

# Annual Report **2015-2016**



NATIONAL YOUTH DEVELOPMENT AGENCY  
**OUR YOUTH. OUR FUTURE.**

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## Vision

To be a credible and capable development agency for South Africa's youth.

## Mission

To mainstream youth issues into society.

To facilitate youth development with all sectors of society.

## Values

- Excellence
- Respect
- Integrity and honesty
- Care
- Punctuality and promptness



**planning, monitoring  
& evaluation**  
Department:  
Planning, Monitoring and Evaluation  
REPUBLIC OF SOUTH AFRICA



**nyda**

NATIONAL YOUTH DEVELOPMENT AGENCY  
**OUR YOUTH. OUR FUTURE.**



# INTRODUCTION TO THE NATIONAL YOUTH DEVELOPMENT AGENCY

The National Youth Development Agency (NYDA) was established in 2009, following a merger between Umsobomvu Youth Fund (UYF) and the National Youth Commission (NYC).

The NYDA was formally launched on 16 June 2009, as pronounced by His Excellency, President Jacob G Zuma in his 2009 State of the Nation Address. The launch formed part of the National Youth Month events championed by The Presidency.

The Agency derives its mandate from the legislative frameworks, including the National Youth Development Agency Act, 2008 (Act 54 of 2008) (NYDA Act), the National Youth Policy (NYP) (2020) and the draft Integrated Youth Development Strategy (IYDS). The Agency assumed and improved the operational platform developed by both UYF and NYC, which rendered the Agency operational with immediate effect. The NYDA implemented an organisational realignment programme during the 2015/16 financial year, in order to consolidate and rationalise the work of the agency.

The activities of the NYDA could be summarised as follows:

- Lobbying and advocating for integration and mainstreaming of youth development in all spheres of government, the private sector and civil society
- Initiating, implementing, facilitating and coordinating youth development programmes
- Monitoring and evaluating youth development intervention across the board and mobilising youth for active participation in civil society engagements.

The NYDA's role is to address challenges faced by the nation's youth. The Agency was established by an Act of Parliament (Act 54 of 2008). The institution was established to be a single, unitary structure addressing youth development issues at national, provincial and local government level. The Agency should be seen within the broad context of South Africa's development dynamics.

Similar to many developing countries, South Africa has a large population of youth between the ages 14–35, representing 42% of the total population. Given the youthful nature of the South African population, many of the socio-economic challenges faced by the nation, for example, poverty, inequality, joblessness and poor health, are borne by the youth. The gravity of the challenges requires multipronged efforts that simultaneously promote the development of sustainable livelihoods; reduce poverty and inequality; and prioritise the formulation of policies which create an enabling environment for youth development.

The NYDA plays a leading role in ensuring that all major stakeholders, i.e. government, the private sector and civil society, prioritise youth development and contribute towards identifying and implementing lasting solutions which address youth development challenges.

Furthermore, the NYDA designs and implements programmes aimed at improving lives and opportunities available to youth. These programmes may be clustered as follows:

- At an individual level (micro level), the NYDA provides direct services to youth in the form of providing information, career guidance services, mentorship, skills development and training, entrepreneurial development and support and grant funding, health awareness programmes and involvement in sport.
- At a community level (meso level), the NYDA encourages young people to be catalysts for change in their communities through involvement in community development activities, social cohesion activities, national youth service (NYS) programmes and dialogue.
- At a provincial and national level (macro level), through its policy development, partnerships and research programmes, the NYDA facilitates the participation of youth in developing key policy inputs which shape the socio-economic landscape of South Africa.

## Beneficiaries and Target Audiences

- South African youth aged between 14 and 35 years
- South African youth, irrespective of race, gender, colour, creed, geographical location or political affiliations.

The Agency has a predisposition towards:

- Youth in rural areas
- Out-of-school youth
- Youth with disabilities
- Young women
- Unemployed youth
- Youth in conflict with the law.



# INTRODUCTION TO THE NATIONAL YOUTH DEVELOPMENT AGENCY

## NYDA's Focus

Effective from May 2013, the NYDA shifted its core business away from Enterprise Finance towards Education and Skills Development. The fundamental change in this area of development is the change from loan provision to grant provision for young entrepreneurs.

The NYDA will no longer offer loan finance to young entrepreneurs: instead, it will offer grant finance in the form of micro-finance grants for survivalist youth entrepreneurship and co-operative grants for greater participation of youth in the co-operatives sector.

The objective of the grant programme is to provide young entrepreneurs an opportunity to access both financial and non-financial business development support to establish their survivalist businesses. The programme focuses on youth entrepreneurs who are just coming to the fore and beginning to display signs of future potential, but are not yet fully developed. The grant finance starts from R1 000 and goes to a maximum of R100 000 for any individual or youth co-operative.

Therefore, the new plan of the NYDA focuses on the following: tailor-made interventions for job preparedness and placement; scholarship provision for those who excel in school; the scaling up of the YouthBuild programme for out-of-school youth; the increase of second-chance opportunities for matriculants; and the intensification of our highly successful career guidance programme. The NYDA is continuing with efforts directed at economic participation, offering a range of products, programmes and services to young entrepreneurs in need, albeit as a secondary focus.

## NYDA Key Performance Areas

The NYDA has adopted the following five Key Performance Areas (KPA's) as part of its strategy:

**Economic Participation:** To assist and facilitate youth participation in the economy, leading to improvement of their livelihoods through NYDA grants as financial support and non-financial support interventions.

**Education and Skills Development:** To promote access to quality education and skills, to both school-going and out-of-school youth, through targeted interventions. The NYDA will place 22 830 learners in education opportunities over a period of five years, which will include young people who want to rewrite their Matric (21 978) and those who need scholarships to continue with their higher education studies (852).

**Health and Wellbeing:** To increase awareness of healthy lifestyles that promote good health practices among the youth of South Africa, including the dangers of substance abuse; unprotected sex; lack of nutrition; sexually transmitted diseases; and the impact of HIV Infection and Aids on young people in South Africa.

**Policy and Research:** To create and produce youth development information and knowledge that informs the public sector, private sector, and civil society on developing policy, planning, implementation and review of their programmes related to government priorities.

**Governance and Administration:** To provide effective IT systems, business processes, and HR capacity development, as well as improving the operations of the NYDA.

To ensure that all NYDA systems and processes support NYDA products and services for effective service delivery.

# ABBREVIATIONS

<b>ASB</b>	Accounting Standards Board
<b>AYC</b>	African Youth Charter
<b>BSC</b>	Balance Scorecard
<b>CGU</b>	Cash-Generating Unit
<b>CTA</b>	Certificate of Theory in Accounting
<b>DIRCO</b>	Department of International Relations and Cooperation
<b>DPME</b>	Department of Planning, Monitoring and Evaluation
<b>EDP</b>	Entrepreneurship Development Programme
<b>EPWP</b>	Expanded Public Works Programme
<b>ETDP SETA</b>	Education, Training and Development Practices Sector Education and Training Authority
<b>EWP</b>	Employee Wellness Plan
<b>GDP</b>	Gross Domestic Product
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>IAS</b>	International Accounting Standards
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>IYDS</b>	Integrated Youth Development Strategy
<b>KPA</b>	Key Performance Area
<b>KPI</b>	Key Performance Indicator
<b>MIS</b>	Management Information System
<b>NCR</b>	National Credit Regulator
<b>NDP</b>	National Development Plan
<b>NHI</b>	National Health Insurance
<b>NYC</b>	National Youth Commission
<b>NYSP</b>	National Youth Service Programme
<b>NSS</b>	Non-State Sector
<b>NYSU</b>	National Youth Service Unit
<b>OHS</b>	Occupational Health and Safety
<b>PFMA</b>	Public Finance Management Act
<b>PYWG</b>	Presidential Youth Working Group
<b>SADC</b>	Southern African Development Community
<b>SA GAAP</b>	South African Statements of Generally Accepted Accounting Practice
<b>SAICA</b>	South African Institute of Chartered Accountants
<b>SASCOC</b>	South African Sports Confederation and Olympic Committee
<b>SMEs</b>	Small and Medium-sized Enterprises
<b>TAA</b>	Transitional Accounting Authority
<b>UYF</b>	Umsobomvu Youth Fund
<b>UNIDO</b>	United Nations Industrial Development Organisation
<b>VSP</b>	Voluntary Settlement Package
<b>YDISA</b>	Youth Development Institute of South Africa

# DEFINITIONS OF TERMS OF ANNUAL REPORTING

The auditor's report is a formal opinion or disclaimer thereof, as a result of an external audit performed on the NYDA. It is important to note that auditor's reports on financial statements are neither evaluations, nor any other similar determination used to evaluate entities, in order to make a decision. The report is only an opinion on whether the information presented is correct and free from material misstatements, whereas all other determinations are left for the user to decide.

There are four common types of auditor's reports, each one presenting a different situation encountered during the auditor's work. The four reports are as follows:

## 1. Unqualified Opinion

An opinion is said to be unqualified when the auditor concludes that the financial statements give a true and fair view, in accordance with the financial reporting framework used for the preparation and presentation of the financial statements.

An auditor gives an unqualified opinion when they do not have any significant reservation, in respect of matters contained in the financial statements. The auditor can only provide reasonable assurance regarding the financial statements, and not regarding the integrity of company records that were not part of the foundation of the financial statements. This type of report is issued by an auditor when the financial statements presented are free of material misstatements and are represented fairly, in accordance with the Generally Recognised Accounting Practice (GRAP), which means that the company's financial condition, position and operations are fairly presented in the financial statements. It is the best type of report an auditee may receive from an external auditor.

**An unqualified opinion indicates the following:**

- The financial statements were prepared using the GRAP, which was consistently applied.
- The financial statements comply with relevant statutory requirements and regulations.
- There is adequate disclosure of all material matters relevant to the proper presentation of the financial information subject to statutory requirements, where applicable.
- Any changes in the accounting principles or in the method of their application, and the effects thereof have been properly determined and disclosed in the financial statements.

## 2. Qualified Opinion

A Qualified Opinion report is issued when the auditor encounters one of two types of situations which do not comply with GRAP, but the rest of the financial statements are fairly presented. This type of opinion is very similar to an unqualified opinion, but the report states that the financial statements are fairly presented with a certain exception, which is otherwise misstated. The two types of situations which would cause an auditor to issue this opinion over the unqualified opinion are:

- Single deviation from GRAP – this type of qualification occurs when one or more areas of the financial statements do not conform to GRAP (e.g. are misstated), but do not prevent the rest of the financial statements from being fairly presented when taken as a whole. Examples of this include when a company did not correctly calculate the depreciation expense of its building. Even if this expense is considered material, since the rest of the financial statements do conform to GRAP, the auditor qualifies the opinion by describing the depreciation misstatement in the report and continues to issue an unqualified opinion on the rest of the financial statements.
- Limitation of scope – this type of qualification occurs when the auditor could not audit one or more areas of the financial statements and, although they could not be verified, the rest of the financial statements were audited and they conform to GRAP. Examples of this include an auditor not being able to observe and test a company's fixed asset verification process. If the auditor audited the rest of the financial statements and is reasonably sure that they conform to GRAP, then the auditor simply states that the financial statements are fairly presented, with the exception of the fixed assets, which could not be audited.

## 3. Adverse Opinion

An Adverse Opinion report is issued when the auditor determines that the financial statements of an auditee are materially misstated and, when considered as a whole, do not conform to GRAP. It is considered the opposite of an unqualified opinion, essentially stating that the information contained is materially too incorrect, unreliable, and inaccurate to assess the financial position and results of operations.

Generally, an adverse opinion is only given if the financial statements pervasively differ from GRAP.



#### 4. Disclaimer of Opinion

A Disclaimer of Opinion report, commonly referred to simply as a Disclaimer, is issued when the auditor could not form and, consequently, refuses to present an opinion on the financial statements. This type of report is issued when the auditor tried to audit an entity, but could not complete the work, due to various reasons, and does not issue an opinion.

Statements on Auditing Standards (SAS) provide certain situations where a disclaimer of opinion may be appropriate:

- A lack of independence, or material conflict(s) of interest, exist between the auditor and the auditee (SAS No. 26)
- There are significant scope limitations, whether intentional or not, which hinder the auditor's work in obtaining evidence and performing procedures (SAS No. 58)
- There is substantial doubt about the auditee's ability to continue as a going concern or, in other words, continue operating (SAS No. 59)
- There are significant uncertainties within the auditee (SAS No. 79).

Although this type of opinion is rarely used, the most common examples where disclaimers are issued include audits where the auditee wilfully hides, or refuses to provide, evidence and information to the auditor in significant areas of the financial statements, where the auditee is facing significant legal and litigation issues of which the outcome is uncertain (usually government investigations), and where the auditee has going concern issues.

Emphasis of matter is a type of paragraph in, or section of, an auditor's report on financial statements. Such a paragraph is added to indicate a significant uncertainty or other matter, which is disclosed appropriately in the notes forming part of the financial statements, but which the auditor considers to be significant or important enough to warrant a mention in their report.

An emphasis of matter paragraph does not qualify the auditor's opinion; in fact, such paragraphs typically begin by stating, "Without qualifying our report..."

#### **Supply Chain Management:**

"Fruitless and wasteful expenditure" means expenditure which was made in vain and could have been avoided, had reasonable care been exercised.

"Irregular expenditure" means 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 (referring to the Public Financial Management Act), the State Tender Board Act, 1968 (Act 86 of 1968), or any regulations made in terms of that Act
- b) any provincial legislation providing for procurement procedures in that provincial government.

#### 5. Clean Audit

The term, "Clean Audit", was derived by the Auditor General of South Africa and represents an audit opinion whereby:

- there is an unqualified opinion in respect of the annual financial statements
- there is an unqualified opinion in respect of performance against pre-determined objectives
- no material matters of non-compliance with laws and regulations were reported.





*“It takes real commitment for youth development to remain focused and steadfast, in order to enhance credibility, to build capacity, to develop efficiency and to enhance impact. ”*

Mr Jeffrey Thamsanqa Radebe, MP  
Minister in The Presidency: Planning, Monitoring and Evaluation





## MESSAGE FROM THE MINISTER

The National Development Plan, our vision for 2030, correctly puts young people at the centre of South Africa's developmental agenda. This means that for every action and programme that government undertakes, the primary beneficiaries should be young people. Government has introduced all necessary policies that seek to realise the integration of youth into the mainstream economy. The introduction of the Youth Employment Accord demonstrates commitment by government, civil society, and the private and public sectors to work together to realise this objective.

The establishment of the Presidential Youth Working Group (PYWG) by the President, Mr Jacob G Zuma, is one of the ways in which government prioritises and oversees the implementation of all legislation, programmes and policies aimed at youth development, such as the National Youth Policy (2015–2020) and the recently concluded Youth Employment Plan.

I am proud to say that the previous Board that held office from 1 April 2013 to 20 March 2016 indeed left a steadier ship operating, from a very tumultuous environment of doubt and against all negative perceptions and stereotypes. The Board committed itself to repositioning the NYDA by adopting a new vision and mission, that of "being a credible and capable developmental agency for South Africa's youth". Much of the achievements that we have recorded to date are precisely because of their visionary leadership, which led to the introduction of a number of flagship programmes. These programmes complemented KPAs in areas of education and skills development, economic participation, health and wellbeing, and research and policy formulation. The most important of their achievements is that they led the institution towards the first ever clean audit and achieving 93% of its key performance indicators (KPIs) in the 2014/15 financial year.

Fast-forward to the 2015/16 financial year, the NYDA continues to demonstrate the necessary improvements, and to sustain landmark achievements by doing the following:

- Sustaining the clean audit by the Agency for the second year in a row
- Achieving the highest performance in the organisation's history of 96%
- Successful completion of the organisational realignment and culture change programme, one of a handful of successful corporate restructurings completed within time and budget in the public sector
- The overall reduction of NYDA salary costs from R189 million to R145 million, which amounts to a 25% percentage reduction in the salary bill
- The launch of the NYDA-UJ Youth Development Institute
- The creation of a National Youth Service Unit, which will coordinate the implementation of a National Youth Service Programme.

I would like to take this opportunity to commend the NYDA Board of Directors, the Executive Management team and staff members on these great achievements. I understand the necessary changes that were effected to bring the Agency to the position you occupy today, which included the restructuring of the institution. This, admittedly, was not an easy process.

It takes real commitment for youth development to remain focused and steadfast, in order to enhance credibility, build capacity, develop efficiency and enhance impact.



**Jeff Radebe**

Minister in The Presidency: Planning, Monitoring and Evaluation



*“Growing partnerships between public and private sector institutions is an important and vital vehicle to ensure youth emancipation through active participation in the mainstream economy.”*

Mr Buti Manamela, MP  
Deputy Minister in The Presidency:  
Planning, Monitoring and Evaluation

## MESSAGE FROM THE DEPUTY MINISTER

This year marked the 40th Anniversary of the June 16, 1976 youth uprising: a historic milestone marking the sacrifices of young people who fought fearlessly against the brutality of the apartheid regime to bring about freedom and democracy. It is in this context that government in its commemoration highlighted the achievements in youth development, including the establishment of the National Youth Development Agency (NYDA).

An important reflection lies in the achievements of the NYDA's mandate as the primary institution responsible for youth development matters in South Africa. This is against the backdrop of the Social Profile of Youth report released by Statistics South Africa (StatsSA), which suggests that more needs to be done to address the plight of vulnerable youth. In response to the many challenges facing young people, government recently adopted the National Youth Policy (NYP) 2020. The NYP 2020 calls for giving a hand up and not giving a hand-out, as young people also articulated in consultations with them. As we said in the previous financial year, the NYDA is the catalyst for the development of young people in our country. The results of the 2015/16 financial year bear testimony to this reality.

The NYDA continues to expand its reach to young people across the length and breadth of South Africa, with more than 15 Full Service branches, as well as over 180 Local Youth Offices in partnership with municipalities. We also commend the NYDA for its efforts in initiating, implementing, facilitating and coordinating youth development programmes. The NYDA and University of Johannesburg partnership to establish the long-awaited Youth Development Institute of South Africa (YDISA) is a step in the right direction towards conducting cutting-edge research on youth development. Youth development is an important field of study. It must be informed by multidisciplinary research that brings critical sectors of society to act with and on behalf of youth. Youth development programmes and policies must be anchored in evidence-based research. This must also speak to the use of technology as an advantage in advancing youth development and making products and services of the NYDA further accessible to the youth of the country. Therefore, we commend the NYDA partnership with the Mara Foundation on the e-monitoring online app, powered by Mara Mentor, in assisting with mentoring young, aspiring and talented entrepreneurs.

The process of reviewing and amending the NYDA Act (Act 54 of 2008) to enable the Agency to play a more responsive role, particularly in provinces, is well underway and will be concluded soon.

The performance of the NYDA for 2015/16 must be commended. The Agency sustained a clean audit and achieved 96% of its key performance indicators, its highest ever. The Agency also successfully completed an organisational realignment that reduced its salary costs by 25%.

The NYDA continues to be a powerful institution accessible to all youth of South Africa to take advantage of and secure a better life for themselves and the country. Growing partnerships between public and private sector institutions are an important vehicle to ensure youth participation in the mainstream economy. We must hasten to reiterate that the NYDA is no panacea for all challenges facing the youth. All stakeholders must raise their hands, stand up and be counted, as the task of securing a better South Africa demands working partnerships between government, and the public and private sectors.

The leadership and governance of the NYDA through its past Board of Directors, under the chairmanship of Mr Yershen Pillay, must be recognised. The Board has provided ethical leadership, good government and fiscal oversight to enhance the reputation of the NYDA and to improve its service delivery. I thank the previous Board for all their efforts, commitment and sacrifice.



**Mr Buti Manamela**

Deputy Minister in The Presidency: Planning, Monitoring and Evaluation





*“Government, the private sector and civil society must continue to work closely together in addressing the challenges faced by young people and implementing interventions which can make a lasting impact on the youth of this country.”*

Dr Nontsikelelo Tshayingca-Mashiya  
Chairperson of Transitional Accounting Authority (TAA)





## MESSAGE FROM THE CHAIRPERSON OF TRANSITIONAL ACCOUNTING AUTHORITY

I am pleased to present the NYDA Annual Report for the financial year 2015/16.

The Transitional Accounting Authority (TAA) was appointed by the Minister in The Presidency, Hon Mr Jeff Radebe, after the expiry of the previous Board's term on 22 March 2016. The TAA is a body comprised of three members which will oversee the governance of the NYDA until a permanent Board has been appointed.

I am very satisfied with the NYDA's achievement of a second successive clean audit and 96% achievement of its predetermined objectives for the past year. These achievements are an indication of the remarkable turnaround of the Agency over the last three years, which has seen the entity become a capable and credible agency for youth development. I also wish to note the successful completion of the corporate realignment and culture change programme of the entity, which aimed to address legacy challenges and reduce the salary bill of the NYDA by 25% overall.

Youth development remains a critical component of our society, with young people bearing the brunt of the triple challenges of unemployment, poverty and inequality. Government, the private sector and civil society must continue to work closely together in addressing the challenges faced by young people and implementing interventions which can make a lasting impact on the youth of this country.

I wish to extend my gratitude to the outgoing Board of Directors, the Chief Executive Officer and his executive team, as well as all the employees of the organisation, for the achievements during the current financial year.

