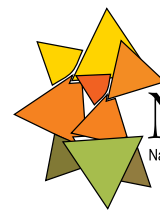




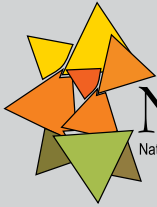
# ANNUAL REPORT

2017

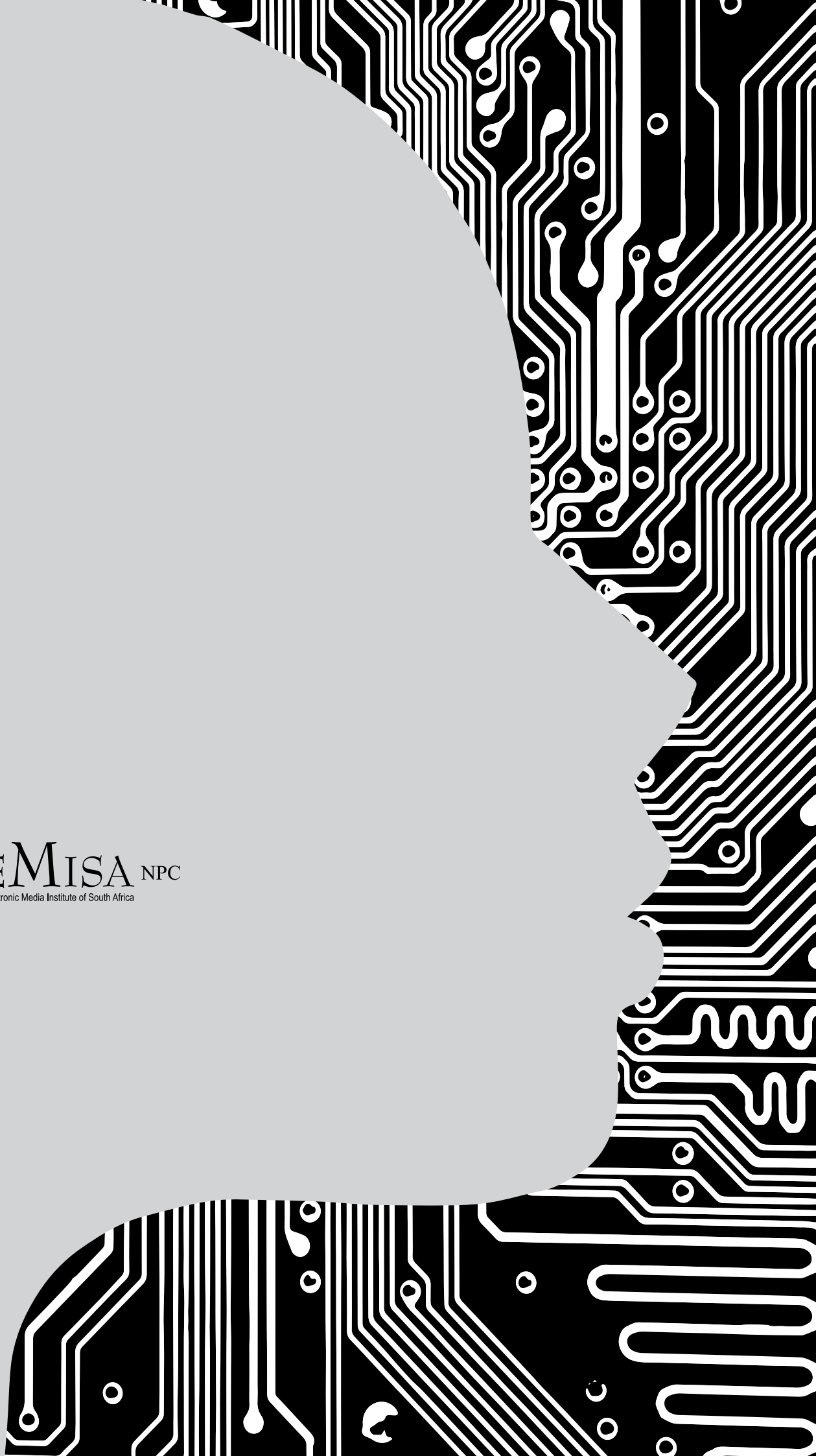


**NEMISA** NPC  
National Electronic Media Institute of South Africa

Moving towards  **iNeSI**  
South African National eSkills Institute



**NEMISA** NPC  
National Electronic Media Institute of South Africa



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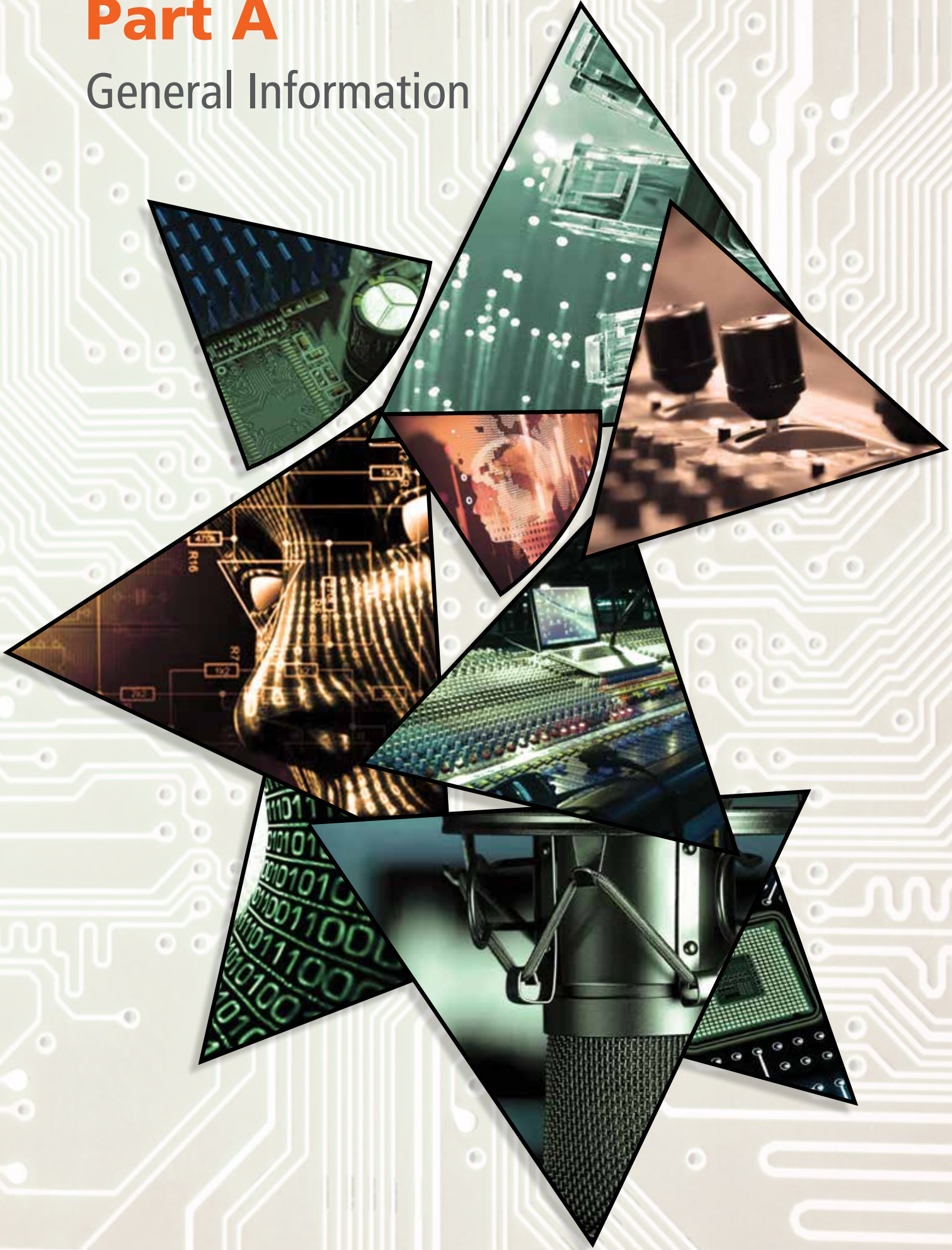
# Abbreviations

<b>4IR</b>	4th Industrial Revolution
<b>AGSA</b>	Auditor-General of South Africa
<b>ARC</b>	Audit and Risk Committee
<b>Business Case</b>	Approved Business Case of iNeSI
<b>CoLab</b>	Provincial e-Skills Knowledge Production and Collaborative Laboratory
<b>DoC</b>	Department of Communications
<b>DoL</b>	Department of Labour
<b>DHET</b>	Department of Higher Education and Training
<b>DBE</b>	Department of Basic Education
<b>DTPS</b>	Department of Telecommunications and Postal Services
<b>EE</b>	Employment Equity
<b>EXCO</b>	Executive Committee
<b>e-SI</b>	e-Skills Institute
<b>Fincom</b>	Finance Committee
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>HR</b>	Human Resources
<b>HRDCSA</b>	Human Resource Development Council of SA
<b>HRRC</b>	Human Resources and Remuneration Committee
<b>ICTs</b>	Information and Communications Technologies
<b>iNeSI</b>	iKamva National e-Skills Institute
<b>ISAD</b>	Information Society and Development
<b>ISSA</b>	Institute for Space and Software Applications
<b>ITU</b>	International Telecommunications Union
<b>MDGs</b>	Millennium Development Goals
<b>MGI</b>	McKinsey Global Institute
<b>MICT SETA</b>	Media, Information and Communications Technologies, Sector Education and Training Authority
<b>MTSF</b>	Medium Term Strategic Framework
<b>NDP</b>	National Development Plan
<b>NSDS III</b>	National Skills Development Strategy
<b>NEMISA</b>	National Electronic Media Institute of South Africa
<b>NeSPA</b>	National e-Skills Plan of Action
<b>PAAC</b>	Programme and Academic Committee
<b>PFMA</b>	Public Finance Management Act, Act 1 of 1999
<b>PIAC</b>	Presidential International Advisory Council on Information Society and Development
<b>ResNeS</b>	Research Network for e-Skills
<b>TVET</b>	Technical and Vocational Education and Training College
<b>SOC</b>	State-Owned Companies
<b>UN</b>	United Nations
<b>UNDP</b>	United Nations Development Programme
<b>USAASA</b>	Universal Service and Access Agency of South Africa
<b>WEF</b>	World Economic Forum
<b>WSIS</b>	World Summit on the Information Society



# Part A

## General Information





# Confirmation of Accuracy of the Annual Report

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

All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General of South Africa (AGSA).

The Annual Report is complete, accurate and free from any omissions.

The Annual Report was prepared in accordance with the guidelines of Annual Reports as issued by National Treasury (NT).

The Annual Financial Statements were prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) applicable to NEMISA.

The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgement made in this information.

The Accounting Authority is responsible for the establishment and implementation of a system of internal control that is designed to provide assurance as to the integrity and reliability of the Performance Information, Human Resources Information and Annual Financial Statements of the Institute.

The AGSA is engaged to express an independent opinion on the Annual Financial Statements. Thus, the Annual Report fairly reflects the operations, performance information, human resources information and financial affairs of NEMISA for the financial year that ended 31 March 2017.

## Vision, Mission and Core Values

NEMISA's vision is for South Africa to be an e-skilled society by 2030.

Our mission is to provide a national integrated e-skills development framework for sustainable socio-economic development in South Africa. To deliver on its mission and strategic objectives and to radically advance the human capacity development in e-skills, the Institute will continue to:

- act as a national catalyst and change agent for the development of e-skills;
- play a leading and advocacy role in developing users, consumers and citizens within the globally-evolving information and knowledge-based environment;
- use a distributive model (i.e. physical presence in each of the nine provinces) that allows for government, business, education, organised labour and civil society to better position South Africa for a Digital Society and Digital Economy;
- collaborate with key stakeholders (i.e. government, business, education, organised labour and civil society and global development partners) for e-skills massification; and
- address all e-skills interventions through teaching, training and learning, research, innovation, monitoring and evaluation and aggregation.

### Core values:

**Innovation**

**Collaboration**

**Agility**

**Visionary**

**Impactful**

**Integrity**



# Who are we?

**NEMISA's vision** is for South Africa to be an e-skilled society by 2030.

**Its mission** is to provide a national integrated e-skills development framework for sustainable socio-economic development in South Africa.



## What are e-skills (digital skills)?

An e-skill is more than knowing the basics of how to use a computer (computer literacy).

While it's essential to be computer literate, an e-skill (digital skills) means **being able to use technology to ad benefit to your life - to actively take part in the world and move ahead.**

## NEMISA focuses on e-astuteness.

This is to ensure that South Africa improves its World Economic Forum e-readiness rankings and progressively develops a vibrant digital society and economy.

All work is done in collaboration with government, education, business, organised labour and civil society.

## Understanding e-astuteness

e-Astuteness is the capacity to continuously appropriate technology into personal work, education, business, and social and family contexts for both personal and collective benefit.

e-Astuteness allows individuals to take personal advantage of ICT in social or economic situations, through the appropriate e-skills.

It does not necessarily depend on formal education or higher levels of literacy.

**e-Astuteness is about 'being astute' with technology tools in all areas of life.**

**An e-skill means being able to use technology so you can actively participate in the world and move ahead.**

in your culture and community

when you learn

by exploring new ways of doing

with your friends

through contacting government online

in your personal life

with jobs and in business



# Legislative and Other Mandates

NEMISA's original mandate is currently being reviewed in line with the recent and emerging national policies, namely:

- NDP
- 2014 SA Connect (Broadband) policy
- 2016 National Integrated ICT policy
- White Paper on Post-Secondary Education and Training
- White Paper on Science, Technology and Innovation
- Draft Bill for the establishment of the IKamva National e-Skills Institute (iNeSI) and the Business Case

NEMISA is positioned to become iNeSI, and its mandate is currently derived from the DTSP mandate and strategic plan, as well as SA Connect (Broadband Policy: digital opportunities). The National ICT Policy Review process led by the DTSP is currently underway and will provide the policy mandate for iNeSI.

In collaboration with government, education, business and civil society, the Institute is delivering e-astuteness to ensure that South Africa improves its e-readiness rankings and progressively develops a vibrant Digital Society and Digital Economy.

In addition, for the past two years, the Institute has demonstrated its ability to implement the national e-skills agenda through its globally-recognised decentralised model and is therefore poised to complete the transition to iNeSI.

# Strategic and Other Mandates

The Broadcasting School of South Africa was established in 1988 as a section 21 Company in terms of the companies Act, Act 61 of 1973 to deliver the requisite skills for the broadcasting industry (radio and television). The school was renamed in 2001 to be the National Electronic Media Institute of South Africa (NEMISA) and re-launched in 2006 with an expanded scope to include qualifications in animation and graphic design.

The shortage of ICT-related skills (e-skills) was identified as a critical issue, and the Department of Telecommunications and Postal Services (the Department) was mandated to drive the national e-skills agenda through its e-Skills Institute (eSI).

The NEMISA derives its mandate from the Department, in particular to promote the development of human capacity in e-skills in South Africa.

The mandate of the Department is now strengthened through the integration of NEMISA (state-owned company), the eSI (Branch) and Institute for Space and Software Applications (ISSA) (Directorate), into a single entity.

This is done to ensure that the appropriate e-skills for an emerging information society and knowledge economy are delivered in an efficient and cost effective manner.



# Chairperson's Overview

Honorable Minister, it is with pleasure that I present the Annual Report of NEMISA for the period 1 April 2016 to 31 March 2017 as required by Section 65 of the Public Finance Management Act (Act No 1 of 1999), as amended (PFMA).

The current Board of Directors of NEMISA took office on 1 October 2016. The new CEO and CFO took office on 1 November 2016. The Board and management fulfilled their roles with a view towards achieving the transition to the future iNeSI, while at the same time continuing with the training done within NEMISA's current mandate. Moving to this new future, the Board continued to be led by the iNeSI Business Case.

## **Positioning towards the future iNeSI – clarity gained**

During the first part of the Board's term, the engagement with the Department of Higher Education and Training (DHET), which started late in 2015, continued. It considered the nature of the training that will be undertaken by the future iNeSI.

Agreement was reached between the task teams and the DTPS and the DHET in September 2016. This agreement confirmed the line taken in the Business Case: the future iNeSI will focus on its catalytic role regarding the development of e-skills (incl. broadcasting and animation), combined with interventions undertaken by its CoLabs in the various provinces.

This long engagement between the departments meant that some time was lost in working towards the transition. However, it brought about much required clarity on the way forward.

## **Attention to the Business Case and draft iNeSI Bill**

In August 2016, the first tranche of the funds intended for the transition towards iNeSI was made available from National Treasury via the DTPS. As requested by the DTPS, the new Board gave extensive attention to the Business Case and Draft Bill.

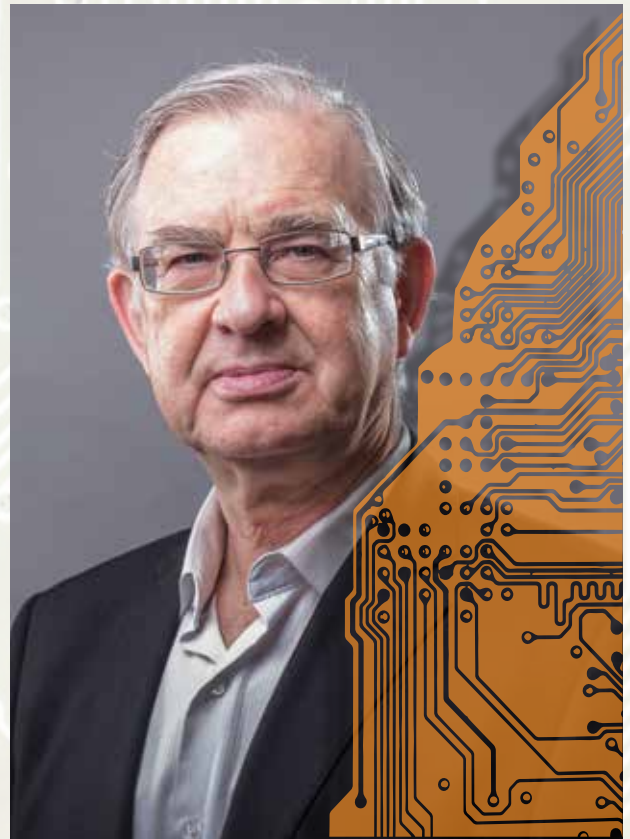
## **DTPS recognises that e-skilling, NEMISA and iNeSI play an important role**

The release of the National Integrated ICT Plan White Paper by the Minister of Telecommunications and Postal Services, in September 2016, highlighted the important role of NEMISA and the future iNeSI towards transforming SA to a digital society.

The objectives of the White Paper require wide-reaching e-skilling (incl. broadcasting and automation), and in many cases upskilling and re-skilling. These include facilitating active citizenship, ensuring access to public services, and achieving South Africa's development goals.

## **e-Skilling and the Fourth Industrial Revolution**

Although the concept was not completely new, 2016 was also the year in which the concept of the 'Fourth Industrial



**Prof. Walter T Claassen**  
Chairperson of the Board

Revolution' (4IR) became prominent in the minds of many people around the world and in the policy actions and programmes of organisations and governments.

A key component in this new thrust is the importance of e-skilling; reaching all persons in society, through first-time eskillling, continuous upskilling and in some cases re-skilling. We are gearing ourselves to play a key role in this, thereby contributing to the goals of the National Development Plan (Vision 2030) and WSIS.

## **SA's e-skills not improved according to Networked Readiness Index**

The 2016 World Economic Forum Networked Readiness Index shows an improvement in South Africa's position compared to the decline in previous years. However, this positive change was brought about by improvements in infrastructure and data costs (although these are still comparatively high). At the level of e-skills, and the use of those skills by individuals and in government, the position has not improved.

## **High-level strategic overview – advocacy, multi-stakeholder framework, e-astuteness and aggregation**

The mandate of the future iNeSI is to play a leading and advocacy role in developing the e-skills of users in relation to all areas of life, learning and work. This is not only at an elementary level, but also at advanced levels of e-skills.

Since technology is constantly developing, and new uses of technology emerge, users of digital devices have to develop the ability and confidence to apply their skills in new situations and to do it in an innovative way. In the national e-skills programme in South Africa, the word e-astuteness has been



coined to describe the ability of individuals to use digital devices and to adapt to the rapidly-changing new forms of ICT devices and associated software.

Evidently, many role players are involved in achieving these noble objectives. INeSI will provide the thought leadership and will fulfill an advocacy and catalytic role in bringing many role players together in working towards these objectives. This activity will involve role players from government, business, academic institutions, civil society and organized labour.

Over time, the national e-skills initiative has developed a knowledge base regarding e-skills development that can now be developed further. Implementing the planned aggregation function, will enable the organisation to identify the gaps better and to initiate the necessary interventions regarding e-skills development.

The e-skills CoLabs in the various provinces play a strategic role in involving role players at provincial and local level and in facilitating and doing e-skills development interventions. Being placed at universities, the CoLabs are in a position to draw on the expertise and networks of the universities in order to fulfill their role.

Our medium term goal is to integrate the three ICT skills development related components namely NEMISA, the e-SI and ISSA whilst we aim to build an inclusive information society and knowledge economy driven through a comprehensive a-strategy and access to government services in the long term.

NEMISA is mandated to take the e-skills initiative forward and to work towards the future iNeSI.

### **Strategic relationships**

During the year under review, NEMISA strengthened its relationships with public, national and international institutions – doing it in such a way that these institutions can relate to the transition of NEMISA into the future iNeSI.

Of particular importance to the Board and Management was ensuring that the CoLabs share in the vision of the future iNeSI. In August 2016, the Board conducted a strategic workshop with the current CoLab directors which led to greater understanding of the challenges on all sides. In January 2017, a workshop between the Board, the NEMISA Management and the CoLabs took place on the Business Case and the Draft Bill.

Members of the Programme and Academic Committee of the Board, together with the CEO and CFO, undertook visits to five of the CoLabs. They met with the respective Vice-Chancellors and/or other senior staff members, together with the director and collaborators of the CoLab. These visits contributed to strengthening the relationship with the universities hosting the CoLabs, as well as to a better understanding of the challenges on both sides.

### **Challenges faced by Board for the year ahead**

During the year of reporting, the Board had to find the balance between continuing with the important and relevant work already undertaken by iNeSI in the areas of broadcasting and the creative media and moving rapidly towards the future iNeSI. This involved using the funding made available for establishing iNeSI in the best possible way to move the new set of objectives forward. This challenge will require the ongoing attention of the Board for the next year as well.

The Board will have to ensure that agreements of collaboration and service delivery are renewed or put in place to assist the organisation in taking its mandate forward effectively.

### **Acknowledgements**

During the period under review, there were two resignations from senior managers. On behalf of the Board, I thank Mr. Peter Ramatswana and Ms Rahimoonisha Abdool for their participation and valued input. I would also like to thank all Board members for their hard work and valuable contribution.

Furthermore, on behalf of the Board, we thank NEMISA's Acting CEO, Mr Peter Ramatswana, and Acting CFO, Ms Rofunwa Ligege, for the valuable role they played during the period after the resignation of the previous CEO and CFO at the end of the 2015/16 financial year.

I acknowledge the Senior Management team and all NEMISA employees for their hard work and dedication over the past year. I acknowledge the efforts of our CoLab directors and their colleagues and collaborators, as well as the continuous support given by the Vice-Chancellors and senior management of the universities hosting the CoLabs.

The staff of the Department played a supportive role in the process of transitioning from NEMISA into the future iNeSI. I thank them for their ongoing support.

Finally, I thank you, as Minister of Telecommunications and Postal Services, for the leadership role you and the Deputy Minister are playing towards moving South Africa forward to a digital society and for your vision of such a digital society where everyone can have the access and the required e-skills to make use of the new digital opportunities.



**Prof Walter T Claassen**  
**Chairperson of the Board**



# CEO's Overview

The year under review, NEMISA posted solid operational and financial results. The organisation's allocation increased for the year, and this combined with our continued determination to reduce overhead costs contributed to more direct investment in e-skills.

**Capability to be the e-skills powerhouse:** As the newly-appointed CEO, I am convinced that NEMISA, a state-owned company of which all South Africans can be proud, has the capability to be the e-skills powerhouse on the African continent and a global player for new skills and competencies. NEMISA is a much better company than what it was a few years ago. From a strategic perspective, it is a stronger company and well positioned for growth.

