17 R'000
Fruitless expenditure	2	-
1. Interest charges on late payment of rental invoices The interest is mainly levied by Telkom. Due to the Post Office strikes the HWSETA did not receive invoices on time. This was beyond the control of the HWSETA.	2	-
Losses through criminal conduct	54	99
2. Payment made for the purchase of microsoft licenses. The supplier failed to provide the licenses. This expense was a result of non-delivery by the supplier and intentional misrepresentation by the supplier. A criminal case has been opened with the SAPS.	99	149
Less Recovery	-45	(50)
Total	56	99

22 EVENTS AFTER REPORTING DATE

The Minister for Higher Education and Training appointed a new Accounting Authority for the HWSETA in line with the Gazetted notice. The new Accounting Authority will serve from 1 April 2018 to 31 March 2020. The National Skills Development Plan beyond 2020 is currently being finalised over the next two years by the National Department of Higher Education and Training with National Skills Authority.

23 GOING CONCERN

The HWSETA is currently established until 31 March 2020. The Minister is currently consulting stakeholders on the SETA landscape beyond 31 March 2020. There are no known instances that would indicate doubt on the HWSETA's ability to continue as a going concern for the next two financial years.



24 FINANCIAL INSTRUMENTS

In the course of the HWSETA's operations it is exposed to interest rate, credit, liquidity and market risk. The HWSETA has developed a comprehensive risk strategy in terms of TR 28.1 in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below. Financial instruments have not been discounted as they will all be settled or recovered within 3 months. The effect of discounting was found and considered not to be material.

Interest rate risk

The HWSETA manages its interest risk by effectively investing surplus funds in term deposits and call accounts with different accredited financial institutions according to the HWSETA investment policy. Any movement in interest rates will affect interest income. Interest income is utilised for additional discretionary grants and therefore will not affect the operations of the HWSETA adversely. The HWSETA'S exposure to interest rate risk and the effective interest rates on financial instruments at balance sheet date are as follows:

	Floating rate Amount R'000	Effective interest rate	Non-interest bearing Amount R'000	Total Amount R'000
Year ended 31 March 2018				
Total financial assets				
Cash	996 675	6,00%	-	996 675
Accounts receivable			4 952	4 952
Total financial liabilities			(10 642)	(10 642)
	<u>996 675</u>		<u>(5 690)</u>	<u>990 985</u>
Year ended 31 March 2017				
Total financial assets				
Cash	797 771	6.44%	-	797 771
Accounts receivable			4 013	4 013
Total financial liabilities			(6 439)	(6 439)
	<u>797 771</u>		<u>(2 426)</u>	<u>795 345</u>

Financial instruments consist of receivables, cash and cash equivalents and payables. All financial assets are categorised as receivables at amortised cost, and all financial liabilities as financial liabilities at amortised cost. The total carrying values of the various categories of financial assets and financial liabilities at the reporting date is as follows:

	2017/18 R'000	2016/17 R'000
Financial assets at amortised cost	1 001 627	801 784
Cash and cash equivalents	996 675	797 771
Receivables from exchange transactions	4 952	4 013
Financial liabilities at amortised cost	10 642	6 440
Payables from exchange transactions	10 642	6 440

Credit risk

Financial assets, which potentially subject the HWSETA to the risk of non-performance by counter parties and thereby subject to credit concentrations of credit risk, consist mainly of cash and cash equivalents and accounts receivable.

The HWSETA limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury. Credit risk in respect of SARS is limited, as it is a government entity of sound reputation. Staff debts are recovered through the payroll.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The HWSETA does not have any material exposure to any individual or counter-party. The HWSETA's concentration of credit risk is limited to the industry in which it operates. No events occurred in the health and social development sector during the year that may have an impact on the accounts receivable that has not been adequately provided for. Accounts receivable are presented net of allowance for doubtful debts.



24 FINANCIAL INSTRUMENTS (CONTINUED)

Credit ratings of HWSETA bankers:

Financial institution	Fitch ratings
First Rand Bank Ltd.	BB+
Nedbank Ltd.	BB+
Standard Bank	BB+
Corporation for public deposits	N/a

Short term ratings:

F3 - Obligations supported by adequate capacity for timely repayment relative to other obligors in the same country. Such capacity is more susceptible to adverse changes in business, economic or financial conditions than for obligations in higher categories.