To the young people of South Africa – I wish to assure you that youth development remains a priority of this government and that we will always be on hand to provide a hand up to those young people who are willing to reach out and ask for assistance.



**Dr Nontsikelelo Tshayingca-Mashiya**

Chairperson of the Transitional Accounting Authority (TAA)



*“I am humbled to have had the opportunity to interact with young people from all walks of life, many of whom, in spite of their own personal circumstances, have risen above and beyond to not only make a success of their own lives, but also improve the communities and people around them.”*

Mr Khathutshelo Ramukumba  
Chief Executive Officer



## CHIEF EXECUTIVE OFFICER'S REMARKS

The year 2015/2016 will always be remembered as the year in which the NYDA took giant strides as a public entity of the government of South Africa. Since my appointment as the Chief Executive Officer in May 2014, I have been faced with many difficult decisions, but without a doubt, the toughest one was the decision to implement an organisational realignment and culture change programme. The organisation has, since the erstwhile merger of the Umsobomvu Youth Fund and the National Youth Commission, faced an array of Human Resource challenges, which included, among others, developing job descriptions for employees not agreeing with the actual roles being performed, and addressing duplication of functions, skills not matched to roles and a high salary bill. The project undertaken to correct these issues was exhaustive, sensitive and detailed, but ultimately in my opinion, took the NYDA into a new era with its successful completion. Corporate restructurings have been attempted across both the private and public sectors and, in many cases, have resulted in projects which far exceeded budget, strikes and significant delays in implementation. I must extend my heartfelt gratitude to the project team which oversaw the realignment programme, including organised labour, as well as my appreciation to all the employees affected by the project – I believe that both former and current employees are stronger for it. The organisational salary bill has been reduced, in real terms, from R189 million to R145 million: a R34 million reduction that can be ploughed back into youth development.

I am also extremely satisfied that the Agency sustained its clean audit opinion from the Auditor General of South Africa. In the previous financial year, the NYDA was lauded for its ability to turn things around so quickly, in respect of its audit report — it is hard to believe that just a few years ago, the organisation reported irregular expenditure of R133 million, while today, this figure is a mere R265 000. It was, therefore, important that such an audit opinion was sustained by the Agency, as this was an external confirmation that the organisational governance structures, financial and performance systems, and strategies are functioning effectively. It also provides evidence to the people of South Africa that public money is being spent prudently.

In respect of performance, the NYDA has once again increased its performance target achievement, from 93% to 96%, which represents the highest achievement in organisational history. Twenty-four out of 25 Key Performance Indicators were either achieved or exceeded, with the only exception being the Information, Communication and Technology target. I am particularly proud of the following achievements:

My journey as CEO has taken me geographically across South Africa and I am humbled to have had the opportunity to interact with young people from all walks of life, many of whom, in spite of their own personal circumstances, have risen above and beyond to not only make a success of their own lives, but to also improve the communities and people around them. We have termed these young people the “limitless youth”.

The NYDA continues to be guided by the National Youth Policy 2020 and the National Development Plan 2030, and frames its organisational strategy in accordance with these policies. I am pleased to announce that the NYDA-University of Johannesburg Youth Development Institute of South Africa has been fully operationalised and can, therefore, make a significant contribution to research and policy work. The Youth Employment Plan and Integrated Youth Development Strategy drafts should provide further coordination to youth development work in South Africa.

In the year to come, there are many exciting developments on the horizon:

- The NYDA Head Office Operations will most likely be shifted, which will result in significant cost saving that can be redistributed towards youth development projects.
- The budget of the NYDA has been readjusted with significant cost saving being allocated to critical areas of economic development, education and skills development.
- From a strategic point of view, the NYDA will conduct assessments of products and services to determine which have evolved, and how they may have to be amended to meet the needs of young people more effectively.
- The launch of the Collins Chabane YouthBuild School, the first of its kind.
- The South African Youth Awards will return, which will provide a platform for recognising those outstanding young South Africans who go above and beyond.

Finally, I would like to give recognition to the Board of Directors who served their term of office from March 2014 to March 2016, and to the current Executive Authority — we have walked this journey of the NYDA together and our success is shared — your decisiveness and guidance has helped shape the future of this organisation as a capable and credible youth development institution. To the Transitional Accounting Authority which has kept the ship on course, I thank you. I must also acknowledge my Executive Management team, who keep the operations of the organisation on course, and all youth development workers of the NYDA, without whom none of this would have been possible.

## CHIEF EXECUTIVE OFFICER'S OVERVIEW CONTINUED

*Those who complete the course will do so only because they do not, as fatigue sets in, convince themselves that the road ahead is still too long, the inclines too steep, the loneliness impossible to bear and the prize itself of doubtful value.* – Former President Thabo Mbeki, 21 September 2008.

As we continue this journey, we choose not to focus on the inclines that are steep and the challenges that come with the journey, but on the future that we desire, which is an empowered youth for South Africa.

A handwritten signature in dark ink, consisting of several overlapping loops and a horizontal line extending to the right.

**Khathutshelo Ramukumba**

Chief Executive Officer





# STRATEGIC OVERVIEW, LEGISLATIVE AND OTHER MANDATES

## Strategic Overview

The National Youth Development Agency (NYDA) was established by an Act of Parliament, the NYDA Act, 2008 (Act 54 of 2008). This Act mandates the NYDA to develop an Integrated Youth Development Strategy (IYDS) for South Africa and initiate, design, coordinate, evaluate and monitor all programmes that aim to integrate the youth into the economy and society, in general. The Act instructs the Agency to promote a uniform approach to youth development by all organs of state, the private sector and NGOs.

According to Statistics South Africa (2014), young people constitute 37 percent of the country's population. This presents a powerful resource for the country, provided the youth are supported and able to become active members of society. The National Development Plan (NDP) states the following: "Having a relatively young population can be advantageous, provided the majority of working-age individuals are gainfully employed ... The challenge is to convert this into a demographic dividend. This will only be possible if the number of working-age individuals can be employed in productive activities (2012: 98).

Yet, social norms continue to sideline young South Africans, treating political and economic participation as the prerogative of older people, which is why there is a continued need for policies and implementation frameworks that are deliberately aimed at youth concerns.

Given the youthful nature of the South African population, many of the socio-economic challenges faced by the nation, for example, poverty, inequality, joblessness and poor health, are borne by the youth. The gravity of the challenges requires multipronged efforts that simultaneously promote the development of sustainable livelihoods; reduce poverty and inequality; and prioritise the formulation of policies which create an enabling environment for youth development.

The NYDA plays a leading role in ensuring that all major stakeholders, i.e. government, the private sector and civil society, prioritise youth development and contribute towards identifying and implementing lasting solutions which address youth development challenges.

The NYDA smartly continues with its business of implementing youth development programmes directly. The focus of the NYDA's business will still be informed by imperatives of youth development as contained in the NYP, 2015–2020, which are:

- **Economic participation and transformation:** We respond to challenges of youth unemployment and low total entrepreneurship activity among youth.
- **Education, skills and second chances:** The NDP outlines South Africa's education vision of ensuring that, by 2030, South Africans have access to education and training of the highest quality possible, producing significantly improved learning outcomes.
- **Healthcare and combating substance abuse:** To ensure universal access to quality healthcare, government will establish a publicly funded and administered National Health Insurance (NHI) fund to drive the roll-out of the NHI programme. The country's NHI funding model will give effect to the three key principles of the NHI: universal provision of quality healthcare, social solidarity through cross-subsidisation and equity.
- **Nation-building and social cohesion:** The NYDA should ensure that the NYS is implemented across race and class. The NYS aims to reconstruct South African society by developing the abilities of young people through service and learning. The NYS builds character and enables young people to give back to society. In addition, it addresses past racial segregation by enabling young people to share common space in such a way that they recognise a common humanity in each other.

NYDA programmes will remain concentrated on the following categories of youth, when providing its limited products and services:

- Unemployed youth
- Young women
- Youth in rural areas
- Youth living with disabilities
- School-aged, out-of-school youth
- Youth at risk
- Youth heading households
- Youth in conflict with the law
- Youth abusing dependence-inducing, narcotic-based substances, including alcohol.



## Legislative and Other Mandates

### The NYDA Act, 2008 (Act 54 of 2008)

The NYDA derives its mandate from the NYDA Act, 2008 (Act 54 of 2008). The Act provides primarily for the NYDA as a unitary structure, responsible for the implementation of youth development programmes, including the mainstreaming of youth development activities by all stakeholders. The Act further mandates the Agency to develop an IYDS and youth development guidelines aimed at establishing parameters for youth development activities in the country.

### National Youth Policy 2015–2020

The NYP for 2015–2020 (NYP 2020) was developed for all young people in South Africa, with a focus on redressing the wrongs of the past and addressing the specific challenges and immediate needs of the country's youth. The NYP 2020 builds on South Africa's first NYP, which covered the period 2009–2014. It improves upon and updates the previous policy by speaking to the new challenges that South Africa's youth are facing, while acknowledging that more should be done to address the challenges identified in the previous NYP. The NYP 2020 seeks to create an environment that enables the young people of South Africa to reach their potential.

Mindful of the global economic challenges affecting South Africa, the policies identify the mechanisms and interventions that will act as catalysts to help clear critical blockages and achieve this positive environment. The policy imperatives which have been identified as necessary for ensuring the development of young people in the context of South Africa include: a) economic participation and transformation; b) education, skills and second chances; c) healthcare and combating substance abuse; d) nation-building and social cohesion; and e) building effective and responsive youth development institutions for civic participation. The NYP further provides parameters for the youth cohort as being ages 14–35.

### South Africa's New Growth Path

The three focus areas of the New Growth Path that are directly related to the economic participation thematic area are Stepping Up Education and Skills Development, Enterprise Development and Broad-Based Black Economic Empowerment.

### National Development Plan

The National Planning Commission of South Africa was established to develop a national plan to propel South Africa to a better society by 2030. The plan sets out an approach focusing on developing people's capabilities to improve their lives through education, skills development, healthcare, access to better healthcare, access to public transport, social protection, rising income, housing and basic services, and safe communities.

### Public Finance Management Act, 1999 (Act 1 of 1999)

The PFMA regulates the management of finances in national and provincial government. It sets out the procedures for efficient and effective management of all revenue, expenditure, assets and liabilities. It establishes the duties and responsibilities of government officials in charge of finances. The Act aims to secure transparency, accountability and sound financial management in government and public institutions.

### National Small Business Amendment Act, 2004 (Act 29 of 2004)

According to the National Credit Regulator (NCR), it is estimated that SMEs employ 22% of the adult population in developing countries. The United Nations Industrial Development Organisation (UNIDO) estimates that SMEs represent over 90% of private business and contribute to more than 50% of employment and gross domestic product (GDP) in most African countries (UNIDO, 1999). A recent study conducted by Abor and Quartey (2010) estimates that 91% of formal business entities in South Africa are SMEs, and that these SMEs contribute 52% to 57% to GDP and provide about 61% to employment.

### The African Youth Charter

The African Youth Charter (AYC), which was endorsed in July 2006, is a framework which defines Africa's youth agenda. It is a political and legal document which serves as the strategic framework for giving direction for youth empowerment and development on a continental, regional and national level. The AYC aims to strengthen, reinforce and consolidate efforts to empower young people through meaningful youth participation and equal partnership in driving Africa's development agenda. The charter is guided by the vision, hopes and aspirations of the African Union, inclusive of Africa's integration, and the inherent dignity and inalienable rights afforded to all members of the human family, as set out in the United Nations Universal Declaration of Human Rights (1948), the International Covenant of Civil and Political Rights (1976), and the International Covenant on Economic, Social and Cultural Rights (1976), and articulated for the African peoples through the African Charter on Human and People's Rights (1986).

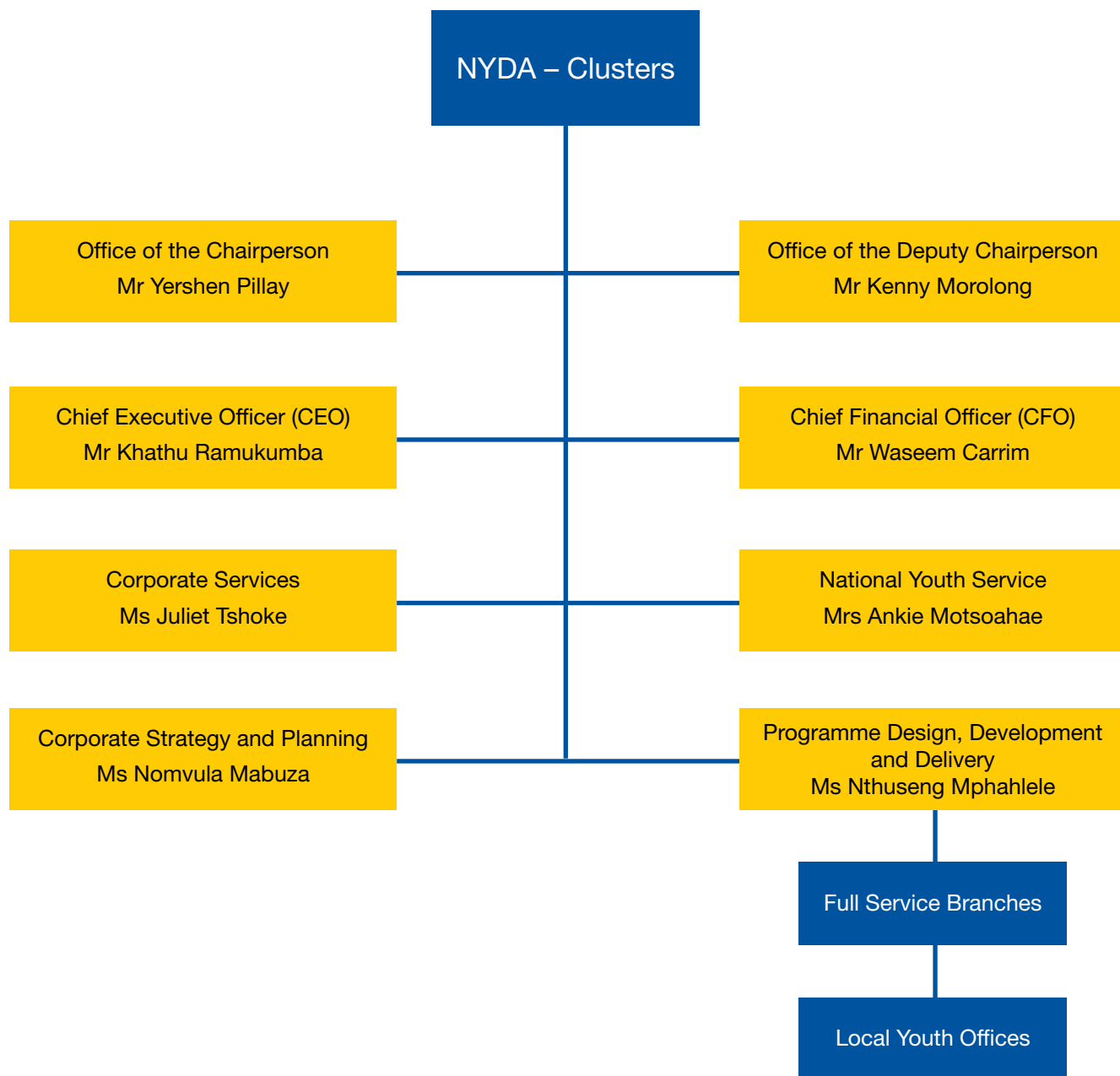








## OPERATING STRUCTURE AS OF 20 MARCH 2016





NYDA – Full  
Service Branches

JOHANNESBURG  
Ms Hlengiwe Cele

SOWETO  
Mr Tshepo Manyama

NELSPRUIT  
Mr April Motloung

DURBAN  
Mr Sabelo Ntuli

SECUNDA  
Ms Jackie Sindane

THULAMELA  
Mr Jerry Shirinda

CAPE TOWN  
Mr Stephen Curry

EMALAHLENI  
Ms Jabulile Mkhwanazi

PORT ELIZABETH  
Mr Vusumzi Makinana

KIMBERLEY  
Mr Lebogang Moremedi

BLOEMFONTEIN  
Ms Boitumelo Dithebe (Acting)

RUSTENBURG  
Mr Michael Phokela

TSHWANE  
Ms Motlalepula Monja

POLOKWANE  
Mr Percy Madziwo

EAST LONDON  
Ms Princess Faku



### **KHATHUTSHELO RAMUKUMBA**

#### **Chief Executive Officer**

Khathu obtained his BCom in Financial Accounting from the University of Pretoria in 2002, and a BCom Hons (Financial Accounting) with CTA (Certificate of Theory in Accounting) from the University of KwaZulu-Natal in 2006. In 2009, he completed the Public Practice Examination (Second Board Examination with Independent Regulatory Board for Auditors) and was admitted as a CA (SA) by SAICA in 2010.

Mr Ramukumba's career commenced at the Auditor General, where he worked from 2003 to 2006 and did his articles in Chartered Accountancy. On completion of his articles, he joined the Rand Water Group as a Senior Internal Auditor for one year, after which he was promoted to Audit Manager. The following year, Mr Ramukumba was promoted to Group Audit Manager and worked in this position until June 2011. His career highlights include being involved in two ministerial directive projects on turnaround strategy and support for Botshelo Water, in 2009, and Bushbuckridge Water, in 2010/2011. He joined the NYDA as the Chief Financial Officer in May 2011. Mr Ramukumba was appointed to the position of Chief Executive Officer of the NYDA in May 2014, after having acted in this position for four months.

Mr Ramukumba also serves as the Chairperson of the Audit Committee for the Sekhukhune District Municipality, a member of the Audit Committee of the Mpumalanga Provincial Legislature, and a Board member and member of the Audit Committee of the Youth Development Institute of South Africa. He has also represented the Auditor General in Audit Steering Committees for the following clients: The Public Protector; the Department of Justice and Constitutional Development; and the National Prosecuting Authority. He is passionate about youth development and, as a result, has served and continues to serve in various leadership positions in youth organisations focusing on issues of young people across the board, including Chairperson of Youth Against Crime at Vhumbedzi District in Vhembe Region, in Limpopo, from 2002–2003.

Mr Ramukumba has been tasked with the turnaround of the Agency by the Board of Directors, which has seen the achievement of two clean audits, two consecutive years of highest performance achieved by the Agency and a successful restructuring.



### **WASEEM CARRIM**

#### **Chief Financial Officer**

Waseem attended the University of Pretoria and received his BCom Honours degree in Accounting Sciences in 2009. He began his career at the same university, spending one year as an academic article trainee lecturing first to third-year students in Accounting. He completed his article traineeship with KPMG and was admitted as a member of the South African Institute of Chartered Accountants (SAICA) in 2013. Waseem also holds a Master's degree in Taxation from the University of Pretoria.

After completing his articles, Waseem joined KPMG's department of Professional Practice, where he served as a specialist in public sector accounting and assurance matters, and served on committees and initiatives related to the public sector. He also served on committees relating to social integration, as well as driving transformation initiatives in the Chartered Accounting profession. He held a portfolio of audit clients, which he managed within the public sector space, one of which was the NYDA.

Waseem led the turnaround of the finance and supply chain management divisions that culminated in two clean audits and a fundamental reduction in irregular, fruitless and wasteful expenditure.

In 2016, Mr Carrim was named one of the Top 35 under-35 Chartered Accountants by the SAICA.



## ANKIE MOTSOAHAE

### Executive Director: National Youth Service

Ankie Motsoahae holds a Master's degree in Management — Public and Development Management, from the University of the Witwatersrand, and a postgraduate Diploma in Public and Development Management. She is currently in the process of registering for a PhD with the same university.

Ms Motsoahae has a passion for youth development, gender mainstreaming and public policy development. Her Master's thesis was focused on the analysis of the disjuncture between policy intentions and implementation in the public sector. Her career in the public and development sector began in the early 1990s, working as a national coordinator at the Women's Institute for Leadership Development (WILDD). Part of her job was to coordinate and facilitate capacity-building training interventions for women from civil society, politics and the labour movement, with a view to positioning them as worthy contenders in the new political dispensation in South Africa.

This resulted in Ms Motsoahae representing South Africa in various political international fora, including the United Nations Fourth World conference on Women, where she served as a convenor for the Girl Child/Young Women Sector.

She then started working in leadership positions in a few NPOs, such as SHEP and the Open Society Initiative for Southern Africa, a donor organisation with a development agenda funding NPOs in southern Africa. Subsequent to that, she joined the public sector, working for the Gauteng Department of Public Transport Roads and Works (DPTRW), responsible for transformation, youth and gender mainstreaming. Part of her responsibilities was to advise the department on progressive youth development policies and gender equality.

From the DPTRW, Ms Motsoahae joined The Presidency — the NYC, as the National Manager for the National Youth Service Programme (NYSP). It is in this position that she elevated the NYSP to a priority programme of the government of South Africa, and ensured that there were structures in place to anchor the programme at the highest level of government.

She was responsible for political championing of the programme and vigorously advocated for it to be implemented by government departments such as the Department of Public Works (EPWP), and the Department of Human Settlements. She served as a youth representative in the social cluster of the South African government. She was also part of the collective that drafted the prescripts guiding the implementation of the NYS, in her capacity as a student and youth activist, as well as an employee of the NYC.