**Alignment to national policy:** Our globally-recognised strategy continues to focus strongly on e-skills for the digital economy, collaborating with partners, and improving efficiencies. The strategy drives the social appropriation of ICT for local benefit and the meaningful use and operational capability at the consumer level. These are key activities and aligned with the National Development Plan (NDP), SA Connect, the National Integrated White Paper of South Africa, and SA Internet for All.

**Solid operational and financial results:** We had a challenging start to the current financial year. However, we continued implementing the strategy. During the year under review, NEMISA posted solid operational and financial results. The allocation increased, combined with our ongoing determination to reduce our overheads. We continued to focus on expanding our footprint, productivity and efficiency, enhancing our capabilities and developing our people.

## NEMISA's role in South Africa

**Significant role to play in SA's future – an e-skilled nation by 2030:** Our vision acknowledges that we have a significant role to play in the future of South Africa's economic and social positioning. Thus, in the next few years, we will have to take the company to greater heights. This is reflected in our slogan 'an e-skilled nation by 2030'. NEMISA is developing into a valuable and sustainable national asset. We are extremely positive about the future financial performance, meeting shareholder expectations, and leading in all aspects of digital transformation.

**Current leadership role:** NEMISA plays a leadership role in the digital economy both within the ICT and non-ICT sectors in South Africa. This was accentuated in the National Integrated ICT Policy, SA Internet for All, and NEMISA's strong presence during the launch of the first rural WIFI project (OR Tambo District Municipality, Eastern Cape).

## e-Skills are essential for all economies

**Demand for employee digital competencies:** The digitalisation of economies and societies around the world promises to bring dividends, spur innovation, generate efficiencies and improve quality of services to a wide range of sustainable development areas, including education. The digitalisation has resulted in a growing demand for 'unthought-of' digital solutions and digital competencies in almost every area of social and working life. The demand has similarly resulted



**Ms Mymoena Ismail**  
Chief Executive Officer

in a greater demand for employees with higher-order digital competencies.

**Employability goes beyond basic digital literacy:** The digital skills that today accompany many new jobs goes beyond basic digital literacy to specialist new skills, such as may be required in the new phenomenon of 'big data' and 'data science'. For many, not having the relevant digital competencies could mean being unemployable.

**Growing demand not met with equal e-skilling efforts:** The growing demand has not been accompanied by similar skilling efforts to get people ready to participate in the new knowledge and information society.

**Definition of an e-skill:** An e-skill is defined as "the ability to use and develop ICTs within the context of an emerging South African Information Society and global Knowledge Economy, and associated competencies that enable individuals to actively participate in a world in which ICT is a requirement for advancement in government, business, education and society in general."

## SA global positioning in e-skills

**SA's e-readiness:** South Africa is currently in 65th position out of 139 countries with regards its overall e-readiness, an improvement of 10 positions. The e-readiness (networked readiness) is based on four primary categories: the environment, the technical/cost/skills, use, and impact. The e-readiness score is aggregated and not based on any one dimension.

**SA low in ICT use for social impact:** South Africa, with its advanced infrastructure, should be performing better in the e-readiness rankings. However, it scores very low in the use dimension i.e. South Africa scores low on how ICT is being used to make a social impact. South Africa is in the 89th position. So how is NEMISA preparing South Africans with



skills to meet the demand and supply of the changing digital economy?

## Need for a national strategy on e-skills

**Strategy for e-skills as well as broadband focus:** South Africa has clearly recognised the need to develop infrastructure and there is a consequent broadband rollout. National policy has recognised the need for an ICT ecosystem in which broadband infrastructure is just one of the elements. Other elements incorporate, for example, services and e-skills. (Examples of national policy include the National Integrated ICT Policy and South Africa Connect.) However, the emphasis is still on infrastructure i.e. broadband rollout. There is a need for a national strategy on e-skills.

**e-Skills critical for a knowledge-based economy:** To participate in the knowledge-based economy requires the ability to creatively and productively make use of the ICTs available. There is a critical need to be e-skilled. e-Skilling plays an essential and practical role in creating innovations which will be financially, socially and economically sustainable in South Africa.

**ICT graduates don't equal greater participation in a knowledge-based economy:** The current e-skills emphasis is primarily on education – to produce more ICT and science graduates. This is not sufficient as more ICT graduates won't necessarily result in greater productive participation in the knowledge-based economy. The result is often unemployed ICT graduates or the increased 'brain drain' of ICT and science graduates to other developed countries. e-Skilling, across the different types and levels of e-skills, is clearly a new strategic problem in South Africa.

## Need for enabling policies

**Examples of other national e-skilling approaches:** There are a number of countries that have already adopted a creative and innovative e-skilling approach to the knowledge-based economy. Examples include Australia, New Zealand, Singapore, Sweden, Hong Kong, the EU, and China.

**Malaysia legislated the use of local ICT resources:** For example, Malaysia and India moved the focus from foreign direct investments in ICT to investments in indigenous companies. Malaysia intentionally forces multinational corporations to employ local resources in the ICT sector. This has resulted in skills ultimately remaining in Malaysia.

**South Korea created focused industries:** South Korea invests in its human capital by upgrading the quality of higher education and the employment opportunities available to indigenous high-tech labour. South Korea purposefully created industries that could lure back critical ICT skills. South Korea's decision to offshore some ICT skills has, additionally, been a factor that has caused a change in the economic paradigm from looking for low-wage labour to perform low-wage work to low-wage labour to perform high-skilled work.

**Governments help create enabling environments:** It is clear from the examples that government played a significant role in creating and enforcing an amenable environment for the creative and innovative sustenance of ICT skills. The efforts were in response to the local environments within those countries.

**Research needed to create enabling SA environment:** Similarly, it's necessary for South Africa to identify the best way that e-skills can be innovated to be more socially appropriate

for the South African environment. The only way is to engage in research efforts to understand the South African environment. This is an exercise that academics in tertiary institutions do on a continuous basis. The results need to feed into policy and, further, into the implementation of the enabling policies.

**NEMISA focuses on creating an enabling environment:** NEMISA's spend is guided by creating an enabling environment, thus the demand is the highest in the company's history. NEMISA focuses on providing a stable foundation for future growth and sustainability.

## NEMISA's collaboration methodology

**NEMISA provides the methodology for e-skills collaboration:** It's in the dimension of use that NEMISA has positioned itself. The Institute (NEMISA) provides a collaborative platform, bringing together different sectors of society. In as much as collaboration is touted as government's approach to dealing with national issues, the working out of collaboration requires a great deal of effort and needs a clear strategy.

**NEMISA is developing collaborative partnerships:** NEMISA is also pursuing a number of opportunities with local and global partners. While concluding collaborative partnerships takes several months, our assessments are that opportunities will be concluded in the short- to medium-term. These collaborations, by their very nature, contribute to long-term relationships between countries and support other collaborative initiatives such as African Union (AU) Agenda 2063 and BRICS.

**Future strengthening of university relationships:** Our relationship with our local universities (hosting our provincial e-skills CoLabs) are to be strengthened. The need for local impact, especially within deep rural and rural areas, will be the priority for the new financial year.

**Building the NEMISA brand:** In previous reports, we highlighted that we would pay particular attention to enhancing our capabilities and expanding our reach within South Africa and Africa. However, NEMISA has struggled in the past years to accomplish this due to the delay in finalising the iNeSI Bill and business case. Having said this, we have been building our NEMISA brand, which was highly welcomed in 2016/17.

**Collaborative model emphasising evidence-based practices:** NEMISA has adopted a collaborative model that places emphasis on evidence-based practices. These practices or initiatives focus on continually innovating around the supply of individuals with digital competencies. Digital competencies range along the continuum of digital skills – from digital literacy to advanced ICT specialisations.

**Ensuring e-skills are up to date:** The importance of evidence-driven innovation is necessary to ensure that 'out-of-date' e-skills are quickly replaced by new e-skills. For example, the 4th Industrial Revolution demands a new approach to digital competencies among workers whose routine jobs are replaced by robots.

## The National e-Skills Plan of Action (NeSPA) 2010

**e-Skills plan of action through collaboration:** The aim to stimulate the creative and innovative use of ICT among citizens, communities, and organisations so they can favourably participate in the knowledge-based economy formally began with the NeSPA report of 2010. NeSPA was the climax of two years' consultation across business, government, education and civil society in South Africa, and with



international donor agencies, international IT corporates and research coordinators.

### NeSPA's 5 focus areas:

- The alignment of an e-skilling agenda within existing developmental policy – national and international – budgeted for and linked with human capacity development
- The cultivation of cross-collaborative research on e-skills across the main four sectors of government, business, education and civil society
- The creation of a cascading hub-and-spoke type of collaborative administrative structure which places universities at the centre of bringing together the four main sectors (government, business, education and civil society)
- Improving economic access to internet and telecommunications
- The formation of a high-level advisory council that takes care of the interests of the different sectors

### Partnerships – challenges and opportunities

**Collaborative partnerships take effort and strategy:** It's necessary to appreciate that collaborative partnerships are models that are good in principle, yet require a great deal of effort to work out.

**Different sectors have different mandates and challenges:** The different mandates and challenges of the sectors of society meet in such collaborative partnerships.

**Government policies to ensure fairness:** The South African government is committed to servicing the needs of all its citizens, regardless of race, gender, political affiliations or religion. As such, it needs to adopt policies that ensure fairness. It is, therefore, important to have approaches in government that ensures that no citizen is disadvantaged.

**Business is competitive, focuses on speed, and chooses cheaper technology over people:** Business is working in a competitive environment, focused on ensuring that products and services are relevant to their specific audience. The environment means business is more willing to try new innovations. Business, in trying to remain as efficient and as profitable as possible, will do away with the ever-increasing human resource base if cheaper technology can replace people. Business focuses on fast response and, as such, is impatient with the speed of government.

**Education sector looks for stable articulated curricula:** Academics live to make sense of nature, society and the environment, and how society influences technology, or how technology influences society. It is also the dual mandate of academics to ensure that knowledge is disseminated and produced within society. It is, therefore, important in the education sector to articulate curricula that is stable.

**Civil society focuses on minority needs:** Civil society, on the other hand, focuses on the injustices committed to minority groups and tend to apply a great deal of pressure to address the needs of these groups.

**Sectors need to make different concessions when collaborating:** The changing environment today means that academia may have to make some concessions and allow for some flexibility in its curricula. It also means government needs to continually understand the environment and create policy that is easy to implement and remains flexible. New

business models need to be created that meet the demand of new technology solutions. This begins to paint the challenges of bringing together all sectors of society with their competing demands. NEMISA has been successfully doing this for 7 years.

### Operational excellence

**During 2016/17, NEMISA delivered against all its programmes:** A number of operational successes contributed to achieving the strategic objective of operational efficiency and productivity. Significant programmes have moved to future implementation through a decentralised national e-skills architecture. (This decentralised model of CoLabs addresses e-skills gaps, both demand and supply.)

**NEMISA's decentralised architecture:** There are 6 e-skills laboratories (CoLabs) in the country. In addition, NEMISA has reignited the national research network for e-skills. This research network supports local knowledge innovation and evidence-based policy-making.

**Our people:** We are making good on our commitment to "grow our own fibre" and to provide career growth opportunities to colleagues who show leadership potential and are prepared to commit themselves to NEMISA. We are proud that we have appointed women into key leadership positions in business units. This strengthens our conscious efforts to promote gender equality in NEMISA. We are mindful of the fact that ultimate success in our environment can only be achieved through teamwork.

**Smart procurement:** It is often difficult for emerging enterprises to become part of the supply chains of established institutions. Our intention is to continuously open up and facilitate these processes. NEMISA is committed to 'South Africa first'. Our procurement investments for the latter part of 2016/17 were directed towards broadbased businesses. We are working closer with National Treasury's Central Supplier Database to ensure that NEMISA is making a substantial contribution to the accelerated economic and social transformation of the entire SA.

**Sustainability:** NEMISA is an open and transparent organisation, in keeping with global guidelines and regulations for business and social ethics. We have embedded management systems, risk management processes, and policies that govern ethical business conduct. This includes the prevention of fraud and corruption at all levels of our organisation. This is augmented by our Professional Code of Conduct. Our business practices adhere strictly to general occupational health, safety and environmental prescripts.

**NEMISA's future:** NEMISA's outlook continues to be positive, taking into account that the company has a target in excess of 10m South Africans. In addition to this target population, we are pursuing prospects that are at various stages of maturity. We also know that collaboration across government, business, education and civil society is not an easy task. However, we are optimistic that identified opportunities will be realised. We expect to achieve our targets in a much shorter period. NEMISA's key elements for success are:

- The enabling legislation (iNeSI Bill)
- Strong national leadership and coordination
- Responsive and innovative implementation at all levels to bring about radical economic transformation
- Strong partnerships to leverage opportunities for massification
- Continuous environmental scan to identify demand and supply gaps



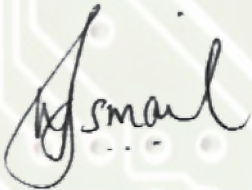
- Monitoring, evaluation and aggregation to achieve the objectives of the National ICT policy and National Development Plan, and to inform other organisations e.g. WEF rankings.

## Appreciation

I acknowledge our shareholder and thank the Minister, Deputy Minister, the Parliamentary Committees and the Director-General of the Department of Telecommunications and Postal Services for their continuous guidance and support. I extend my appreciation to the vice-chancellors and senior management of our local universities and business partners for their ongoing commitment to the NEMISA's vision.

My gratitude goes out to the NEMISA Board for their leadership, valuable contribution and support provided to the organisation.

We are very proud of our achievements as we become a great company. I wish to thank our executive team and employees for the roles they are playing in this regard. Without them we could not sustain the growth that we have seen in recent years. 2017/18 will be a year of consolidating initiatives for NEMISA as the company builds on its positive financial position and prepares the ground for a period of further growth thus making a profound difference in the lives of our people.



**Ms Mymoena Ismail**  
**NEMISA CEO**



# Situational Analysis

## 1. Technology-driven world

The world today is driven by technology. Modern digital technology continues to increase in capacity, mobility, affordability and accessibility. Other significant advances include the convergence of different types of technologies into one device (such as audio, video, calls etc in a mobile phone).

**Affect all areas of life:** Digital technologies (also known as information and communication technologies – ICTs) affect all sectors of business, education and government, as well as individuals in all walks of life.

**Addressing national challenges:** Digital technologies have become fundamental to approaches for addressing socio-economic equity, development and sustainability. Dealing with the challenges of poverty and inequality, building an inclusive economy, and establishing a capable and developmental state has partly become dependent on society – across the full socio-economic spectrum – appropriating modern ICTs.

**Addressing global challenges:** ICTs provide an unprecedented opportunity to add socio-economic value to local communities, as well as to contribute to global competitiveness, economic growth and sustainable development.

**e-Skills fundamental to ICT ecosystem:** ICTs do not stand alone. They exist in an ecosystem where the ability to use the technologies effectively (e-skills and e-astuteness) is as important as the infrastructure and services.

**e-Skills for inclusion:** By developing and enhancing e-skills (digital skills) and e-astuteness, all South Africans will be able to participate more equitably in a societal environment increasingly dominated by modern ICTs. This is particularly relevant for groups at risk of socio-economic exclusion, including the previously disadvantaged, elderly, jobless, marginalised youth, women, and people not in employment, education or training (NEETs).

**South Africa is not e-ready for the Digital Economy and Information Society.** Being ranked at 65th position in the 2016 Networked Readiness Index of the World Economic Forum (47th in 2007) shows that South Africa is still not ready (e-ready) for full inclusion into the emerging Digital Economy and Information Society.

## 2. The Fourth Industrial Revolution

Rapid advancements herald the Fourth industrial Revolution. We are “on the brink of a technological revolution that will fundamentally alter the way we live, work, and relate to one another”. (‘The Fourth Industrial Revolution: what it means, how to respond’, Klaus Schwab, Founder and Executive Chairman of the World Economic Forum – WEF, [www.weforum.org/agenda/2016/01/the-fourth-industrial-revolution-what-it-means-and-how-to-respond](http://www.weforum.org/agenda/2016/01/the-fourth-industrial-revolution-what-it-means-and-how-to-respond))

**Impact on employment:** The Fourth Industrial Revolution involves machine

learning, artificial intelligence and robotics, among other things, replacing routine-based work. It has extensive implications for developing countries, where the largest number of jobs will be at risk.

**e-Skills are critical:** In relation to technology, the “demand for highly skilled workers has increased while the demand for workers with less education and lower skills has decreased”. e-Skilling and ensuring people follow lifelong learning have become even more critical.

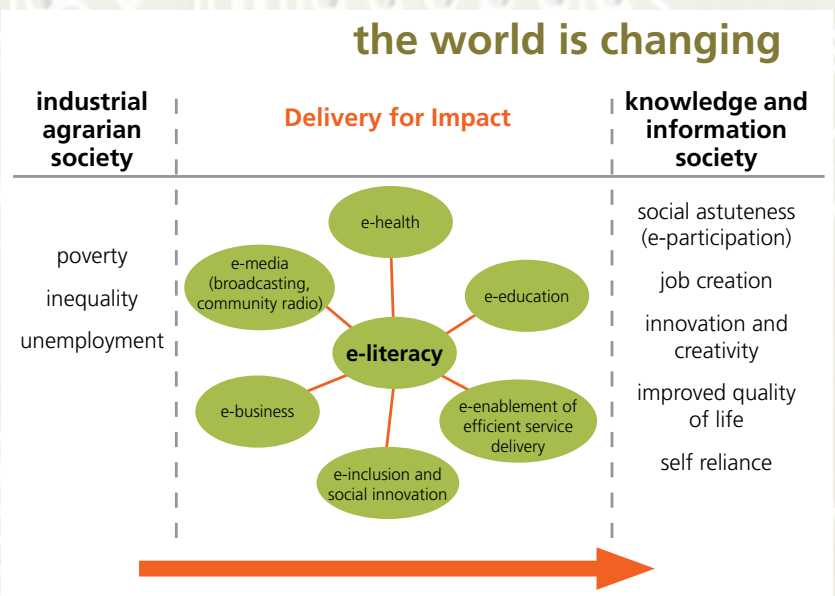
**Impact on the gender gap:** The Fourth Industrial Revolution is expected to affect the gender gap in a number of ways. According to ‘Women and Work in the Fourth Industrial Revolution’ (<http://reports.weforum.org/future-of-jobs-2016/women-and-work-in-the-fourth-industrial-revolution/>), “By their very nature, many of the current expected drivers of change have the potential to enable the narrowing of industry gender gaps.” Examples include housework automation and changes “to what have traditionally been men’s roles in the workforce will also reshape the division of labour at home”.

However, the report notes that there is also a risk that these drivers of change continue or worsen existing gender inequalities. In particular, if “current industry gender gap trends persist and labour market transformation towards new and emerging roles in computer, technology and engineering-related fields continues to outpace the rate at which women are currently entering those types of jobs, women are at risk of losing out on tomorrow’s best job opportunities”.

## 3. The Information Society and Digital Economy

Globally, countries and their citizens are moving to an Information Society and Digital Economy.

**Unpacking the information society:** This describes a society based on creating, distributing and using information and knowledge. It is a society with an economy where the use of information and knowledge becomes one of the most significant economic and cultural activities. This is in contrast to an economy that depends on production (such as coal).





**Unpacking the Digital Economy:** This refers to an economy based on digital technologies. However, it is increasingly seen as conducting business through markets based on the internet. The digital economy is not limited to traditional business models. Digital networking and communication infrastructures provide a global platform where people and organisations create and use new business strategies, interact, communicate, collaborate and seek information. This is not limited by time and location. (Source: The British Computer Society)

**South Africa's development strategies:** South Africa's policies and strategic plans focus on moving the country from an industrial agrarian society to an Information Society where its people are part of the Digital Economy.

## 4. Understanding e-skills (digital skills) and e-astuteness

**An e-skill (digital skill)** means being able to effectively use technology to actively participate in the world and move ahead. The official definition of an e-skill, as defined by the National e-Skills Plan of Action (NeSPA) is:

*The ability to use and develop ICTs within the context of an emerging South African information society and global knowledge economy, and associated competencies that enable individuals to actively participate in the world in which ICT is a requirement for advancement in government, business, education and society in general.*

**e-Astuteness refers to being astute with technology.** Astuteness means being able to understand a situation quickly and see how to take advantage of it. e-Astuteness is about using technology for your advantage and your

community's advantage in work, education, business, and social and family contexts. The formal definition of e-astuteness:

*The capacity to continuously appropriate the technology into personal work, education, business, social and family contexts for both personal and collective benefit. e-Astuteness is defined as a knowledgeable capacity, based on personal and interpersonal skills, that involves:*

*Understanding people and situations*

*Building alignment and alliances*

*An acute understanding of strategic direction*

*Applying strategic behaviour*

*e-Astuteness allows individuals to take personal advantage of ICT in social or economic situations, through the appropriate e-skills. e-Astuteness does not necessarily depend on formal education or high levels of literacy.*

**Different types and levels of e-skills:** e-Skills are varied in terms of levels, across sectors, and more. Currently, e-skills can mean different things to different people. Research, conducted by NEMISA, the provincial CoLabs and with stakeholder input, has resulted in the development of an e-skills (digital skills) framework. This positions e-skills into stacks:

- e-literacy or digital literacy as the foundation for the other e-skills
- (sector) user skills move from generic to sector-specific or profession-specific
- e-leadership skills are the capabilities needed to exploit opportunities provided by ICT (innovation management skills)
- ICT practitioner skills (also referred to as professional skills) are the e-skills needed in ICT professions

## 5. Collaboration and a common vision

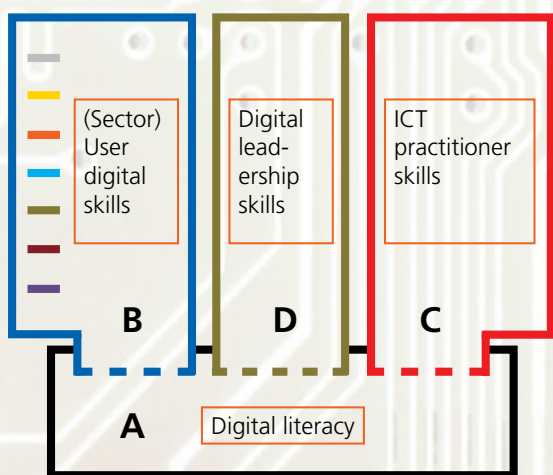
With the onset of the Information Society and the Digital Economy, it has been globally recognised that countries need a national Digital Agenda. The Digital Agenda looks at implementing strategies, policies, collaborative projects, research, and innovation initiatives to help move countries and their people into the digital era.

**A collaborative multi-stakeholder approach** to digital strategies is needed, involving business, government, education, organised labour and civil society. Systemic change requires collaboration, networking and coordination. Promoting and developing digital skills is seen as a key element of digital strategies. This is across all the sectors to ensure that all citizens become and remain included in the digital society. (Source: EU ICT 2015 Conference, ICT2015 – the digital agenda)

**South Africa is not alone in facing e-skills (digital skills) challenges.** According to the House of Commons Science and Technology Committee 'Digital skills crisis - Second Report of Session 2016-17', the UK faces a digital skills crisis. There is a digital divide where up to 12.6 m of the adult UK population lack basic digital skills. The report notes that comparative nations are facing similar challenges. ([www.publications.parliament.uk/pa/cm201617/cmsselect/cmsstech/270/270.pdf](http://www.publications.parliament.uk/pa/cm201617/cmsselect/cmsstech/270/270.pdf))

**Mobile is transforming Africa.** According to Ericsson's 2016 'Sub-Saharan Africa Mobility Report', Sub-Saharan

Dispelling e-skills myths	
<b>e-Literacy is not e-skills; it is just the first step on the e-skills ladder.</b>	An e-skill is more than computer literacy. It's about what an individual can effectively do with technology.
<b>e-Skills are not just for ICT professionals, they are needed by everyone.</b>	Almost every job in the developed world needs e-skills. Furthermore, everyone needs to develop e-skills – from deep rural areas to urban areas. e-Skills have become basic life skills – it is becoming increasingly difficult to function effectively in the world without e-skills.