Long term ratings:

BB+ - Obligations for which capacity for timely repayment of principal and interest is adequate relative to other obligors in the same country. However adverse changes in business, economic or financial conditions are more likely to affect the capacity for timely repayment than for obligations in higher rated categories.

The ageing of receivables from exchange transactions:

Not past due	2017/18		2016/17	
	Gross	Impairment	Gross	Impairment
0-30 days	2 588	-	1 907	-
31-120 days	-	-	-	-
120-365 days	-	-	-	-
Over a year (Rental deposits and Staff bursaries)	2 364	-	2 106	-
Carrying amount	4 952	-	4 013	-

Liquidity risk

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

The ageing of payables from exchange transactions:

	2017/18		2016/17	
	Gross	Impairment	Gross	Impairment
Not past due				
0-30 days	10 033	-	5 830	-
31-120 days	138	-	138	-
120-365 days	471	-	471	-
Over a year	-	-	-	-
Carrying amount	10 642	-	6 439	-

Fair values

The HWSETA's financial instruments consist mainly of cash and cash equivalents, account and other receivables, and account and other payables. No financial instruments were carried at an amount in excess of its fair value. The following methods and assumptions are used to determine the fair value of each class of financial instrument:

Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets.

Accounts receivable

The carrying amount of accounts receivable, net of allowance for bad debt, approximates fair value due to the relatively short-term maturity of these financial assets.



25 RELATED PARTY TRANSACTIONS

All balances and transactions below are at arms length and in the normal course of business. The disclosure is purely for information purposes only.

All transactions with Government will be related parties to the HWSETA.

The Executive Authority of the HWSETA is the Department of Higher Education and Training (DHET). There were no transactions with the DHET.

Transactions with other SETAs, who are entities under common control. The HWSETA is a National Public Entity controlled by the DHET, it is considered to be related to other SETAs, the QCTO and NSF. The transactions are consistent with normal operating relationships between entities and are undertaken on terms and conditions that are normal for such transactions.

Interest transactions and balances arise due to the movement of employers from one SETA to another. No other transaction occurred during the year with other SETAs.

The balances at year - end included in the receivables and payables are:

Related party	2017/18 R'000		2016/17 R'000	
	Transfers in/(out) during the year	Amount receivable/ (payable)	Transfers in/(out) during the year	Amount receivable/ (payable)
Receivables	44	18	1	18
Bank SETA	-	-	1	18
	-	18		
Payables	44	(24)	(10)	(24)
Merseta	(5)	(9)	-	(9)
FMP Seta	-	(5)	(5)	(5)
Inseta	(28)	(1)	(1)	(1)
ETDP Seta	-	(1)	(1)	(1)
CHIETA	-	(3)	(3)	(3)
W&R Seta	-	-	-	-
CETA	-	(5)	-	(5)
Total	11	(6)	(9)	(6)



25 RELATED PARTY TRANSACTIONS (CONTINUED)

	2017/18		2016/17		2017/18	2016/17
	Total contributions received R'000	Total contributions expected R'000	Admin. Contributions received R'000	Total Contributions expected R'000	Discretionary Grants Paid R'000	Discretionary Grants Paid R'000
National						
Health	2 252	6 664	2 808	6 664	400	-
Social Development	1 358	1 308	1 308	1 308	1 274	-
Provincial						
Western Cape						
Health	5 128	5 128	4 790	14 370	267	2 025
Social Development	2 145	2 145	2 044	2 044	1 245	-
Eastern Cape						
Health	11 013	24 438	7 739	24 438	7 224	15 280
Social Development	2 778	2 861	2 861	2 861	2 113	-
Gauteng						
Health	19 812	56 464	18 869	56 607	5 842	12 943
Social Development	3 941	3 814	3 814	3 814	700	-
Free State						
Health	18 187	18 187	17 638	17 638	2 545	947
Social Development	1 799	1 577	1 577	1 589	24	-
Northern Cape						
Health	-	3 928	6 819	6 819	366	342
Social Development	966	-	983	983	880	-
Mpumalanga						
Health	6 785	21 330	-	17 708	1 284	-
Social Development	-	1 477	-	1 477	2 840	-
Limpopo						
Health	2 000	31 211	-	31 211	749	1 179
Social Development	1 329	1 886	1 886	1 886	17 664	-
Kwa-Zulu Natal						
Health	18 850	56 550	19 842	59 526	2 629	6 179
Social Development	3 930	3 511	3 511	3 511	1 211	-
North West						
Health	18 891	18 891	16 762	16 762	3 824	2 065
Social Development	2 341	2 341	2 200	2 200	660	-
PSETA REFUND	-	-	1 273	-		
	123 505	263 711	116 724	273 415	53 741	40 960