Ms Motsoahae also had the opportunity to work for the National Department of Transport as the Director responsible for Transport Infrastructure Investment in the Director General's office.

In her current position as the Executive Director: NYS, she is responsible for establishing the NYS Unit (NYSU) within the NYDA, scaling up the programme, and ensuring that an effective coordination mechanism of the programme is in place at all levels of society. This comprises, among others, ensuring that the programme is implemented by the three spheres of government, civil society and the private sector, and importantly, creating supporting structures for the implementation.





### JULIET TSHOKE

#### **Executive Director: Corporate Services**

Tshoke has a Higher Diploma in Education, majoring in Psychology, African History and Education, from the University of the Western Cape, and a Diploma in Human Resources from Allenby. She has also enrolled in the Transnet Management Diploma programme, which is a postgraduate diploma offered by Wits Business School.

Juliet's career development started in the banking industry and she was eventually appointed as the Group Recruitment Manager at Nedcor Bank. It was in this space that she developed an interest in transformation projects and succeeded in positioning herself in the bank.

She then moved to the transport industry and joined Transnet's National Ports Authority as the Key Account Manager: Human Resources, based at their Head Office. She provided HR products and services to infrastructure-based projects such as the Port of Ngqura; Property Management; Safety, Health and Environment; and the Planning Unit. She was then promoted to the position of Capacity-building Manager, where she was responsible for implementing organisational capacity-building interventions and performance management. Transnet was implementing a turnaround strategy and Juliet was entrusted with implementing the people management aspect of talent management in her position as Group Talent Manager. The talent management objectives were to introduce a talent management framework and strategy, the Navigator leadership development programme and succession management. At that time, the CEO pronounced the talent management initiatives as the key levers for growth and they were the drivers for the success of the turnaround strategy. The talent management programmes and initiatives were confirmed as the most successful projects.

As part of her career development plan, she then moved on and joined Rand Water as the Executive Manager: Talent Management. Her key focus area was to introduce a talent management framework, strategy and value chain. She designed the Rand Water customised talent management framework to enable pipeline development and capacity-building, and implemented performance and reward management strategies, aligned with best practice. She also developed workforce planning and attraction strategies to support talent management as a concept. These were aligned to programme management office deliverables, aimed at accelerating innovation-based projects, in support of the organisation's turnaround strategies.

Subsequently, she took the opportunity to consult at Ernst and Young, and was seconded to SARS for a year, working on reviewing job profile and career management system content, as part of the modernisation process.

With her increased enthusiasm for working on projects geared towards modernisation, she then joined PRASA as the Head of the Centre of Technology for Gauteng. The centre needed to develop a business case for organisational readiness, in terms of artisan and priority skills. The centre had to enable the acceleration of skills development, in preparation for new technologies introduced in the new trains. She was given the opportunity to build a technical artisan school for PRASA to implement learning and development of old infrastructure, in order to minimise maintenance costs of the operations. She then left PRASA and joined the NYDA as the Executive Manager: Corporate Services.

## NOMVULA MABUZA

### Executive Director: Corporate Strategy and Planning

Ms Nomvula Mabuza's career spans a period of 13 years. She worked for companies such as Eskom, Rainbow Place Properties and Ernst & Young, as well as Leluhala Consulting, in the areas of risk management and strategic business planning. She has a BSc (Hons) in Business and Management Accounting and a Diploma in Business Management from Brunel University in London.

At Leluhala Consulting (Pty) Ltd, Ms Mabuza's role was to develop strategy and strategic planning, as well as supporting the growth of businesses by providing professional business management services to municipalities, government departments and non-profit organisations.

Ms Mabuza worked at Ernst & Young as a Senior Manager and was responsible for generating and developing opportunities to provide risk management and performance improvement services to a wide range of business clients. She was also responsible for improvements in process efficiency in risk management, finance, supply chain, customer functions, systems effectiveness, operational processes and associated controls. Prior to that, she was employed at Eskom as the risk and strategic planning manager responsible for initiating and managing risk management processes for CED, and ensuring performance in line with the corporate governance standards.

Ms Mabuza joined the NYDA on 3 September 2015 and was appointed Executive Director: Corporate Strategy and Planning on 30 June 2016.



## NTHUSENG MPHAHLELE

### Executive Director: Programme Design Operations

Nthuseng Mphahlele holds an MSc in Development Planning from the University of the Witwatersrand and a BA in Economics from the National University of Lesotho. She has more than 14 years' experience in the development sector, having worked in both the public and civil society sectors, specifically in youth development, housing and infrastructure, local government, environment, gender and poverty.

In her current position at the NYDA, Ms Mphahlele has been mandated to oversee the implementation of the operations, which include economic participation, education of skills development and the service delivery channel.









# OVERVIEW OF THE PUBLIC ENTITY'S PERFORMANCE

## 1. Statement of Responsibility for Performance Information for the Year

The Accounting Authority is responsible for the preparation of the organisation's performance information and for the judgments made in this information. The Accounting Authority is responsible for establishing and implementing a system of internal control, designed to provide reasonable assurance regarding the integrity and reliability of performance information. In my opinion, the performance information fairly reflects the performance of the organisation for the 2015/16 financial year.

## 2. Overview of the Public Entity's Performance

### 2.1 Service delivery environment

The NYDA derives its mandate from the legislative frameworks, including the NYDA Act, 2008 (Act 54 of 2008), the NYP (2015–2020) and the draft IYDS, as adopted by the Youth Convention of 2006. The institution was established to be a single, unitary structure addressing youth development issues at national, provincial and local government level. In furtherance of the NYDA mandate, as outlined in the NYDA Act, 2008 (Act 54 of 2008), the NYDA activities could be summarised as follows:

- Lobbying and advocating for integration and mainstreaming of youth development in all spheres of government, the private sector and civil society
- Initiating, implementing, facilitating and coordinating youth development programmes
- Monitoring and evaluating youth development interventions across the board, and mobilising youth for active participation in civil society engagements.

The NYDA faces key challenges of meeting the expectations of youth, while addressing all the challenges that young people face on a daily basis. This requires continued innovation in developing products and services responsive to the challenges of the youth.

### 2.2 Performance information in summary

During the year under review, a total of 673 youth-owned enterprises or youth received NYDA grant funding. Support was given to a total of 449 enterprises, 173 individual youth and 51 co-operatives. An overachievement of 108% was due to disbursements that were carried over from the previous financial year (2014/15).

A total of 63 042 aspiring and established young entrepreneurs were supported through NYDA Business Development Support services. The relationship with Primestars led to achieving and exceeding the annual target, as it contributed significantly to delivering the Entrepreneurship Development Programme, which accounts for 82% of the annual performance.

A total of 3 672 jobs were created and sustained through grant funding, co-operatives and business development services. The jobs sustained through the voucher programme account for 54% of the annual attainment, followed by the jobs created through the grants programme, which account for 33% of the annual target.

A total of 4 736 young people were enrolled in the NYDA Matric (Grade 12) Re-write programme. The contribution by ETD P SETA to the value of R6 million assisted greatly with ensuring that the target was achieved and exceeded. During the period under review, a total of 406 youth were supported through the Solomon Mahlangu Scholarship Programme. A total of 1 079 139 young people were supported through individual and group career guidance.

A total of 2 080 young people participated in the structured YouthBuild programmes during the year under review. Stakeholders such as the Department of Human Settlements, EPWP and municipalities contributed significantly through their commitment to providing skills and practical experience to youth while delivering infrastructure projects. During the year under review, a total of 14 907 young people were enrolled in the NYS volunteer programmes. The partnership with the President's Award for Youth Development Trust largely contributed towards the successful implementation. The number of young people supported through the job preparedness and life skills programme amounted to 61 392.

A total of 6 769 health and wellbeing interventions, and a total of 241 000 special projects interventions were conducted in the financial year under review. A total of 59 organs of state and private sector companies were lobbied, resulting in the establishment of youth directorates and the implementation of youth programmes. A total of 11 570 young people participated in development-related dialogue sessions.

# OVERVIEW OF THE PUBLIC ENTITY'S PERFORMANCE

A total of 1 592 203 young people received information on youth development through NYDA access points during the period under review. This significant contribution was made through outreach events, which account for 89% of the performance. For information dissemination purposes, a total of 34 new access points were operationalised.

## 2.3 Organisational environment

The NYDA is a South African-based agency established primarily to address challenges facing the nation's youth. The NYDA was established by an Act of Parliament, Act 54 of 2008. The institution was established to be a single, unitary structure addressing youth development issues at national, provincial and local government level. The existence of the NYDA should be viewed within the broad context of South Africa's development dynamics. Similar to many developing countries, South Africa has a large population of youth between the ages of 14 and 35, representing 42% of the total population. Given the youthful nature of the South African population, many of the socio-economic challenges faced by the nation, such as poverty, inequality, joblessness and poor health, are borne by the youth. The gravity of the challenges faced in South Africa requires multipronged efforts, which are simultaneously aimed at promoting the development of sustainable livelihoods; reducing poverty and inequality; and prioritising the development of policies to create an enabling environment for youth development.

The NYDA plays a leading role in ensuring that all major stakeholders, i.e. government, the private sector and civil society, prioritise youth development and contribute towards identifying and implementing lasting solutions which address youth development challenges.

The NYDA endeavours to meet the expectations and address the challenges faced by young people. This requires continued innovation in developing the appropriate products and services.

The NYDA commenced the Organisational Realignment and Change Management Project during the year under review by partnering with PricewaterhouseCoopers (PwC). This is part of a roadmap for building an organisation that is capable and credible. A broader understanding will be sought and the following strategic imperatives will be linked:

- The NYDA mandate aligned with the Act
- The strategic five-year plan
- The turnaround strategy
- NYDA's repositioning agenda
- The Agency's budgetary constraints.

The issues that inform the project objectives are as follows.

- Achieving four strategic pillars of the turnaround strategy:
  - Enhancing credibility
  - Building capability
  - Developing efficiency
  - Enhancing impact
- The Agency's strategic shift:
  - Loan financing to grant financing
  - Increased focus on education and skills development
  - The Youth Development Institute
  - Intensifying job placements
  - Implementation to youth development facilitation
- Eradicating organisational legacy issues, such as the merging of UYF and NYC that was not effectively executed, and the alignment of cultures and values.

The high-level deliverables of the project are:

- To develop an efficient organisational structure that will be aligned with the NYDA's mandate, vision, strategic objectives and operational turnaround strategy
- To conduct a robust job-profiling exercise to ensure that jobs are correctly scoped and defined, in terms of the respective expectations of each job
- To evaluate jobs, so that salaries are fair, equitable and benchmarked, given the budgetary realities
- To design a performance management framework that will continuously improve service delivery efficiencies



- To develop an HR Plan that has clear touch points with the HR value chain, so that human capability is enhanced and optimally utilised
- To entrench NYDA values aligned with correct behaviour and linked to the daily culture and procedures
- To ensure that change is managed, in order for transition to take place in a smooth and transparent manner.

The project was divided into five phases, namely Assessment, Design, Construction, Implementation, Review and Reporting, starting 17 November 2014, with a view to completion during the next financial year. The details under each phase are as follows:

- Assessment Phase:
  - Kick-off communications
  - Change Champion nomination
  - Change readiness survey
  - As Is organisational structure, job profiles and skills
- Design Phase:
  - Macro and micro-organisational structure development
  - FTE analysis and structure costing
  - Competence framework
  - Change management strategy
  - Communication plan
  - Change Champion training
  - Change journey
  - Values journey
- Construction Phase:
  - NYDA Behaviour Charter
  - Reward and remuneration programme
  - Remuneration benchmarking exercise
  - Macro and micro-structure sign-off
  - Development of new and changed job profiles
  - Development of the job evaluation framework
- Implementation Phase:
  - Migration policy and procedure
  - HR Plan development
  - Change Champions engagement
  - Leadership alignment
- Review and Reporting Phase:
  - Skills transfer
  - Change impact assessment
  - Transition implementation plan
  - Close-out report with recommendation
  - Close out and handover.

### 3. Key Policy Developments and Legislative Changes

There are no major changes to relevant policies or legislation that may have affected the NYDA operations during the period under review or future financial periods. The formulation of the NYP commenced during the year under review with provincial consultations and, subsequently, a National Consultative Conference before the end of the financial year. The full implementation will unfold during the 2015/16 financial year with Cabinet approval and development of the IYDS 2020. The NYDA Act is also currently under review and the process is led by the Department of Planning, Monitoring and Evaluation.

### 4. Strategic Outcome-oriented Goals

*Strategic Outcome Area 1: Improved and sustainable livelihood opportunities for young people in South Africa*

This strategic outcome area focuses on providing a comprehensive suite of interventions that leads to decent employment, skills development, education and entrepreneurship for all young people between the ages of 14 and 35.

### *Strategic Outcome Area 2: Enhanced participation of young people in social cohesion towards nation-building*

This strategic outcome area aims to promote and maximise initiatives for the active participation of young people through social cohesion, health and well-being, information provision and community participation activism for improved social conditions for young people in South Africa (14–35 years old).

### *Strategic Outcome Area 3: Enhanced enabling environment that promotes youth development in all sectors of South African society*

This strategic outcome area focuses on fostering a mainstreamed, evidence-based, integrated and result-oriented youth development approach through relevant research, policy development, regulations, monitoring and evaluation, communication and advisory service.

### *Strategic Outcome Area 4: Development and enhancement of a credible and capable youth development agency*

This strategic outcome area is defined as the efficient and effective utilisation of resources through the provision of judicious governance, technology and systems, business operations systems, human capital and financial management systems that adhere to relevant legislative requirements for public-funded entities.

## **5. Performance Information by Programme**

### **5.1 Description of each programme**

#### **5.1.1 Key Programme Area 1: Economic Participation**

The main goal of the Economic Participation Programme is to enhance the participation of young people in the economy through targeted and integrated programmes. Programmes that are implemented by the NYDA against this Key Performance Area (KPA) seek to facilitate and provide employment opportunities to young people; to enhance the participation of young people in the economy by increasing job creation, entrepreneurship participation and skills development; and to provide business support to young people.

The strategic objective that relates to the KPA is as follows:

- To enhance the participation of young people in the economy.

#### **5.1.2 Key Programme Area 2: Education and Skills Development**

The main goal of the Education and Skills Development Programme is to promote, facilitate, and provide education and skills development opportunities to young people to enhance their socio-economic wellbeing, with the objective of facilitating education opportunities. The aims are to improve access to quality education, to facilitate and implement YouthBuild, job-preparedness training, provision of scholarships and assisting young people to rewrite their Matric.

The strategic objectives that relate to the KPA are as follows:

- To facilitate and implement education opportunities, in order to improve the attainment of quality education for the youth
- To facilitate and implement skills programmes.

#### **5.1.3 Key Programme Area 3: Health and Wellbeing**

The main goal of the Health and Wellbeing Programme is to increase awareness of healthy lifestyles that promote good health practices among the youth of South Africa, including the dangers of substance abuse, the risks of unprotected sex, nutrition, sexually transmitted diseases, and the impact of HIV and Aids.

The strategic objectives that relate to the KPA are as follows:

- To facilitate access to health and wellbeing programmes
- To provide health and wellbeing interventions to young people.



#### 5.1.4 Key Programme Area 4: Research and Policy

The main goal of the Research and Policy Programme is to create a body of knowledge and best practice in the youth development sector, and to inform and influence policy development, planning and implementation. The fundamental aims of this area are to ensure that policies and frameworks that drive youth development are developed, based on a body of knowledge and facts that are relevant to the developmental needs of the youth of South Africa, and that South Africa is given a competitive edge, globally.

The strategic objectives that relate to the KPA are as follows:

- To create and produce information and knowledge for better youth development planning and decision-making
- To provide access to information and create awareness of youth development programmes
- To lobby key stakeholders to support and implement youth development programmes
- To create a platform for youth to participate and benefit from democratic processes
- To mobilise and leverage financial resources from third parties.

#### 5.1.5 Key Programme Area 5: Governance

The main goal of the Governance Programme is to achieve efficient and effective utilisation of resources through the provision of judicious governance, technology and systems, business operations systems, human capital and financial management systems that adhere to the relevant legislative requirements for public-funded entities.

The strategic objective that relates to the KPA is as follows:

- To establish a credible, efficient and effective organisation.

### Economic Participation Performance Information

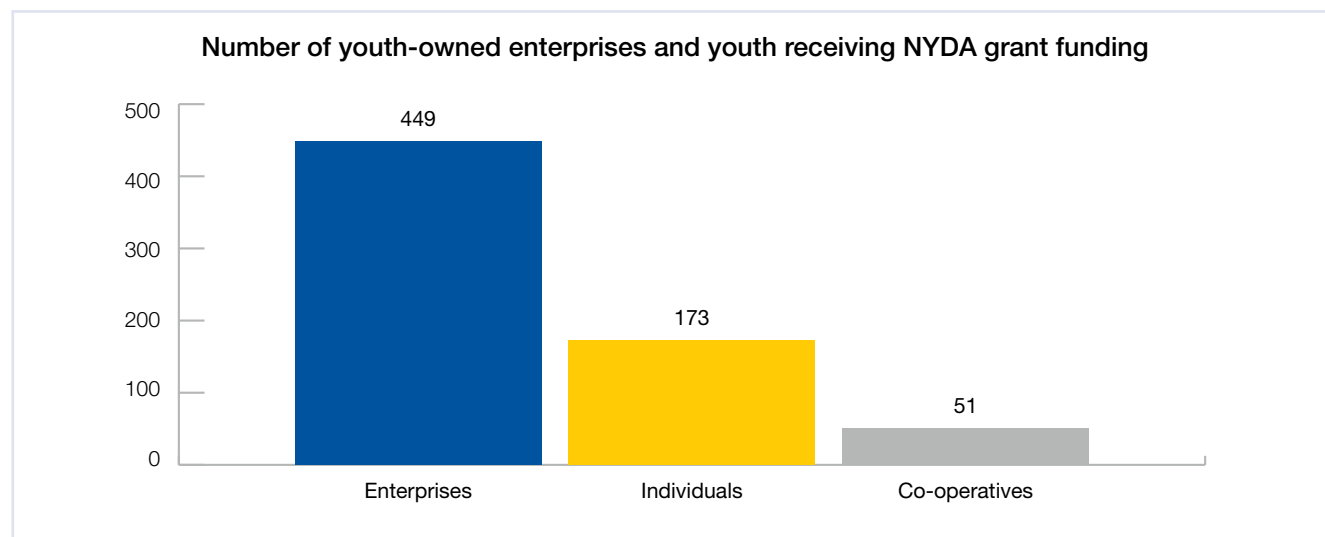
Programme Area 1: Economic Participation				
Strategic Objective	Key Performance Indicator	2015/16 Target	YTD Achievement	Reason for Variance
To enhance the participation of young people in the economy	Number of youth-owned enterprises and youth receiving NYDA grant funding	572 youth-owned enterprises and youth	673 youth-owned enterprises and youth	The annual target was met and exceeded because there were disbursements that were carried over from the previous financial year.
	Number of young aspiring and established entrepreneurs supported through NYDA Business Development Support services	51 208 young aspiring and established entrepreneurs	63 042 young aspiring and established entrepreneurs	The annual target was met and exceeded because of the partnership with Primestars in youth entrepreneurship awareness.
	Number of communities provided with community development facilitation support	66 communities	72 communities	The annual target was met and exceeded because of partnerships that were created through the Rural Development Request for Proposals.
	Number of jobs created and sustained through grant funding, co-operatives and business development services	3 672 jobs created and sustained	3 672 jobs created and sustained	The annual target was met and exceeded because the jobs were linked to the disbursements that were carried over from the previous financial year and the rural development RFPs.