Summary of the Digital Skills Framework



Africa has the highest growth rate of mobile subscriptions of any region on the globe ([www.ericsson.com/assets/local/mobility-report/documents/2016/ericsson-mobility-report-november-2016-rssa.pdf](http://www.ericsson.com/assets/local/mobility-report/documents/2016/ericsson-mobility-report-november-2016-rssa.pdf)). Mobility is one of the main drivers of economic growth in Africa. According to the World Bank, the 10% growth in mobile penetration increases African GDP by 0.8%. Digital transformation in Africa is driven by mobile (smartphones and other mobile technology) and enabled by connectivity.

## 6. 2016 Networked Readiness Index

The 2016 edition of the World Economic Forum's Global Information Technology Report (2016 GITR) assesses the state of networked readiness of 139 economies. The report considers countries' preparedness to benefit from emerging technologies and to capitalise on opportunities presented by the digital revolution. It is also noted that networked readiness is "highly correlated with per capita income".

### The networked readiness framework is based on 6 principles:

- A high-quality regulatory and business environment is critical to fully leverage ICTs and generate impact.
- ICT readiness (measured by ICT affordability, skills, and infrastructure) is a precondition to generating impact.
- Fully leveraging ICTs requires a society-wide effort: the government, the business sector, and the population each have a critical role to play.
- ICT use should not be an end in itself. The impact that ICTs have on the economy and society is what ultimately matters.
- How the set of drivers (environment, readiness, and use) interact, co-evolve and reinforce each other to form a virtuous cycle.
- The networked readiness framework should provide clear policy guidance.

**South Africa has moved up 10 places.** It is now in 65th position worldwide. South Africa's digital transformation is mostly business driven. It ranked 95th in skills. (<http://reports.weforum.org/global-information-technology-report-2016/>.)

## 7. Shortage of e-skills in South Africa

Currently, there is a shortage of e-skills capacity in the country. This limits socio-economic development and the competitiveness of the economy. With the current roll-out of a national broadband network, there is an even greater need for e-skills capacity to make use of these new possibilities including using e-government services and digital services for SMME development.

### The Joburg Centre for Software Engineering (JCSE) Skills Survey 2016 reports on ICT skills trends in South Africa

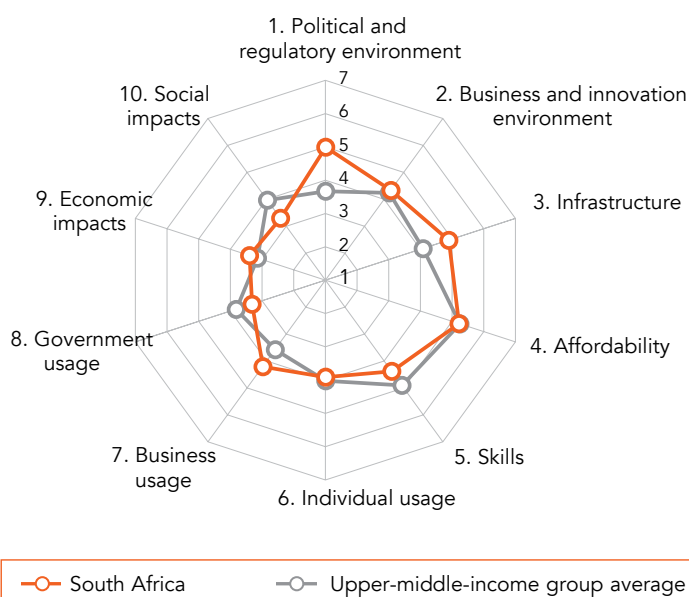
([www.jcse.org.za/research/2016-jcse-ict-skills-survey](http://www.jcse.org.za/research/2016-jcse-ict-skills-survey)). The survey shows "an immediate unsatisfied need for skills in the ICT sector that is only going to get worse in the medium and long term." The survey also highlights concerns regarding basic education and e-skills. It notes that "[e]xposure to and familiarity with ICTs for all learners is essential, in order to equip them to adapt the modern tools to their daily lives. Some laudable initiatives have appeared... but they have yet to reach a sustained, critical mass for all grades of learner".

In the Independent Communications Authority of South Africa's (ICASA) 2017 'Report on the State of the ICT Sector in South Africa', it is noted that employment in telecommunications has decreased significantly by 13.8%. Female employment has decreased by 15.6%. This is in comparison to 2016. (<http://www.ellipsis.co.za/wp-content/uploads/2017/05/ICASA-Report-on-State-of-SA-ICT-Sector-2017.pdf>)

### Root causes for the shortage of e-skills capacity (as identified by NEMISA):

- e-Skills are not embraced at all levels of learning consistently
- Insufficient levels of e-literacy and lack of awareness to promote better and greater use of e-skills
- Lack of coordination mechanism that synergises e-skills capacity development efforts
- Ineffective provision of market information on current and future supply and demand of ICT practitioners and professionals
- Lack of provision of e-skills for learners and communities based in deep rural, and peri-urban areas

Graphic representation of South Africa's rankings





## 8. e-Skills and e-astuteness in national policy

The ability to learn e-skills and to develop e-astuteness is seen as fundamental to South Africa's vision of using ICT to develop citizens and to create an Information Society. Consequently, there are national policies in place to address South Africa's ICT capability.

The National Development Plan (NDP) aims for South Africa to be a dynamic and connected Information Society by 2030. The New Growth Path (the national 5-year economic plan for the country) views the Knowledge Economy as a driver for job creation. The Department of Higher Education and Training's White Paper for Post-School Education and Training includes developing an e-skills plan aligned to the National e-Skills Plan of Action (NeSPA).

**SA Connect, the broadband plan**, positions e-skills and e-astuteness as part of its Digital Opportunity pillar. The broadband plan recognises that infrastructure fulfills the supply side of the broadband ecosystem but that it's as essential to have a demand for broadband. People need to know how to use broadband effectively.

**The National Integrated ICT Policy White Paper** introduces a range of interventions that focus on inclusion, equality and poverty reduction – challenges outlined in the NDP. The development of e-skills and e-astuteness is positioned as a prerequisite to the proposed interventions.

These national strategies lay the foundation for a dedicated focus on digital skills development. This includes skilling, upskilling and re-skilling across the spectrum – from the average citizen to the specialist in the academic, business or government sector.

### Global technology trends

**Automation for improving and optimising business.** Automation examples include automatically aggregating real-time data and automated password resetting especially in the banking sector.

**Autonomous and self-managing devices** will combine sensory data with artificial intelligence (AI) techniques. The Internet of Things (IoT) means automation and intelligence in everything that is connected. The connectivity allows objects to be sensed and actuated remotely, creating a bridge between the physical and digital world.

A focus on **mobile-managed services and mobile security** as the workforce becomes more mobile.

**Cloud-based services will continue to develop.** Furthermore, cloud systems will enable communities of collaborating robots, machines, sensors and humans to process and share information.

**There will be a focus on security and privacy.** Security and privacy controls will be made an intrinsic part of every device, network, cloud and application. There will also be adaptive security architectures that can detect, as well as block.

**Big data will become more important.** It will also require advanced data analytics.

**Communication will evolve** as interaction between human beings and machines evolves (mixed reality). There are emerging technologies in the fields of the tactile internet, virtual reality and augmented reality.

**Advanced machine learning** enables machines to understand concepts and to learn. Through machine learning, a smart machine can change its future behaviour.

**The boundaries surrounding IT are fading** as technology becomes even more integral to almost every business function and relationship.

(Sources: Deutsche Telekom Europe, <https://www.b2b-europe.telekom.com/blog/2017/02/01/6-ict-trends-that-will-change-the-business-world-in-2017>; Ericsson, <https://www.ericsson.com/en/publications/ericsson-technology-review/archive/2016/technology-trends-2016>; Gartner, <https://www.forbes.com/sites/gartnergroup/2016/01/15/top-10-technology-trends-for-2016/#75f4c5cb2655>, <http://www.gartner.com/technology/research/top-10-technology-trends/>; Deloitte, <https://www2.deloitte.com/global/en/pages/technology/articles/tech-trends.html>)



# Organisational Environment

## 1. Integration of skills development entities in the DTSPS

NEMISA is transforming into the iKamva National e-skills Institute (iNeSI). iNeSI will be an integration of three DTSPS entities: NEMISA (a state-owned company), the e-Skills Institute (formerly a branch within the Department), and the Institute for Space and Software Applications (a directorate in the DTSPS). While the transformation to iNeSI occurs, note that:

- NEMISA is established as a section 21 company focusing on broadcasting and multimedia skills development among historically disadvantaged individuals, especially women.
- The e-skills programmes developed in the context of the former e-Skills Institute, are currently supported by NEMISA and delivered through CoLabs that are located in universities in different provinces.

## 2. NEMISA – the integrated model

NEMISA follows a globally-recognised collaborative model that allows stakeholders to sustainably meet South Africa's e-skilling objectives.

**NEMISA's vision** is for an e-skilled society by 2030. It will do so by providing a national integrated e-skills development framework towards sustainable socio-economic development in South Africa. To benefit the total population and to radically advance e-readiness, NEMISA's mission is to:

- act as a leader, national catalyst and change agent for the development of e-skills (digital skills) in South Africa
- play an advocacy role in developing users, consumers and citizens within the globally evolving information and knowledge-based environment
- use a distributive model (i.e. physical presence in each of the 9 provinces) that allows for government, business, education, organised labour and civil society to better position South Africa for a Digital Society and Digital Economy
- collaborate with key stakeholders (i.e. government, business, education, organised labour, civil society, and global development partners) for e-skills massification
- address all e-skills interventions through teaching and learning, research, innovation, monitoring and evaluation, and aggregation.

### NEMISA aims to:

- position South Africa for global competitiveness
- provide the base for increasing equitable prosperity in our society
- grow the human resource e-skills base for SA
- embed technology into people's lives.

NEMISA is focused on contributing to socio-economic development, improving service delivery and improving competitiveness. This is done by implementing programmes and developing the skills and competencies that leverage the power of ICTs. These include the development of human capacity in the digital era and facilitating the improvement of service delivery to citizens.

The distributed model that allows NEMISA to carry out its mandate and activities:

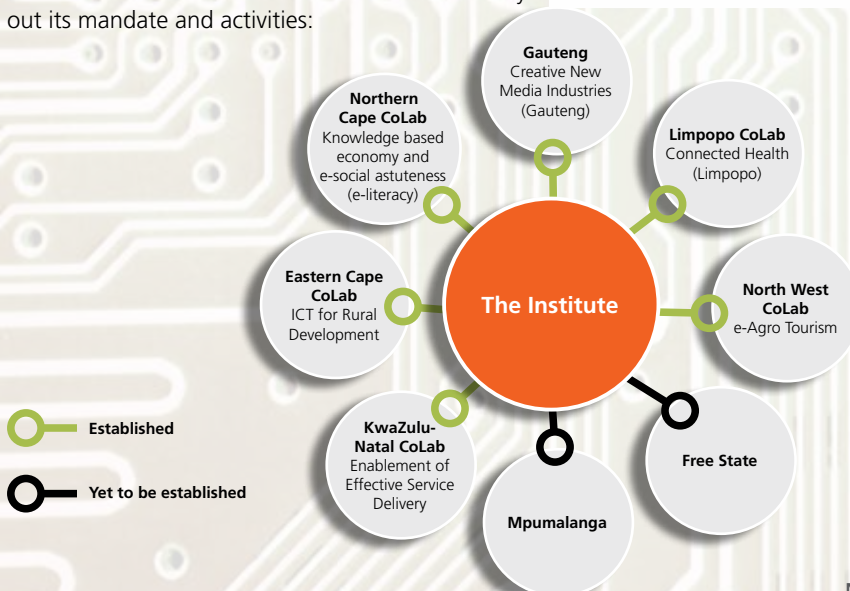
### The Institute aims to:

- position South Africa for **global competitiveness**
- provide the base for **increasing equitable prosperity** in our society
- grow the **human resource e-skills base** for SA
- **embed technology** into people's lives

community  
national  
global



### What is the impact?





### 3. e-Skills CoLabs and national thematic focus areas

NEMISA has a network of provincial CoLabs developed and hosted in association with local universities. Their function is to:

- engage with and coordinate local and provincial stakeholders, creating a network across academia, business, government, international agencies and civil society
- develop and modify relevant curricula and training aligned to the National Curriculum and Competency Framework and standardised curriculum guidelines. This includes identifying gaps, conducting e-skills interventions and building capacity in e-skills
- invest in e-skills research and evaluation for evidence-based decision making. This includes developing a research network across national and international universities
- use a collaborative approach to developing appropriate and innovative methodologies in developmental environments.

Currently there are 6 (six) provincial CoLabs. To align e-skills interventions with national and developmental priorities, NEMISA has defined specific e-skills thematic areas. Each provincial e-skills CoLab leads in one of these areas:

<b>Connected Health</b>	Based at the University of Limpopo, Limpopo
<b>Creative New Media Industries</b>	Based at NEMISA, Gauteng
<b>e-Agro-Tourism</b>	Based at North-West University, North West
<b>e-Enablement for Effective Service Delivery</b>	Based at the Durban University of Technology, KZN
<b>ICT for Rural Development</b>	Based at Walter Sisulu University, Eastern Cape
<b>e-Literacy and e-Business (Knowledge Economy and e-Social Astuteness)</b>	Based at the Vaal University of Technology, Northern Cape/Southern Gauteng
<b>e-Inclusion and Social Innovation</b>	Based at the University of the Western Cape, Western Cape

### 4. Multi-stakeholder collaborative platform

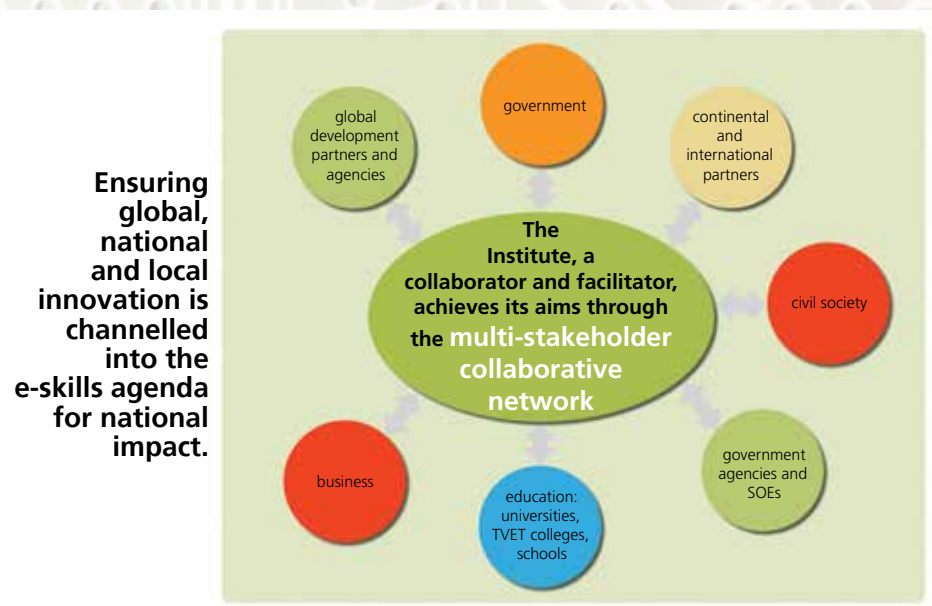
NEMISA creates a common vision through developing its national multi-stakeholder collaborative platform. This provides, among other things:

- A platform for stakeholders to engage with e-skills interventions of mutual benefit
- Coordination for impact and massification, reducing duplication, filling gaps and maximising the use of infrastructure and resources
- National, provincial and community level access through NEMISA's distributive model (with CoLabs positioned in the provinces)
- Alignment to government e-skills policies and plans

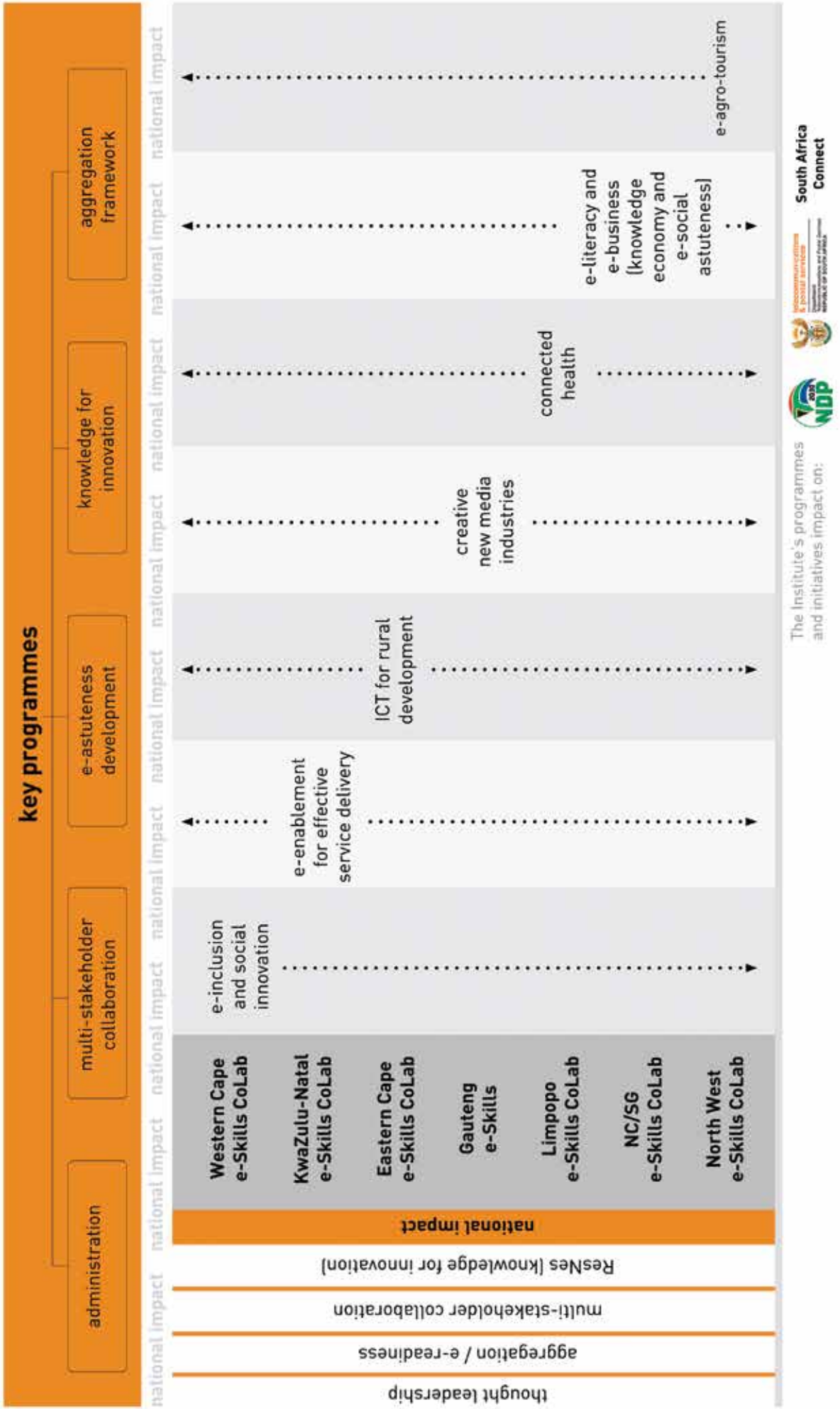
### 5. Core programmes

NEMISA has the following programmes:

- Administration
- Multi-Stakeholder Collaboration
- e-Astuteness Development (training)
- Knowledge for Innovation (research)
- Aggregation

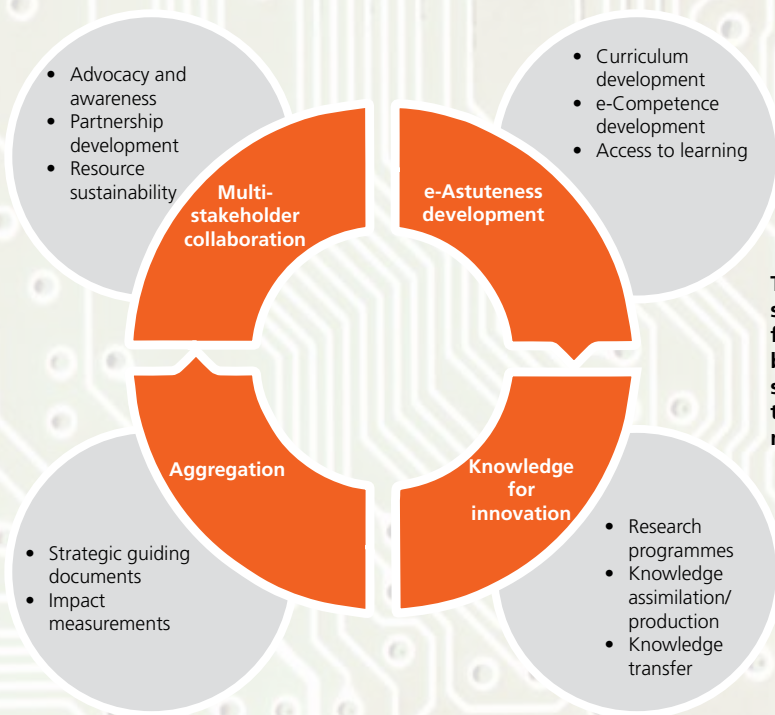








## Functions of the Institute



The core functions of the Institute will be supported by an administration component focusing on corporate governance support, business process support, HR management support, financial management support, technology management support and asset management support

### Programme 1: Administration

The purpose of this programme is to provide support to NEMISA's overall management. Targets set under this programme relate to activities that ensure compliance with legislation and prescripts. Included are activities relating to transforming NEMISA to iNeSI.

### Programme 2: Multi-Stakeholder Collaboration

Under this programme, NEMISA through its CoLabs develop a substantive formalised multi-stakeholder collaborative network involving partners across government, business, global development partners and agencies, continental and international partners, community, organised labour and education (universities, TVET colleges, schools).

### Programme 3: e-Astuteness Development

This programme provides e-skills training through the CoLabs to leverage existing ICT education and training expertise, infrastructure and courses so as to better align and meet the e-skills/ICT related targets in the to the Medium Term Strategic Framework (MTSF) 2014 -2019 and NDP.

### Programme 4: Knowledge for Innovation

The aim of this programme is to investigate appropriate, and innovative, ways to address systemic problems and other inefficiencies in achieving economic appropriation of modern ICT devices. Research is part of the cycle of embedding e-skills (digital skills) as it leads to understanding how e-skills can be used effectively within a South African context.

### Programme 5: Aggregation

The purpose of this programme is to build a formalised multi-stakeholder aggregation and collaborative network that allows NEMISA to link outputs and impact and to inform and support evidence-based policies.



# Part B

## Performance Against Objectives





# Performance Against Strategic Objectives

## 1. Programme 1: Administration

The purpose of Administration is to provide support to the overall management of the Institute and consists of Departmental Management, Internal Audit, Legal Services, Corporate Management and Facilities Management.

Performance Indicator	Reporting	Actual Achievement 2015/2016	Annual Target 2016/2017	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Actual Achievement 2016/2017	Deviation between planned target and actual achievement	Comments on deviation
<b>1. Institute that is responsive to the needs and demands of a knowledge and learning organization</b>										
<b>1.1 *Corporate Governance and Business Process Support</b>										
1.1.1*	Quarterly	4	4	1	1	1	1	4	None	None

### NOTES:

1. \*Targets as per the Approved APP 2016/17 in September 2016.



## 2. Programme 2: Multi Stakeholder Collaboration

The purpose of Multi Stakeholder Collaboration is to build a substantive formalised multi-stakeholder collaborative network involving partners across Government, Business, State Owned Companies (SOCs), global development partners and agencies, continental and international partners, community, organised labour and education (universities, TVET Colleges, Schools and public and private) that will contribute to the massification of e-skills delivery at all levels i.e. thought-leaders, e-practitioners, e-users and the ICT illiterate in society.