Government Departments contribution of levies to the HWSETA is at 30%, since 1 April 2013, of their 1% training budget in line with a Cabinet Circular effective 1 April 2013. One third of the 30% received is allocated for the administration of the HWSETA, the remaining 20% is allocated for discretionary grant funding. In the 2017-2018 year, there were Departments that still failed to contribute the full 30% as required. Certain government departments have not yet submitted the annual payroll figures thus the expected value is not complete.

The departments **highlighted** above have paid less than the 30% required by the Cabinet Circular.



26 OPERATING LEASE COMMITMENT

The leasing of the office premises was smoothed over the lease term to equalise the future escalations in the lease payments. The smoothing for the year was as follows:

	2017/18 R'000	2016/17 R'000
Opening balance	460	19
Release of accruals during termination of lease contracts	(460)	(19)
Current year smoothing	20	460
Closing balance	20	460

Refer also to note 20

27 RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET SURPLUS (DEFICIT)

	2017/18 R'000	2016/17 R'000
Net surplus/(deficit) as per Statement of Financial Performance	163 197	98 840
Adjusted for non-cash items:		
Profit on Disposal	-	(8)
Depreciation	1 771	1 896
Impairment loss	-	-
Amortisation	377	461
Investment income	(56 493)	(51 791)
Adjusted for working capital changes:	37 631	(3 323)
(Increase)/decrease in inventory	(188)	(264)
(Increase)/decrease in receivables	1 564	(311)
Decrease in smoothing lease	(440)	441
Increase/(decrease) in payables	36 695	(3 189)
Cash generated from operations	146 483	46 075

28 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of HWSETA's accounting policy, management is required to make judgment, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised of the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods.

Key sources estimation uncertainty

The following are the key assumptions concerning the future, and other sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the amounts of assets and liabilities within the next financial period.



1. Property, Plant and Equipment

The HWSETA reviews the estimated useful lives of property, plant and Equipment at the annual reporting period, refer to note 8 for the carrying values of property, plant and equipment.

Computer Equipment	2 to 6 years
Computer Software	2 to 6 years
Office furniture and fittings	10 to 20 years
Office equipment	10 to 15 years
Motor vehicles	5 to 8 years

The HWSETA has reviewed the residual values used for the purpose of the depreciation calculation in light of the amended definition of residual value. The review did not highlight any requirement for an adjustment to the residual values used in the current or prior periods. Residual values are reviewed annually.

2. Levy Exempt Payables

The HWSETA recognises a payable in respect of SDL levy refunds due to Levy exempt employers. This payable is a provision based on levies received from possible levy exempt entities. Refer to note 16

29 NEW ACCOUNTING PRONOUNCEMENTS

The HWSETA has not applied the following standards and interpretations, as the effective dates have not yet been gazetted by the Minister:

Standard/ Interpretation:	Effective date:	Impact
GRAP 20: Related party disclosures	Not yet effective	The standard provides guidance on related party disclosures to ensure that an entity's financial statements contain the disclosure necessary to draw attention to the possibility that its financial position and surplus or deficit may have been impacted by the existence of connected parties and by transactions and outstanding balances with such parties.
GRAP 32: Service concession arrangements: Grantor	Not yet effective	The purpose is to prescribe the accounting for service concession arrangements by the Grantor. This standard will not affect the HWSETA's transactions.
GRAP 109: Accounting by Principals and Agents	Not yet effective	GRAP 109 outlines principles to assess whether an entity is party to a principal-agent arrangement. The standard does not have an effect on the HWSETA due to the nature of the mandate of the HWSETA.
GRAP108: Statutory Receivables	Not yet effective	The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. Statutory receivables can arise from both exchange and non-exchange transactions. Where these receivables arise from exchange and non-exchange revenue transactions, an entity shall apply the recognition and initial measurement requirements of the Standards of GRAP on Revenue from Exchange Transactions and Revenue from Non-exchange Transactions (Taxes and Transfers), as well as the requirements of this Standard. The effect on the HWSETA is that statutory receivables are now an impairment loss as opposed to a provision if there is a write-down of this asset.
IGRAP 17: Service concession arrangements: where a Grantor controls a significant residual interest in an asset	Not yet effective	The purpose is to prescribe the accounting for service concession arrangements by the Grantor. This standard will have no effect on the HWSETA.

30 SEGMENT REPORTING

“The HWSETA has identified the core operations of the HWSETA as reportable segments based on services rendered. The Skills Development Division (SDP) co-ordinates and manages the discretionary grant and mandatory grant funding of the HWSETA, in order to facilitate the development of scarce and critical occupations. The ETQA Division acts as Education and Training Quality Assurance Bodies within various economic sectors to ensure quality education and training. The Research Information Monitoring and Evaluation (RIME) Division plays a pivotal role in managing knowledge generation, as well as packaging and presenting it in a way that influences policy and projects in the HWSETA. The HWSETA has centralised services offered in the provinces in South Africa, and these have been shown as a core segment.

It is difficult to attribute revenue to each of the above divisions, and hence only identifiable revenue relating to discretionary and mandatory grants expenditure has been shown under the segment SDP. The balance of revenue collected by the HWSETA is used collectively for the other three segments as well as support divisions, and hence is not disclosed. Total revenue is disclosed in the Statement of Financial Performance. Not all the administration expenses of the HWSETA are identifiable per these four segments disclosed, and hence only identifiable material expenses are disclosed in the segments. The balance of expenses is disclosed in note 7 to the annual financial statements.

The HWSETA assets and liabilities cannot be separated into the segments disclosed, and hence is not disclosed in the segment reporting. There is no reported surplus or deficit per segment as the operations of the HWSETA are not reported internally this way.

The HWSETA has not disclosed geographical areas in segment reporting as this is not used for decision-making purposes and is also not reported internally.

Segment Reporting	Skills Development Planning	Education, Training And Quality Assurance	Research, Information, Monitoring & Evaluation	Provincial Services	Total
SEGMENT REVENUE					
Skill development levy income	387 917	-	-	-	387 917
Government levy income	49 610	-	-	-	49 610
	437 527	-	-	-	437 527
SEGMENT EXPENSE					
Salaries and wages	7 608	8 914	7 046	14 241	37 809
Mandatory grant expenditure	68 809	-	-	-	68 809
Discretionary grant expenditure	276 986	-	-	-	276 986
QCTO contribution	-	2 226	-	-	2 226
Other expenses	206	1 239	476	3 181	5 102
	353 609	12 379	7 522	17 422	390 932
Surplus/(deficit) for the period	83 918	(12 379)	(7 522)	(17 422)	46 595

Reconciliation to the statement of financial performance

	Segmental reporting	Administrative / support services	Total	Note reference
	R'000	R'000	R'000	
Revenue	437 527	131 436	568 963	note 3
Interest income	-	56 493	56 493	note 4
Other income	-	402	402	note 4
Expenses	390 932	71 729	462 546	
Salaries and wages	37 809	33 175	70 984	note 7
Mandatory grant expenditure	68 809	-	68 809	note 6
Discretionary grant expenditure	276 986	-	276 986	note 6
Other expenses	5 102	38 554	43 656	note 7
QCTO expenses	2 226	-	2 226	note 7
	46 595	116 602	163 197	