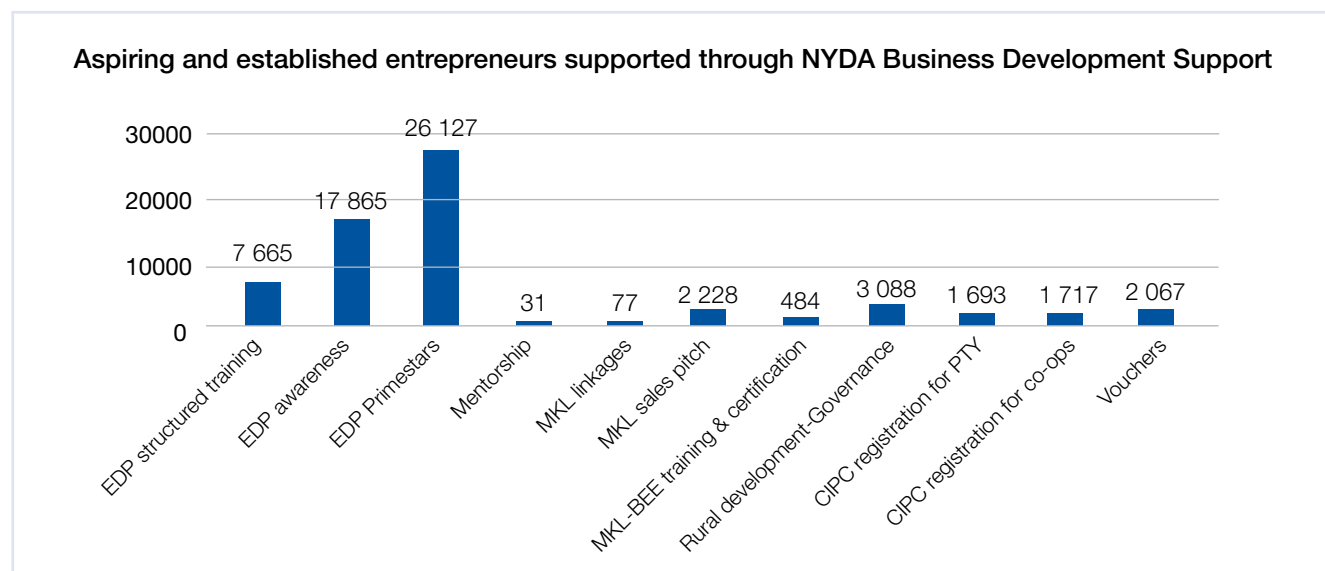
## OVERVIEW OF THE PUBLIC ENTITIES PERFORMANCE CONTINUED

### To enhance participation of young people in the economy

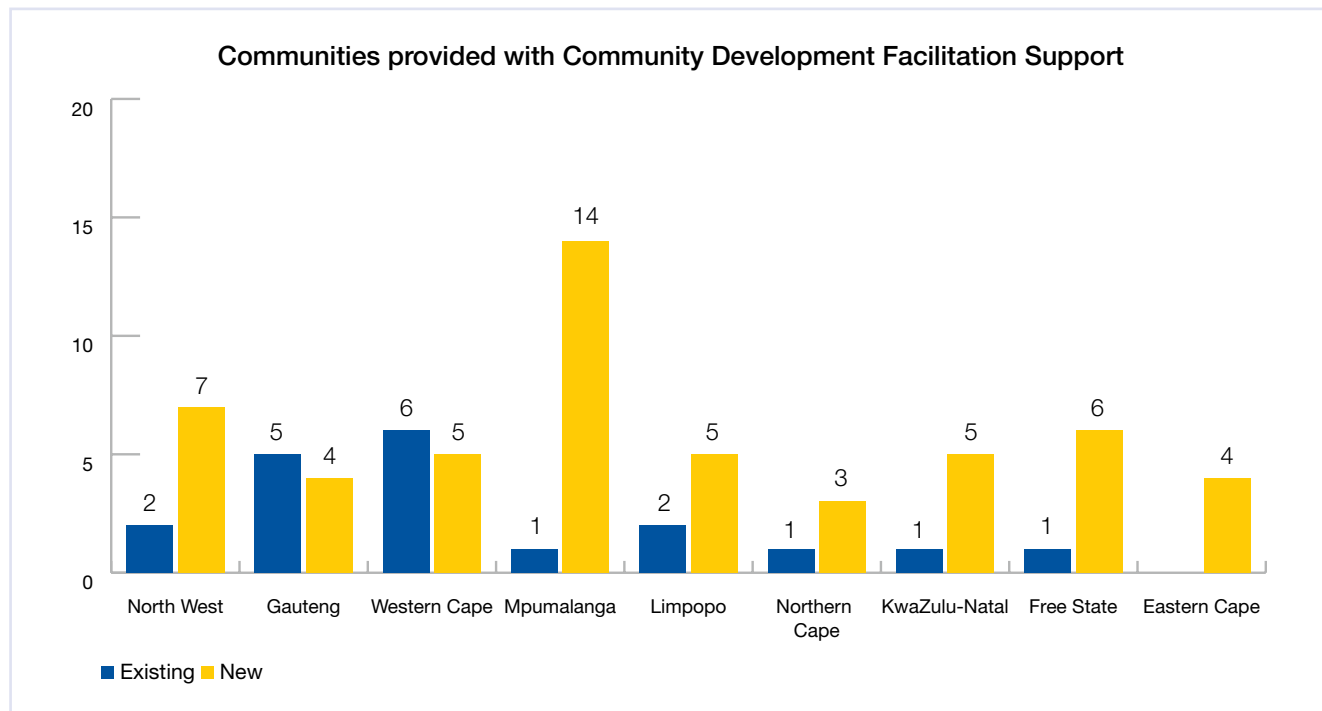
A total of 622 youth-owned enterprises and youth received grant funding from the NYDA during the year under review. Of the 622 grants disbursed, 396 were for enterprises, 175 for individuals and 51 for co-operatives.



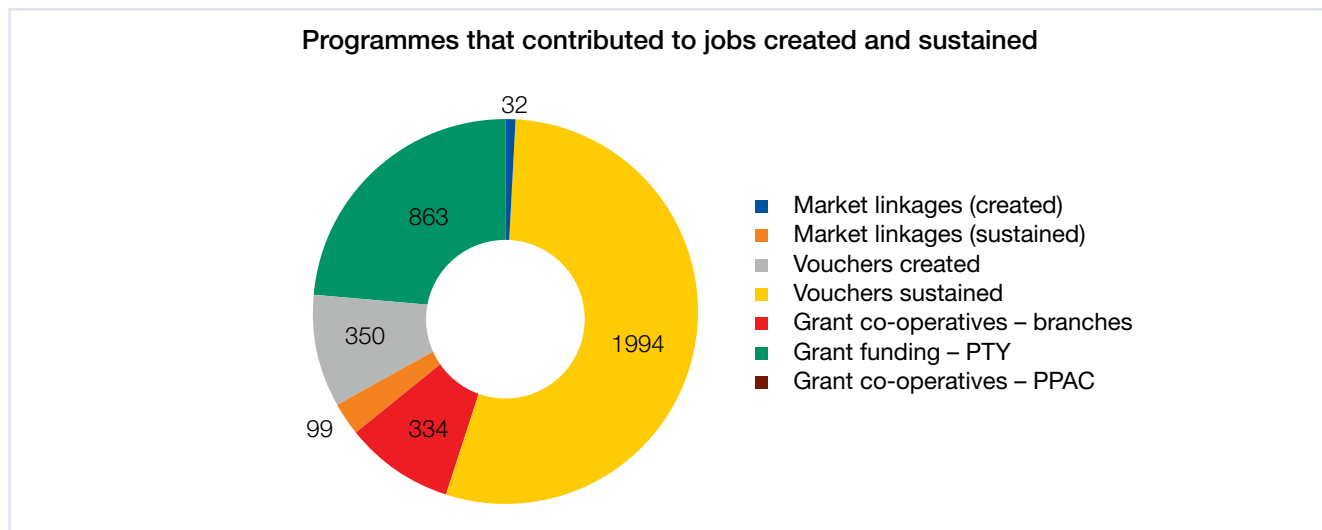
A total of 63 042 aspiring and established entrepreneurs were supported through the NYDA. The relationship with Primestars led to achieving and exceeding the annual target. The Entrepreneurship Development Programme interventions; awareness-raising; technical training and Primestars contributed 82% towards the achievement of the target.



During the period under review, 72 communities were provided with community development facilitation support. The majority of new communities supported were from Mpumalanga, and the North West had the most existing communities.



A total of 3 672 jobs were created and sustained through grant funding, co-operatives and business development services. The jobs sustained through the voucher programme constituted the largest contribution of 54% towards the achievement of the annual target.



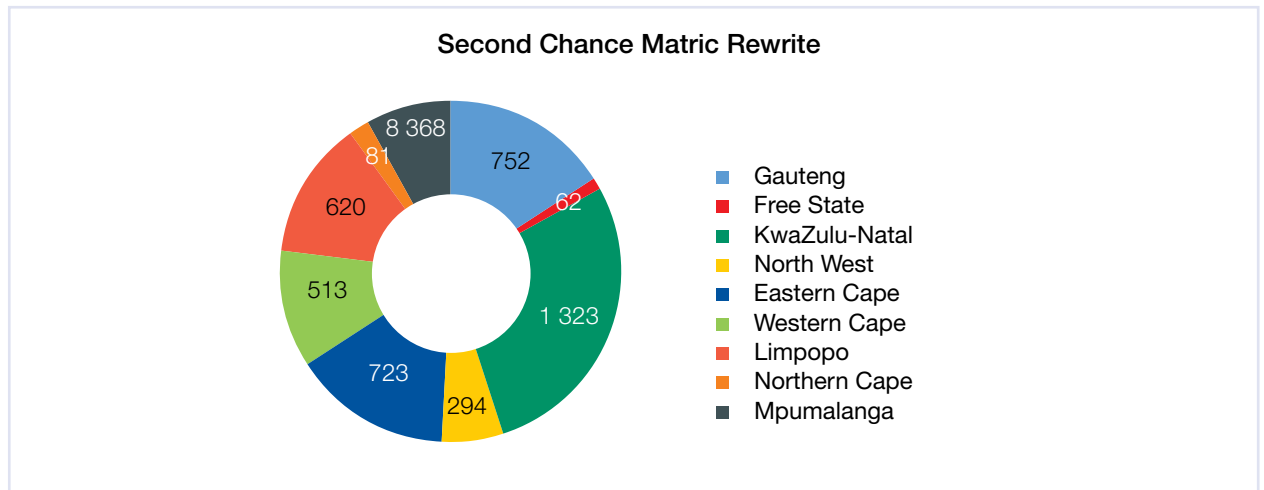
## OVERVIEW OF THE PUBLIC ENTITIES PERFORMANCE CONTINUED

### Education and Skills Development Performance Information

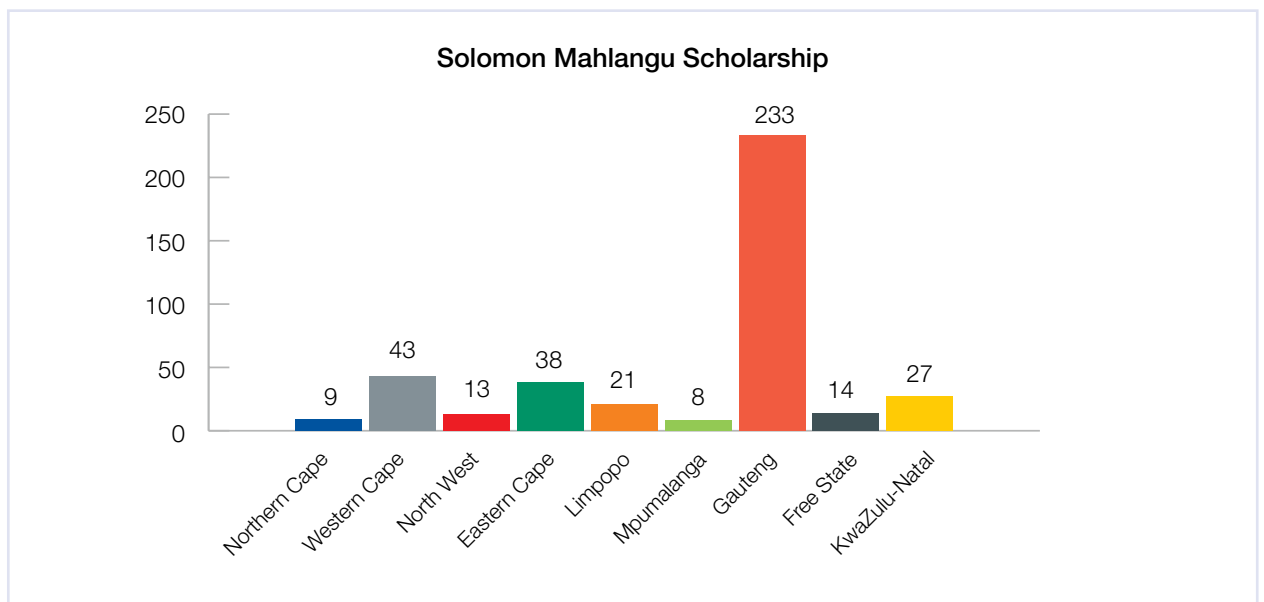
Programme Area 2: Education and Skills			
Key Performance Indicator	2015/16 Target	YTD Achievement	Reason for Variance
Number of young people enrolled in the NYDA Matric (Grade 12) Rewrite programme	3 675 young people	4 736	The annual target was met and exceeded because there was a contingency pool to mediate for drop-outs.
Number of youth supported through the scholarship programme (Solomon Mahlangu Scholarship Programme)	400 youth	406	The annual target was met and exceeded because of the contingency to mediate for drops-outs or students finding other scholarships funders.
Number of young people supported through individual and group career guidance interventions	808 500 young people	1 079 139 young people	The annual target was met and exceeded because of demand; great interest from young people/many requests from district DoBEs.
Number of young people participating in structured YouthBuild programmes	2 000 young people	2 080 young people	The annual target was met and exceeded because the NSS EPWP partnership enabled NYS to exceed targets.
Number of young people enrolled in NYS volunteer programmes	12 000 young people	14 907 young people	The annual target was met and exceeded because there were unexpected requests for support from youth-led NPOs, which enabled NYS to exceed targets.
Number of young people supported through the life-skills, job-preparedness and job-placement programmes	55 650 young people supported through the life-skills, job-preparedness and job-placement programmes	61 392 young people supported through the life-skills, job-preparedness and job-placement programmes	The annual target was met and exceeded because the programme is demand-driven; high client demand for interventions.

- **To facilitate and implement education opportunities, in order to improve the attainment of quality education for the youth**

A total of 4 736 young people were enrolled in the Matric (Grade 12) Rewrite programme. The contribution of R6 million assisted greatly with ensuring that the target was achieved and exceeded. KwaZulu-Natal had the highest number (1 323) of young people who enrolled in the programme, while the Free State had the lowest number (62) of young people enrolled.



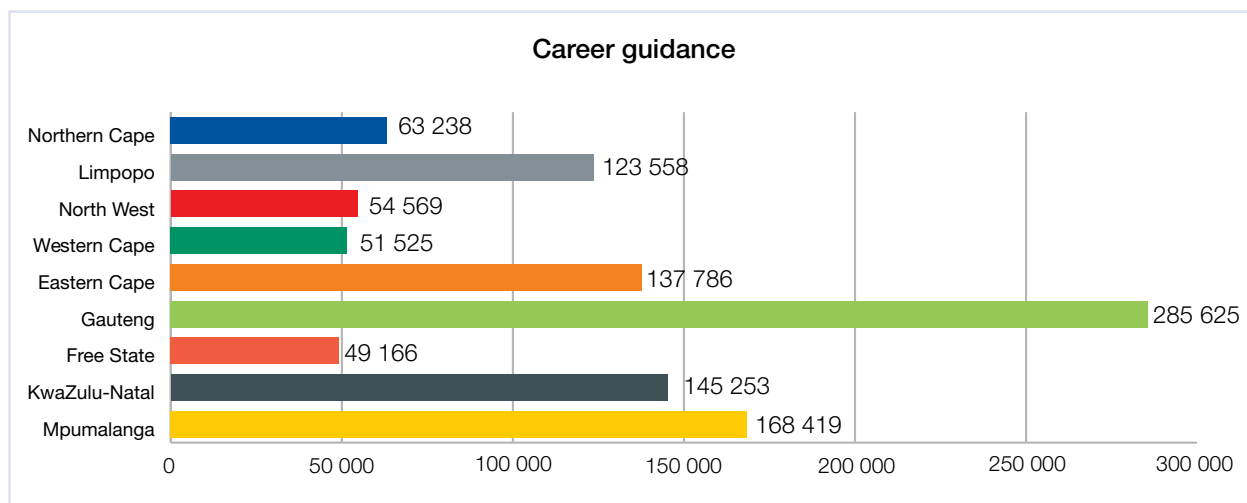
During the period under review, a total of 406 young people were supported through the Solomon Mahlangu Scholarship programme. The 406 included 173 renewals, 127 new intakes and 106 which were funded by the National Skills Fund.





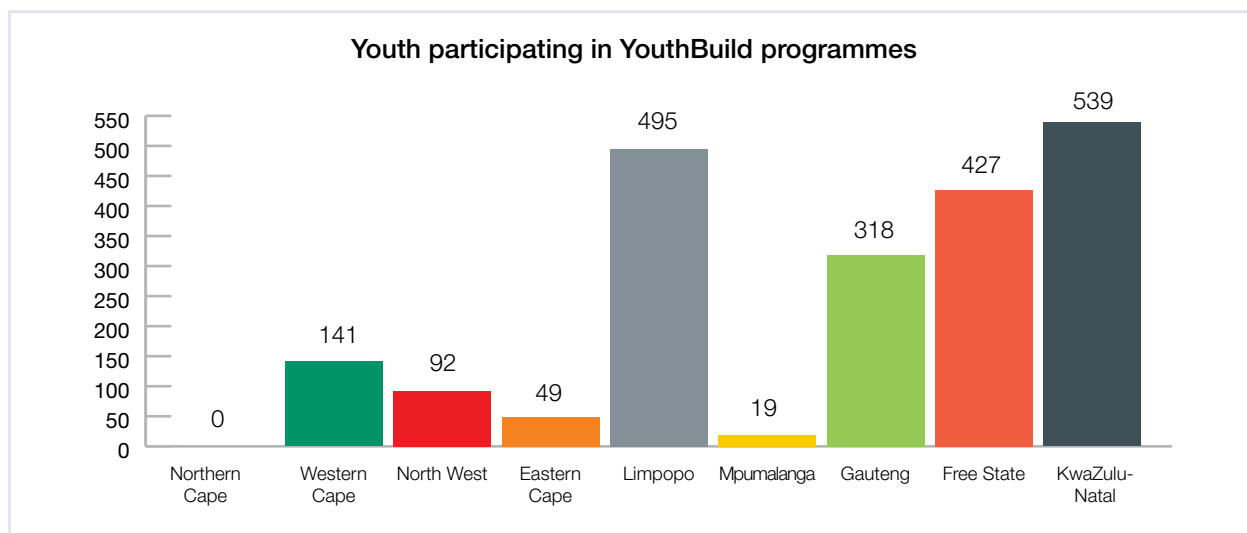
## OVERVIEW OF THE PUBLIC ENTITY'S PERFORMANCE CONTINUED

A total of 1 079 139 young people were supported through individual and group career guidance. The overwhelming majority of young people received support through career guidance outreach events that accounted for 98% of the annual target.



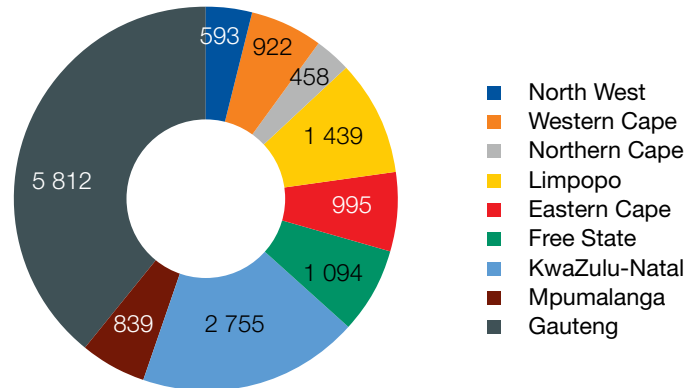
### Facilitation and implementation of skills programmes

A total of 2 080 young people participated in structured YouthBuild programmes during the year under review. KwaZulu-Natal had the most participants, as a total of 539 out of 2 080 participants were from the province, followed by 495 from Limpopo.



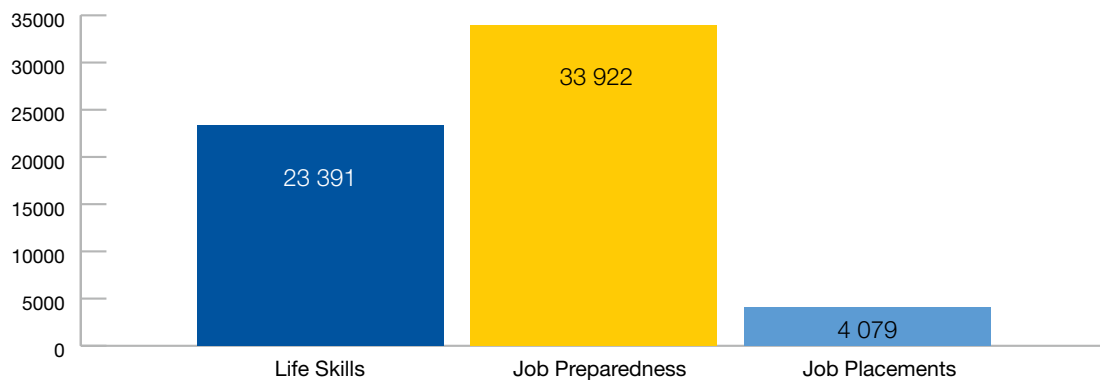
During the year under review, a total of 14 907 young people enrolled in National Youth Service volunteer programmes. There were partnerships with the President's Awards, the City of Joburg Pikitup and the Flemish government.

**Youth enrolled in NYS volunteer programmes**



The Jobs Programme supported 61 392 young people through the life-skills, job-preparedness and job-placement programmes. The job-preparedness programme contributed 54% towards the attainment of the target, while the life-skills programme contributed 37% and the job-placement programme 7%.