Performance Indicator	Reporting	Actual Achievement 2015/2016	Annual Target 2016/2017	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Actual Achievement 2016/2017	Deviation between planned target and actual achievement	Comments on deviation	
<b>2 *Formalised Multi-Stakeholder Collaborative networks for e-competence development</b>											
<b>2.1 Advocacy, Awareness and Partnerships</b>											
2.1.1	Number of Campaigns	Quarterly	11	10	1	3	3	5	12	2	Over-achievement of the target was done as a result of the opportunities presented to collaborative partners e.g. CoLabs and DTPS.
2.1.2	Institute brand visibility platforms leveraged (n)	Quarterly	11	20	7	5	5	3	20	None	None
2.1.3	Number of new partnerships formalised (n)	Annually	6	4	1	1	4	2	8	4	Formalised partnerships increased as a result of the network being established at a provincial level in particular the new Colab in North West
2.1.4	Number of Colab Partnerships signed	Annually	6	7	6	6	6	6	6	(1)	New Board reviewed the MOU between TUT as it had direct implications to In-House Training Staff ( Numbers include the monitoring and evaluation of existing colabs( 6)

### NOTES:

- \*Targets as per the Approved APP 2016/17 in September 2016.
- The activities was carried out by NEMISA central.
- Agreements were signed with six (6) Colabs. The Agreement with TUT was reviewed by the Board.



**3. Programme 3: e-Astuteness Development**

The purpose of e-Astuteness Development is to leverage existing ICT education and training expertise, infrastructure and courses and help existing service providers better align to SA Connect (Broadband Policy, NeSPA 2013, MTSF 2014 -2019, NDP, MDGs and the WSIS Plan of Action). It will collaborate with existing national and international institutions, civil society, organised labour, private corporations and invite them to partner with the Institute in various ways such as contributing to new curriculum planning, course development, course presentation within a national e-skills curriculum and competency framework. It will identify the gaps, shortages and mismatches in course content vis-à-vis the demand for ICT and ICT related skills and competencies across organisational boundaries. It will do this through broad consultation between the Institute and its stakeholder community to ensure alignment between skills supply and skills demand as well as respond to futuristic needs. Ensure that e-Literacy i.e. 'the ability of individuals to use digital tools and facilities to perform tasks, to solve problems, to communicate, to manage information, to collaborate, to create and share content and to build knowledge, in all areas of everyday life and for work', forms the basis on entering the e-skilled/e-astute learning pathway. e-Skills delivery will be targeted at all levels i.e. e-practitioners, information/ knowledge worker (e-user), thought-leaders and your ICT illiterate society.

Performance Indicator	Reporting	Actual Achievement 2015/2016	Annual Target 2016/2017	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Actual Achievement 2016/2017	Deviation between planned target and actual achievement	Comments on deviation
<b>3 *Develop e-Astuteness for socio-economic opportunities in a knowledge driven economy</b>										
<b>3.1 Ensure the roll-out of effective e-Skills programme</b>										
3.1.1	Number of e-literacy learners trained (n)	2033	2000	50	1096	0	70	1216	(784)	Relationship with intermediaries to be reviewed in light of an SLA
3.1.2	Number of Sector users trained (n)	705	1050	-	544	0	245	789	(261)	Basic Education Dept. in Eastern Cape postponed training to May 2017
3.1.3	Number of ICT practitioners trained (n)	162	500	78	414	0	107	599	99	



Performance Indicator	Reporting	Actual Achievement 2015/2016	Annual Target 2016/2017	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Actual Achievement 2016/2017	Deviation between planned target and actual achievement	Comments on deviation
<b>3.1 Ensure the roll-out of effective e-Skills programme</b>										
3.1.4 Number of e-leaders trained (n)	Bi-Annually	104	100	0	73	0	146	219	119	
3.1.5 Number of online courses available @ Colabs	Bi-Annually	3	8	0	0	7	0	7	(1)	Late transfer of funds. E-Readiness of Community Centres (internet access)

**NOTES:**

1. \* Targets as per the Approved APP 2016/17 in September 2016



#### 4. Programme 4: Knowledge for Innovation

The purpose of Knowledge for Innovation is to look for appropriate, and often innovative, ways to address systemic problems and other inefficiencies and weaknesses in achieving learning success. This would include finding ways to identify entrants with potential that do not have the normally required entrance qualifications; supporting under-prepared students; introducing work integrated learning and practical components into Programme. As a core function the Institute will be responsible for research and policy development and developing a citizenry for the Information Society and Knowledge Economy. This process of reflection and renewal will be central to its vision of being responsive, flexible and innovative. It will provide a focus for continuous research in a cross disciplinary manner to concentrate on new ways to embed technology into people's lives to improve business opportunities; access government services and social cohesion; manage evidence-based research and development for a collaborative knowledge economy to address the national goals (MTSF 2014-2019 and NDP 2013) e.g. thought leaders (policy and practice); participate in the development of an evaluation and monitoring framework for collaborative knowledge economy based efforts to address national goals i.e. MTSF 2014-2019 and NDP 2013; and has a proactive approach to environmental scanning in a rapidly changing landscape through its national platform that can more adequately assess gaps, overlaps and opportunities for collaborative approaches.

Performance Indicator	Reporting	Actual Achievement 2015/2016	Annual Target 2016/2017	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Actual Achievement 2016/2017	Deviation between planned target and actual achievement	Comments on deviation
<b>4* Create Knowledge for Innovation</b>										
<b>4.1 Research programmes, knowledge assimilation/production and transfer</b>										
4.1.1	Research areas of common interest (non-degree research and post-graduate research conducted and funded)	7	8	0	0	1	4	5	(3)	Delays in Financial Transfers Constraint of Key Management Staff Funds transferred in September 2017
4.1.2	A National e-Skills/ICT environmental scans conducted annually	0	1	0	0	0	0	0	1	Delays in Financial Transfers Constraint of Key Management Staff Funds transferred in September 2017
4.1.3	Scholarly Researchers on a topic of common interest exchanged	0	1	0	0	0	1	1	None	



Performance Indicator	Reporting	Actual Achievement 2015/2016	Annual Target 2016/2017	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Actual Achievement 2016/2017	Deviation between planned target and actual achievement	Comments on deviation
4.1.4	New products developed (n) for knowledge assimilation	Annually	1	6	0	0	0	1	1	(5) Delays in Financial Transfers Constraint of Key Management Staff Relationship with CoLabs. National Meeting was held with the new management
<b>4.2 Creation and Hosting of learner management system platform</b>										
4.2.1	Provide adequate bandwidth to cloud service for selected delivery sites	Annually	-	1	0	0	0	0	1	None
4.2.2	Conversion or creation of content for online platform	Annually	-	1	0	0	0	0	1	None
<b>4.3 Knowledge Transfer</b>										
4.3.1	Number of Research colloquium hosted (n)	Annually	2	1	0	1	0	0	2	1
4.3.2	Number of Research papers in e-Skills/ICT delivered/presented	Annually	7	5	0	0	1	0	1	(4) Delays in Financial Transfers Constraint of Key Management Staff Funds transferred in September 2017
4.3.3	Report of e-Skills/ICT Thought leaders engagements	Annually	9	6	0	0	7	0	7	1



**5. Programme 5: Aggregation Framework**

The purpose of Aggregation Framework is to build a formalised multi-stakeholder aggregation and collaborative network that allows the institute to link outputs and impact and helping existing service providers to demonstrate measurable impact against national strategic plans. It will implement a monitoring framework to aggregate the uptake of technology within society and consistently address the opportunities highlighted between supply and demand of e-skills to deliver against the MTSF 2014 – 2019 goals, the NDP 2013, the MDGs and to support the local needs of an ever-evolving information society and knowledge economy.

Performance Indicator	Reporting	Actual Achievement 2015/2016	Annual Target 2016/2017	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Actual Achievement 2016/2017	Deviation between planned target and actual achievement	Comments on deviation
<b>5 Ensure an effectual aggregation framework for e-competence development</b>										
<b>5.1 Aggregate e-Skills roll-out programmes and measure impact</b>										
5.1.1 Develop and update strategic guiding documents (e.g. e-competency framework, aggregation framework, etc) annually	Annually	1	1	0	0	0	1	1	None	Digital e-Skills Framework

**NOTES:**

- \*Targets as per the Approved APP 2016/17 in September 2016
- Digital e-Skills Framework was developed by the Western Cape Colab



# Part C

## Human Resources





# Human Resources

NEMISA's people are at the core of its operations. The employment of dedicated and competent staff is fundamental for NEMISA to meet its goals and objectives. NEMISA is committed to employing, training and retaining the best personnel available. It is also committed to develop and motivate all employees to higher standards of performance. To give effect to e-skilling South Africa, the organisation continued to develop staff so that they can contribute to the national e-skills strategy.

## 1. Our people – moving towards a culture of performance

**New appointments:** The NEMISA Board stabilised the leadership by concluding the appointment of the Chief Executive Officer, Ms Mymoena Ismail, and Chief Financial Officer, Ms Rahimoonisha Abdool. Ms Annah Motloung was appointed as HR Manager in July 2016.

**Impact of managing current projects while considering new business model:** In order to accommodate change and continuity, NEMISA's management had to balance the imperatives of running current strategic projects while considering the forthcoming implementation of the newly-approved strategic plan 2017-2022 and annual performance plan 2017/18. This had implications for additions to the organisational structure i.e. NEMISA had to minimise new long-term staff engagements.

**Reviewing of policies and procedures:** A key finding by the Auditor General in 2015/16 was the need to review NEMISA's HR policies and procedures. NEMISA Board regularly reviews existing policies and procedures in light of HR-related matters and challenges faced by the organisation. The Comprehensive HR Policy was amended and presented to the staff and the NEMISA Board in March 2017. The process of refining and creating an understanding of HR Policies and Procedures is an ongoing HR function within NEMISA.

**Developing the Workplace Skills Plan:** The impact of developing the Workplace Skills Plan resulted in NEMISA staff participating in workplace training and development forums. It also ensured that NEMISA's HR policies and procedures are compliant with the appropriate legislation.

**Moving towards a culture of performance:** Following direction by the NEMISA Board, the challenge is to ensure that there is an appropriate change management process

for a smooth transition into the new business model. This involves:

- Adopting an organisational structure best suited to deliver on the new mandate
- Relevant instruments for assessing staff competencies
- Appointing staff into the new structure
- Concluding performance contracts that reflect new responsibilities

**Total expenditure and incentives:** Total expenditure for the 2016/17 financial year amounted to R688 380,29. Incentives were approved for the previous financial year. These Performance Bonuses are provided for in the Financial Statements.

## 2. HR oversight statistics

The HR statistics report against NEMISA's programmes. These are:

- Administration (which provides support to NEMISA's overall management and ensures compliance)
- Multi-Stakeholder Collaboration (which focuses on developing a substantive formalised multi-stakeholder collaborative network)
- e-Astuteness Development (which involves training to meet related policy targets)
- Knowledge for Innovation (research to understand how e-skills can be used effectively in South Africa)
- Aggregation (for linking outputs and impact and to inform evidence-based policies)

**The HR oversight statistics report against the following programmes:** e-Astuteness, Administration, and Multi-Stakeholder Collaboration.

### Personnel and personnel expenditure by programme/ activity/ objectivity

The focus of this table is the number of NEMISA employees per programme and the personnel expenditure associated with this.

Programme	Total Expenditure (R)	Personnel expenditure ( R )	Personnel expenditure as a % of total expenditure	No of employees	Average personnel cost per employee
Administration	33 247 540,98	11 836 364,00	20%	30	394 545,47
Multi-stakeholder Collaboration	2 128 182,29	984 451,00	2%	2	492 225,50
e-Astuteness	18 745 225,18	8 940 873,00	15%	18	496 715,17
Knowledge for Innovation	4 565 000,00	-	0%	0	
<b>Total</b>	<b>58 685 948,45</b>	<b>21 761 688,00</b>	<b>37%</b>	<b>50</b>	<b>435 233,76</b>



## Personnel cost by salary band

This table looks at personnel cost by government salary band, including the number of employees in each salary band.

Occupational levels	Personnel expenditure ( R )	% of Personnel expenditure to total personnel cost	No of employees	Average personnel cost per employee
Top Management (Level 14-15)	2 241 150,00	10%	2	1 120 575,00
Senior Management (Level 13)	1 361 485,00	6%	4	340 371,25
Professional qualified (Level 11-12)	5 760 424,00	26%	7	822 917,71
Skilled level (6-10)	9 972 125,00	46%	26	383 543,27
Semi skilled (1-5)	2 426 504,00	11%	11	220 591,27
<b>Total</b>	<b>21 761 688,00</b>	<b>100%</b>	<b>50</b>	<b>435 233,76</b>

## Performance rewards

Provision was made in the Annual Financial Statements for incentive pay-outs. The amount provided for in 2015/16 amounted to R885 445.00. The amount paid in was R687 888.00.

Occupational levels	Performance rewards ( R )	Personnel expenditure ( R )	% of performance rewards to total personnel cost
2015/16	687 888,00	20 722 435,00	3%
<b>Total</b>	<b>687 888,00</b>	<b>20 722 435,00</b>	<b>3%</b>

## Training costs

NEMISA aims to be an active learning organisation. The training figures below show the cost of employee training within each programme.

Programme	Personnel expenditure ( R )	Training expenditure (R)	Training expenditure as a % of personnel cost	No. Of employees trained	Average training cost per employee (R)
Administration	11 836 364,00	265 009,25	2%	9	29 445,47
Multi-stakeholder Collaboration	984 451,00	38 948,00	4%	1	38 948,00
e-Astuteness	8 940 873,00	17 620,00	0%	4	4 405,00
Knowledge for Innovation	-	-			
<b>Total</b>	<b>21 761 688,00</b>	<b>321 577,25</b>	<b>1%</b>	<b>14</b>	<b>22 969,80</b>

## Employment and vacancies

This table shows the number of new posts approved within the annual report's financial year. It then shows the number of personnel in those posts and if there are any vacancies.

Occupational levels	2015/16 no. of employees	2016/17 approved posts	2016/17 no. of employees	2016/17 vacancies	% of vacancies
Top Management (Level 14-15)	0	2	2	0	0%
Senior Management (Level 13)	4	6	4	3	50%
Professional qualified (Level 11-12)	8	9	7	2	22%
Skilled level (6-10)	18	26	26	2	8%
Semi skilled (1-5)	10	14	11	0	0%
<b>Total</b>	<b>40</b>	<b>57</b>	<b>50</b>	<b>7</b>	<b>12%</b>



## Employment changes

This table shows the number of appointments at the beginning of the period and the number of terminations during the period.

Occupational levels	Employment at beginning of period	Appointment	Terminations	Employment at end of period
Top Management (Level 14-15)	0	2	0	2
Senior Management (Level 13)	4	2	2	4
Professional qualified (Level 11-12)	10	4	2	12
Skilled level (6-10)	27	1	8	20
Semi skilled (1-5)	17	0	5	12
<b>Total</b>	<b>58</b>	<b>9</b>	<b>17</b>	<b>50</b>

## Reasons for leaving

Reasons for leaving	Number	% of total no. of staff leaving
Death	0	0%
Resignation	4	24%
Dismissal	0	0%
Retirement	0	0%
Ill Health	0	0%
Expiry of contract	13	76%
<b>Total</b>	<b>17</b>	<b>100%</b>

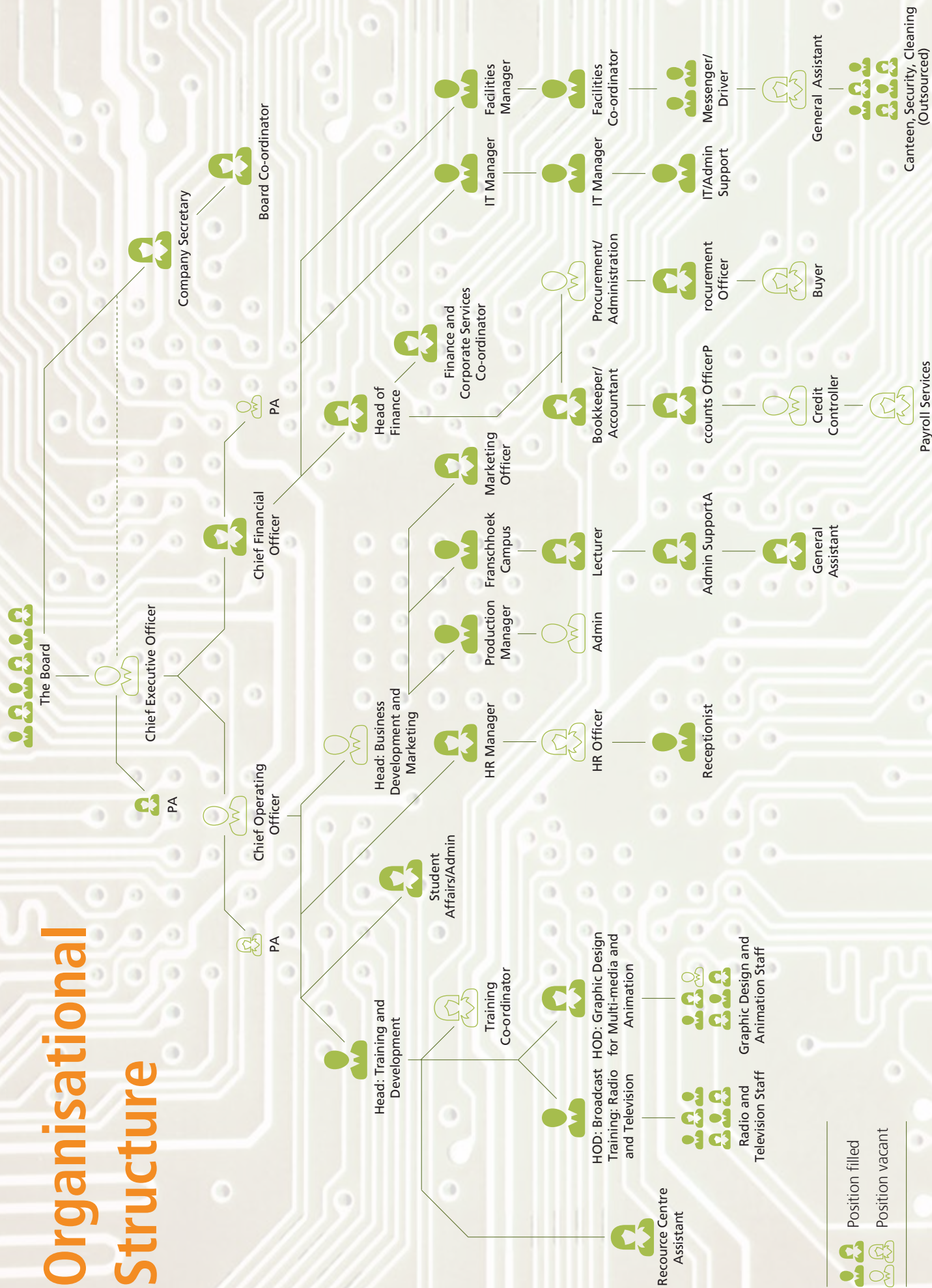
## Equity target and employment equity (EE) status

NEMISA supports transformation in the workplace through compliance with EE regulations. The organisation has no employees with disabilities in its employment for the current reporting period. However, targets are being reviewed in light of the Workplace Skills Plan and the EE targets for the transformed organisation. The demographic composition of the organisation at the reporting date was as follows:

Gender	African		Coloured		Indian		White		
	Current	Target NEAP	Current	Target NEAP	Current	Target NEAP	Current	Target NEAP	Target EAP
Male	30.81%	40%	38%	8%	3.8%	10%	3.8%	4%	
	16		2		2		2		22
Female	37%	36%	7.7%	3%	12%	3%	7.7%	4%	
	19		4		3		4		30
<b>Total</b>	<b>35</b>		<b>6</b>		<b>5</b>		<b>6</b>		<b>52</b>



# Organisational Structure



 Position filled  
 Position vacant



## NEMISA Staff - Internal Governance & Support



**Brenda Mfaku -  
Secretariat**



**Mapula Thebethe -  
Secretariat**



**Bheki Khumalo -  
Facilities**



**Peter Jembula -  
Facilities**



**Petrus Mojaki -  
Facilities**



**Thembinkosi Sibankulu -  
Facilities**



**Christopher Maluleke -  
Finance**



**Ferial Kaylas -  
Finance**



**Khomotso Malaka -  
Finance**



**Mpho Maedi -  
Finance**



**Rofunwa Ligege -  
Finance**



**Annah Motloug -  
HR**



**Petunia Konyana -  
HR**



**Erna Dames -  
ICT**



**Mohapi Moiloa -  
ICT**



**Thembi Sibeko -  
ICT**



## NEMISA Staff - Internal Governance & Support



**Zine Buthelezi -  
CEO Office**



**Thabang Phetla -  
Marketing &  
Communications**



**Victoria Tau -  
Marketing &  
Communications**



**Lungile Mbokazi -  
Receptionist**



**Adri Strydom -  
Finance**



**Emmanuel Ramoipone -  
Procurement**



**Phora Moshome -  
Procurement**



**Jennifer Mekgwe -  
Procurement**



## NEMISA Staff - In-house Training (Parktown)



**Louise Jardin - Animation**



**Kuben David - Graphic Design**



**Sibongile Imenda - Graphic Design**



**Tebogo Serobatse - Graphic Design**



**Doc Fick - TV & Radio**



**Bongwiwe Kubheka - Radio Production**



**Robert Bocking - Television**



**Keroshin Reddy - Television**



**Mary Moleke - Training & Development**



**Lungile Xulu - Training & Development**



## NEMISA Staff - In-House Training (Franschhoek)



Jacques Fortuin



Antoinette Young



Lizette Rudy



Theresa Jurries

## e-Skill Delivery (Local Universities hosting e-Skills CoLabs)



*Your world to a better future.*





# ICT Management

## Overview of NEMISA's ICT management

NEMISA's value proposition and the organisation's strategy recognise that Information and Communication Technology (ICT) has become ubiquitous. Technologies are entrenched in most areas of work and life. To be part of the digital world, ICT has become a key enabler. To harness the possibilities within ICT, we need both e-skills (digital skills) and infrastructure. This applies to NEMISA as an entity in its own right. Moving the organisation forward requires effective management of ICT resources.

**New Head of ICT:** A new Head of ICT was appointed in the last quarter for the period under review. This newly-created position is a result of the recognition that ICT plays a pivotal role in NEMISA's future. Ms Erna Dames has been in the ICT environment going on 20 years and has been in education and training for 10 years.

**e-Enabled NEMISA and quick wins:** The strategic theme of the ICT department is 'towards an e-enabled NEMISA'. This encompasses alignment with NEMISA's strategy and business plan, growth and development of the organisation and its employees, and alignment to global trends. An analysis of the current state of ICT was completed and 'quick win' actions were approved by the Board (the Short-Term Strategic Plan). These include -

**Attention to the basics, including current and future needs:** For NEMISA to have an effective ICT platform, assessments have shown a need to start with the basics. This ranges from ICT infrastructure and appropriate broadband to hardware and software. The focus has been (and continues to be) on NEMISA's Programme 1 – administration. The Short-Term Strategic Plan focuses on current needs, aligning with NEMISA's Annual Performance Plan, as well as taking into account future scenarios aligned with the organisation's strategy.

**Revised ICT governance:** The NEMISA Board has approved the revised Corporate Governance of ICT Framework Policy and the re-constitution of the ICT Steering Committee. The aim is to address ICT security risks and controls with appropriate and practical ICT policies, procedures and guidelines.

**Revising ICT policies:** NEMISA's ICT policies were revised during this period, with the understanding that these would be re-formulated and include recommendations from internal audit findings and input from both the Board Audit and Risk Committee and the Finance Committee.

**Upgrading existing organisational support systems:** Assessments have shown that current organisational support systems need to be brought up to date. This will allow NEMISA to take advantage of new functionalities (including improved security), use business process improvements for efficiency and effectiveness, increase responsiveness, and reduce support costs, thus ensuring internal business excellence. These actions are of particular importance for critical business systems, such as those needed for finance, procurement and HR.

**Stabilising ICT infrastructure environment:** The Short-Term Strategic Plan entails moving towards a cloud computing environment. It includes using services such as 'infrastructure as a service' where there is a private cloud with dedicated virtual machines. This lays the foundation for the consolidation of computing resources, virtualisation of resources and re-provisioning of these resources on demand. Plans for this occurred during the reporting period.

**ICT Support Services:** Current assessments of human resources in the ICT support role show that these employees are in reaction mode. The aim is to develop and grow the ICT human resource assets into a core team of ICT experts to bridge the gap between technology promises and actual delivery. Plans for this occurred during the reporting period.





# Part D

## Stakeholder Engagement





# Stakeholder Engagement

## 1. Context for stakeholder engagement (marketing and communication)

NEMISA's engagement with its stakeholders is open, constructive and transparent. Engagements are aimed at strengthening NEMISA's multi-stakeholder network across business, government, education and civil society.