31 BOARD REMUNERATION

Financial year 2017/18			Allowances	Travel and Subsistence Allowances	
Names	Designation	Total	Meeting & Preparation fees	Reimbursement	Cell Phone
		R	R	R	R
Dr E.T. Moloko	Chairperson	279 486	263 858	2 428	13 200
Ms F. Fayers	Board/Exco Member	194 831	177 023	11 208	6 600
Mr H. Sekhitla	Board/Exco Member	120 351	110 957	5 544	3 850
Mr P. Motubatse	Board Member	283 880	183 498	97 632	2 750
Mr A. Seirlis	Board Member	70 984	64 384	6 600	-
Ms TE Ntabeni	Board Member	121 912	111 394	10 518	-
Mr N Ndzwayiba	Board Member	112 914	108 120	4 794	-
Dr CC Nkuna	Board Member	120 670	113 975	6 695	-
Mr DM Ndebele	Board Member	115 640	113 042	2 598	-
Dr DS Bomela	Board Member	123 704	117 104	-	6 600
Ms M Nkambule	Board Member	84 083	61 756	22 327	-
Mr KI Mokaila	Board Member	101 641	75 769	25 872	-
Mr M Khanyeza	Board Member	180 514	167 847	12 667	-
Mr AM Crichton	Board Member	1 228	-	1 228	-
Mr A Kyreh	Board Member	97 693	76 707	20 986	-
Mr WK Magasela	Board Member	2 520	-	2 520	-
Total		2 012 051	1 745 434	233 617	33 000

Independent Audit Committee Member Remuneration

Financial year 2017/18				
Names	Designation	Total	Meeting Attendance	Travel and Subsistence Allowances
		R	R	R
Mr R Adam	Independent Chairman	98 228	76 147	22 081
Mrs M Ramutsheli	Independent member	60 075	57 710	2 365
Mr P Motubatse	Board member	15 273	12 731	2 542
Mr CG Higgins	Independent member	65 562	65 562	-
Mr D Ndebele	Board member	12 246	12 246	-
Mr A Kyreh	Independent member	36 305	36 305	-
Total		287 689	260 701	26 988

Senior Management Remuneration

Financial year 2017/18						
Names	Designation	Total	Basic	Travel	Cell Phone	Bonus
		R	R	R	R	R
Mrs E Brass	Acting Chief Executive Officer	2 057 734	1 791 068	120 000	9 464	137 202
Mrs D Theaker	Acting Chief Financial Officer	1 508 139	1 307 934	96 000	7 764	96 441
Mr AK Pardesi	Executive - CS	1 594 547	1 465 766	-	8 400	120 380
Mr P Samuels	Executive - SDP	1 398 695	1 324 639	72 000	2 057	-
Mr SB Gcabashe	Executive - RIME	1 532 494	1 290 605	120 000	6 039	115 850
Ms BJ Motubatse	Executive - ETQA	1 379 208	1 268 233	-	6 818	104 157
Ms B Plaatjie	Acting Executive - RIME	496 542	466 926	27 500	2 116	106 207
Total		9 967 359	8 915 171	435 500	42 657	574 031



Board Remuneration

Financial year 2016/17			Travel and Subsistence Allowances	
Names	Designation	Total	Allowances	Reimbursement
			Meeting & Preparation fees	
		R	R	R
Dr E.T. Moloko	Chairperson	324 055	319 545	4510
Ms F. Fayers	Board/Exco Member	197 866	176 671	12 395
Mr R. Van Loggerenberg	Board/Exco Member	7 348	-	748
Mr D. Shardlow	Board/Exco Member	44 913	43 263	-
Mr H. Sekhitla	Board/Exco Member	211 852	201 441	8 761
Mr P. Motubatse	Board Member	236 077	157 551	74 126
Mr C G Higgins	Ind. co-opted member	33 289	32 195	1 094
Mr A. Seirlis	Board Member	76 559	69 094	7 465
Ms E. Zondo	Board Member	6 937	6 259	678
Ms E. Strachan	Board Member	40 531	39 603	928
Ms I. Smith	Board Member	27 837	26 206	1 631
Ms T. Ngcobo	Board Member	37 434	35 207	2 227
Mr S Madikizela	Ind. Audit Comm	19 695	19 412	283
Mr A Naude	Ind. co-opted member	14 296	13 357	939
Ms TE Ntabeni	Board Member	97 572	88 941	8 631
Dr N Ndzwayiba	Board Member	91 587	87 391	4 196
Dr CC Nkuna	Board Member	110 332	104 123	6 209
Mr DM Ndebele	Board Member	97 466	94 978	2 488
Dr DS Bomela	Board Member	133 679	132 170	1 509
Ms M Nkambule	Board Member	111 028	70 298	35 780
Mr KI Mokaila	Board Member	79 687	64 279	15 408
Mr M Khanyeza	Board Member	145 015	137 275	7 740
Dr AM Crichton	Board Member	734	-	734
Total		2 216 000	1 919 259	198 480