**Jobs programme**



## OVERVIEW OF THE PUBLIC ENTITY'S PERFORMANCE CONTINUED

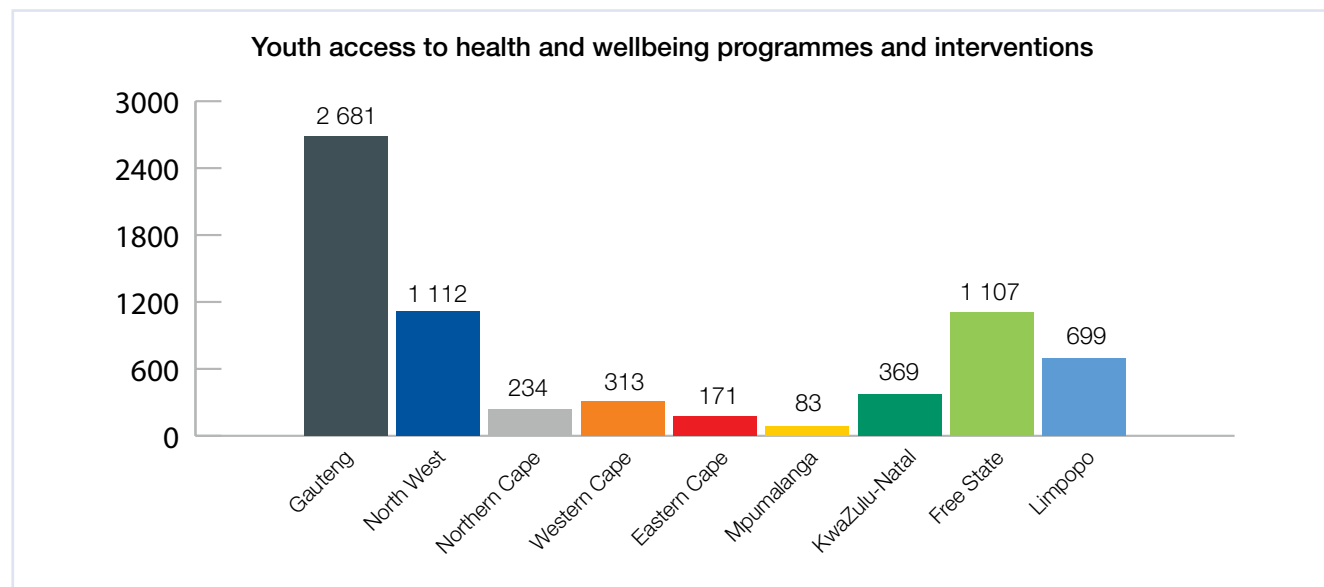
### Health and Wellbeing Performance Information

Programme Area 3: Health and Wellbeing				
Strategic Objective	Key Performance Indicator	2015/16 Target	YTD Achievement	Reason for Variance
To facilitate access to health and wellbeing programmes	Number of young people accessing programmes and interventions designed to improve health and wellbeing	5 775 young people	6 769 young people	The annual target was met and exceeded because partnerships were created with several organisations.

### Health and Wellbeing Performance Information

Programme Area 4: Health and Wellbeing				
Strategic Objective	Key Performance Indicator	2015/16 Target	YTD Achievement	Reason for Variance
To provide health and wellbeing interventions to young people	Number of youth participating in campaigns and special projects implemented	200 000 youth	241 000 youth	The annual target was met and exceeded because of the partnership with SAB in combating under-age drinking.

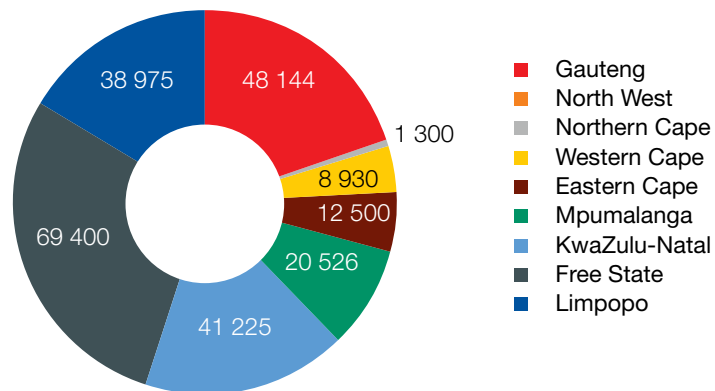
During the period under review, a total of 6 769 young people accessed programmes and interventions designed to improve health and wellbeing. Gauteng had the highest number of interventions, which contributed 40% towards the attainment of the target, while Mpumalanga had the lowest number of interventions.





Some 241 000 young people participated in campaigns and special projects implemented. Most interventions were conducted in the Free State, while KwaZulu-Natal had the least interventions.

**Youth participating in campaigns and special projects**





## OVERVIEW OF THE PUBLIC ENTITY'S PERFORMANCE CONTINUED

### Policy and Research Performance Information

Programme Area 5: Policy and Research				
Strategic Objective	Key Performance Indicator	2015/16 Target	YTD Achievement	Reason for Variance
To create and produce information and knowledge for better youth development planning and decision-making	Number of new youth development research and evaluation products and policy reviews/developments produced by the NYDA	44 youth development research and evaluation products and policy reviews/developments produced by the NYDA	47 youth	The annual target was met and exceeded because quite a number of NYDA staff members submitted knowledgeable brief articles for publication
	Development of the National Youth Employment Plan 2030	Final National Youth Employment Plan 2030 approved by the NYDA and submitted to The Presidency	Final National Youth Employment Plan 2030 approved by the NYDA and submitted to The Presidency	Annual target met and there was no variance
To provide access to information and create awareness of youth development programmes	Number of young people receiving information on youth development through NYDA access points	1 200 000 young people	1 592 203 young people	The annual target was met and exceeded because the number of partnerships with local municipalities led to an increase in municipal IDP road shows and similar events that the NYDA was invited to. This, in turn, led to the NYDA reaching more young people with its information services.
To lobby key stakeholders to support and implement youth development programmes	Number of organs of state and private sector companies lobbied, resulting in the establishment of youth directorates and the implementation of youth programmes	50 organs of state and private sector companies lobbied, resulting in the establishment of youth directorates and the implementation of youth programmes	59 organs of state and private sector companies lobbied, resulting in the establishment of youth directorates and the implementation of youth programmes	The annual target was met and exceeded because partnerships with local municipalities for Local Youth Offices created a great platform for the NYDA to establish relationships and also activated other organs of state to have interest in working with the NYDA
To create a platform for youth to participate and benefit from democratic processes	Number of youth participating in youth development-related dialogue sessions	10 800 young people	11 570 young people	The annual target was met and exceeded, due to partnerships with internal and external stakeholders
To mobilise and leverage financial resources from third parties	Value of funds committed to supporting youth development programmes	R90 million	R107 896 883	The annual target was met and exceeded because certain amounts were requested from some funders, but the scope of the project was extended and provided extra funding, which increased the value of funds committed.



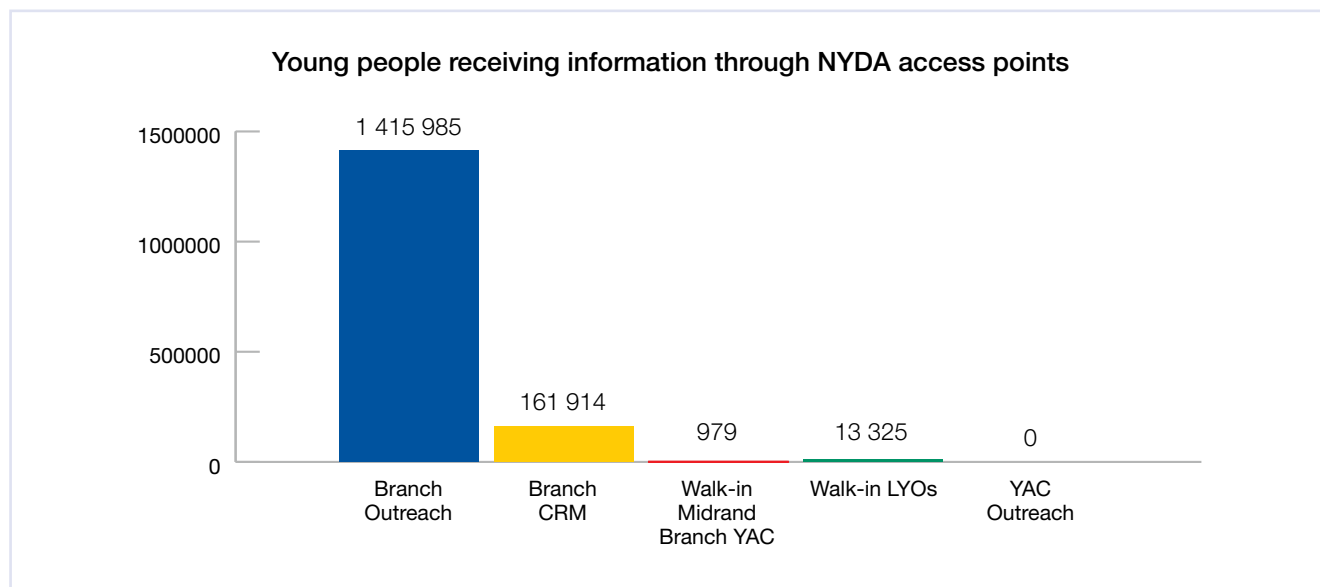
During the period under review, the following 49 youth development research and evaluation products were produced:

- Five smart lessons from the evaluation reports
- Four customer satisfaction reports
- One policy review
- 39 knowledge briefs.

During the period under review, the final draft of the National Youth Employment Plan 2030 was developed, approved by the NYDA Board and submitted to the Department of Planning, Monitoring and Evaluation (DPME). The intention of the Youth Employment Plan 2030 is to find ways of benefiting the SA economy from the demographic dividend by providing concrete guidance on how to incorporate government strategies and regulations into a comprehensive plan that will assist with the reduction of the levels of unemployment among young people within South Africa in the next 14 years, if implemented with urgency and vigour. In terms of the scope of the project, the Youth Employment Plan is aimed at exploring the options presented by government strategies and regulations for addressing the challenges that are leading to youth unemployment. The blockages that are causing unemployment among young people were fully explored. The change drivers were identified and an assessment made of the extent to which the existing government strategies and regulations were successful in providing the change drivers. The gaps were identified and concrete steps outlined for strategies that could be implemented, based on a projection of the population over the next 14 years and informed by comprehensively analysed historical statistics. A multipronged approach was adopted that involved primary and secondary data being collected, analysed and interpreted. The statistics on youth were thoroughly analysed to ascertain which contributing factors would guide the projections and scenarios correctly.

#### To provide access to information and create awareness of youth development programmes

A total of 1 592 203 young people received information on youth development through NYDA access points, with a large majority of 89% receiving information through the branch outreach.



## OVERVIEW OF THE PUBLIC ENTITY'S PERFORMANCE CONTINUED

During the period under review, a total of 58 organs of state and private sector companies were lobbied, resulting in the establishment of youth directorates, as follows:

Name of State Organ/Private Company Lobbied	Intent of Lobbying
Office of the Premier, Mpumalanga	To provide a process for collective decision-making on issues relating to youth development
Mara Foundation	For parties to complement each other regarding the mentoring and entrepreneurial development of young entrepreneurs in South Africa
Department of Public Works	Implementation of the Non-State Sector NPO Programme
Umtshezi Local Municipality	To enhance the socio-economic status of the municipality's young women and men by better preparing them for placement in formal employment, self-employment and other opportunities
Harambee Youth Employment Accelerator	To complement each other regarding the placement of unemployed graduates in internships, learnerships, contracts or permanent employment opportunities
Primestars Marketing (Pty) Ltd	Partnership towards a project (smart bucks mind your mmoola)
National Institute Community Development and Management	To provide a total of 500 volunteering opportunities for volunteers
Akanani Rural Development Association	To provide a total of 500 volunteering opportunities for volunteers
Gold Peer Education Development Agency	To provide a total of 500 volunteering opportunities for volunteers
uMngeni Local Municipality	To provide a process for collective decision-making on issues relating to youth development
The Geton Foundation Trust	To provide a total of 500 volunteering opportunities for volunteers
Mohokare Local Municipality	Parties agreed to co-operate in training 100 young people in Mohokare Local Municipality in Rouxville Town in Plumbing Skills NQF Level 3, Welding Skills NQF Level 4, and Health and Safety Training for placement in formal employment, self-employment and other opportunities
General Secretariat of the President of Brazil in the Federative Republic of Brazil; Federal Agency on Youth Affairs of the Russian Federation; Ministry of Youth Affairs and Sports in the Republic of India; and All-China Youth Federation of the People's Republic of China.	To promote the strengthening of comprehension, co-operation and friendship between youth in BRICS countries; to encourage humanitarian co-operation of youth of BRICS countries; to form a framework of co-operation in the field of youth policy between BRICS countries; to promote the development of affiliated relations of BRICS countries with other strategic partners on youth affairs in outreach; and to develop a general approach within other international, multilateral youth affairs.
Mothusi Knowledge Centre NPC	To promote the interests of young people in South Africa through providing interventions based on education, skills and entrepreneurship
Make It Happen Foundation	Partnership in a project called Start Up Connect 2015 with the purpose to empower youth entrepreneurs
KWE	KWE proposed a partnership with the NYDA to offer services to NYDA beneficiaries
Peugeot	Peugeot wanted to explore a referral marketing collaboration with the NYDA
SAFRIPORT INVESTMENTS	SAFRIPORT proposed to supply financial services to some of the NYDA beneficiaries
SASCOC	SASCOC wanted to discuss a potential collaboration with the NYDA and they presented a project, entitled the Nation of Champions Youth Social Network, which is meant to be a networking platform for youth and young entrepreneurs within the commonwealth realm
IconBrands	To collaborate with the NYDA on a programme called Icons in Training
Brand South Africa	To collaborate on implementing youth programmes together



Name of State Organ/Private Company Lobbied	Intent of Lobbying
MOU between the NYDA and the Colombian Presidential Agency of International Co-operation APC-Colombia	Youth exchange programme opportunities
MoU between the NYDA and Umgungundlovu Technical Vocational Education and Training College	To partner with the NYDA in the areas of education, skills development and entrepreneurship
Muthusi Knowledge Centre	To partner with the NYDA in the areas of education, skills development and entrepreneurship
MoU between the NYDA and Langeberg Municipality	To partner with the NYDA in the areas of education, skills development and entrepreneurship
Air Liquide (Pty) Ltd	To collaborate with the NYDA in creating innovative programmes that will assist youth in the industrial sector
Mbashe Local Municipality	To partner with the NYDA in the areas of education, skills development and entrepreneurship
Msunduzi Local Municipality	To partner with the NYDA in the areas of education, skills development and entrepreneurship
Republic of Venezuela on Youth Development	To implement activities and programmes for youth development
Uthukela Local Municipality	To partner with the NYDA in the areas of education, skills development and entrepreneurship
JP Morgan	Discussed possible partnerships between the two organisations
EWSETA	To establish a partnership between the NYDA and EWSETA
Chris Hani Municipality	To partner with the NYDA in the areas of education, skills development and entrepreneurship
Ntabankulu Local Municipality	To partner with the NYDA in the areas of education, skills development and entrepreneurship
MOU between the NYDA and Greater Kokstad Municipality	To partner with the NYDA in the areas of education, skills development and entrepreneurship
Gauteng City Region Academy(GCRA)	To partner with the NYDA in implementing a joint youth development project
Estate Agency Affairs Board (EAAB)	To finalise discussions regarding the One Learner Youth Programme initiative
Mpumalanga Regional Training Trust (MRTT)	To establish a partnership between the NYDA and MRTT to implement youth development programmes
Gauteng Department of Social Development	To establish a partnership between the NYDA and the Gauteng Department of Social Development, in relation to certain projects
Tzoro IBC and Productivity SA	To deliberate on certain projects in which the two entities could collaborate
Media, Information and Communication Technologies Sector Education and Training Authority (MICTSETA)	To submit and present a funding proposal for funds
Denel Aviation	To establish a partnership between the NYDA and Denel Aviation to implement youth development programmes
Office of the Premier, Eastern Cape	To establish a South African Youth Council in the Premier's office
KwaZulu-Natal Department of Social Development	To establish a partnership between the NYDA and DSD-KZN for youth mobilisation programmes
Department of Public Works	To discuss the role of the Department of Public Works in the Services SETA internship programme and the artisan project

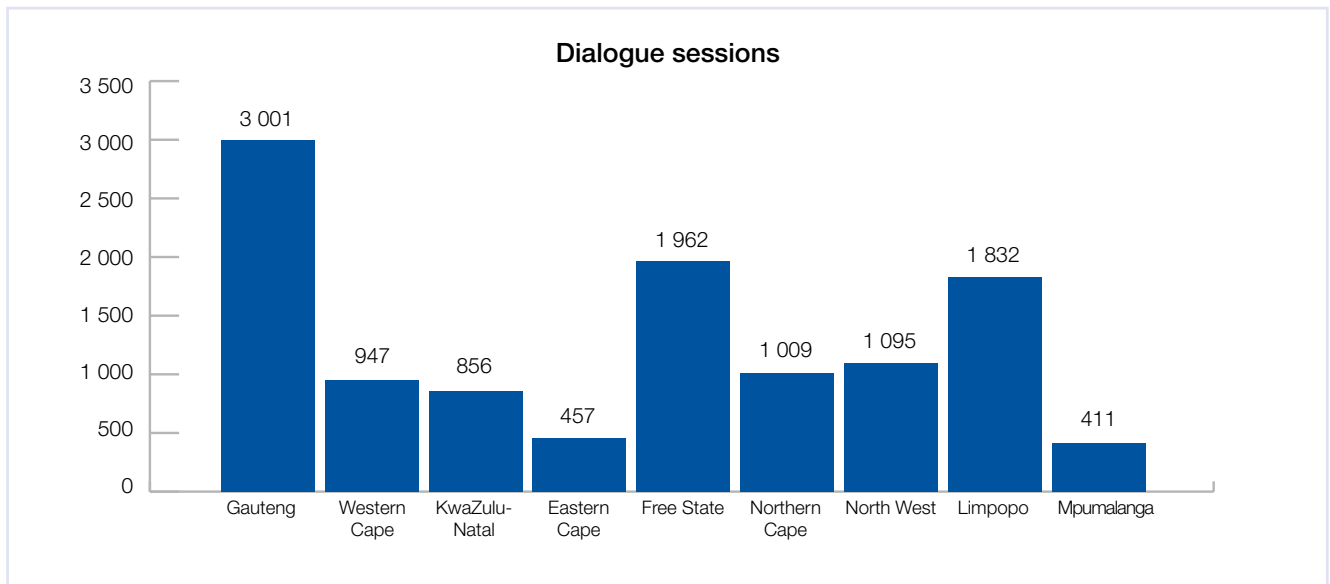


## OVERVIEW OF THE PUBLIC ENTITY'S PERFORMANCE CONTINUED

Name of State Organ/Private Company Lobbied	Intent of Lobbying
Lepelle-Nkumpi Local Municipality	To follow up on the partnership that had been established
Department of Transport	Each entity made its presentation on the Maritime graduate programme
Department of Science and Technology	To establish a partnership between the NYDA and the Department of Science and Technology for youth development programmes
Lepharo	To let stakeholders present and discuss the incubation programme on one platform
Affirmative Youth Consulting	To establish a partnership between the NYDA and Youth Affirmative Consulting on youth issues in the West Rand area
LMS Corporation	To establish a partnership between the NYDA and LMS Corporation for services that they can offer to young people
United Nations Development Programme (UNDP)	To establish a partnership between the NYDA and the UNDP. The UNDP requires an organisation that will implement their programme in the country
British Council	To establish a partnership between the NYDA, the Department of Science and the British Council
Department of Water and Sanitation	To establish a partnership between the NYDA and the Department of Water and Sanitation
City of Tshwane Metropolitan Municipality	Follow-up meeting on the establishment of the LYO in Eersterust
Department of Agriculture, Forestry and Fisheries	To establish a partnership between the NYDA and the Department of Agriculture, Forestry and Fisheries towards working together in carrying the youth development mission forward
Road Accident Fund (RAF)	To establish a partnership for the mobilisation of youth for the engagement session with the RAF-CEO
Edcon	To establish a partnership for the enablers' fund purchase discounts

### To create a platform for youth to participate in and benefit from democratic processes

A total of 11 570 young people participated in youth development-related dialogue sessions, with the most young people attending in Gauteng.