**Better coordination, creation and implementation for e-skills interventions:** The Institute's stakeholder initiatives are aligned to the overall strategic plan and objectives. These follow national objectives, in particular the National Development Plan (NDP), National Integrated ICT Policy, the national Broadband Programme, and SA Internet for All. The focus is on unlocking the potential of ICTs to eliminate poverty and reduce inequality in the country by 2030. Creating an e-skilled society through e-astuteness and digital literacy (e-literacy) are key to achieving this goal.

**Broad range of areas:** Due to the broadbased nature of stakeholder engagement (marketing and communications), activities encompass almost all of NEMISA areas. These include thought leadership and education on the nature of

e-skills and e-astuteness, as well as NEMISA's four components when addressing e-skills interventions:

- Multi-Stakeholder collaboration (across government, business, education and civil society)
- e-Astuteness development (teaching and learning)
- Knowledge for innovation (research)
- Aggregation (monitoring and evaluation framework)

**Multi-stakeholder audiences:** Audiences reflect the multi-layered stakeholder engagement model of the organisation. These include:

- Internal audiences, such as staff
- Internal stakeholders, such as the e-skills CoLabs
- Current external e-skills stakeholders, such as government, business, education, organised labour, civil society, the public (users, consumers and citizens), and international organisations
- Potential external e-skills stakeholders, such as government, business, education, organised labour, civil society, the public (users, consumers and citizens), and international organisations

**Programme 2: Multi-Stakeholder Collaboration:** In terms of performance, marketing and communications falls within Programme 2: Multi-Stakeholder Collaboration.

Strategic Outcome Oriented Goal 2:

Formalised multi-stakeholder collaborative networks for e-competence development. This involves partners across government, business, continental and international partners, community, organised labour and education (TVET, universities, colleges and schools) to harness effort and resources.

Goal Statement

Build a network of partnerships to stretch and combine resources to accomplish projects and objectives of mutual interest and benefit

**Strategic Objective 2.1**

**Advocacy, awareness and partnerships**

Objective Statement

Ensure effective advocacy and awareness  
Ensure effective partnerships over all spheres, all sectors and CoLabs

*Note that there have been some restrictions during the reported period. These are due to the transition that NEMISA is undergoing as it moves towards the iKamva National e-Skills Institute (iNeSI). Restrictions included budget and scope.*





## 2. Building a platform for greater impact (advocacy and awareness)

**Exhibitions and imbizos:** The following shows NEMISA marketing activity at events hosted by e-skills stakeholders.

Month	Event and NEMISA involvement
April 2016	<p>'Rural Connectivity – A move towards Smart Villages' – Launch of computer laboratory, Masixole High School, East London, 8 April 2016, with DTPS Deputy Minister Prof Mkhize: ICT for Rural Development e-Skills CoLab representative gave message of support, identified training opportunities and explained how the CoLab works.</p> <p>Imbizo Focus Week – Launch of Moletji School, Polokwane, 8 April 2016, with DTPS Minister Dr Cwele: Attended by representatives from the Connected Health e-Skills CoLab, NEMISA Board member and NEMISA central office. The e-Skills CoLab gave a message of support. Promoted Creative New Media Team short courses.</p> <p>Young, Free and Educated Dialogue, Polokwane, 22 April 2016, with Deputy Minister Prof Mkhize: NEMISA took part in the state-owned companies' exhibition, providing information on graphic design learnerships and Creative New Media Team animation short courses.</p>
May 2016	<p>DTPS Budget Vote, National Assembly, 10 May 2016: NEMISA took part in the accompanying exhibition for state-owned companies, showcasing the digital skills framework and the SMME mobile skills development project. e-Skills CoLab Directors were also present.</p>
June 2016	<p>Launch of community centre connected by SITA, Veritas Northern Cape, 21 June 2016, with Minister Dr Cwele: The Knowledge-based Economy and e-Social Astuteness (e-Literacy) e-Skills CoLab was represented by its De Aar Centre Manager.</p> <p>Hammarsdale Computer Lab Launch powered by USAASA, 24 June 2016, with Minister Dr Cwele: The e-Enablement for Effective Service Delivery CoLab representative gave a message of support, and advised on training opportunities in website development and intellectual property issues.</p> <p>Ekurhuleni Metropolitan Municipality Career Expo, Katsieng, 28-29 June 2016: Creative New Media e-Skills Team Representatives shared information on graphic design short courses.</p>
August 2016	<p>FP&amp;M Skills Development Summit, Pretoria, 25-26 August 2016, plus the Achiever Awards: NEMISA exhibited, promoting NEMISA work, the Digital Framework, the MobileTech Project, and planned graphic design courses. There were representatives from Creative New Media and the CoLabs. The Acting CEO was profiled in the Achiever Magazine that was distributed at the expo.</p> <p>Women's Day Celebrations, Johannesburg, 30 August 2016: NEMISA representatives attended the Deputy Minister of Communications' 'Empowering Women in Digital Business Breakfast' organised by the Black IT Forum.</p>
November 2016	<p>Film and Television Production Skills Programme Graduation, Johannesburg, 30 November 2016: Deputy Minister Stella Ndabeni-Abrahams acknowledged NEMISA as a state-owned company that offers training in the fields that speak to Digital Migration. Two NEMISA representatives attended.</p>

**NEMISA-hosted events:** The following shows NEMISA marketing activity where the events were hosted by NEMISA. These initiatives include event management – from organising communication and marketing material to guest management and catering.

Month	Event and NEMISA involvement
July 2016	<p>Creative New Media graduation, Johannesburg, 9 July 2016: 63 students graduated in TV Recognition of Prior Learning, Film and TV production, 2D and 3D Animation, and Broadcast Engineering.</p> <p>Creative New Media graduation, Durban, 23 July 2016: 59 students from TV Production and Radio Production.</p>



### 3. Stakeholder relations

From a marketing and communication perspective, stakeholder relations are developed through communication touch points. These touch points provide a channel for NEMISA to communicate e-skills information.

**Newsletter:** There is a monthly newsletter that showcases NEMISA's activities. These include:

- e-Astuteness development (teaching and learning)
- Knowledge for innovation (research)
- Multi-stakeholder collaboration, including new partnerships
- General information on NEMISA and achievements
- Information on e-skills and e-astuteness

The newsletter is sent out to e-skills stakeholders and is also used at events.

**Further external stakeholder communication touch points** for the reported period include:

- Annual Report – 2016/17
- Value Proposition Document

**Internal communications:** Internal communications to NEMISA have focused on operational documents and national policy guidelines.





# Part E

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## Corporate Governance





# Corporate Governance

**NEMISA is a national public entity as defined in the PFMA and listed under Schedule 3A of the Public Finance Management Act (PFMA). It is accountable to the Parliament of South Africa. The Board ("Accounting Authority") is appointed by the Minister ("Executive Authority") in terms of the Memorandum of Incorporation (Mol). The Board is also accountable to the Minister for compliance with the obligations imposed on the Board and the Minister in terms of the PFMA and the Governance Agreement.**

## 1. The Portfolio Committee

NEMISA reports to the Parliament through the Portfolio Committee on Telecommunications and Postal Services. Meetings are held at least quarterly to provide quarterly and other necessary reports to the Portfolio Committee.

Portfolio Committees shadow the work of the various national government departments. It exercises its oversight role through the monitoring and evaluation of the performance of NEMISA quarterly and annually.

The role of Portfolio Committees is to:

- Deal with departmental budget votes;
- Oversee the work of the department they are responsible for and its entities; and
- Enquire and make recommendations about any aspect of the department, including its structure, functioning and policy.

The Portfolio Committee has been instrumental in overseeing the process of transition from NEMISA to iNeSi.

## 2. The Executive Authority

The legislative mandate of the Department of Telecommunications and Postal Services is to "to create a vibrant ICT sector that ensures that all South Africans have access to robust, reliable, affordable and secure ICT services in order to advance socio-economic development goals and support the Africa agenda and contribute to building a better world."

The Minister of Telecommunications and Postal Services is the sole shareholder and Executive Authority of NEMISA.

## 3. NEMISA Mandate

NEMISA was established as an institution of education and learning in the area of broadcasting (TV and radio). It is in the process of being transformed into a catalytic institution specialising in developing a sustainable framework for embedding e-skills and e-astuteness so that South Africa develops as a knowledge economy and citizens have the capabilities to participate in an Information Society.

## 4. The Board and its Committees

### Director training and development

All directors are expected to remain abreast of changes in trends in the industry and in the Institutions' environment.

### Remuneration of directors

The Minister regulates the remuneration of directors in line with National Treasury guidelines.

The remuneration of directors is set out in the Directors' Report in the Financial Statements.

### Company secretary

The Company Secretary is responsible for providing guidance to the Board both individually and collectively, on their duties, responsibilities and powers. The Company Secretary also advises on corporate governance and compliance with legislation.

### Conflicts of interest

The institution actively solicits from its directors on an annual basis the details regarding external directorships that have the potential to create conflicts of interest while they serve as directors on the NEMISA Board.

Where a conflict arises, directors are required to recuse themselves from the discussions. The Institution requires that directors avoid any potential conflicts of interest.

### Board of Directors

In terms of clause 13 of the Memorandum of Incorporation, the Board of NEMISA should be composed of no less than 5 Directors, until otherwise determined by the Minister or at an Annual General Meeting (AGM). At least one of the Directors shall be the Chief Executive Officer as prescribed in the Mol.

As at 31 March 2017, the Board consists of 8 non-executive directors appointed from 1 October 2016. Two non-executive members commenced duty on 1 November 2016. Non-executive directors and executive directors have been appointed for three-year fixed-term.

The Board's primary function is to determine the Institute's strategic direction and to exercise prudent control over the Institute and its affairs.

The Board has ultimate responsibility and accountability for the performance and operations of the organisation. It is responsible for ensuring that the organisation adheres to high standards of ethical behaviour, and provides oversight and guidance. To this end, the Board has established four board sub-committees.



## Board sub-committees

Committee	Objectives
<p><b>Audit &amp; Risk Committee</b></p> <p>Committee composition: Mr Phuti Phukubje Mr Lucas Mello Mr Thami Ka Plaatjie</p>	<ul style="list-style-type: none"> <li>The committee is established in terms of section 51(1)(a)(ii) of the Public Finance Management Act No 1 of 1999 (PFMA) as amended and relevant Treasury Regulations, and in accordance with NEMISA's Memorandum of Incorporation.</li> <li>The committee is an advisory committee of the Board. The committee continues to give guidance and support to the Board in terms of its duties as detailed in the approved charter.</li> <li>The committee is responsible for overseeing, on behalf of the Board, the governance of ICT. This includes monitoring and reviewing ICT policies and practices to ensure that the required ICT support is provided and that ICT is positioned as a key enabler for business.</li> </ul> <p>The committee is scheduled to meet four times a year.</p>
<p><b>Finance Committee</b></p> <p>Committee composition: Prof Manoj Maharaj Ms Alina Mfulo Ms Sarien Kersh</p>	<ul style="list-style-type: none"> <li>The committee was established to monitor, evaluate and make recommendations on financial control matters of the Institution, including budgeting, cash flow and financial policies.</li> </ul> <p>The committee is scheduled to meet four times a year.</p>
<p><b>Human Resources and Remuneration Committee</b></p> <p>Committee composition: Mr Lucas Mello Mr Thami Ka Plaatjie Prof Walter Claassen Ms Nelisiwe Mkhaliphi</p>	<ul style="list-style-type: none"> <li>The committee makes recommendations, for approval by the Board, on matters pertaining to remuneration and other emoluments of executive and non-executive Board members. This includes compliance with labour legislation and human resource strategy and policies.</li> <li>The committee was established in accordance with NEMISA's Memorandum of Incorporation. It monitors compliance with relevant labour and employment legislative matters and recommends approval of significant HR-related policies to the Board.</li> </ul> <p>The committee is scheduled to meet four times a year.</p>
<p><b>Programme and Academic Committee</b></p> <p>Committee composition: Ms Alina Mfulo Ms Sarien Kersh Prof Walter Claassen Prof Manoj Maharaj Mr Phuti Phukubje</p>	<ul style="list-style-type: none"> <li>This committee was established to assist the Board on matters related to teaching and learning. This includes other programme objectives within the national e-skills programme, in accordance with the strategic objectives of the Institution.</li> </ul> <p>The committee is scheduled to meet four times a year.</p>
<p><b>Social and Ethics Committee</b></p> <p>Committee composition: Ms Sarien Kersh Ms Nelisiwe Mkhaliphi Mr Thami Ka Plaatjie</p>	<ul style="list-style-type: none"> <li>The Social and Ethics Committee was established by the Board to assist in exercising its social and ethics governance responsibility. This includes best practice recommendations for social and ethical management as aligned to the Companies Act.</li> </ul> <p>The committee is scheduled to meet 2 times a year.</p>

## Board Demographics as at 31 March 2017

Of the total number of Board members as at 31 March 2017, 5 are males and the remainder are female members

Male	Female
63%	37%

## Independence of the Board

Board members are appointed by the Shareholder through the Minister of Telecommunications and Postal Services. The Board considers submissions and recommendations made by Management and makes independent decisions based on its fiduciary responsibilities and the strategic direction of the company. The Board has a formal charter that defines its mandate, roles and responsibilities.

The Board committees meet independently and report back to the Board through their chairpersons. Each committee has a formal charter that clearly defines its roles and responsibilities.

The BARC meets regularly with the external and internal auditors. Furthermore, the Board, its committees and individual directors may engage independent counsel and advisers on request and at the discretion of the Board.



### Board and Committee meeting attendances (1 April 2016 to 30 September 2016)

Board member	Board meetings 5	Board Audit and Risk Committee 4	Human Resource & Remuneration Committee 2	NEMISA Academic Committee 3	Term start	Term end
Mr Thami Ka Plaatjie	5	4	2	2	01 May 2013	30 Sep 2016
Mr Lucas Mello	4	3	-	1		
Ms Khanyisile Ngambi	4	-	2	-		
Ms Loren Braithwaite-Kabosha	5	4	-	3		

### Board and Committee meeting attendances (1 October 2016 to 31 March 2017)

Board member	Board meetings 5	Audit and Risk Committee 5	Human Resource & Remuneration Committee 5	Programme & Academic Committee 3	Finance Committee 2	Term start
Prof Walter Claassen	5	-	5	3	-	1 Oct 2016
Mr Thami Ka Plaatjie	0	0	1	-	-	
Mr Lucas Mello	5	2	5	-	-	
Mr Phuti Phukubje	5	2	-	2	-	
Prof Manoj Maharaj	5	-	-	3	2	
Ms Thandiwe Mfulo	5	-	-	3	2	
Ms Nelisiwe Mkhalihi	3	-	4	-	-	
Ms Sarien Kersh	5	-	-	3	2	

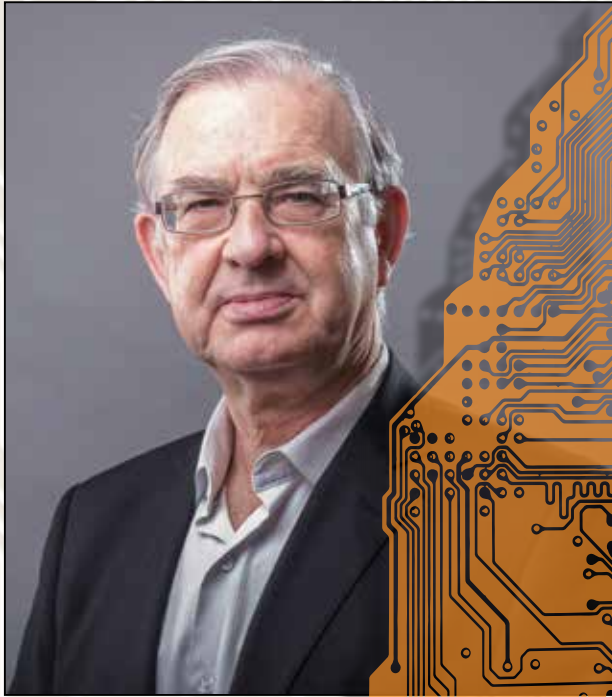
### Board composition

The independent non-executive directors have varied experience, background and skills. They contribute a variety of skills, business acumen, independent judgment and experience on various issues that include strategy, ethical leadership, governance and performance.

Board members have unrestricted access to the organisations' information, documents and records in fulfilling their responsibilities as independent non-executive directors.

The roles of the Board Chairperson, Deputy Chairperson and the CEO are separate and their responsibilities are clearly defined.





**Professor Walter T Claassen**  
**Designation: NEMISA Board Member, Board Chairperson**

**Specialist skills:** Prof Claassen has extensive experience in academia management, leadership and research. He has been actively involved in restructuring and innovation in the higher education environment. His expertise includes the current rethinking of universities regarding alignment with the digital era and the digital economy, ICT, digital skills development, and human capacity development in the digital economy.

**Highlighted experience and positions:** He has been Director of Research at Stellenbosch University and Vice-Rector (Academic) and Vice-Rector (Research). The Vice-Rector also acted as Chairperson of the respective Senate committees. This work involved developing the institution into one of the foremost research-intensive universities in South Africa.

He was also a Senior Advisor: Research in the Department of Information Systems, University of the Western Cape (UWC).

He has a long history with the e-Skills Institute, including as a Senior Researcher and Management Committee Member in the Research Network for e-Skills (ResNeS).

He was a Trustee of the Desmond Tutu Educational Trust and a Founding Member of the Academy for Science in South Africa.

**Other current positions:** Prof. Claassen is a Senior Researcher and Consultant in the Division for Institutional Planning of the University of the Western Cape. (During the period of reporting, he was Senior Lecturer in the Department of Information Systems and from that position also involved in research in the Western Cape CoLab for the period October to December 2016.)



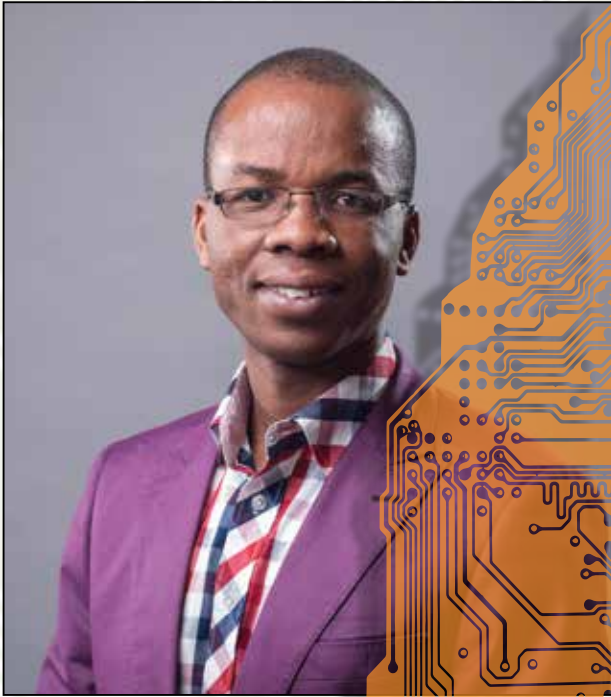
**Mr Thami Ka Plaatjie**  
**Designation: NEMISA Board Member, Deputy Board Chairperson**

**Specialist skills:** Mr Ka Plaatjie has worked extensively in the education sector. He is a specialist in historical research with reference to South African resistance politics, as well as heritage studies and political conflict models. Further experience includes current African political analysis and commentary, strategy development and community development.

**Highlighted experience and positions:** He was Campus Registrar: Academic and administration at Vista University, as well as serving on the History Curriculum and Examining Committee. He held the position of Director: Policy and Strategy at the National Development Agency. He served in the Dinokeng National Scenario Planning team and in the Cycle Discussion Group. He has also held the position of Secretary General of the PAC and President of PAM.

**Other current positions:** Mr Ka Plaatjie is the Director the Pan African Foundation, a research and community development NGO. He currently serves on the AGRI Seta Board. He is co-owner of the Messenger Community Newspaper and owner of Spy 2 Publishers.



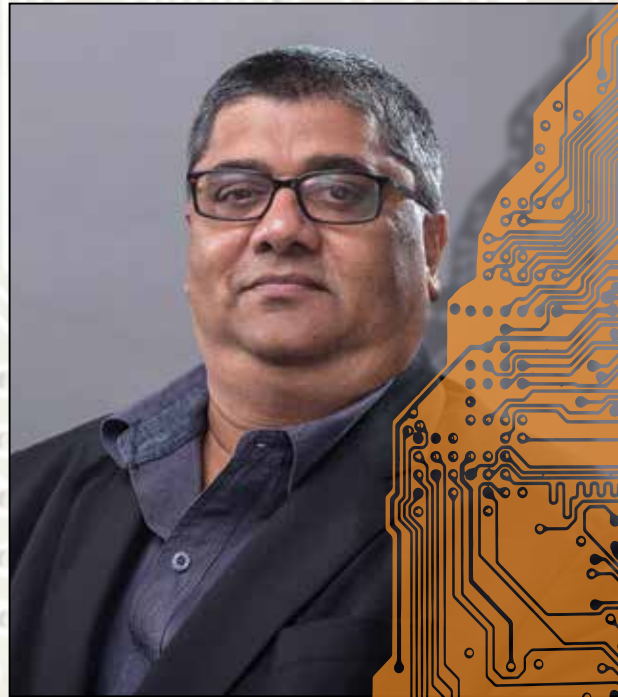


**Mr Phuti Phukubje**  
**Designation: NEMISA Board Member, Chairperson of the Audit and Risk Committee**

**Specialist skills:** Mr Phukubje is an approved accounting officer and business accountant (SAIBR 151) as registered by the South African Institute of Business Accountants. He has an extensive technical knowledge in auditing, financial management, accounting and taxation.

**Highlighted experience and positions:** He worked in numerous positions for the Auditor General South Africa, culminating in the position of Senior Manager. He also has international auditing experience with the United Nations Fund for International Partnership.

**Other current positions:** Mr Phukubje is currently Executive Head: Internal Audit, Compliance and Investigation at Sentech, and Audit and Risk Committee Member for the Police Civilian Secretariat.



**Prof Manoj Maharaj**  
**Designation: NEMISA Board Member, Chairperson of the Finance Committee**

**Specialist skills:** Prof Maharaj is an academic of more than 30 years. He has extensive experience in the management and leadership of higher education and training institutions. This includes legislation, policies and procedures related to state-owned enterprises (SOEs). He has a deep knowledge of the ICT sector and has researched and published extensively in this domain. He has also contributed significantly to academic capacity development.

**Highlighted experience and positions:** He has been in various management and strategic positions at the University of KwaZulu-Natal (UKZN). This includes serving on the UKZN Council and the UKZN Senate. He was Chairman of the Board of Trustees of the University of Durban-Westville Pension and Provident Fund. Previous experience includes consulting to the Botswana Qualifications Authority around developing the Botswana National Qualifications Framework.

**Other current positions:** Prof Maharaj is currently a researcher and Professor in the School of Management, IT and Governance at University of Kwazulu Natal. He also serves on the Board at the Moses Kotane Institute, an SOE in KZN that aims to advance STEM and leadership skills.





**Mr Lucas Mello**  
**Designation: NEMISA Board Member, Chairperson of the Human Resources and Remunerations Committee**

**Specialist skills:** Mr Mello has extensive experience in the education field. This ranges from teaching to high-level educational strategy and management. Further expertise includes high-level dispute resolution, high-level negotiation, statute interpretation and an understanding of a vast range of legislation.

**Highlighted experience and positions:** He worked for the Mpumalanga Department of Education, assisting with the transition and integration after the 1994 democratic elections. He was appointed Regional Director (Nkangala) at the Mpumalanga Department of Education. He also held the position of ANC Mpumalanga Provincial Secretary.

**Other current positions:** Mr Mello is an Executive Director at Bawasha Project Management and an Executive Director at 1 Chain Fixed Asset management.



**Ms Alina Mfulo**  
**Designation: NEMISA Board Member, Chairperson of the Programme and Academic Committee**

**Specialist skills:** Ms Alina Mfulo is a young woman with disability and has been involved in representing disabled people both in South Africa and internationally. Her government and civil society experience is evidence of her experience with high-level management, monitoring and evaluation and leadership.

**Highlighted experience and positions:** She was a member of the 4th Parliament on the Select Committee on Appropriation, Select Committee on Auditor General, and the Portfolio committee on Monitoring and Evaluation. She was also a Municipal Councillor for the Sol Plaatjie Municipality. She has been Provincial Treasurer for Cosatu and Provincial Chairperson for the South African Women Entrepreneur Network. She was previously a Board Member for the Northern Cape Development Trust.