Independent Audit Committee Member Remuneration

Financial year 2016/17			Travel and Subsistence Allowances	
Names	Designation	Total	Meeting Attendance	Reimbursement
			R	
Ms M Ramutsheli	Independent	25 519	24 686	833
Mr D Ndebele	Employer Representative	6 858	6 858	-
Mr P Motubatse	Labour Representative	32 608	20 136	12 472
Mr S Madikizela	Independent (resigned)	12 001	11 790	211
Mr R Adam	Independent Chairperson	115 014	71 774	43 240
Total		192 000	135 244	56 756

Senior Management Remuneration

Financial year 2016/17						
Names	Designation	Total	Basic	Travel	Cell Phone	Bonus
Ms YD Mbane (10 mths)	Chief Executive Officer (resigned)	1 888 488	1 621 113	100 000	10 700	156 675
Mrs E Brass (2 mths)	Acting Chief Executive Officer	295 769	274 491	20 000	1 278	-
Mrs E Brass (10 mths)	Chief Financial Officer	1 402 382	1 170 388	100 000	6 213	125 781
Mrs D Theaker (2 mths)	Acting Chief Financial Officer	187 967	171 233	16 000	734	-
Mr AK Pardesi	Executive - CS	1 456 321	1 337 561	-	8 400	110 360
Mr P Samuels	Executive - SDP	1 401 782	1 215 224	72 000	8 351	106 207
Mr SB Gcabashe	Executive - RIME	1 395 079	1 167 224	120 000	1 648	106 207
Ms BJ Motubatse	Executive - ETQA	1 258 422	1 047 305	110 000	5 630	95 487
Total		9 286 210	8 004 539	538 000	42 954	700 717



32 PRESENTATION OF BUDGET INFORMATION

Reconciliation of budget surplus with the surplus in the statement of financial performance - 2017/18

	R'000
Net surplus per the statement of financial performance	163 197
Adjusted for:	
Impairments recognised	-
Surplus on sale of assets	-
Loss on scrapping of assets	-
Increase/decrease in provisions	-
Effect of smoothing relating to operating leases	-
Adjustments relating to Finance charges for finance leases on rental	-
	163 197
Participation on mandatory grants	-4 856
Utilisation of reserves for discretionary grants	-113 790
Underspending on administration expenses	-6 671
	-125 317
Exceeded budget collection of revenue	-31 880
Net surplus per approved budget before capital expenditure	6 000

Factors resulting in major variances between actual costs and budgeted costs:

As per the Statement of Comparison between Budget and Actual costs:

1. The Grant levies budget for the current year is based on levy income percentages as per the new grant regulations and based on expected revenue. Actual receipts is however unpredictable.
2. Government levies are higher than expected despite a few outstanding levies from the Departments. This is due to higher salary costs borne by the departments and improved contribution to the HWSETA.
3. Interest income is higher than budget due to the high cash reserves being held at banking institutions.
4. Lower than expected payment of discretionary grants due to changes in the Nursing qualifications impacting learnerships. In addition, low participation by Government departments of Health.
5. Savings are mainly due to vacant positions in personnel.

In addition, the HWSETA had heeded the call for austerity measures. This has resulted in savings in administration expenditure.