### To mobilise and leverage financial resources from third parties

During the period under review, a total of R107 896 883.31 was mobilised from third parties, in order to support the implementation of youth development programmes. Contributions came from various sources, such as:

- Department of Public Works
- Umtshezi Local Municipality
- Services SETA
- EPWP
- Colombian Presidential Agency of International Co-operation APC-Colombia
- Department of International Relations and Cooperation (DIRCO)
- Inqaba Yokulinda Youth Organisation
- Primestar Consulting
- Anani Consulting
- Catalyx
- Lulaway
- National Skills Fund
- Tytone
- Yokulinda Youth Organisation

## OVERVIEW OF THE PUBLIC ENTITY'S PERFORMANCE CONTINUED

### Governance Performance Information

Programme Area 6: Governance				
Strategic Objective	Key Performance Indicator	2015/16 Target	YTD Achievement	Reason for Variance
<b>To establish a credible, efficient and effective organisation</b>	Efficient and effective IT systems to support youth development	Review of NYDA IT Systems Architecture and Roadmap Implementation — Implementation of Phase 3 of the roadmap	<ul style="list-style-type: none"> <li>IT strategy roadmap submitted</li> <li>Progress reports submitted</li> <li>Phase 1 (roadmap) requirement specifications submitted</li> <li>Phase 2 (roadmap) requirement specifications submitted</li> <li>Close-out report for phase 3 submitted, covering:                             <ul style="list-style-type: none"> <li>Data governance</li> <li>Implementation of IT service continuity management</li> <li>Implementation of platform standardisation</li> <li>Implementation of future business requirements</li> </ul> </li> </ul>	Annual target not achieved: <ul style="list-style-type: none"> <li>Data governance — Information data security management policy approved by Board, but not yet fully operational.</li> <li>Implementation of IT service continuity management — Business continuity management strategy approved by Board, but not yet fully operational.</li> <li>Implementation of platform standardisation — BYOD policy not provided</li> <li>Implementation of future business requirements — Mobile application is at 85% progress</li> </ul>
	Review of identified policies, guidelines and processes for increased efficiency	Implementation of Phase 2 of the roadmap	Phase 2 of the roadmap developed and approved: 6 policies, 1 plan, 6 frameworks, 1 strategy	Annual target met and there is no variance
	Number of staff who received training and capacity-building to enhance staff performance	367 employees trained	376 employees trained	The annual target was met and exceeded. Due to the approved policies, Corporate Services had to train all NYDA staff on the policies and selected staff on bursaries. Therefore, some staff had to be trained more than once.
	Number of information dissemination access points operationalised	30 information dissemination access points operationalised	34 information dissemination access points operationalised	The annual target was met and exceeded because great interest was shown by municipalities to assist the NYDA with ensuring that its mandate of mainstreaming youth development was implemented and adopted.



#### Programme Area 6: Governance

Strategic Objective	Key Performance Indicator	2015/16 Target	YTD Achievement	Reason for Variance
To establish a credible, efficient and effective organisation	Compliance with policies and legislation for good governance	Dashboard reports as prepared by internal audit have acceptable levels of compliance with policies and legislation	<p>Quarter 1-level of adherence is 71,4% (30) above the set target or acceptable rate of 70%. The first quarter's target was met and exceeded by 1,4%.</p> <p>Quarter 2-level of adherence is 71,4% (30) above the set target or acceptable rate of 70%. The second quarter's target was met and exceeded by 1,42%</p> <p>Quarter 3-level of adherence is 71,4% (30) above the set target or acceptable rate of 70%. The third quarter's target was met and exceeded by 1,42%</p> <p>Quarter 4-level of adherence is 74% (31) above the set target or acceptable rate of 70%. The fourth quarter's target was met and exceeded by 4%</p>	Annual target met



## OVERVIEW OF THE PUBLIC ENTITY'S PERFORMANCE CONTINUED

During the year under review, the Information, Communication and Technology (ICT) target was over 90% complete, as four out of 10 key initiatives did not achieve 100%, thereby leading to non-achievement of the indicator. The four activities that were not achieved are:

Initiative as per the ICT roadmap	Assessment of non-achievement
Data governance	The Information and Data Security Management Policy was approved by the Board, on 25 February 2016. However, although it was approved, it is not yet fully operational.
Implementation of IT Service Continuity Management	The Business Continuity Management Strategy was approved by the Board, on 25 February 2016. However, although it was approved, it is not yet fully operational.
Implementation of Platform Standardisation	The Bring Your Own Device policy was not provided.
Implementation of Future Business Requirements	External Progress Report for Mobile Application states progress of 85%

In the year under review, the Phase 2 roadmap was implemented, whereby identified policies, guidelines and processes for increased efficiency were reviewed.

A total of 376 NYDA employees received training and capacity-building to enhance their performance. The training comprised the following:

- Premier HR performance management
- Job-preparedness training
- NYDA products and services (Secunda Branch)
- LYO training (Emalahleni Branch)
- LYO training (Mbombela Branch)
- LYO products and services – Eldo's – EOM
- NYDA staff induction
- NYDA-approved policy training for all NYDA staff
- Training on NYDA products and services (Polokwane)
- LYO training (East London)
- Youth development foundations
- HR policy training for all NYDA staff.



A total of 34 information dissemination access points were operationalised.

Name of Partner	Number of Access points
Youth of Honour and Vision Youth Centre	1
Lomshiyo Youth Development Centre	1
Islingito Youth Centre	1
Ba-Phalaborwa Local Municipality	1
Bjuhle Belusha Youth Development Centre	1
Colour My World Development Project	1
Greater Tzaneen Local Municipality	1
Khulangwane Youth Centre	1
Mukombe Multi-Purpose Art Centre	1
Newington Youth Development Centre	1
Overstrand Local Municipality	1
Mthonjaneni Local Municipality	1
Jozini Local Municipality	1
Mthatha Local Municipality	1
Mqanduli Local Youth Office	1
Greater Giyani Local Municipality	1
Jump Start Your Career	1
Lepelle-Nkumi Local Municipality	1
Mkhondo Youth Development Centre	1
Mutale Local Municipality	1
Siyinqoba Youth Development Centre	1
Up up up Youth Projects	1
Inkwenkwezi Private College	1
Umzimvubu Local Municipality	1
Mandeni Local Municipality	1
Emnambithi/Ladysmith Local Municipality	1
Ntunda Youth Advisory Centre	1
Msunduzi Local Municipality	1
Teachookid Youth Info Centre	1
Imbazane Local Municipality	1
Loskop Satellite Local Youth Office	1
Majuba TVET College, CPD Campus	1
Okhahlamba Local Municipality	1
KwaThema, Ekurhuleni	1

With regard to compliance with policies and legislation for good governance, a total of 72% of the controls were rated acceptable.





The past NYDA Board took a decision to re-establish the National Youth Service Programme (NYSP) as a flagship programme of the NYDA in the financial year 2015/16. The NYSP is a government programme that seeks to promote Patriotism, Nation-building and Social Cohesion by engaging young people in service activities aimed at rebuilding communities, whilst providing opportunities for skills development. The National Youth Service Unit (NYSU) is a division of the NYDA that provides secretariat support for the national implementation of the NYSP.

The following are key strategic objectives of the NYSU:

- Providing a coordination capacity for all NYSP projects across the Republic
- Lobbying and advocating for key government departments to implement the NYSP
- Lobbying the private sector and civil society to embrace the programme
- The development of norms and standards for the effective implementation of the NSYP
- Working closely with the Office of the Deputy Minister (DM) of Planning, Monitoring and Evaluation to develop the NYSP coordination framework intended for ratification by Cabinet
- The development of the Management Information System (MIS), in order to centralise NYSP beneficiary information. The intention is to develop the ability to track all NYSP project participants, from entry into the programme through to post-programme aftercare.

## Key Performance Areas for the Period under Review

- Structured NYS — Category 1 Participants receive accredited certificates upon completion of training.
  - Projects were implemented with several government departments, including the YouthBuild Non-State Sector projects implemented by civil society partners, in collaboration with the EPWP.
- The NYS Volunteer Programme creates platforms for Service and Volunteerism among youth.
  - The NYS Volunteer Programme partnered with Global Youth Service Day to implement volunteer projects with municipalities across the country.
  - The NYS Volunteer Programme partnered with municipalities to mobilise young people to participate in community development activities.
  - NPOs partnered with the NYS Volunteer Programme in the implementation of projects, ranging from public health activities to environment-related awareness projects.

The NYSU implemented the following special projects as part of its mandate:

### The Flemish Co-operation

The co-operation with the Flemish government started in 1996. The review of the co-operation in the 2015/16 financial year defined four areas of work for the collaboration framework to be implemented over a five-year period.

### Building block 1: Capacity-building

- The Volunteer Management Toolkit was translated into Zulu, Xhosa, Sesotho and Venda. The toolkit is used for the training of NPOs.
- A Learning Forum for Mentors and Mentees was established with the purpose of sharing best practice for civil society organisations working in youth development.

### Building block 2: Knowledge Generation

- Research is underway on the volunteer landscape in South Africa, with a specific focus on “opportunities and weaknesses”.

### Building block 3: Marketing and Communications

- Maintenance work on Myhandsandheart, which is an online database that creates a platform to match volunteer opportunities with available potential volunteers, continues.
- A partnership has been forged with Vul’indlela Jozi Project to recruit youth volunteers, using the Myhandsandheart platform.

### Building block 4: Lobby and Advocacy

- Development of volunteer policy in South Africa and funding mechanism geared towards the long-term sustainability of the programme.
- Supported 2 000 volunteers through the Expanded Public Works Programme (EPWP) Non-State Sector (NSS).





## **The Collins Chabane YouthBuild School, “Home for Young Artisans”**

The NYDA established a skills development centre, where innovation in artisan development will be piloted. The centre is named the Collins Chabane YouthBuild School to commemorate the lifelong passion of a stalwart who tirelessly fought for the youth of his country. The school was launched and 50 youth have been recruited. The 50 youth will be trained as artisans in boiler-making and plumbing. The school serves as a powerful beacon of hope to our people and honours the memory of this great son of the soil.

## **The Namibia-SA Youth Exchange Project**

The purpose of the project, which is in its third phase, is to create opportunities for bringing young people together to promote solidarity among the youth of Namibia and South Africa. The programme creates a cultural exchange platform, as young people are placed with families in different townships and encouraged to be involved in community development activities. Project participants are equipped with skills in youth development work. The youth are then posted to all branches of the NYDA to deliver youth development services to South African youth.

### **Training offered in South Africa**

- Facilitation skills training
- Youth development, leadership and mental toughness training
- Training in NYDA products and services

### **Training Offered in Namibia**

- Induction into NYS Namibia
- Youth leadership, capacity development training
- Environmental education and survival skills



# PARTNERSHIPS FOR YOUTH DEVELOPMENT

## Private Sector Partnerships

The private sector is one of the most important sectors with the capacity and resources to support youth development. In South Africa, it is important to acknowledge the role that the private sector plays in addressing social challenges in communities and supporting youth development. This strategic role serves their long-term business objectives of operating sustainable businesses through selling their products and services to these communities.

An illustration of the importance of partnering and collaborating with the private sector is the NYDA's current partnership with Air Liquide (Pty) Ltd, a company that supplies various types of gas to industry and the healthcare sector. The NYDA and Air Liquide are working together to benefit youth in school through Air Liquide's Shoes for Success programme and the NYDA's Education Enablers Fund. The parties are also working together to assist youth-owned enterprises with accessing procurement opportunities that may be available at Air Liquide.

Another example of a working partnership between the private sector and the NYDA is the partnership with Lepharo, which was cemented in February 2016. Lepharo is a base metals incubation centre that is situated in Springs, Ekurhuleni. It is a non-profit company that was formed by various stakeholders in the public and private sectors such as SEDA, Ekurhuleni Municipality, Mcsteel, Implats and EXXARO, as well as industry associations such as the SABS, GEP and Proudly SA. The objective of the partnership is to identify the needs of SMMEs in the base metals and engineering sector and provide support to them. These businesses will undergo extensive business and technical training, tailored to the needs identified in the base metals industry.

The NYDA will provide financial and non-financial support through the grant and business development services programmes, respectively, as well as through its partnership with SEFA and the IDC.

Furthermore, in collaboration with SABMiller and The Hook Up Dinner, the NYDA has become a partner in the SAB KickStart Programme, with the aim of inculcating a culture of grassroots entrepreneurship and innovation. As part of its involvement in this programme, the NYDA has committed, through its business consultancy services programme, vouchers to develop business plans for young aspirant entrepreneurs and to support activations/events. In turn, NYDA youth beneficiaries will be in line to obtain further enterprise development support and funding from the SAB KickStart Programme.

The NYDA is also in partnership with a company called the Nation of Champions (NOC). The NOC is in partnership with the South African Sports Confederation and Olympic Committee (SASCOC) and is its youth development arm for the Durban 2022 Commonwealth Games. Through this partnership, NYDA beneficiaries will have access to skills training and development opportunities. They will also have access to employment opportunities that will arise, as a result of the Commonwealth Games in Durban, in 2022.

The NYDA urges the private sector to collaborate with it in its different youth development programmes and interventions. This will indeed go a long way in addressing the challenges faced by young people and in supporting youth development at large.

## Public Sector Partnerships

The Agency had partnerships with the Department of Public Works, the Department of Human Settlements, the Department of International Relations and Cooperation, the Department of Arts and Culture, the EW SETA, the Services SETA, the ETDP SETA, NSF and NSFAS. These departments and government entities contributed towards NYDA achieving its targets.



## International Relations

Name of Partner	Agency	Area of Collaboration
Republic of Colombia	Agency for Presidential Co-operation (APC)	The NYDA partnered with the APC for the sharing of best practice on youth development initiatives and the youth exchange programme. As part of the agreed activities in the MoU, the NYDA hosted eight youth educators for a Spanish language exchange programme at the NYDA Tshwane branch. A total of 150 youths of South Africa benefited from a basic Spanish course, which was funded by the APC.
		<b>To Action:</b> In collaboration with the Embassy of Colombia, the NYDA is exploring an exchange programme that will enable youth graduates in English to go and conduct English classes in Colombia. There is also the potential of exploring the agro-processing partnership in the agricultural sector, specifically in coffee production.
		The NYDA will participate through its Board representation on the Rural Entrepreneurship Learning Routes, organised by the APC to strengthen South-to-South co-operation.
The Bolivarian State (Venezuelan Republic)	Foundation for Youth Development	Following discussions between the NYDA and the Embassy of Venezuela, a site visit was undertaken to explore the implementation of youth development programmes. The visit resulted in agreed area(s) of collaboration, sealed by the MoU with the Foundation of Youth Development of the Bolivarian State. The collaboration will be anchored in a six-month exchange programme and market linkage opportunities in the petroleum sector.
		<b>To Action:</b> The implementation of the youth exchange in youth service in the coming financial year. Through the SA Embassy in Caracas, the Bolivarian State has indicated an interest in being hosted by the NYDA for a learning visit on the operations and products geared towards youth in SA. The delegation will be led by the DM responsible for youth.
BRICS Summit	BRICS (Youth Ministries and Agencies)	The NYDA facilitated the participation of youth delegates in the first BRICS Youth Summit in Kazan, which was led by the DM, Mr Buti Manamela. The summit was characterised by deliberations and recommendations to the BRICS Heads of State Summit to mainstream youth development in all streams that are geared towards improving the economies of member states. A MoU was signed by the Ministries responsible for youth affairs in all member states, with the NYDA being the signatory on behalf of South Africa.
		<b>To Action:</b> The NYDA will convene all youth delegates to assess progress with regard to the recommendations of the summit; and the DM and Chairperson will address delegates on opportunities that could be immediately realised to advance co-operation. A need also exists to lobby for youth representation in the BRICS Regional Bank and the BRICS Business Council.
African Union Commission (AUC)	Pan African Youth Union (PYU)	As the outgoing president, the NYDA organised the PYU congress through the Chairperson's Office. The congress was held in South Africa.
		<b>To Action:</b> The NYDA is still a committed member of the PYU and the Board/Chairperson is expected to honour the meetings of the PYU by representing the interests of the youth of South Africa.
		According to the invitation from The Presidency and the AUC, the NYDA will always act as a support to the DM in all engagements regarding youth development at the AU.



## PARTNERSHIPS REPORT CONTINUED

Name of Partner	Agency	Area of Collaboration
Norway and Denmark	National Application Centre (NAC) and the Department of Correctional Services (DCS)	As part of the focus to assist Youth in Conflict with the Law, the NYDA, in a tripartite partnership with NAC, DCS and the MerSeta, went on a research visit to Norway and Denmark. The visit was geared towards learning about an education and training initiative to curb re-offences by convicted youth offenders. This tripartite partnership works with NGOs on educating and placing former youth offenders, where MerSeta offers intensive training in the manufacturing sector.
		<b>To Action:</b> To sign an agreement with the Norwegians regarding technical assistance with implementing the Youth in Conflict with the Law project.
		As part of the collaboration with Norway, a meeting was scheduled with the embassy to further explore technical assistance in aquaculture, i.e. fisheries, in partnership with the Department of Agriculture, Forestry and Fisheries, to facilitate youth participation in the sector.
SADC Secretariat	SADC Youth Summit	The NYDA is part of the technical committee tasked with establishing the SADC Youth Council, which will be ratified and approved by the SADC Heads of State meeting.
		<b>To Action:</b> Submission and presentation at the next SADC Heads of State meeting.
Commonwealth	Commonwealth Youth Programme (CYP)	As SA is a contributing member of the CYP, the NYDA is aiming to benefit from technical assistance from the CYP with the professionalisation of youth work and entrepreneurship education.
		<b>To Action:</b> Through the DM's Office and the Board's Office, the NYDA will write a proposal seeking technical assistance with the finalisation of all outstanding research and the preparation of the Status of the Youth Report.
Flemish government	NYS	The NYDA has been in collaboration with the Flemish government for a very long time. During 2016, the partnership focused on NGOs implementing youth development programmes in communities.
		<b>To Action:</b> Ensuring that relations are strengthened and that NGOs are capacitated in youth work.

## BENEFICIARY STORIES



*“I grew up in an RDP house, raised by a single mother. I am the second-last child of seven, and times are still tough for my family. As I am the only bread winner, I hope to be able to provide for my family soon, doing what I love. I ask questions and gain knowledge – that’s what led me to exploring a career in diving and ship maintenance.”*

Mr Brian Shishi | 25 years old  
Beneficiary of the NYDA Thusano Fund







As a young woman who grew up in a town where opportunities were scarce, **Nomsa Mdlokovane**, a 25-year-old lady from Rouxville in the Free State, took part in the learnership programme that was offered through the YouthBuild Programme, run through the NYS.

Nomsa took part in a learnership in welding and plumbing last year. She believes that the knowledge she received during the programme will give her the chance to transfer her skills to her community and to assist others to achieve their goals and create jobs. Despite the high rate of unemployment in the township, her dream of furthering her studies and starting her own business is still alive.

“It’s my dream that one day I will have my own business and create jobs in our community and uplift our economy. NYDA has given me hope in life, I know I can do anything I dreamed of and be someone important in our country, only if I believe in myself that I can do it. I am waiting for my Matric results and looking for affordable short courses. After failing my Matric the first time, I thought my whole world was over because nowadays life without Matric is useless, but after the life skills programmes I attended that were offered by the NYDA, things changed. I know one day I am going to own a huge profitable business,” says Nomsa.



**Nthabeleng Pitso**, a 26-year-old woman from Rouxville location under Mohokare Municipality in the Free State, was at home without a job or anything until the NYDA gave her the opportunity to become part of the YouthBuild Programme, where she learned plumbing skills. The programme took place in the town hall of her home town, Rouxville, last year, from 1 July to 1 December.

“I really wanted to further my studies and start businesses, as I recently registered a multi-trading company and I am part of a plumbing co-operative that we registered with other YouthBuild beneficiaries after we graduated from the programme,” she explains.

Nthabeleng says her success in life, as well as reaching her dreams, comes from her kids. For six months after losing her voluntary educare centre job as a practitioner’s aid, due to health challenges, she was unemployed and sitting at home, and heard about the programme from one of the youth developers at Zastron Municipality. She says the programme has changed her life greatly and has given her a positive outlook on life, in general, and has given her more courage every day to do her best towards reaching her dreams, goals and aspirations.

Currently, Nthabeleng is part of the Department of Environmental Affairs learnership that started in February 2016 and will run until the end of December 2016.



## SOLOMON MAHLANGU SCHOLARSHIP FUND

"I have not paid a dime towards my academic career and it is all thanks to the NYDA," says 21-year-old **Johannes Kokozela** from Orange Farm.

Johannes Kokozela was one of many young South Africans who found that their final Matric results were not satisfactory. Once a top achiever in Mathematics at El-Shaddai Christian School, Johannes did not anticipate a 30 percent drop in his Mathematics results.

As he didn't comply with the prerequisites for university entrance, he enrolled for the NYDA's Second Chance Matric Rewrite Programme in 2013 to upgrade his marks. He passed well and was the top performing learner for 2013, after which he went on to achieve greater heights.

Today, Johannes is completing his third and final year of a BSc degree in Applied Mathematics at the University of Johannesburg, thanks to receiving the NYDA Solomon Mahlangu Scholarship.



Coming from an economically disadvantaged family background, **Sbusiso Chauke** was very fortunate to benefit from the Solomon Mahlangu Scholarship Fund in 2012 to study Law at the University of Pretoria. The scholarship came to symbolise his continued dedication to his hard work. With the help of the Solomon Mahlangu Scholarship Fund, he was able to meet different educational expenses such as books, tuition and accommodation.

Apart from being a law student and an entrepreneur, Mr Sbusiso Chauke is also an author and published his first inspiring book on 30 March 2016, named, *Overcoming Obstacles & Adversities*, with a foreword written by Mr Yershen Pillay, the former Chairperson of the National Youth Development Agency. In the book, he talks about common obstacles that we encounter in life and gives proven solutions to overcome those obstacles. The book is available in hardcopy and e-book from Amazon.



"I'd like to thank the NYDA for supporting me almost in everything that I've attempted. Only a few young people in South Africa have benefited from the NYDA like I did. I have benefited from almost all the services that they provide and for that I am grateful. I wouldn't have come this far in life, if the NYDA had not committed itself to helping me. I'd like to encourage them to keep helping underprivileged young people like myself to achieve their dreams," says Sbusiso.