**Other current positions:** Ms Mfulo is currently the Deputy Secretary General for Disabled People South Africa. She is also Project Manager for the Nyandza Disabled Women Movement. She is also a principal member of the National Economic Development and Labour Council ("NEDLAC.")



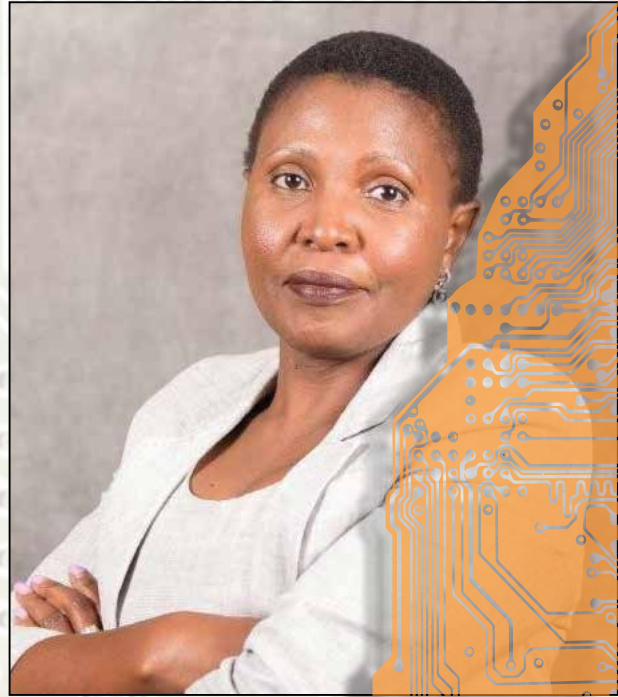


**Ms Sarienne Kersh**  
**Designation: NEMISA Board Member, Chairperson of the Social & Ethics Committee**

**Specialist skills:** Ms Kersh is a Qualified Assessor, Facilitator and Moderator (Level 5 – Outstanding Achievement) for MICT SETA for various film, TV, animation and screenwriting qualifications. She has extensive experience in these fields - both as a practitioner and a trainer. This is on numerous levels from producing, production management, script writing and script editing to training and development and writing of learning material, curricula and textbooks for a variety of film and TV training institutions.

**Highlighted experience and positions:** While at Digital Arts, she was the Festival Director of the first International Animation Festival in South Africa with 13 countries participating. She has a history with NEMISA as a Senior Lecturer and as Acting Head of the TV department and Internal Moderator for the Animation Department and was Subject Expert, Curriculum Designer, Co-Writer and Assessor of Level 4 Film and TV learning materials and PA course for the M-NET Supersport in-house learnership programme.

**Other current positions:** Ms Kersh works on writing, developing and editing scripts. She has also been a member of the Training Advisory Panel (Training) and is currently on the Fiction Project Advisory Panel for the National Film and Video Foundation for whom she is also developing learning materials. She teaches and produces learning material for the Academy of Sound Engineering: Screen Arts, and is researching the history of South African animation.



**Ms Nelisiwe 'Ncedi' Mkhalipli**  
**Designation: NEMISA Board Member**

**Specialist skills:** Ms Mkhalipli has extensive experience in the Human Resource (HR) environment. These range from HR management and organisation development to training and development and change management. She has further specialised in community facilitation and development.

**Highlighted experience and positions:** She has previously worked for Umsobomvu Youth Fund as Director: Human Resource Management. Ms Mkhalipli also worked for the National Youth Development Agency (NYDA) in numerous positions, including Director: Human Resource Management, Senior Manager: Corporate Services, Senior Manager: Learning and Development, and as Acting Executive Manager.

**Other current positions:** She is currently a Trustee and Associate for Siyakhula Trust.





**Ms Mymoena Ismail**  
**Designation: Chief Executive Officer**

Ms Mymoena Ismail has a long history with developing e-skills human capacity in South Africa.

From 2010, she was Chief Director at the then-named Department of Communications' e-Skills Institute.

The work of the e-Skills Institute resulted in the concept launch of the Ikamva National e-Skills Institute (iNeSI) in February 2014. This is the first national catalytic organisation in South Africa. The model was endorsed by the ITU (United Nations International Telecommunications Union) and recommended to 55 countries.

NEMISA moving towards iNeSI is responsible for the development of e-skills human capacity in South Africa. The distributed model was designed to impact against the National Development Plan, SA Connect and Outcome 5 of the Medium-Term Strategic Framework (MTSF).

**Highlighted experience and positions:** Ms Ismail's work included a leadership role for:

- The establishment of 6 provincial collaborative e-skills knowledge production and coordination CoLabs.
- The establishment of a national Research Network for e-skills.
- Multi-stakeholder collaboration with the national curriculum development and training working group.
- The delivery of National Curriculum and Competency Framework policy document (NCCF).

In 2015, she was CEO at the Cape Digital Foundation. This is a not-for-profit and non-governmental agency that focuses on capitalising the development of digital infrastructure (broadband) as a means to bring about a connect economy.

Ms Ismail has a MCom Information Systems (University of the Western Cape) and is currently working towards her PhD.

Ms Mymoena Ismail received the following 2016 ICT Public Service Awards at Govtech 2016:

- Women in ICT
- ICT Public Service Contributor of the Year



**Ms Rofunwa Ligege**  
**Designation: Acting Chief Financial Officer**

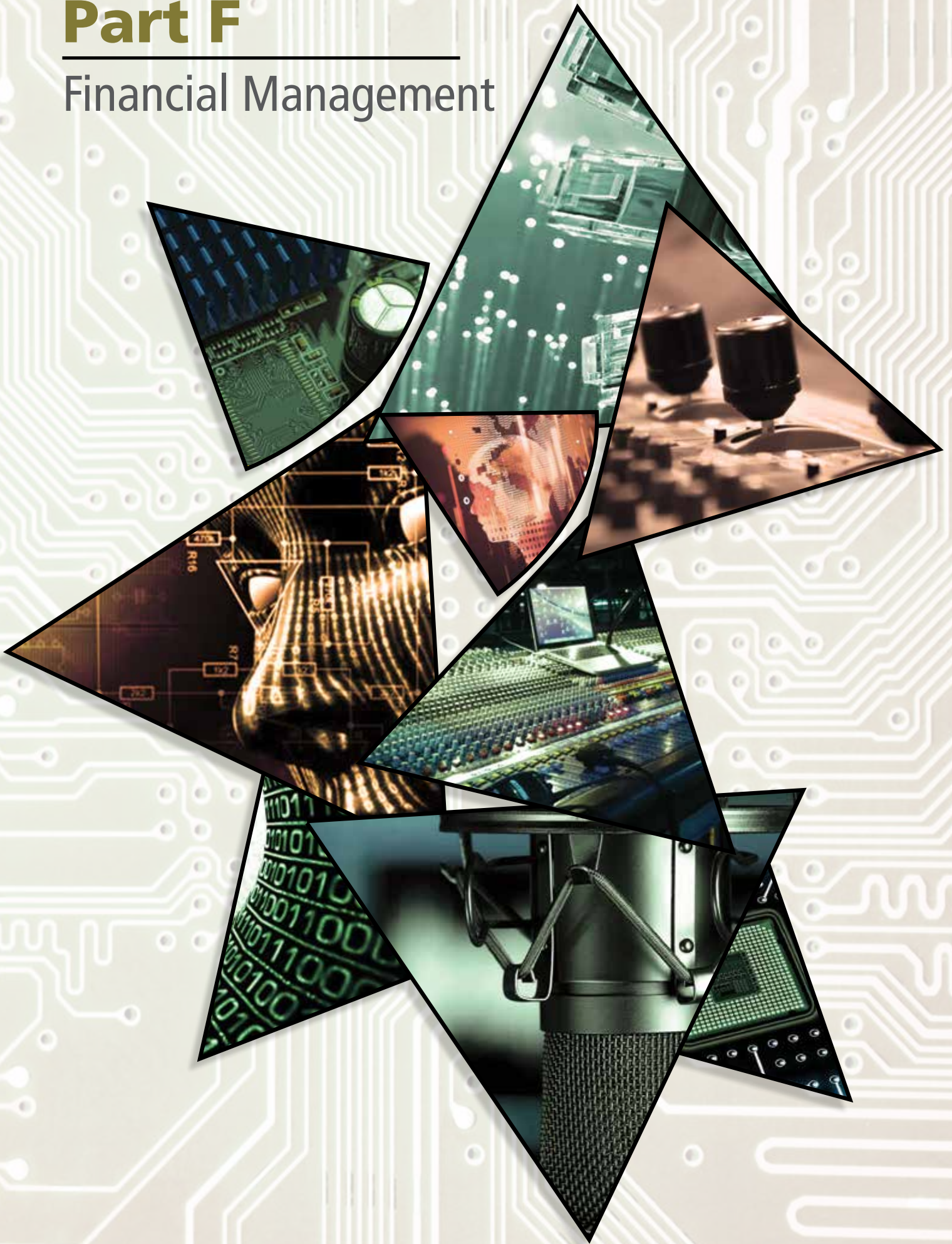
**Specialist skills:** Ms. Rofunwa Ligege is a Professional Accountant as registered by the South African Professional Accountants (SAIPA). She has experience in accounting and auditing field.

**Highlighted experience and positions:** Prior to joining NEMISA, she completed articles with the Auditor-General of South Africa. Ms Ligege was appointed as an Accountant in 2012, and then promoted to Head of Finance in 2015. She has also acted as CFO in 2016.



# Part F

## Financial Management





# CFO Review

**A financial statement analysis of NEMISA has been performed by management. This is to establish whether the Institute is operating as a going concern.**

The going concern assumption is a fundamental principle when preparing financial statements. The objective of this assessment is to determine if NEMISA will be able to continue with its operations for the foreseeable future with neither the intention nor the necessity:

- of liquidation
- ceasing trading (within the ambit of a not-for-profit company)
- seeking protection from creditors according to current laws and regulations

NEMISA showed a deficit of R448 163 in the 2017 financial year. This was due to the write off of fixed assets that had reached their useful lives, as well as assets that were stolen from the NEMISA's premises. NEMISA also generated additional revenue through partnerships with other state-owned entities by offering training within the Creative New Media industry.

National focus on long-term structural transformation: According to the Estimates of National Expenditure 2017, the fiscal stance and public spending programmes are focused on long-term structural transformation. Over the Medium Term Expenditure Framework period, spending baselines have undergone rigorous review and funds have been redirected towards government's key priorities.



**Ms Rofunwa Ligege - HoD:  
Finance/Acting CFO**

## Financial indicators

**Solvency:** The solvency ratio assesses a company's ability to meet its long-term financial obligations. A ratio of 1:1 is considered reasonable.

**Liquidity:** The liquidity ratio assesses a company's ability to remain solvent to meet its current obligations (payable within one year) with its current assets. A ratio of 2:1 or greater is considered reasonable for the company to meet its obligations without adding to the finance risk.

**Cash flow:** The cash flow forecast is an important tool in managing the company's operations. It is also an important tool to evaluate the company's ability to continue as a going concern.

NEMISA's total assets as at 31 March 2017 amounted to R51 874 506 and total liabilities amounted to R42 741 575. The company solvency ratio is therefore calculated as 1.21:1 which exceeds the norm of 1:1.

NEMISA's solvency ratio is therefore considered reasonable.

NEMISA's current assets as at 31 March 2017 amounted to R51 280 357 and current liabilities amounted to R42 741 575. The company liquidity ratio is 1.20:1, the norm being 2:1.

The ratio calculated is below the norm. However, this is still considered reasonable due to NEMISA receiving the appropriation income from the Department of Telecommunications and Postal Services (for the funding of NEMISA's operations) in April 2017.

NEMISA will be receiving normal appropriation income of approx. R43 785 000 and R42 000 000 for e-skills roll-out for the 2017/18 financial year in three tranches from the Department of Telecommunications and Postal Services to fund its operations.

The company was able to meet all its obligations during the financial year and will, based on the forecast for 2017/18, be able to meet its future obligations.

NEMISA received a qualified opinion from the Auditor-General of South Africa (based on receivables on exchange transactions and property, plant and equipment).

Improving internal controls: We will continue to work closely with internal auditors to improve on internal control systems to ensure that measures implemented have a positive impact on the internal control environment. This will assist in reducing the risk of material misstatement in the financial statements.

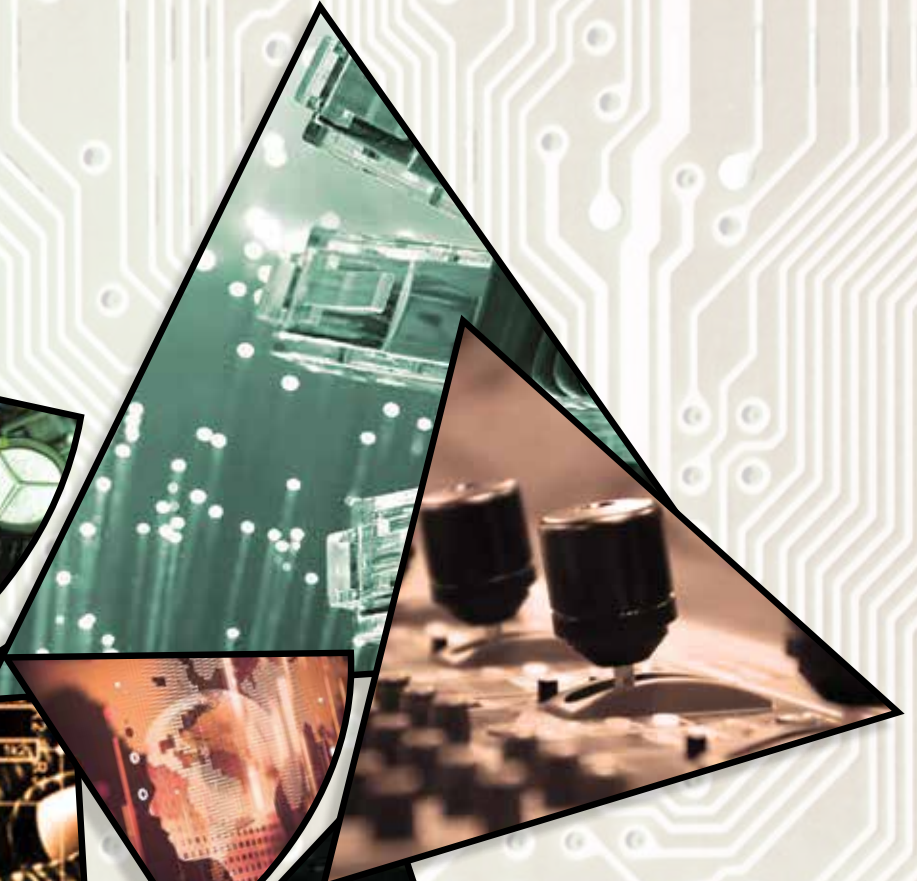
We would like to sincerely affirm our appreciation for the work performed by Finance. They worked tirelessly in an effort to ensure the year-end processes were a success.

A handwritten signature in black ink, appearing to be 'Ms R Ligege', written over a light grey background.

**Ms R Ligege  
Acting Chief Financial Officer  
Date: 2017/07/31**



# Annual Financial Statements





# Accounting Authority's Responsibilities and Approval

The Accounting Authority is required by the Public Finance Management Act, 1999 (Act 1 of 1999), herein referred to as "PFMA", to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the annual financial statements fairly present the state of affairs of NEMISA as at the end of the financial year and the results of its operations and cash flows for the period then ended in conformity with the Standards of Generally Recognised Accounting Practice (Standards of GRAP), directives and guidelines issued by the Accounting Standards Board (ASB). The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements were prepared in accordance with the Standards of Generally Recognised Accounting Practice, based on appropriate accounting policies which were consistently applied and supported by reasonable and prudent judgments and estimates.

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

The Accounting Authority is of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable and not absolute assurance against material misstatement or deficit.

The Accounting Authority have reviewed NEMISA's cash flow forecast for the year to 31 March 2018 and, in light of this review and the current financial position, they are satisfied that NEMISA has access to adequate resources to continue in operational existence for the foreseeable future.

The Annual Financial Statements for the year ended 31 March 2017, as set out on pages 67 to 88, which have been prepared on the going concern basis, have been approved by the Board of Directors and are signed on its behalf by:



**Prof Walter T Claassen**  
Board of Directors  
Chairperson  
31 July 2017



**Mr Phuti Phukubje**  
Audit and Risk Committee  
Chairperson  
31 July 2017



# Report of the Audit and Risk Committee

We present our report for the financial year ended 31 March 2017.

## Audit and Risk Committee Responsibility

The Audit and Risk Committee (ARC) reports that it has complied with its responsibilities arising from Section 51(1)(a)(ii) of the Public Finance Management Act (PFMA) and National Treasury Regulations 27.1. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee (ARC) Charter. In accordance with the requirements of Section 77 of the Public Finance Management Act, No. 1 of 1999 (PFMA) and Treasury Regulations 27.1.7 and 27.1.10(b) and (c); has regulated its affairs in compliance with this charter and has discharged its responsibilities as contained therein.

## Membership and attendance

The ARC terms of reference prescribe that it is constituted by three Non-Executive Directors.

Membership consisted of the following members for the year ending 31 March 2017.

Name of member	Number of meetings attended
Mr P Phukubje (Chairperson) *	3
Mr L Mello	4
Ms T Ka Plaatjie	3
Ms L Braithwaithe Kabosha **	3

\* Appointed with effect from 1 October 2016

\*\* Term ended on 30 September 2016

## The effectiveness of internal control

The National Electronic Media Institute (NEMISA) has a system of internal control to attempt to provide cost effective assurance that NEMISA's goals will be economically, effectively and efficiently achieved.

From our review of the various reports of Internal Audit, the Audit Report on the Annual Financial Statements and the Management Report of the Auditor-General of South Africa (AGSA), it was noted that there were material internal control inadequacies and deficiencies in the system of internal control for the period under review.

## Internal Audit

In line with the PFMA, the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and the King IV Report on Corporate Governance, Internal Audit is required to provide the Audit and Risk Committee with quarterly internal audit reports in terms of its approved annual Internal Audit Plan.

Furthermore Internal Audit is required to provide reasonable assurance that the internal controls are adequate and effective, which is achieved by Internal Audit executing its risk-based internal audit plan. The risk based internal audit plan allows Internal Audit to assess the adequacy of controls in mitigating the risks of NEMISA and whether corrective action plans have been implemented.

The Audit and Risk Committee reviewed the internal audit quarterly reports to ensure that internal audit activities were conducted in line with the approved risk based internal audit plan and were satisfied with the completion of the risk based internal audit plan by internal audit.



# Report of the Audit and Risk Committee

## From our review of the report of the Internal Auditors we note that:

- The internal controls are not adequate and certain significant improvements are required; and
- The Internal Auditors are operating objectively and independently.

## Risk Management

NEMISA has established a risk management process for the identification and monitoring of risks within the organisation, furthermore NEMISA has recently implemented a fraud hotline.

The Audit and Risk Committee has reviewed the strategic risk register and is provided with the quarterly progress reports from management on the effectiveness of the risk management processes.

The end-to-end risk management process is however very much in its infancy stage and requires improvement.

## Predetermined Objectives

We have reviewed and discussed with the AGSA the audited annual performance information to be included in the annual report and have noted the significant weaknesses identified.

## External Audit

We have on a quarterly basis reviewed NEMISA's implementation plan for audit issues raised in the prior years. Corrective action on the detailed findings raised by the AGSA will continue to be monitored by the Audit and Risk Committee on a quarterly basis.

The Committee noted with grave concern the qualified opinion issued by the AGSA, and the reasons therefore, and agreed therewith.

## The Audit and Risk Committee has:

- Reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report, with the AGSA and the Accounting Authority;
- Reviewed the AGSA's Management Report and Management's response thereto;
- Reviewed changes to accounting policies and practices as reported in the audited Annual Financial Statements;
- Reviewed NEMISA's processes for compliance with legal and regulatory provisions;
- Reviewed the information on predetermine objectives to be included in the Annual Report;
- Reviewed the quarterly and timelines of financial information availed to the Audit and Risk Committee for oversight purposes; and
- Reviewed material adjustments resulting from the audit of NEMISA.

The Audit and Risk Committee concurs and accepts the AGSA's opinion regarding the Annual Financial Statements, and in our opinion, the internal controls of NEMISA are considered unsatisfactory to:

- Meet the business objectives of NEMISA;
- Ensure NEMISA's assets are safeguarded; and
- Ensure that transactions undertaken are recorded in NEMISA's accounting records.

Where weaknesses in specific controls have been identified, management has undertaken to implement the appropriate corrective action to mitigate the identified weaknesses.

The ARC has identified human capacity constraints within the finance function of NEMISA as one of the key areas of focus in the coming year.

## Appreciation

The Audit and Risk Committee wishes to express its appreciation to the AGSA and Internal Audit for the detailed reports issued on the weaknesses and lapses in the internal control environment.



**Mr Phuti Phukubje**  
**Audit and Risk Committee**  
**Chairperson**  
**31 July 2017**



# Report of the Auditor-General to Parliament on the National Electronic Media Institute of South Africa

## Report on the audit of the financial statements

### Qualified opinion

1. I have audited the financial statements of the National Electronic Media Institute of South Africa set out on pages 67 to 88, which comprise the statement of financial position as at 31 March 2017, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Electronic Media Institute of South Africa as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and Companies Act of South Africa, 2008 (Act No. 71 of 2008) (the Companies Act).

### Basis for qualified opinion

#### Receivables from exchange transactions

3. I was unable to obtain sufficient appropriate audit evidence that trade debtors included in note 4 for the year under review had been properly accounted for due to the status of the accounting records. Further, the entity did not measure and disclose all items of trade debtors in accordance with GRAP 104, *Financial instruments*. I was unable to confirm the trade debtors by alternative means. Consequently, I was unable to determine whether any adjustment relating to trade debtors stated at R7 832 922 in the financial statements was necessary.

#### Property, plant and equipment

4. I was unable to obtain sufficient appropriate audit evidence that property, plant and equipment for the year under review and the previous year had been properly accounted for due to the status of the accounting records. Further, the entity did not recognise and measure all items of property, plant and equipment in accordance with GRAP 17, *Property, plant and equipment*. I was unable to confirm the physical assets by alternative means. Consequently, I was unable to determine whether any adjustment relating to property, plant and equipment stated at R587 336 (2016: R1 365 170) in the financial statements was necessary.
5. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
6. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### Emphasis of matter

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

### Underspending of budget allocation

9. As disclosed in the Statement of Comparison of Budget and Actual Amounts, the public entity has materially underspent the budget allocation for the e-skills roll-out programme (iNeSI) by the amount of R33 649 000.

### Responsibilities of the accounting authority for the financial statements

10. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA and the Companies Act 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.
11. In preparing the financial statements, the accounting authority is responsible for assessing the National Electronic Media Institute of South Africa'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 intention is to liquidate the public entity or to cease operations, or there is no realistic alternative but to do so.

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

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



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

## Report on the audit of the annual performance report

### Introduction and scope

14. 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.
15. My procedures address the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
16. 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 2017:

Programmes	Pages in the annual performance report
Programme 2 – Multi-Stakeholder Collaboration	23
Programme 3 – e-Astuteness Development	24 - 25
Programme 4 – Knowledge for Innovation	26 - 27

17. 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.
18. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

### Programme 2 – Multi-Stakeholder Collaboration

Indicator: Number of campaigns rolled out

19. Sufficient and appropriate audit evidence for the reported achievement of the target, i.e. campaigns rolled out, was not obtained. This was due to inadequate technical indicator descriptions where source information was inadequately described and performance management systems and processes were limited, no formal standard operating procedures or documented systems descriptions to determine how the achievement would be measured, monitored and reported, as required by the Framework for Managing Programme Performance Information (FMPPPI). I was unable to confirm by alternative means that the reported achievement of this indicator was reliable. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of 12 campaigns rolled out.
20. Sufficient and appropriate audit evidence to support the reported reason for the variance, as required by the Annual report guide for schedule 3A and 3C public entities was not obtained. This was because the reasons for variance were not supported by corroborating evidence. I was unable to confirm the reason for the variance by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reason for the variance as reported.