Financial year 2016/17	Original approved budget at start of year 2017/18 R'000	Final Approved Budget 2017/18 R'000	Difference R'000
Levy income	461 344	415 586	(45 758)
Government levy contributions	96 770	123 494	26 724
Investment income - interest	42 023	54 898	12 875
Levy income penalties	-	-	-
Retention of prior year surplus	-	98 840	98 840
Other income	-	-	-
Total Income	600 137	692 818	92 681
Total Expenditure	595 606	686 818	91 212
Administration expenditure	124 100	123 537	(563)
Mandatory grants expenditure	88 547	73 665	(14 882)
Discretionary grant expenditure	382 959	489 616	106 657
Surplus for the period	4 531	6 000	1 469
Less capital expenditure	4 531	6 000	1 469
Surplus after capital expenditure	-	-	-

The adjustments to the originally approved budget of 2017/18 (approved in August 2017), were made due to information available six months into the 2017-18 financial year. Certain assumptions that were made in the original budget were then tested, and actual operational needs had changed in some instances relating to administrative expenditure, grant expenditure and revenue expectations. Changes to the approved budget included:

1. Increases in revenue projections based on increased collections in 2015/16.
2. Increases in the administration budget and capex budget due to actual spend 2015/2016, planned activities and contracts in place.
3. Increases in budgeted decretionary and mandatory grant spend based on increased revenue collections.



Reconciliation of budget surplus with the surplus in the statement of financial performance - 2016/17

	R'000
Net surplus per the statement of financial performance	98 840
Adjusted for:	
Impairments recognised	-
Surplus on sale of assets	-
Loss on scrapping of assets	-
Increase/decrease in provisions	-
Effect of smoothing relating to operating leases	-
Adjustments relating to Finance charges for finance leases on rental	-
	98 840
Participation on mandatory grants	(23 059)
Utilisation of reserves for discretionary grants	(50 086)
Underspending on administration expenses	(16 371)
	(89 516)
Exceeded budget collection of revenue	(4 824)
Net surplus per approved budget before capital expenditure	4 500

Factors resulting in major variances between actual costs and budgeted costs:

As per the Statement of Comparison between Budget and Actual costs:

1. The Grant levies budget for the current year is based on levy income percentages as per the new grant regulations and based on expected revenue. Actual receipts is however unpredictable.
2. Government levies are higher than expected despite a few outstanding levies from the Departments. This is due to higher salaries costs borne by the departments and improved contribution to the HWSETA.
3. Interest income is higher than budget due to the high cash reserves being held at banking institutions.
4. Rationalisation costs did not materialise as expected due to delays in establishing new offices in other provinces as planned.
5. Savings are mainly due to vacant positions in personnel.

In addition, the HWSETA had heeded the call for austerity measures. This has resulted in savings in administration expenditure.

Financial year 2016/17	Original approved budget at start of year 2016/17 R'000	Final Approved Budget 2016/17 R'000	Difference R'000
Levy income	401 015	455 667	54 652
Government levy contributions	67 701	71 852	4 151
Investment income - interest	27 755	39 644	11 889
Levy income penalties	-	-	-
Other income	-	-	-
Total Income	496 471	567 163	70 692
Total Expenditure	492 471	562 663	70 192
Administration expenditure	113 452	116 361	2 909
Mandatory grants expenditure	68 858	83 693	14 835
Discretionary grant expenditure	310 161	362 609	52 448
Surplus for the period	4 000	4 500	500
Less capital expenditure	4 000	4 500	500
Surplus after capital expenditure	-	-	-

The adjustments to the originally approved budget of 2016/17 (approved in August 2016), were made due to information available six months into the 2016/17 financial year. Certain assumptions that were made in the original budget were then tested, and actual operational needs had changed in some instances relating to administrative expenditure, grant expenditure and revenue expectations. Changes to the approved budget included:

1. Increases in the administration budget and capex budget due to planned establishment of four provincial offices and two satellite offices, and to fund the ERP System development of the HWSETA;
2. Increases in expected for personnel costs and capex costs due the HWSETA rationalisation plan.
3. Increases in revenue projections based on increased collections by 6.26%; and
4. Increases in budgeted decretionary and mandatory grant spend based on increased revenue collections.



Notes



Notes



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