## GRANT FUND PROGRAMME



**Lepoh Solutions t/a Kabongwe Club**, owned by 26-year-old Musawenkosi Qwaba, is a hair-grooming and high-end lifestyle department store that seeks to inspire progressive men to contribute towards the betterment of people's lives. The club offers progressive gentlemen a relaxing atmosphere, where they get to sit back, relax and experience a professional hair-grooming service. The club also offers exclusive designer items, including but not limited to watches, sunglasses and fragrances.

### **They offer their clientele the following packages:**

#### **Platinum Member**

- This card gives club members access to one year's free and unlimited hair-grooming services from their highly skilled barbers.
- Cardholders also receive up to 30% OFF on all their exclusive designer items, including but not limited to watches, sunglasses and fragrances.

#### **Gold Member**

- This card gives club members access to six months' free and unlimited hair-grooming services from their highly skilled barbers.
- Cardholders also receive up to 15% OFF on all their exclusive designer items, including but not limited to watches, sunglasses and fragrances.

#### **Silver Member**

- This card gives club members access to one month's free and unlimited hair-grooming services from their highly skilled barbers.
- Cardholders also receive up to 7,5% OFF on all their exclusive designer items, including but not limited to watches, sunglasses and fragrances.

Every time a member gets a haircut, Kabongwe Club contributes R5 towards a bursary fund. Kabongwe was funded R49 525 through the NYDA Grant Fund to purchase stock and equipment for the salon. The company has created jobs for four other young people.





**Mercy and Grace 04 Trading (Pty) Ltd** is an operational fast food business, which was formally registered in March 2015 at eMzinoni Township, situated in Bethal, Mpumalanga. The company offers fast food products such as kota, full meals (pap/rice and beef/chicken) and ribs. Their main customers are schoolchildren, members of the community, taxi drivers and construction workers.

The entity is owned by a young woman named Ms Gugu Skhosana. The business started operating in a Wendy house from home and then, with the help of NYDA grant funding of R41 092, she managed to acquire catering tools and equipment, and have some working capital. After acquiring the catering industrial equipment, she moved into rented premises. The company employs two full-time employees and intends to hire two more to assist with the day-to-day operations of the business.



**Ngeqoma Trading and Projects CC** is an embroidery and sewing entity, which was established in October 2009 in Morgenzon, in Lekwa Local Municipality, Mpumalanga by Delisile Majole and Zwelihle Mpofana. The entity participated in the 2013/14 financial year Premiers Service and Youth Excellence Awards, under the Youth Category of Entrepreneurship and Job Creation, and won a Silver Medal. They were also awarded the title of Best Newcomer in Entrepreneurship by Lekwa Local Municipality in February 2015.

They then approached the NYDA for financial and non-financial assistance. They enrolled for the NYDA EDP and later applied for the grant programme. A grant amounting to R49 950 was approved for Ngeqoma Trading and Projects to acquire an embroidery machine, software and a button press start machine. The company has since created four permanent employment opportunities and has the potential to create more. In further supporting the entity, the NYDA offered Ngeqoma Trading a payroll and business plan through the NYDA voucher programme.





### Exposure to Marine Life

“I ask questions and gain knowledge — that’s what led me to exploring a career in diving and ship maintenance,” says **Brian Sishi**, who is a 25-year-old beneficiary of the NYDA Thusano Fund.

Brian received R46 650 in funding from the NYDA to complete a two-month diving course, which will allow him to work as a welder, cutter and general maintenance worker on ships, and perform harbour repairs underwater. He is currently still employed as a sales consultant, but is looking for a full-time job around one of the harbours in South Africa.

“Most black people are not exposed to marine life and open waters, which is a shame, as there is so much potential to be explored in the harbours of South Africa, especially in Durban, where I grew up,” says Brian.

When asked about his first experiences of diving, Brian says that, while living in Chesterville in Mayville, KwaZulu-Natal, he attended a first aid course after school, where he met a man involved in recreational diving, who gave him some pointers on what later became his biggest passion.

“I grew up in an RDP house and was raised by a single mother. I am the second-last child of seven, and times are still tough for my family. As I am the only breadwinner, I hope to be able to provide for my family soon, doing what I love.”

Brian plans to eventually complete another diving course, which will enable him to work in deep seas, as he is currently only permitted to work on shore with his existing qualifications. After this, he dreams of travelling and working abroad to gain more experience before settling down to work in South Africa again.







**Good Hope Shoe Repair and Manufacturing** is a Bloemfontein-based firm owned by a young entrepreneur, Angela Mkhabela. This 30-year-old is the fifth child at home, with two sisters (both working) and three brothers (one working), and one of her brothers having passed on. Her parents are both still alive and on pension.

Good Hope Shoe Repair and Manufacturing started when this young, ambitious woman saw an opportunity in the market. She realised that while there were such businesses, few, if any, existed which were wholly owned by young black women. She thought of starting her own business through utilising the skills she had acquired while working in the shoe manufacturing and repairs industry. Having learnt the skills from her partner, she decided to register her own business, with the hope of supplying recognised shops in the future.

When asked about how her journey with the NYDA started, she indicated that she had listened to one of the NYDA's beneficiaries being interviewed on the radio. She then searched for the NYDA online and was further motivated by the success stories she read on the website. She approached the Bloemfontein branch with a grant application to the value of R50 000, which enabled her to acquire machinery.



**Thoko Holdings T/A Delivery Boyz** is a fast food delivery company with two directors, Mr Thulani Tlasti and Ms Sandile Rakgoba. They own 50% shares each and perform the day-to-day management of the company. The company was formed to provide a quality fast-food delivery service for employees, companies and households. The main objective of the business is to offer a convenient service that also delivers to places where other services do not reach.

The business is currently being run from their own home at 4714 Extension 9 Embalenhle, until they find business premises. They were funded R49 986 to purchase delivery scooters, accessories and office equipment.

They have built relationships with fast food shops such as McDonald's, Spar, Eish Secunda, ChesaNyama, Steers, Spur, Debonairs, KFC, Fish Aways, Wimpy, Fish n Chips, Nando's, Ocean Basket and Mugg & Bean.






## GRANT FUND PROGRAMME




**Q Jays** is a registered private company solely owned by Ms Malaza. The business offers event management services, which include planning events, offering equipment for hire and decorations. In October 2015, Q Jays (Pty) Ltd was also the beneficiary of a grant of R97 908 to acquire a jumping castle. After establishing the business, Ms Malaza needed assistance with marketing to attract more clientele. The NYDA assisted by means of a branding and design voucher, which enabled the business to attract more customers. Through being exposed to a larger market, she also identified an opportunity to not only concentrate on kiddies' parties, but to expand to other events such as adult parties, the unveiling of tombstones and family reunions.

She was further assisted through the grant programme with acquiring a tent and chairs amounting to R49 280. In addition, Ms Malaza has constantly reinvested in the business by purchasing more equipment such as chairs, tables, carpets and décor material. 



**Khumo Entle Trading & Projects (Pty) Ltd** was established by Mr Ofentse Motlhoki and his brother, Mr Khumo Motlhoki. The business was started informally when the two brothers began selling leather belts from home. Their business buys belts from a supplier in Johannesburg and sells them door-to-door to individuals. They have an established clientele and sometimes sell on credit and collect the purchase price on the agreed date, mostly on pay day.

The business faced a challenge of cash flow because they found themselves out of stock and not having enough cash to purchase more stock because they would be waiting for their customers to pay. This had a negative effect on operations. Mr Motlhoki took part in our EDP business management training and applied for a grant. He was funded by the Agency to the amount of R49 761 to purchase stock in bulk. This meant that the business obtained the stock at a lower price and they could cut down on transportation costs, which enabled them to maintain a healthy cash flow.

Since receiving funding from the NYDA, the business has been able to expand operations by having pop-up shops in shopping complexes, especially during peak times such as weekends and month-end, to reach a larger market. They have also expanded their product range to include leather bags, due to the demand. The business now employs two young people, including Mr Ofentse Motlhoki. Mr Motlhoki is currently in the process of receiving assistance with marketing and promotional material through our voucher programme. 



**TT Eggs Suppliers**, owned and managed by Mr Tau, operates in Magogoe Village and surrounding areas of Mahikeng. Mr Tau invested in the business by erecting a chicken coop structure using his own funds, and approached the NYDA for grant funding to purchase start-up stock and chicken cages.

TT Eggs Suppliers now have egg-laying chickens that produce eggs on a daily basis. The total funding accessed was R47 494. The eggs are cleaned and packaged before being sold to local spaza shops and community members. Since the intervention by the Agency, Mr Tau's market has grown in the local community to include businesses such as guesthouses. Mr Tau is a dedicated and committed entrepreneur and took part in the SAB Kickstart competition reaching out to the top 50 entrepreneurs, who were invited to the Kickstart Boost training camp.



**ColorFood (Pty) Ltd** is a catering company solely owned by Ms Naledi Tikane. The business provides services to individuals and institutions, and specialises in confectionery. This is something that Ms Tikane is very passionate about, as she grew up selling cookies informally at school. After Matric, hospitality was the obvious choice of study and she currently holds a degree in Hospitality Management.

In order to formally establish the business, Ms Tikane received funding from the NYDA to the amount of R30 483.37 to acquire start-up equipment. Customers have individual preferences for the appearance of their final product, especially cakes, and the acquired equipment has enabled the business to offer more specialised products without having to outsource some of the services.



**SBT Creations (Pty) Ltd** is a registered company solely owned by Mr Sabata Makoatsane, and provides photography and videography services to individuals, and the private and public sectors. The services include, but are not limited to, taking photographs and videos at events, especially weddings and government events, as well as doing photo shoots of individuals. They also print photographs according to their clients' requirements, including coffee table albums and key rings.

The applicant started the business using his own savings to purchase start-up equipment, which included computers, cameras and a video camera. The business received funding from the NYDA amounting to R47 646 to purchase more advanced video-camera and other photography equipment such as lights and tripods. The equipment enables the business to provide quality products and helped the business cut down on the operational costs of outsourcing some equipment.

The business's services are mostly rendered at the customers' locations. However, Mr Makoatsane can turn one of the rooms in his home into a studio whenever he has to do individual photo shoots.







## Youth Co-operatives Supporting Communities

International Co-operatives Month is observed in July to increase awareness of co-operatives, as well as to strengthen and extend partnerships between the International Co-operative Movement and supporting government organisations. International Co-operatives Month was introduced, due to the need to increase the recognition of co-operatives and their role in the economy of the world.

Last year, International Co-operatives Month was celebrated under the theme, “Equality”, with the subtheme, “Choose co-operative, Choose equality”. Co-operatives play an important role in poverty alleviation and help to reduce inequality by empowering people (members and their communities), through offering them a dignified and sustainable way of making a living. The NYDA has demonstrated its commitment towards supporting co-operatives by setting aside R10 million in Grant Programme finance for youth-owned co-operatives, particularly those in rural areas.

In 2015, the NYDA, in partnership with the Limpopo Department of Agriculture, launched a total of 19 NYDA-funded and youth-owned co-operatives in Nwanedi Village and Thohoyandou. The Nwanedi Co-operative, which ploughs butternut, was formed when 12 different small co-operatives came together and, as a collective, received financial support of R494 285 from the NYDA to use towards transport to the market after harvesting. The funds also contributed towards the costs associated with electricity, labour, production and the renting of a tractor. The project targeted small farms of two to 15 hectares each, which are operated by three or more young people.

“The agreement that we have with the Limpopo Department of Agriculture is that these young farmers, who were assisted by the NYDA, will have access to services and programmes of this department, in order to improve their production capacity. The harvest from these farms is pulled together and marketed in a pool to address the challenge of market access by small-scale farmers,” says Khathu Ramukumba, CEO of the NYDA.

Another co-operative which has been running successfully is the Marula Co-operative, located in Thohoyandou. Since its

establishment, the co-operative has created over 100 jobs, thanks to the NYDA, which injected R1.2 million into the project. Marula Co-op manufactures cooking oil and beauty products, such as lotions and soaps, from Marula plant extracts. The co-operative is run by 30 young people who belong to six different co-operatives that are collaborating on this project.

“We are trying to address the problem of small farm inefficiencies, where young, inexperienced farmers often struggle to keep their businesses afloat, owing to relatively high input costs, compared to profits. This is a way of addressing youth unemployment challenges and reaching out to the youth in rural areas, who often feel neglected, in terms of availability of opportunities. We are on a mission to enable rural youth to take control of their future. These young people from these co-operatives represent the youth that have received a hand up and have used it to invest in their future and, in turn, their communities,” concludes Ramukumba.

As part of non-financial business support, the NYDA also assists young people by means of the Youth Co-operatives Development Programme, whereby the Agency provides support in conducting gap analysis and needs assessment to identify performance gaps and factors that affect co-operative performance.

The Agency also assists co-operatives in the following ways.

### Facilitating business development support through voucher services, including:

- Business registration
- Business plan development
- Development of marketing strategies, marketing plans and marketing tools
- Bookkeeping and financial administration
- Tendering.

### Facilitating capacity-building to enhance management efficiency, including:

- Relevant technical and entrepreneurship training
- Co-operative governance and soft skills
- Occupational Health and Safety (OHS), and hazard analysis and critical control points (HACCP) training
- Productivity Improvement.





The NYDA nurtured five young people from Kranskop in KwaZulu-Natal to become industry leaders in the manufacturing sector. These five youths formed **Makhabeleleni Youth Co-operative** in 2014 and have since been growing from strength to strength. Members of Makhabeleleni Youth Co-op attended the NYDA entrepreneurship development programme (EDP) training, and then connected with Transnet and the Department of Economic Development to participate in the Manufacturing Sector Focused Youth Enterprise Development Initiative (MSF-YEDI). From there, they went on to attend a six-week-training course on toilet-paper manufacturing at the Coastal KZN TVET College.

The NYDA supported these youngsters by providing them with funding of R50 000 to purchase raw materials, office equipment and stationery. They will be further assisted with a voucher for branding through the business consultancy voucher programme.

“Starting a business is not for the fainthearted, but those brave enough to do so can reap handsome rewards,” says Thabiso, the leader of the co-operative.

Makhabeleleni was very encouraged to receive a further R4.2 million from Transnet and the Department of Economic Development to assist the co-operative in advancing their business. Currently, the co-operative has managed to secure contracts with big clients such as the Tholinhlanhla Primary School, Pannar and Wimpy. Three young people were already employed by Makhabeleleni and four more young people were employed in January 2016.



**Ricardo Adams** (30), a young entrepreneur from Jeffrey's Bay, started his landscaping business back in 2009 with only two machines and one small bakkie. Fast forward to 2016, where he has now managed to grow his business and provide employment to five other young people in his community. Ricardo received a hand up from the NYDA to purchase additional equipment for his business through the NYDA grant fund programme.

In 2007, Ricardo was involved in a car accident, which caused him to be paralysed from the waist down. This life-changing event forced him to see life and his future differently. He remained positive, however, despite the hardship he faced. When he saw the gap in the market to provide garden maintenance services in his community, he didn't allow anything to hold him back. “My passion for entrepreneurship and motivation allowed me to remain as one of the top yard maintenance businesses in Jeffery's Bay,” says Ricardo.





## GRANT FUND PROGRAMME

Mmapheello Lefalatsa is a young owner of **Bouquest Health and Beauty Spa**, based and operating in Bloemfontein. This 27-year-old is from a family of three children, raised by their mother and living with their grandparents in Bloemfontein most of the time.

Having grown up in a family that was entrepreneurial, she was inevitably bound to following the entrepreneurial route. When asked about her business background and how it all started, this hard-working, young ambitious woman explains, "I have always been exposed to the business world. My grandparents were entrepreneurs and also my parents, so I would say it's inherited". Expounding on the challenges she encountered on her way to building her business, Ms Lefalatsa laments the challenges of funding and access to markets.

She lauds the NYDA for helping her and being supportive of her journey, which started in 2009 when she did not have enough capability to run a business. This led to two of her applications being declined. At first, she did not understand why her applications were unsuccessful, until she was taken through the NYDA's EDP training. She defines this experience with the NYDA as quite challenging, yet motivating, and she is, therefore, very grateful for all the interventions in her career. Apart from undergoing the EDP and receiving a grant to the value of R48 000, she mentions the following achievements as the highlights in her business journey:

- Being part of the top 10 MTN Foundation's seed capital
- Being part of the SAB Kick-start top 60 nationally.

Her future plans are to grow her Bouquest Health and Beauty Spa business and, ultimately, to have the following under the umbrella of her business:

- Cosmetic shops
- Destination spas
- A day salon.

Bouquest Health and Beauty Spa currently has three employees.



**Mlungisi Louw** received EDP training, as well as a grant to the value of R10 000 to purchase studio lights for his photography business.

He is a BTech photography student at the Central University of Technology in the Free State. His work tremendously improved following the NYDA's interventions. As a result, he is now a freelance photographer for Media24 and covers a range of assignments, including sport, politics and general news.



**TJ Enterprise** is a Bloemfontein-based company owned by a young entrepreneur, Thabo Mahlaba. TJ Enterprise is a travel and tourism company which provides services such as educational/school tours; transport bookings; accommodation bookings; group tours; conference facilities and venue hire, as well as off-road go-kart adventure rides. This enterprise operates outdoor adventures in Bloemfontein, Bloemfontein, which offers the following services:

- School visits
- Corporate team-building sessions
- Bachelor's/birthday parties
- Group outings
- Year-end functions.

Born and bred in Phelindaba, Bloemfontein, this 35-year-old father of one always wanted to be his own boss. He always had a passion for tourism and, upon completing his Matric, he studied tourism at Central University of Technology.

In 2012, he started **TJ Enterprise**, after identifying the gap in the market, when he realised that most schools and companies do not have time to organise trips properly. Determined and motivated to succeed, he approached the NYDA to assist him with purchasing go-karts. The NYDA assisted him with a grant to the value of R50 000 and also gave him a branding and design voucher for his business.



**Leine Holdings** is an enterprise run and managed by 27-year-old entrepreneur Sello Leine. The business, based in Bloemfontein, is an electronics and fleet management entity and was registered as a private company in 2015. The business conceptualised a product in the public transport industry mainly focusing on tracking solutions, especially for taxi owners, buses and trains. The business is mainly anchored in the public transport industry in the greater Bloemfontein area and Mr Leine is in the process of negotiating potential business in Bethlehem.

This product enables the company's clients to track and identify the exact number of passengers on board, and assists with countering any loss. The developed solution also provides assistance with regard to the identification and recovery of the vehicle, in the event of theft. Mr Leine came to the NYDA to request a grant to the value of R48 475, which was utilised to purchase office equipment such as a laptop, printers, chairs and a 10 GA jet device.





The 23-year-old **Keletile Patronella Ndlovu** from Mogwase in Rustenburg, North West, studied BCom Financial Accounting. She had her own share of challenges in her life with no one really understanding the career path she chose to take, as everyone in her family is in the engineering field, while she decided to study finance. Keletile was unemployed for four months and was looking for a job when she was placed through the NYDA JOBS database.

"At the moment, I'm still pursuing an honours degree in Financial Accounting, but the main goal is to attain a CA (SA)," she says. "At the beginning of the year, I saw an advertisement on the SA development website. From the start, I thought it would be ideal to gain the experience I needed in a small accounting firm, rather than a larger firm. So, I am happy with the outcome of this programme."

"I am a SAIPA trainee accountant at Bosele Business Consultants CC and it's a great experience, especially because my duties include all that I am studying," she smiles.



**Sparrow FET College**, based in Sophiatown, placed six young people from different rural areas in the North West Province in a programme called Fluid Power Hose Assemblies NQF Level 2 and NQF Level 3. The skills programme equipped learners with the skills to make hydraulic hose assemblies, identify and select the correct fittings, read and interpret basic fluid power engineering drawings, and maintain safe working procedures. The programme ran from July 2015 to December 2015. It is fully funded, including accommodation and transport for the duration of the training.

The first three months were spent at the college, and the next three months in the workplace in Rustenburg and Brits, where learners received workplace experiential training. The ultimate aim was to obtain permanent employment for the candidates in those sectors. This employment depended on the quality of work produced by the learner and the ability of the prospective employer to employ them.



My name is **Tumelo Johanna Makgopa**. I had wonderful plans and great expectations for my future. Things didn't turn out the way I had anticipated after completing my degree in 2007, and I struggled for quite a long time without employment. The only employment opportunities I had were temporary and not satisfying, with regard to remuneration. I then submitted my curriculum vitae to the NYDA office in Rustenburg. Soon afterwards, I received a call informing me that I should be available for an interview pertaining to career guidance. Then I was told that I was one of the successful candidates and I should start on 9 February 2015. I was very happy that at last something that satisfied me both regarding remuneration and passion had come about, but slightly disappointed that it was only for a month. I prayed very hard that I would receive an extended contract or at least another opportunity at the agency, since I loved what I was doing so much.

It didn't take long. Only after a month of unemployment at home, I again received a call from the agency inviting me for an interview. To be honest, I felt so blessed and honoured. Later, I received an e-mail congratulating me on being accepted — I felt favoured.

It is really nice to have a permanent post, instead of always working with uncertainty in your heart that the contract will expire in a few months. Above all, I'm happy with the opportunity at the NYDA and it will really show our youth that the jobs programme is productive because I'm living proof.