Indicator: Number of new partnerships formalized

21. The target was reported as four new partnerships formalised, while the target was approved as four Memorandums of Agreement signed with identified partners in the annual performance plan. This is not in line with the requirements of Treasury Regulation 28.2.2/30.1.3(g).
22. Sufficient and appropriate audit evidence for the reported achievement of the target, i.e. eight new partnerships formalised, was not obtained. This was due to limitations placed on the scope of my work as systems and processes to enable reliable reporting were not adequately designed. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of 8 new partnerships formalised.

### Programme 3 – e-Astuteness Development

Various indicators

23. Sufficient and appropriate audit evidence could not be obtained for the reported achievement of the targets listed below. This was due to inadequate technical indicator descriptions where source information was inadequately described, limited performance management systems and processes with no formal standard operating procedures or documented systems descriptions to determine how the achievement would be measured, monitored and reported, as required by the Framework for Managing Programme Performance Information (FMPPPI). I was unable to confirm by alternative means that the reported achievement of this indicator was reliable. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of these targets.



Performance indicator	Planned target	Reported achievement
Number of e-literacy learners trained	2000	1216
Number of Sector users trained	1050	789
Number of ICT practitioners trained	500	599
Number of e-leaders trained	100	219

24. Sufficient appropriate audit evidence could not be obtained to support the reported reasons for the variances as required by the Annual report guide for schedule 3A and 3C public entities. This was because the reasons for variances were not being supported by corroborating evidence. I was unable to confirm the reasons for the variances by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reasons for the variances as reported for the indicators listed below:

- Number of e-literacy learners trained
- Number of Sector users trained
- Number of e-leaders trained.
- Number of online courses available at Colabs

25. Sufficient and appropriate audit evidence for the reported achievement of the target, i.e. eight new partnerships formalised, was not obtained. This was due to limitations placed on the scope of my work as systems and processes to enable reliable reporting were not adequately designed. I was unable to confirm the reported achievement by alternative means and was consequently unable to determine whether any adjustments were required to the reported achievement of seven new partnerships formalised.

#### Programme 4 – Knowledge for Innovation

Various indicators

26. Sufficient appropriate audit evidence could not be obtained for the reported achievement of the targets listed below. This was due to inadequate technical indicator descriptions where source information was inadequately described and performance management systems and processes were limited, with no formal standard operating procedures or documented systems descriptions to determine how the achievement would be measured, monitored and reported, as required by the FMPPI. I was unable to confirm by alternative means that the reported achievement of this indicator was reliable. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of these targets.

Performance indicator	Planned target	Reported achievement
Research areas of common interest (Non Degree research and post graduate research) conducted and funded.	8	5
A national eSkills/ICT environmental scans conducted annually	1	0
Scholarly Researchers on a topic of common interest exchanged	1	1
New products developed (n) for knowledge assimilation	6	1
Conversion or creation of content for online platform	1	1
Report of eSkills / ICT thought leaders engagements	6	7

27. Sufficient appropriate audit evidence could not be obtained to support the reported reasons for the variances as required by the Annual report guide for schedule 3A and 3C public entities. This was because the reasons for variances were not being supported by corroborating evidence. I was unable to confirm the reasons for the variances by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reasons for the variances as reported for the indicators listed below:

- Research areas of common interest (Non-Degree research and post-graduate research) conducted and funded.
- A national eSkills/ICT environmental scans conducted annually
- New products developed (n) for knowledge assimilation
- Number of Research colloquium hosted (n) for knowledge transfer
- Number of Research papers in eSkills / ICT delivered / presented
- Report of eSkills / ICT thought leaders engagements.



Indicator: Number of Research colloquium hosted

28. Sufficient appropriate audit evidence was not obtained for the reported achievement of the target 'Number of Research colloquium hosted.' This was due to limitations placed on the scope of my work as systems and processes to enable reliable reporting were not adequately designed. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of two research colloquium hosted.
29. The indicator was reported on as 'Number of Research colloquium hosted (n)' while the indicator was approved as 'Number of Research colloquium hosted (n) for knowledge transfer.' This is not in line with the requirements of Treasury Regulation 28.2.2/30.1.3(g).

Indicator: A National e-Skills/ICT environmental scans conducted annually

30. The target was reported as one while the target was approved as 'A national e-skills/ICT environmental scans conducted' in the annual performance plan. This is not in line with the requirements of Treasury Regulation 28.2.2/30.1.3 (g).

Indicator: Creation and hosting of learner management system platform

31. The indicator was not reported on while the indicator was approved as 'Creation and Hosting of learner management system platform' in the annual performance plan. This is not in line with the requirements of Treasury Regulation 28.2.2/30.1.3(g).

### **Other matter**

32. I draw attention to the matter below.

Achievement of planned target

33. Refer to the annual performance report on pages 21 to 28 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a significant number of targets. This information should be considered in the context of material findings raised on the usefulness and reliability of the reported performance information in paragraphs 18 to 31 of this report.

## **Report on audit of compliance with legislation**

### **Introduction and scope**

34. 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.
35. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:  
Budgets
36. Expenditure was incurred that was not budgeted for in contravention of section 53(4) of the PFMA. Funds allocated for e-skills roll-out (iNeSI) was used for operational purposes without obtaining approval from the Department of Telecommunication and Postal Services.

Annual Financial Statements

37. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 55(1)(a) and (b) of the PFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

38. Effective steps were not taken to prevent irregular expenditure amounting to R880 458 as disclosed in note 24 to the annual financial statements, in contravention of section 51(1)(b)(ii) of the PFMA.

### **Other information**

39. The entity's accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes the director's report, the audit committee's report and the company secretary's certificate as required by the Companies Act. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
40. 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.
41. 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.



42. I have not yet received the annual report. When I do receive this information, if I conclude that there is material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to re-issue my auditor's report amended as appropriate.

### Internal control deficiencies

43. 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 thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

- Delays in the appointment of the new board members and executives and a lack of key sub-committees to exercise oversight.
- The accounting authority did not exercise sufficient oversight of financial and performance reporting and compliance as well as related internal controls to ensure that the financial statements and annual performance report were free from material misstatements.
- The lack of dedicated resources to implement best practices resulted in inadequate documented processes and systems for the collection, collation, monitoring and reporting of financial and performance information.
- Weekly and monthly reconciliations were not always adequately prepared for financial statement items during the year including debtors' and fixed assets. This resulted in the entity being required to rely on manual reconciliations at year-end. Assurance processes were not implemented in time to ensure that information was accurate and complete. As a result, a number of errors in the reconciliations were identified by the external auditors.

*Auditor-General*

Pretoria

31 July 2017



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 board of directors, which constitutes the accounting authority.
  - conclude on the appropriateness of the accounting authority’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the institute’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of 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 where applicable, related safeguards.



# Accounting Authority's Report

The Accounting Authority of NEMISA is pleased to submit its report, together with NEMISA's annual financial statements for the year ended 31 March 2017.

## 1. REVIEW OF ACTIVITIES

### Main business and operations

NEMISA's mandate is to promote the development of e-skills (ICT) human capacity in South Africa. The mandate also includes the training of previously disadvantaged individuals, particularly women, to equip them with necessary skills to play a significant role in the constantly changing broadcasting environment. The vision of NEMISA is to become a leader in the development of world class electronic media skills in the ICT sector.

The Accounting Authority noted that NEMISA reported a deficit amounting to R 448 163 (2016: surplus R 2 051 256), for the period under review. The key contributors to the deficit are the increase in consulting fees, asset write-offs and the increase in the value of non-cash impairments accounted for in the statement of financial performance. The main reason for these impairments amongst others, relate to current tough economic climate and that many of the young people enrolling on NEMISA's programmes are previously disadvantaged individuals who do not have the means to pay the fees due.

## 2. GOING CONCERN

The Accounting Authority has made an assessment of NEMISA's ability to continue as a going concern, and is satisfied that NEMISA has adequate resources and measures in place to continue operating as a going concern in the next 12 months, from the date of approval of these annual financial statements. At the time of making this assessment, the Accounting Authority was not aware of any intention of Government or Department of Telecommunications and Postal Services, to either liquidate or curtail the operations of NEMISA in the next 12 months.

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

## 3. SUBSEQUENT EVENTS

The Accounting Authority are not aware of any material matters or circumstances arising between 31 March 2017 and the date of this report, not dealt with in the annual financial statements and the notes thereto, which would significantly affect the operations or the results of NEMISA.

## 4. DIRECTORS' INTERESTS

At 31 March 2017, the Directors and their related persons had no financial interests in the entity. No contracts involving Directors' interests were entered into in the current period.

## 5. NOTE ON ACCOUNTING STANDARDS

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and in the manner required by the Companies Act 71, 2008.

## 6. LEASES

The entity's lease agreement for its premises expired on 30 April 2017. The negotiations of the new lease agreement are still underway. The operating lease costs have, accordingly, been recognised at a fixed rental based on the time pattern of the benefits rather than any financial benefit that may arise from the transaction, in terms of GRAP 13 Leases, resulting in the equalisation of rental costs for the duration of the agreement.

## 7. MANAGEMENT AND CONTROL

NEMISA is wholly-owned by the State through the Department of Telecommunications and Postal Services.

## 8. SECRETARY

The company secretary duties are duly performed by a competent and qualified Company Secretary.

The company secretary is Ms Maputla Thebethe.

## 9. EXTERNAL AUDITORS

In terms of Chapter 2, section 4 of the Public Audit Act, 2004 (Act 25 of 2004) the Auditor-General must audit and report on the accounts, financial statements and financial management of all national state departments and accounting entities, including NEMISA.

Auditor-General of South Africa will continue in office for the next financial period.

## 10. FUNDING

Finance required to fund the operational overheads of the entity is provided by the Department of Telecommunications and Postal Services and the National Treasury. Project funding is also sourced from various external sources to facilitate the skills development within the sector.



## 11. TAXATION

No provision for income tax has been made since the entity is tax-exempt and qualifies as a Public Benefit Organisation (PBO) in terms of section 10(1)(cN) of the Income Tax Act. The entity is also exempt from Value Added Tax (VAT).

## 12. BOARD

The Board of Directors of NEMISA during the year and to the date of this report are as follows:

Non-executive Directors	Nationality	Changes
Prof W Claassen (Chairperson of the Board)	South African	Appointed 1 October 2016
Mr T Ka Plaatjie (Deputy Chairperson of the Board)	South African	Re-Appointed 1 October 2016
Mr L Mello	South African	Term ended 1 October 2016
Prof M Maharaj	South African	Appointed 1 October 2016
Ms S Kersh	South African	Appointed 1 October 2016
Mr P Phukubje	South African	Appointed 1 October 2016
Ms A Mfulo	South African	Appointed 1 October 2016
Ms N Mkhaliphi	South African	Appointed 1 October 2016
Ms L Braithwaite-Kabosha	American	Term ended 30 September 2016
Ms K Ngambi	South African	Term ended 30 September 2016
Ex Officio members without voting rights		
Ms M Ismail (CEO)	South African	Appointed 1 November 2016
Ms R Abdool (CFO)	South African	Appointed 1 November 2016, resigned 30 April 2017
Mr P Ramatswana (Acting CEO)	South African	Acting ended 31 October 2016
Ms R Ligege (Acting CFO)	South African	Acting ended 31 October 2016



## 13. MEMBER AND EXECUTIVE MANAGERS EMOLUMENTS

	Salary Fee	Performance related payments	Travel expenses	Other allowance	Total package 2017	Total package 2016
<b>Non-Executive Members</b>						
Prof W Claassen	147 830	-	5 379	-	153 209	-
Mr T Ka Plaatjie	232 672	-	10 740	-	243 412	146 721
Prof M Maharaj	82 896	-	2 491	-	85 387	-
Mr L Mello	186 626	-	54 462	-	241 088	103 686
Mr P Phukubje	79 728	-	5 885	-	85 613	-
Ms S Kersh	71 280	-	1 412	-	72 692	-
Ms A Mfulo	106 128	-	3 516	-	109 644	-
Ms N Mkhaphi	46 992	-	1 789	-	48 781	-
Ms L Braithwaithe Kabosha	95 568	-	1 309	-	96 877	126 348
Ms K Ngambi	72 336	-	1 723	-	74 059	75 252
Dr M Maloka	-	-	-	-	-	204 180
Mr G Lenepa	-	-	-	-	-	166 691
	<b>1 122 056</b>	<b>-</b>	<b>88 706</b>	<b>-</b>	<b>1 210 762</b>	<b>822 878</b>
<b>Executive Members</b>						
Dr N Tshidzumba	-	-	-	-	-	1 202 011
Ms M Malakalaka	-	-	-	-	-	1 238 410
Ms M Ismail	574 690	-	3 454	13 750	591 894	-
Ms R Abdool	486 846	-	4 611	13 750	505 207	-
	<b>1 061 536</b>	<b>-</b>	<b>8 065</b>	<b>27 500</b>	<b>1 097 101</b>	<b>2 440 421</b>
<b>Senior Managers</b>						
Mr P Ramatswana	947 362	160 254	21 345	258 389	1 387 350	1 077 137
Ms R Ligege	726 276	63 082	8 495	245 295	1 043 148	589 660
Ms M Thebethe	1 050 901	21 263	9 819	21 000	1 102 983	965 069
Ms A Motloug	530 740	-	6 696	15 750	553 186	-
Ms M Ismail	-	-	-	-	-	371 922
Ms M Cloete	-	-	-	-	-	89 255
Ms E Dames	122 733	-	1 137	3 500	127 370	-
	<b>3 378 012</b>	<b>244 599</b>	<b>47 492</b>	<b>543 934</b>	<b>4 214 037</b>	<b>3 093 043</b>
	<b>5 561 604</b>	<b>244 599</b>	<b>144 263</b>	<b>571 434</b>	<b>6 521 900</b>	<b>6 356 342</b>

## 14. BANKERS

### Standard Bank of South Africa Limited

The annual financial statements for the period ended 31 March 2017, as set out on pages 67 to 88, which have been prepared on the going concern basis, were approved by the Accounting Authority and signed on its behalf by:



**Prof Walter T Claassen**  
**Board of Directors**  
**Chairperson**  
**31 July 2017**



## Company Secretary's Certification

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, I certify that the company has lodged with the Commissioner all such returns as are required of a state owned entity in terms of the Companies Act and that all such returns are true, correct and up to date.



**Ms Mapula Thebethe**  
Company Secretary



## Statement of Financial Position as at 31 March 2017

<i>Figures in Rand</i>	<i>Note(s)</i>	31 March 2017	31 March 2016
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	3	13 460	13 528
Receivables from exchange transactions	4	6 253 257	5 084 471
Cash and cash equivalents	5	45 013 640	13 394 171
		<b>51 280 357</b>	<b>18 492 170</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	6	587 336	1 365 170
Intangible assets	7	6 813	11 455
		<b>594 149</b>	<b>1 376 625</b>
<b>Total Assets</b>		<b>51 874 506</b>	<b>19 868 795</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	8	3 471 828	4 541 919
Non-exchange revenue liability	9	34 934 387	1 285 700
Exchange revenue liability	10	3 574 636	3 574 636
Provisions	11	760 724	885 446
<b>Total Liabilities</b>		<b>42 741 575</b>	<b>10 287 701</b>
<b>NET ASSETS</b>		<b>9 132 931</b>	<b>9 581 094</b>
Accumulated Surplus		<b>9 132 931</b>	<b>9 581 094</b>



## Statement of Financial Performance

<i>Figures in Rand</i>	<i>Note(s)</i>	31 March 2017	31 March 2016
<b>Revenue</b>			
Exchange revenue	12	6 576 552	6 145 665
Interest received	13	1 204 925	1 127 630
Non-exchange revenue	14	50 456 313	47 904 124
<b>Total revenue</b>		<b>58 237 790</b>	<b>55 177 419</b>
<b>Expenditure</b>			
Employee related costs	15	(20 461 468)	(16 898 235)
Directors' emoluments and travel expenses		(2 454 074)	(3 442 733)
Audit Fees - external		(822 383)	(544 110)
Network expenses		(95 085)	(144 815)
Depreciation and amortisation		(451 558)	(464 788)
Lease rentals on operating lease	17	(6 564 689)	(7 033 413)
Movement in provision for bad debt		(649 038)	(19 426)
Repairs and maintenance		(89 217)	(134 749)
Consulting		(3 284 971)	(1 460 495)
Professional fees- outsourced services		(1 933 183)	(2 026 125)
Assets written-off		(785 612)	(366 774)
Operating expenses	16	(21 094 675)	(20 576 123)
Finance cost	18	-	(14 377)
<b>Total expenditure</b>		<b>(58 685 953)</b>	<b>(53 126 163)</b>
<b>(Deficit) / Surplus for the year</b>		<b>(448 163)</b>	<b>2 051 256</b>



## Statement of Changes in Net Assets

<i>Figures in Rand</i>	<b>Accumulated surplus</b>	<b>Total net assets</b>
<b>Balance at 01 April 2015</b>	7 529 838	7 529 838
Changes in net assets		
Surplus for the year	2 051 256	2 051 256
Total changes	2 051 256	2 051 256
<b>Balance at 01 April 2016</b>	<b>9 581 094</b>	<b>9 581 094</b>
Changes in net assets		
Surplus for the year	(448 163)	(448 163)
Total changes	(448 163)	(448 163)
<b>Balance at 31 March 2017</b>	<b>9 132 931</b>	<b>9 132 931</b>



## Cash Flow Statement

<i>Figures in Rand</i>	<i>Note(s)</i>	31 March 2017	31 March 2016
<b>Cash generated from (used in) operation</b>			
<b>Receipts</b>			
Services rendered		3 545 308	5 969 822
Grants		84 105 000	47 904 124
Interest received		1 204 925	1 127 630
		<u>88 855 233</u>	<u>55 001 576</u>
<b>Payments</b>			
Employee costs		(23 040 265)	(19 572 988)
Suppliers		(33 740 806)	(40 360 702)
Finance costs		-	(14 377)
		<u>(56 781 071)</u>	<u>(59 948 067)</u>
<b>Net cash flows from operating activities</b>	19	<b>32 074 162</b>	<b>(4 946 491)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(454 693)	(281 855)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>31 619 469</b>	<b>(5 228 346)</b>
Cash and cash equivalents at the beginning of the year		13 394 171	18 622 517
<b>Cash and cash equivalents at the end of the year</b>	5	<b>45 013 640</b>	<b>13 394 171</b>



## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Statement of Financial Performance	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R'000	R'000	R'000	R'000	R'000	
Appropriation income	77 200	6 905	84 105	50 456	(33 649)	A
Interest received	-	-	-	1 205	1 205	B
Other income	-	-	-	6 577	6 577	C
<b>Total Revenue</b>	<b>77 200</b>	<b>6 905</b>	<b>84 105</b>	<b>58 238</b>	<b>(25 867)</b>	
Personnel expenditure	(23 558)	-	(23 558)	(22 916)	642	D
Goods and services	(57 700)	-	(57 700)	(35 318)	22 382	E
Depreciation	(1 441)	-	(1 441)	(452)	989	F
<b>Total Expenditure</b>	<b>(82 699)</b>	<b>-</b>	<b>(82 699)</b>	<b>(58 686)</b>	<b>24 013</b>	
<b>(Deficit) / Surplus for the period</b>	<b>(5 499)</b>	<b>6 905</b>	<b>1 406</b>	<b>(448)</b>	<b>(1 854)</b>	

A/E: The entity received R37.2 million from National Treasury for NEMISA operations as well as R40 million e-skills funding. An additional R6.9 million was received from the DTPS which entered into a separate agreement with NEMISA for the roll out for e-skills programmes.

There was a dependency on the approval of the strategic plan which was approved in September 2016. In addition there was a change in governance structures with the CEO and CFO being appointed in November 2016 and the Board of Directors in October 2016.

- B: Interest earned from the Corporation for Public Deposit will be utilised to expand the e-skills programme.
- C: Additional project related funding was received from other stakeholders.
- D: Minimal vacant posts during the financial year.
- F: Useful lives of assets were revised in 2015/2016 resulting in a reduction in the depreciation expense.



# Accounting Policies

## 1. Presentation of Annual Financial Statements

NEMISA is classified as a National Public Entity under Part A of schedule 3 of PFMA.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 55 (1) (b) of the Public Finance Management Act, 1999 (Act 1 of 1999), herein referred to as "PFMA".

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

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

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

These annual financial statements have been prepared on a going concern basis and the Accounting Authority has no reason to believe that the entity will not be a going concern in the foreseeable future. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

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

These accounting policies are consistent with the previous period.

### 1.1 INVENTORIES

#### Initial recognition and measurement

Inventories comprise current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

Where inventory is acquired by the entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

#### Subsequent measurement

Inventories, consisting of consumable stores are measured at the lower of cost and current replacement cost. The basis of determining cost is the first-in-first-out basis.

Redundant and slow-moving inventories are identified and written down from cost to replacement cost with regard to their estimated economic or realisable values.

A provision is maintained for obsolete or damaged inventory. The level of the provision for obsolete inventory is equivalent to the value of the difference between the cost of the inventory and its current replacement cost at financial year-end.

Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction of inventories recognised as an expense in the period in which the reversal occurs.

#### Derecognition

The carrying amount of inventories are recognised as an expense in the period that the inventory was sold, distributed, written-off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

### 1.2 PROPERTY, PLANT AND EQUIPMENT

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

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

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

#### Initial recognition

On initial recognition, an item of property, plant and equipment is measured at cost and subsequently measured using the cost model.

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

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.



## 1.2 PROPERTY, PLANT AND EQUIPMENT (continued)

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

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, including buildings, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. The costs of self-constructed assets include the cost of materials, direct labour and other costs incurred directly in the construction of the asset.

### Subsequent measurement

The entity recognises in the carrying amount of an item of property, plant and equipment, and the costs incurred subsequently to add to, replace part of, or service it. When the replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

Items of property, plant and equipment are derecognised when an asset is disposed of or when there are no further economic benefits or service potential expected from its use. The gain or loss arising on the disposal of an asset is determined as the difference between the proceeds from the disposal and the carrying value of the assets, and is recognised in the statement of financial performance.

Improvements and interior decorating, signage and canteen equipment costs relate to the costs of revamping and preparing the office building leased under an operating lease for its intended use and are amortised over the lease period. Furniture, fittings and motor vehicles are wholly-owned, while equipment consists of both wholly-owned assets as well as assets subject to financial leases which are capitalised.

### Depreciation

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

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

Item	Average useful life
Buildings	20 years
Improvements and interior decorating	10 years
Canteen equipment	10 years
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	5 years
Television equipment	5 years
Radio equipment	5 years

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

Residual values, methods of depreciation and useful lives of all assets are reassessed annually. Depreciation of an item of property, plant and equipment begins when it is available for use and ceases at the earlier of the date it is classified as held for sale or the date it is derecognised.

## 1.3 LEASES

Leases of property, plant and equipment, where the entity assumes substantially all the benefits and risks of ownership, are classified as financial leases. Assets leased in terms of financial lease agreements are capitalised at amounts equal at the inception of the lease to the fair value of the property or, if lower, at the present value of the minimum lease payments and are depreciated in accordance with the policies applicable to equivalent items of property, plant and equipment. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Lease finance charges are amortised over the duration of the leases by using a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases under which the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Obligations incurred under operating leases are charged to expenses in equal installments over the period of the lease. In keeping with International Accounting Standards, operating lease costs are recognised on the time pattern of the benefits of the lease as opposed to recognition of any financial benefit arising from the transaction.

### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.



## 1.4 INTANGIBLE ASSETS

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

Item	Useful life
Software licenses	3 years
Computer software	3 years

## 1.5 FINANCIAL INSTRUMENTS

Financial instruments recognised in the Statement of Financial Position include cash and cash equivalents, trade receivables and trade payables. Fair value adjustments to the annual financial statements are recognised in the Statement of Financial Performance in the period in which they occurred.

Financial instruments are initially measured at fair value plus, in the case of financial instruments not at fair value through surplus or deficit, transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data.

### Financial assets

Financial assets are recognised when the entity becomes a party to the contractual provisions of the financial asset. Such assets consist of cash and cash equivalents, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially-favourable terms.

Trade and other receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are provided for during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current and are present value adjusted.

### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and are recognised at fair value. Fair value adjustments are recognised in surplus and deficit. 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 are subject to insignificant risk of change in value.

### Financial liabilities

Financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Financial liabilities consist of obligations to delivery of cash or another financial asset or to exchange financial instruments with another entity on potentially-unfavourable terms. Financial liabilities, other than derivative instruments, are measured at amortised cost. Trade and other payables are stated at their nominal value.

### Initial recognition and measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.



Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Regular way purchases of financial assets are accounted for at trade date.

### **Fair value determination**

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

### **Trade and other receivables**

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

### **Trade and other payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

## **1.6 IMPAIRMENT OF NON-FINANCIAL ASSETS**

Non-financial assets are assessed at each reporting date to determine whether there is an indication that the carrying amount of the asset may be impaired. If such an indication exists, the recoverable amount of the asset is determined. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In determining the value in use, the estimated cash flow of the asset is discounted to the present value based on the time value of money and the risks that are specific to the asset. If the value in use of an individual asset for which an indication of impairment cannot be determined, the recoverable amount of the asset is determined.

An impairment loss is recognised in surplus or deficit when the carrying amount of an individual asset exceeds its recoverable amount. Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount of the asset. Impairment losses are reversed only to the extent of the carrying amount that would have been determined if no impairment loss had been recognised in the past. Reversal of impairment losses are recognised directly in surplus or deficit.

## **1.7 IMPAIRMENT OF FINANCIAL ASSETS**

Impairment losses are recognised on loans and receivables when there is objective evidence of impairment. An impairment loss is recognised in surplus and deficit when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate of the instrument.

## **1.8 PROVISIONS AND CONTINGENCIES**

Provisions are recognised when:

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

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

A provision is recognised in the Statement of Financial Position when the entity has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

## **1.9 EMPLOYEE BENEFITS**

### **Short-term employee benefits**

The cost of short-term employee benefits are recognised during the period in which the related service is rendered. Accruals for employee entitlements to salaries, performance incentives and annual leave represent the amounts which the entity has a present obligation to pay as a result of employees services provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current salary rates. The expected cost of incentives payments is recognised as a liability when there is a legal or constructive obligation to make such payments as a result of past performance.

## **1.10 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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



## Trade receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

## Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

## Impairment testing

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors.

## Provisions

Provisions were raised and management determined are estimated based on the information available.

## Allowance for doubtful debts

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

## 1.11 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Non-exchange transactions are defined as transactions where the entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

### Government Grants:

Appropriation income is recognised as revenue in the following instances:

- when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the amount of the revenue can be measured reliably;
- to the extent that there has been compliance with any restrictions associated with the grant.
- Grants are measured at the fair value received or receivable

### Gifts and donations:

Gifts and donations are recognised as revenue in the following cases:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the amount of the revenue can be measured reliably;

## 1.12 REVENUE FROM EXCHANGE TRANSACTIONS

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

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

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion of costs incurred to date bear to the total estimated costs of the transaction.

Contract revenue comprises:

- the initial amount of revenue agreed in the contract; and
- variations in contract work, claims and incentive payments:
  - to the extent that it is probable that they will result in revenue; and
  - they are capable of being reliably measured.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates.



### **Equipment/ facilities hire**

Revenue from Equipment/facilities hire is recognised in the accounting period in which they are hired out to customers.

### **Courses rendered**

Revenue on courses rendered are recognised in the accounting period in which the courses are rendered.

### **Project administration fees**

Project administration fees are recognised on completion of the project. When a project is longer than 12 months, administration fees are recognised systematically during the life of the project.

### **Conditional project funding**

Revenues received from project funding are not conditional grants and are recognised as revenue to the extent that the entity has complied with general criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

### **Student fees**

Student course fees is accounted for on an accrual basis. The registration fee is recognised upon enrollment of a student, and the course fee is recognised over the period of the presentation of the course.

## **1.13 INVESTMENT INCOME**

Revenue is recognised as the interest accrues (using the effective interest method, that is, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

## **1.14 RELATED PARTIES**

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

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

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

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

## **1.15 COMPARATIVE FIGURES**

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

## **1.16 FRUITLESS AND WASTEFUL EXPENDITURE**

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

## **1.17 IRREGULAR EXPENDITURE**

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

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

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

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year-end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year-end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

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

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including the Public Finance Management Act 1 of 1999 (as amended by Act 29 of 1999). All irregular expenditure is charged against income in the period in which it is incurred.



# Notes to the Annual Financial Statements

## 2. New standards and interpretations

### 2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
◆ GRAP 17 (as amended 2015): Property, Plant and Equipment	01 April 2016	The impact of the standard is not material
◆ GRAP 16 (as amended 2015): Investment Property	01 April 2016	The impact of the standard is not material

### 2.2 Standards and interpretations issued, but not yet effective

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
◆ Directive 12: The selection of an Appropriate Reporting Frame by Public Entities	01 April 2018	Unlikely to have material impact
◆ GRAP 109: Accounting by Principals and Agents	01 April 2018	Unlikely to have material impact
◆ GRAP 20: Related Party Disclosures	not yet effective	NEMISA has disclosed related party transactions
◆ GRAP 32: Service Concession Arrangements: Grantor	not yet effective	Not applicable to NEMISA
◆ GRAP 108: Statutory Receivables	not yet effective	Not applicable to NEMISA
◆ GRAP 109: Accounting for Principals and Agents	not yet effective	Not applicable to NEMISA

## 3. Inventories

<i>Figures in Rand</i>	Note(s)	31 March 2017	31 March 2016
Consumable stores		13 460	13 528

## 4. Receivables from exchange transactions

Trade debtors	7 832 922	5 976 541
Deposits	1 352 082	1 352 082
Prepaid expenses	684 452	723 010
Less: Allowance for impairment	(3 601 822)	(2 952 785)
Less: Debtors PV Discounting	(14 377)	(14 377)
	<b>6 253 257</b>	<b>5 084 471</b>

Deposits relate to rental deposits paid by NEMISA for the rental of premises as required in terms of the lease agreement.



## 4. Receivables from exchange transactions (continued)

### Aged trade receivables

The aged trade receivables at reporting date was:

0 - 30 days	-	691 244
31 - 60 days	-	504 637
61 - 90 days	-	26 380
More than 90 days	7 832 922	4 754 299
	<b>7 832 922</b>	<b>5 976 560</b>

### Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired.

At 31 March 2017, R4 231 100 (2016: R 1 801 514) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	-	-
2 months past due	-	-
3 months past due	4 231 100	1 801 514
	<b>4 231 100</b>	<b>1 801 514</b>

### Trade and other receivables impaired

As of 31 March 2017, trade and other receivables of R 3 601 822 (2016: R 2 952 785) were impaired and provided for.

The ageing of these receivables are as follows:

Over 6 months	3 601 822	2 952 785
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### Reconciliation of allowance for impairment of trade and other receivables

Opening balance	2 952 785	2 972 622
Provision for impairment	649 037	(19 837)
	<b>3 601 822</b>	<b>2 952 785</b>

In determining the recoverability of trade receivables, NEMISA considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

## 5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 233	3 018
Bank balances	245 850	1 878 415
Corporation for Public Deposits balance	44 766 557	11 512 738
	<b>45 013 640</b>	<b>13 394 171</b>



## 6. Property, plant and equipment

	2017			2016		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	189 396	(88 364)	101 032	189 396	(78 093)	111 303
Improvements and interior decorating	-	-	-	1 161 858	(791 899)	369 959
Furniture and fittings	20 999	(20 556)	443	279 438	(240 363)	39 075
Motor vehicles	1 580 237	(1 567 342)	12 895	1 580 237	(1 555 844)	24 393
Office equipment	395 237	(376 051)	19 186	395 237	(355 667)	39 570
Computer equipment	1 544 013	(1 291 508)	252 505	3 216 244	(2 796 846)	419 398
Canteen equipment	10 254	(10 029)	225	40 718	(38 499)	2 219
Television equipment	1 721 673	(1 522 369)	199 304	3 481 163	(3 141 233)	339 930
Radio equipment	217 197	(215 451)	1 746	1 414 956	(1 395 633)	19 323
<b>Total assets</b>	<b>5 679 006</b>	<b>(5 091 670)</b>	<b>587 336</b>	<b>11 759 247</b>	<b>(10 394 077)</b>	<b>1 365 170</b>

### Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Write-Off	Total
Building	111 303	-	(10 271)	-	101 032
Improvements and interior decorating	369 959	-	(50 539)	(319 420)	-
Furniture and fittings	39 075	-	(19 505)	(19 127)	443
Motor vehicles	24 393	-	(11 497)	-	12 896
Office equipment	39 570	-	(20 385)	-	19 185
Computer equipment	419 398	121 944	(183 890)	(104 947)	252 505
Canteen equipment	2 219	-	(1 132)	(862)	225
Television equipment	339 930	332 749	(136 740)	(336 635)	199 304
Radio equipment	19 323	-	(12 958)	(4 620)	1 745
	<b>1 365 170</b>	<b>454 693</b>	<b>(446 917)</b>	<b>(785 611)</b>	<b>587 335</b>



## 6. Property, plant and equipment (continued)

### Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	120 773	-	-	(9 470)	111 303
Improvements and interior decorating	427 949	-	-	(57 990)	369 959
Furniture and fittings	180 998	-	(121 938)	(19 985)	39 075
Motor vehicles	38 699	-	-	(14 306)	24 393
Office equipment	154 417	-	(94 590)	(20 257)	39 570
Computer equipment	573 764	79 486	(32 608)	(201 244)	419 398
Canteen equipment	3 739	-	-	(1 520)	2 219
Television equipment	356 745	202 369	(115 909)	(103 275)	339 930
Radio equipment	34 004	-	(1 800)	(12 881)	19 323
	<b>1 891 088</b>	<b>281 855</b>	<b>(366 845)</b>	<b>(440 928)</b>	<b>1 365 170</b>

### Theft of assets

Property, plant and equipment written-off in the current period include the value of irrecoverable stolen assets from the Parktown premises during a burglary on the 10 October 2016 and February 2017.

### Details of properties

Buildings comprises of an office building in Franschoek, in the Stellenbosch Municipality, division of Paarl, Western Cape under sectional plan number SS135/2003 and held by Certificate of Registered Sectional Title No ST 5853/2003. A register is available for inspection at the registered office of the entity.

## 7. Intangible assets

	2017			2016		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Software licenses	205 536	(200 536)	5 000	205 536	(195 739)	9 797
Computer software	206 190	(204 377)	1 813	206 190	(204 532)	1 658
<b>Total owned assets</b>	<b>411 726</b>	<b>(404 913)</b>	<b>6 813</b>	<b>411 726</b>	<b>(400 271)</b>	<b>11 455</b>

### Reconciliation of intangible assets - 2017

	Opening balance	Amortisation	Total
Software licenses	9 797	(4 797)	5 000
Computer software	1 658	155	1 813
<b>Total owned assets</b>	<b>11 455</b>	<b>(4 642)</b>	<b>6 813</b>

### Reconciliation of intangible assets - 2016

	Opening balance	Amortisation	Total
Software licenses	21 114	(11 317)	9 797
Computer software	19 197	(17 539)	1 658
<b>Total owned assets</b>	<b>40 311</b>	<b>(28 856)</b>	<b>11 455</b>



## 8. Payables from exchange transactions

Accounts payables	1 178 802	1 149 944
Income received in advance	1 363 561	2 538 424
Accrued 13th Cheque	120 880	160 493
Accrued leave pay	808 585	693 058
	<b>3 471 828</b>	<b>4 541 919</b>

## 9. Non-exchange revenue liability

### Non-exchange revenue liability comprises of:

Expansion of e-skills programmes	26 743 687	-
DTPS e-skills programmes	8 190 700	1 285 700
	<b>34 934 387</b>	<b>1 285 700</b>

NEMISA has been mandated by the Department of Telecommunications and Postal Services (DTPS) to roll-out e-skills programmes in the country. The e-skills roll-out is being carried out by the CoLabs located within various Universities that had partnered with NEMISA. The Department of Telecommunications and Postal Services funded NEMISA with an amount of R6.9 million (2016: R6.5 million) in addition to R40 million (2016: Nil) funded by National Treasury to deliver on the e-skills programmes.

## 10. Exchange revenue liability

### Exchange revenue liability comprises of:

#### Unspent conditional grants and receipts

DTPS funds transfer - Community Radio	3 574 636	3 574 636
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#### Movement during the year

Balance at the beginning of the year	3 574 636	3 574 636
Expenditure incurred during the year	-	-
Income recognition during the year	-	-

#### Balance carried forward

Non-current liabilities	-	-
Current liabilities	3 574 636	3 574 636
	<b>3 574 636</b>	<b>3 574 636</b>

There was no spending against this project however an agreement was reached with the Department of Communications to continue with the project in the foreseeable future.

## 11. Provisions

### Reconciliation of provisions - 2017

	Opening Balance	Additions	Utilised during the year	Total
Staff incentives	885 446	563 166	(687 888)	760 724

### Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Total
Staff incentives	1 591 210	207 738	(913 502)	885 446

Staff incentives relate to individual performance against set targets. The amount is based on management's best estimate of the liability at year end and are expected to be paid during the new financial year.



## 12. Exchange revenue

In-house training	6 431 810	6 115 203
Sundry income from students	2 000	28 979
Other income	142 742	1 483
	<b>6 576 552</b>	<b>6 145 665</b>

## 13. Interest received

### Interest revenue

Bank	1 204 925	1 127 630
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## 14. Non-exchange revenue

Appropriation Income received - e-skills roll-out	13 256 313	11 303 124
Appropriation Income received - operations	37 200 000	36 601 000
	<b>50 456 313</b>	<b>47 904 124</b>

## 15. Employee related costs

Basic	20 345 941	17 078 705
Increase/(decrease) in leave pay accrual	115 527	(180 470)
	<b>20 461 468</b>	<b>16 898 235</b>

Remuneration of members and other key management are disclosed in the Report of the Directors on page 65.

## 16. Operating expenses

### Direct expenditure

Accreditation and membership fees	25 084	460 449
E-skills roll-out expense	12 396 000	11 303 124
In-house training : Student accommodation	781 615	1 494 994
In-house training : Student meals	5 765	4 746
In-house training : Student stationery and printing costs	17 376	30 643
In-house training : Student training and examination costs	-	313 662
In-house training : Student transportation costs	4 923	69 961
In-house training : Student stipends	473 700	1 541 550

### Overhead expenditure

Bank charges	69 703	58 916
Business development/marketing/communications	1 900 935	866 695
Equipment costs	44 747	56 620
Other overheads	21 627	25 000
Staff training	258 511	324 200
Refreshments	80 043	57 268
Insurance	1 603 020	1 391 120
Property rates and taxes	1 520 855	1 183 482
Stationery costs	284 778	273 938
Transportation costs	125 607	101 315
Travel and accommodation costs: Staff and Board	1 258 208	952 325
Project maintenance costs	222 178	66 115
	<b>21 094 675</b>	<b>20 576 123</b>



## 17. Operating lease

The operating lease agreement for the entity's premises expired on 30 April 2016. The entity has managed the lease on a month to month basis until a new lease agreement was renegotiated and signed in June 2017.

Rentals were recognized on a straight line basis in alignment with GRAP 13, whereby the operating lease costs are recognized based on the time pattern of the benefits rather than any financial benefit that may arise from the transaction, resulting in an equalization of rental recognized

Minimum lease payments due	591 545	-
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## 18. Finance costs

Fair value adjustments: Accounts receivable	-	14 377
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## 19. Cash generated from (used in) operations

(Loss) profit	(448 163)	2 051 256
<b>Adjustments for:</b>		
Depreciation and amortisation	451 558	464 788
Debt impairment	649 038	19 426
Movement in provisions	(124 723)	(705 764)
Scrapped assets	785 612	366 774
Other financial liabilities	-	(65 125)
<b>Changes in working capital:</b>		
Inventories	68	16 985
Receivables from exchange transactions	(1 817 824)	(155 098)
Payables from exchange transactions	(1 070 091)	(2 194 609)
Non-exchange revenue liability	33 648 687	(4 745 124)
	<b>32 074 162</b>	<b>(4 946 491)</b>

## 20. Financial instruments disclosure

### Categories of financial instruments 2017

#### Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	4 216 723	4 216 723
Rental deposit	-	1 352 082	1 352 082
Cash and cash equivalents	45 013 640	-	45 013 640
	<b>45 013 640</b>	<b>5 568 805</b>	<b>50 582 445</b>

#### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	3 471 828	3 471 828
Non-exchange revenue liability	34 934 387	34 934 387
Exchange revenue liability	3 574 636	3 574 636
	<b>41 980 851</b>	<b>41 980 851</b>



**- Financial instruments disclosure (continued)****2016****Financial assets**

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	3 009 379	3 009 379
Rental deposit	-	1 352 082	1 352 082
Cash and cash equivalents	13 394 171	-	13 394 171
	<b>13 394 171</b>	<b>4 361 461</b>	<b>17 755 632</b>

**Financial liabilities**

	At amortised cost	Total
Trade and other payables from exchange transactions	4 647 585	4 647 585
Non-exchange revenue liability	1 285 700	1 285 700
Exchange revenue liability	3 574 636	3 574 636
	<b>9 507 921</b>	<b>9 507 921</b>

**Financial instruments in Statement of financial performance****2017**

	At fair value	At amortised cost	Total
Interest received for financial instruments	1 204 925	-	1 204 925
Interest expense for financial instruments	-	-	-
	<b>1 204 925</b>	<b>-</b>	<b>1 204 925</b>

**2016**

	At fair value	At amortised cost	Total
Interest received for financial instruments	1 127 630	-	1 127 630
Interest expense for financial instruments	-	14 377	14 377
	<b>1 127 630</b>	<b>14 377</b>	<b>1 142 007</b>

**21. Commitments****Operational expenditure****Approved and contracted out**

Internal Audit services	1 145 321	1 291 080
Cleaning services	51 189	241 845
Security services	101 072	496 982
	<b>1 297 582</b>	<b>2 029 907</b>

**Approved but not yet contracted out**

None

**Total operational commitments  
Commitments**

Within 1 year	1 297 582	1 081 025
Between 2 to 5 years	-	948 882
More than 5 years	-	-
	<b>1 297 582</b>	<b>2 029 907</b>



## 22. Related parties

### Ultimate controlling entity

The main related party with whom the entity interacted is the Department of Telecommunications and postal services, who is the sole shareholder and provides finance to fund the operational overheads of the institute. The Minister of Telecommunications and Postal services is the Executive Authority of NEMISA. NEMISA is ultimately controlled by the National Executive.

NEMISA received transfer payments of R 37.2 million (2016: R36.6 million) funding for its administrative activities as well as R6.9 million (2016: R6.5 million) funding for its strategic objectives from the Department of Telecommunications and Postal services.

MICT SETA is a related party as it provides on accreditation to NEMISA. The transaction entered into with MICT SETA relates to the funding provided to train students on Radio and Television production.

NEMISA used several national public sector entities as service providers during the year. These transactions were concluded on normal operating terms. These balances are included in trade payables in the Statement of Financial Position and the income and expenditure as part of the Statement of Financial Performance.

### Related party balances

#### Department of Telecommunications and Postal Services

Gross amount - receivables	208 956	208 956
Gross amount - Income received in advance	1 363 561	2 004 049

#### MICT SETA

Gross amount - receivables	373 710	897 300
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### Related party transactions

#### Department of Telecommunications and Postal Services

Revenue	44 105 000	43 159 000
Direct expenses	(12 396 000)	(11 303 124)

#### MICT SETA

Revenue	1 590 000	4 081 000
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#### South African Broadcasting Corporation

Revenue	3 338 766	-
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#### KwaZulu-Natal Film Commission

Revenue	307 258	-
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#### Moses Kotane Institute

Revenue	555 298	-
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### Compensation to members and other key management

NEMISA is governed by its Board of Directors as the Accounting Authority. During the financial year the Minister of Telecommunications and Postal Services appointed seven Non-Executive Directors. The Board of Directors along with the CEO, and CFO are responsible for planning, directing and controlling of the activities of the entity. Explit details of the Emoluments paid to the Board of Directors and key management are reflected in the report of the director's page 65.

### Compensation to members and other key management

Non-executive members	1 210 762	822 878
Executive members	1 097 101	2 440 421
Senior managers	4 214 037	3 093 043
	<b>6 521 900</b>	<b>6 356 342</b>



## 23. Fruitless and wasteful expenditure

Opening balance	88 085	2 790
Interest paid to suppliers for late payment	3 045	861
Traffic fine	1 500	970
Traffic fines recovered	(970)	-
SARS penalty	(83 464)	83 464
Other	2 647	-
	<b>10 843</b>	<b>88 085</b>

At 31 March 2017, NEMISA had incurred interest and penalties of R1 783 (2016: R861) for late payment of outstanding amounts. The traffic fines are recoverable from the responsible employees. The penalty from SARS were recovered in April 2016 after NEMISA made request to SARS to waive the penalty.

Other fruitless and wasteful expenditure, incurred during the period, amounting to R2 647 is currently under investigation by the entity.

## 24. Irregular expenditure

Opening balance	3 084 085	633 297
Add: Irregular Expenditure - current year	880 458	2 450 788
Less: Amounts condoned	-	-
Less: Amounts recoverable (not condoned)	-	-
Less: Amounts not recoverable (not condoned)	-	-
<b>Irregular Expenditure awaiting condonation</b>	<b>3 964 543</b>	<b>3 084 085</b>

### Analysis of expenditure awaiting condonation per age classification

Current year	880 458	2 450 788
Prior years	3 084 085	633 297
<b>Total</b>	<b>3 964 543</b>	<b>3 084 085</b>

### Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Required quotations not obtained	Under investigation	10 395
National Treasury approval for deviation not obtained	Under investigation	860 313
Requirements for deviation not met	Under investigation	9 750
		<b>880 458</b>



## 25. Financial Risk Management

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

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash.

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

Cash flow forecasts are prepared and submitted to the Department of Telecommunications and Postal Services at the beginning of each year to determine the frequency of the drawdown of Appropriation Income.

### Credit risk

Financial assets which potentially subject the entity to concentrations of credit risk consist primarily of cash, short term deposits and trade receivables. The organisation's cash equivalents are held by high credit quality financial institutions. Credit risk with regard to receivables is limited. This is because the nature of the entity's activities for the period focused on providing training to previously disadvantaged persons. The carrying amounts of financial assets included in the Statement of Financial Position represent the entity's exposure to credit risk in relation to these assets.

Financial assets exposed to credit risk at year end were as follows:

Cash and cash equivalents	45 013 640	13 394 171
Receivables from exchange transactions	4 216 723	3 009 379

### Market risk

#### Interest rate risk

NEMISA's exposure to interest rate risk at year end relates to Cash and cash equivalents. NEMISA places cash reserves which are in the form of Cash and cash equivalents with the South African Reserve Bank and local financial institutions. At 31 March 2017, NEMISA had significant cash invested in a Corporate Public Deposit account which earns interest at rates linked to prime rate.









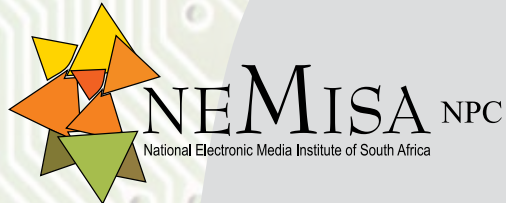






# General information

## NEMISA ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017



<b>REGISTERED NAME</b>	National Electronic Media Institute of South Africa
<b>LEGAL FORM OF ENTITY</b>	Public Entity listed under schedule 3A of PFMA
<b>NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES</b>	Training institute
<b>REGISTERED OFFICE</b>	21 Girton Road Parktown Johannesburg 2193
<b>BUSINESS ADDRESS</b>	21 Girton Road Parktown Johannesburg 2193
<b>POSTAL ADDRESS</b>	P O Box 545 Auckland Park Johannesburg 2006
<b>TELEPHONE NUMBER</b>	+27 (0) 11 484 0583
<b>FAX NUMBER</b>	+27 (0) 11 484 0615
<b>EMAIL ADDRESS</b>	info@nemisa.co.za
<b>WEBSITE ADDRESS</b>	www.nemisa.co.za
<b>BANKERS</b>	Standard Bank of South Africa 5 St David's Place Parktown 2193
<b>EXTERNAL AUDITORS</b>	Auditor-General of South Africa
<b>COMPANY SECRETARY</b>	Mapula Thebethe
<b>COMPANY REGISTRATION NUMBER</b>	1998/014825/08

**National Electronic Media Institute of South Africa**





## **NEMISA ANNUAL REPORT 2016/17**

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