On 23 February 2016, the Durban Branch of the NYDA conducted a Back to School Campaign that saw 150 learners from Baleni Senior Secondary School in Bizana receive brand-new school shoes.

The campaign proved to be welcome relief for previously disadvantaged learners in rural areas, whose basic day-to-day necessities for attending school were proving to be a challenge and were, in turn, impacting the attendance rate and performance of learners.

Mr N Msabane, the principal at Baleni Senior Secondary School, expressed his sincere gratitude and appreciation towards the NYDA. "I hope this will encourage learners to do more on their studies," said the elated principal.





## NSC MATRIC REWRITE PROGRAMME



On 11 January 2016, the NYDA hosted a press briefing to announce the top 10 learners of the 2015 **NSC Second Chance Programme**, in partnership with the ETDP SETA. The class of 2015, which consisted of 4 443 learners nationally, achieved a 55,9% pass rate, on average.

Top performing learner of the 2015 NYDA Second Chance Matric Rewrite Programme, Lwandile Mdiniso, achieved an 84% average, after he chose to rewrite Maths and Life Sciences. He will now be studying towards a BSc degree in Computer Science.

During the press briefing, the top 10 were also surprised when they were each awarded the NYDA Solomon Mahlangu Scholarship, which will cover university tuition, books and accommodation.

NYDA Executive Chairperson Mr Yershen Pillay also launched the 2016 NSC Second Chance Programme recruitment process targeting 5 675 learners from all nine provinces in South Africa. The 2016 recruitment phase took place from 12 January to 5 February 2016.

Deputy Minister for Performance Monitoring and Evaluation, Honourable Buti Manamela, called for support from government and the private sector to take the programme to full scale. "The NYDA and ETDP SETA have been jointly increasing their budgetary allocations towards the Second Chance Programme every year to provide more young people with the opportunity to obtain their Matric certificate," said DM Manamela.

The NYDA Second Chance Matric Rewrite Programme is currently in its sixth year and provides learners, who have failed their Matric exams, with the opportunity to return to a school environment, receive free tuition and rewrite their exams.





The NYDA implements its programmes and projects in accordance with the key performance areas, and is guided by policy. There are many programmes and projects implemented by young people and/or youth development organisations, however, which fall outside the NYDA's programmes, project policies and guidelines. As part of its efforts to mainstream young people into the economy and to develop their livelihoods, the NYDA has a Corporate Social Investment budget, which is utilised to provide donations and sponsorship funding to projects run by young people, or projects aimed at developing young people. All initiatives that the NYDA supports through donations and sponsorships are, therefore, directly in accordance with the organisational key performance areas.

All donations and sponsorship requests are evaluated by the Donations and Sponsorships Committee, in accordance with the directives in the Donations and Sponsorships Charter.

## Donations and Sponsorship Definitions:

### 1. Donations

Any donation of cash or a redundant NYDA physical resource may be made. No return on investment is expected from the expenditure on donations, except that it should promote the NYDA's image as a socially responsible and caring organisation creating goodwill among the public. Donations are inherently of a charitable nature.

Donations are approved in three categories: philanthropic, asset or strategic.

#### 1.1 Philanthropic donations

A donation to a philanthropic cause is a once-off payment to youth or organisations and is deemed to add value to the objectives of that individual or organisation, which need to be directly aligned to the NYDA's mandate primarily aimed at disadvantaged youth/disadvantaged communities. Examples include:

- Facilitating partnerships between young people and other institutions
- Showing clear impact
- Having a broad community impact.

#### 1.2 Asset donations

An asset donation includes redundant, movable or fixed NYDA assets. These assets are disposed of in accordance with the NYDA's finance and procurement policy.

#### 1.3 Strategic donations

Strategic donations are considered for approval where they are deemed fit for the strategic importance of the organisation and the nature of the business. This type of donation is given to initiatives or projects, such as the following:

- There are significant commemorative days recognised in South Africa. The NYDA will identify in which days it will participate annually, based on organisational priorities.
- Payment towards a cause, for example, disaster relief, administered by such organisations that are deemed of strategic importance to the NYDA's objectives and nature of business.
- A donation that is deemed of a strategic nature and is a business imperative, aligned with the NYDA's core business offering.

If a strategic donation is not approved, the NYDA's operations may be negatively affected. Such donations are deemed of strategic importance to the NYDA and convey that the NYDA is a committed and respected role-player in local communities.

### 2. Sponsorships

Sponsorships are given for business reasons. A sponsorship is an investment which creates the expectation of future returns. The difference between a donation and a sponsorship lies in the motivation for the NYDA.

Through sponsorships, the NYDA strives to:

- build the reputation of the organisation
- forge new relationships and/or strengthen current ones
- contribute towards social cohesion (nation-building)
- address social priorities (community and national needs)
- build brand loyalty
- create visibility and awareness
- drive business imperatives and showcase the NYDA's work.

As a result of a large portion of our support to youth and/or organisations meaningfully contributing to the development of youth, we have been able to touch and positively impact the lives of many young South Africans. However, this continues to be a drop in the ocean, given the vast needs of young people who require our services against our financial capacity. However, the Agency continues to forge ahead.





NYDA SME Funding beneficiary: Tomato Farm



NATIONAL YOUTH DEVELOPMENT AGENCY  
OUR YOUTH. OUR FUTURE.





## Context

In our pursuance to be a credible and capable development agency for South Africa's youth, our people remain the most important asset in realising the Agency's vision. The turnaround strategy is a process that must be enabled by an HR strategy that is responsive and applies best-practice methodologies for effective implementation. The HR strategy was used as an approach for implementing strategic interventions informed by subject matter expertise that focused strategic plans on supporting daily deliverables for business operations.

The NYDA Board and Executive made a decision to embark on a journey of developing an HR plan that would enable the implementation of a turnaround strategy. An external provider, PWC, was sourced to deliver on the following:

- Analysis of current structure, job descriptions and full-time equivalent jobs
- Capability model on business functions, and their effectiveness and impact on the operating model/organisational structure as a departure point to develop the business operating model and business organisation structures at a macro level
- Change readiness survey to assist in identifying and clarifying change aspects associated with the project.

## Setting HR Priorities for the Year under Review

The PWC process and scope of work were expected to ensure the design and development of a project plan, aligned with the NYDA HR Plan, which included the following:

- A narrative report outlining the skills and competencies required by the NYDA to deliver on its mandate and five-year plan
- Proposed new structure
- Implementation plan to migrate staff
- Designed new job functions and job descriptions
- Report on high-level job evaluation
- Report on salary benchmarking of all job functions
- Change management strategy and implementation plan
- Communication plan with a key message framework
- Report on the staff surveys and staff engagement sessions
- Culture change strategy and implementation plan
- Values charter, which is linked to newly developed organisational values
- A reward programme to promote values
- A report on leadership and staff values alignment sessions
- Close Out report for each of the subprojects.

## Workforce Planning Framework and Key Strategies to Attract and Recruit a Skilled and Capable Workforce

The HR realignment process introduced a migration framework for the macro and micro-structures that were reviewed, and this informed a staff migration plan during restructuring. The plan ensured that all employees were given a fair and objective assessment where:

- Job profiles were designed, in accordance with strategic objectives of the NYDA.
- Retention of employees was prioritised.
- Employment equity objectives were considered.
- Skills audit results of all employees and competence assessment profiles of all executive and senior managers were used as part of the criteria.
- All affected employees placed had to be suitably qualified, or have the capacity to become suitably qualified within a reasonable period of time to properly perform the functions of the post.
- Employees were migrated through direct and competitive migration process.
- All positions that were not filled during the restructuring process were advertised and recruitment strategies implemented.
- A skills gap analysis process was implemented post-migration to gain an understanding of the gaps against newly formed job descriptions.

## Employee Performance Management Framework

The employee performance management framework is embedded within the NYDA performance management policy. The performance management cycle guides the coordination of performance management strategies and is inclusive of the following elements:

- Performance planning
- Performance contracting
- Employee capacity-building
- Monitoring of performance appraisals
- Evaluation of performance
- Employee reward and recognition.



# HUMAN RESOURCES OVERVIEW

The employee rewards and recognition framework was designed with the following aims:

- Instilling a culture of acknowledgement, recognition and gratitude in employees
- Attracting and retaining skilled staff and constantly improving on productivity
- Encouraging and rewarding outstanding performance
- Linking rewards directly to the performance success of the NYDA
- Creating a culture of employer of choice
- Rewarding performance results and behaviour that are aligned to the NYDA strategy and culture
- Empowering line management to take ownership and accountability for reward decisions and reward management
- Building a strategically focused, high-performance organisation through tailored employee motivation solutions
- Introducing a system that nurtures a positive corporate culture that boosts employees and motivates high performance.

The roll-out and implementation of a fully functional programme is planned for the next financial year. There will be a need to ensure full consultation with and capacity-building of all stakeholders for effective delivery.

For the year under review, focus was on automating the performance management process through the introduction of the balance scorecard (BSC).

The BSC will result in:

- Improved processes
- Motivated employees
- Enhanced information systems
- Monitored progress
- Greater customer satisfaction
- Increased financial customer usage.

The benefit of the BSC will be to ensure that synergy exists between organisational and individual performance. The objective is to create a platform to start building a high-performance culture driven by the need:

- For a more effective performance management policy, system and processes
- To introduce SMART (Specific, Measurable, Achievable, Realistic and Timely), aligned to the Agency's strategic plan
- To introduce BSC perspectives (learning and growth, finance, internal business processes and customers).

## Employee Wellness Plan (EWP)

The purpose of the EWP is:


- To promote and enhance personal and occupational health and wellness of the Agency
- To ensure that the Agency is compliant with the legislation regulating employee health and safety.

The key activities implemented for the year under review include:

- The development of the EWP
- The ratification of the Employee Wellness and Safety Policy
- A total of 28 staff members provided with counselling and advisory services
- Health risk assessments
- EWP orientation sessions.

## Outstanding Achievements

- Organisational health check
- Full-time employees analysis
- Organisational realignment
- Skills audit reports
- NYDA capability assessment on the operating model
- Employee engagements
- Labour consultations
- Change readiness survey recommendations and report
- Change management champions programme
- Change management roadmap
- Change champions network
- Defined organisational sustainability plan
- Learning and development approach
- Leadership alignment

- 
- Defined behaviour charter linked to job descriptions
  - Development, approval and socialisation of the NYDA Behaviour Charter, linked to the values, through the leadership alignment workshop
  - Job grading
  - Job evaluation
  - Approved NYDA macro and micro-structure
  - Conducting the job-matching exercise
  - Staff migration plan
  - Approved HR strategy and policies
  - Approved BSC performance management framework
  - Defined competency framework linked to job descriptions
  - Change management strategy and process
  - Defined customised leadership development programme
  - Approved talent management framework
  - Migration of employees at the micro and macro-organisational level
  - Development, approval and socialisation of the HR Plan
  - Rewarding of employees.
  - Voluntary severance packages
  - Restructuring process
  - Realigned job description
  - Employee migration framework
  - Project management
  - Remuneration framework

### Challenges Faced by the Agency

The change management readiness assessment was conducted before the restructuring process and key themes were identified that were collated from employee responses. There was a 67% feedback rate, which sufficed against the benchmark. Key challenges were highlighted that the NYDA needed to address after completion of the migration process, with emphasis on the following:

- A need for improved relationships between head offices and branches (with a focus on the realities and needs of branch offices), and an acknowledgement of branch contributions
- A need for sustainable change management in improving the operations of the NYDA, which should be driven by leadership, and monitored and implemented. There is a strong commitment to meaningful change
- Trust relationships between the leadership and employees
- Skills and competencies that are optimally aligned with the requirements of positions
- Accountability, answerability and responsiveness
- Open communication and respect within the NYDA
- Policies and processes that are consistently being applied across the NYDA
- Respect and honesty through the value system, at all levels.

### Future HR Plans/Goals

- Introduction of the HR standards framework to complement HR strategic objectives
- Implementation of the HR business partner model as part of the HR operating model
- Development of staff capacity-building frameworks for leadership development, job-based interventions, organisational suites and professional development
- Definition of the culture change process
- Implementation of the change management process
- Development of a talent management framework and tools
- Introduction of employee excellence awards as part of employee recognition
- Establishment of an enabling environment for staff
- Implementation of a BSC system and its alignment to employee job descriptions.
- Implement change management roadmap.

### Code of Conduct and Ethics, and Policy Update

The Agency's Code of Conduct and Ethics policy continues to be implemented and monitored. The policy is aimed at the following:

- Providing guidance, in relation to ethical conduct of employees with regard to their relationship with the Agency, other employees and the public

# HUMAN RESOURCES OVERVIEW

- Promoting the spirit of accountability, fairness and transparency among employees in the execution of their duties and responsibilities
- Ensuring that employees act in the best interests of the Agency at all times
- Setting out standards of conduct expected from NYDA staff
- Serving as a brief description of the NYDA's core values
- Providing a framework for identifying conduct that is ethical and acceptable for NYDA staff who, effectively, act as its agents on all levels
- Creating the context for the ethical use of authority
- Supporting all efforts aimed at curbing moral degeneration
- Promoting the principle of open government and welcoming opportunities to share information with relevant stakeholders.

## Health, Safety and Environmental Issues

During the year under review, the following activities took place:

- Appointment of representatives for all full service branches, including branch managers
- Training of representatives
- Purchasing of First Aid refills
- Purchasing of OHS equipment (helmets, reflectors, emergency exit signs and whistles) and a Summary of the OHS Act Regulations.

## Human Resources Oversight Statistics

### Reasons for Staff Leaving

Reasons	Number	% of Total No. of Staff Leaving
Death	1	0.01
Resignation	8	0.05
Dismissal	2	0.01
Retrenchment	2	0.01
Retirement	3	0.02
Ill Health	0	0.00
Expiry of Contract	59	0.36
Voluntary Severance Package	89	0.54
Other	0	0.00
<b>Total</b>	<b>164</b>	<b>100%</b>

### Equity Targets and Employment Equity Status

Levels	Males			
	African Current	Coloured Current	Indian Current	White Current
Top Management (E4-F2)	1	0	0	0
Senior Management (D5-E3)	1	0	0	0
Professional Qualified (D1-D2)	19	0	3	0
Skilled (C1-C5)	83	3	0	0
Semi-skilled (B1-B5)	45	3	0	0
Unskilled (A-A3)	0	1	0	0
Temporary Employees	17	0	0	1
Board	1	0	1	0
<b>Total</b>	<b>167</b>	<b>7</b>	<b>4</b>	<b>1</b>

Levels	Females			
	African Current	Coloured Current	Indian Current	White Current
Top Management (E4-F2)	0	0	0	0
Senior Management (D5-E3)	3	0	0	0
Professional Qualified (D1-D2)	13	0	3	3
Skilled (C1-C5)	104	9	2	3
Semi-skilled (B1-B5)	71	7	0	0
Unskilled (A-A3)	3	0	0	0
Temporary Employees	25	1	1	0
Board	0	0	0	0
<b>Total</b>	<b>219</b>	<b>17</b>	<b>6</b>	<b>6</b>

#### Training Costs

Directorate/ business unit	Personnel expenditure	Training expenditure	Training expenditure % of personnel	Number of employees trained	Average training cost per employee
Training for the NYDA	209 615 000	1 515 000	0,72	376	R 4 029.00

#### Programmes

	2014/15 employees	2015/16 approved posts	2015/16 employees	2015/16 vacancies	% of vacancies
Office of the Chief Executive Officer	18	16	14	12	2
Financial Services	22	23	25	24	1
Corporate Services	40	29	34	22	12
National Youth Services (NYS)	30	9	19	15	4
Operations	218	217	309	256	53
Corporate Strategy and Planning	30	13	15	2	13
Office of the Executive Board	24	2	21	8	13

#### Employee Changes

Salary Band	Employment at beginning of migration	Approved posts	Migrated	Competitive appointments	Terminations	Vacant positions	Employment at end of period
Top Management (E5-F2)	3	3	0	0	2	2	1
Senior Management (E1-E4)	8	5	0	5	8	0	5
Professional Qualified (D1-D5)	72	42	0	38	30	4	38
Skilled (C1-C5)	190	283	148	93	59	42	241
Semi-skilled (B1-B5)	161	98	60	12	89	20	72
Unskilled (A-A3)	42	5	2	1	39	2	3
Temporary Employees	5	0	0	44	50	0	0
Board	5				5		
<b>Total</b>	<b>486</b>	<b>436</b>	<b>210</b>	<b>193</b>	<b>282</b>	<b>70</b>	<b>360</b>

#### Employee Relations:

1. Verbal Warning = 01    2. Written Warning = 01    3. Final Written Warning = 03    4. Dismissal = 0



# HUMAN RESOURCES OVERVIEW

## Human Resources Oversight Statistics (continued)

### Personnel costs by programme

Programme	Total expenditure for the entity	Personnel expenditure	Personnel expenditure as a % of total expenditure	Employees	Average personnel cost per employee
Office of the Chief Executive Officer	21 622 064	10 519 016	49%	10	1 051 902
Finance and Supply Chain	19 061 771	12 709 583	67%	18	706 088
Information Technology and Communications	34 325 866	8 951 565	26%	5	1 790 313
Communications	24 051 116	9 843 767	41%	9	1 093 752
Corporate Services	54 444 801	20 981 011	39%	20	1 049 051
Corporate Partnerships	18 339 632	9 873 123	54%	8	1 234 140
Economic Development	54 309 628	14 718 720	27%	16	919 920
NYS and Skills Development	103 798 451	23 276 881	22%	16	1 454 805
Research and Policy	16 498 212	10 358 823	63%	14	739 916
Service Delivery Channels	104 907 259	77 977 080	74%	221	352 837
Office of the Executive Board	27 050 198	10 405 431	38%	14	743 245
<b>Total</b>	<b>478 409 000</b>	<b>209 615 000</b>		<b>351</b>	<b>11 135 969</b>

### Personnel cost by salary band

Level	Personnel expenditure	% of personnel expenditure to total personnel cost	Employees	Average personnel cost per employee
Top Management	15 675 000	7%	6	2 612 500
Senior Management	11 623 636	6%	5	2 324 727
General Staff	177 697 364	85%	333	533 625
Board	4 619 000	2%	7	659 857
<b>Total</b>	<b>209 816 000</b>		<b>351</b>	

### Performance rewards

Programme	Performance rewards	Personnel expenditure	% of Performance rewards to total personnel cost
Top Management	1 590 000	15 675 000	10%
Senior Management	2 005 208	11 623 636	17%
General Staff	5 990 792	182 517 364	3%
<b>Total</b>	<b>9 586 000</b>	<b>209 816 000</b>	





# RISK MANAGEMENT

## Nature of Risk Management

The Agency has a dedicated risk management unit that is guided by the Public Sector Risk Management framework in rolling out its risk management activities. A culture of enterprise-wide risk management principles is communicated via risk policies and methodologies, in order to mitigate the main inherent risks to which the Agency is exposed. The National Treasury Financial Management Capability Maturity Model is used to assess the Agency's risk management maturity level. This assessment is used as a tool to monitor progress in implementing enterprise-wide risk management across the Agency. For the 2015/16 FY, the NYDA achieved a level 4 risk maturity level rating (Risk Managed Level). It has formally adopted risk management within its business process and widely communicated risk management throughout the Agency.

With assistance from the Risk Unit, each division is required to identify prioritised risks and develop a risk response strategy to address these risks.

With the assistance of appointed Risk Champions, the Risk Unit identifies emerging risks on an ongoing basis and brings them to management's attention for mitigation.

The unit is assisted by the Audit Committee, delegated by the Board, which is responsible for providing oversight functions on the Enterprise-wide Risk Management Process.

## Risk Management Strategies to Identify and Manage Risks

The Agency conducts a comprehensive risk assessment on an annual basis to review/update the Agency's risk register, according to the approved Risk Management Strategy and Risk Management Implementation Plan, as required by the National Treasury Public Sector Risk Management Framework. During the risk assessment process, the responsibility of designing and implementing risk action plans for the key risks identified is delegated to the specific risk owners from the Agency-appointed Risk Champions at executive management level.

The unit facilitates the development of the strategic risk register, and monitors and reports on progress made in the mitigation of risks to management and the Board.

## Risk Management Software

The Risk Management Unit uses Barnowl software to develop the Agency's risk registers and monitor the risk action plans that management devises for mitigating the risks identified.

## Governance

Each business unit is responsible for developing policies applicable to its operations and products. The Risk Unit ensures that the policies are in line with the Delegations of Authority policy and, where necessary, advises on changes to this policy. The Risk Unit is the custodian of the final signed-off policies and charters registered in the policy register.

A risk matrix is developed for all projects of the NYDA.

The Risk Unit has a standing invitation to attend all Board and Board Committee meetings, as well as the committees of the CEO.

## Insurance

The Risk Unit is responsible for ensuring that the insurance requirements of the Agency are met. During the 2014/15 FY, a new service provider, GIB Insurance Broking Group, was appointed to process all NYDA insurance claims for a period of three years. To this end, limits are reviewed annually and claims managed on a monthly basis.

## Business Continuity

The Risk Management Unit and Information Communication Technology Unit embarked on an exercise to update the Business Continuity Process for the NYDA in the 2014/15 FY. SITA was appointed as the service provider to conduct the Business Continuity Process.

The project had two phases:

Phase 1 — Business Continuity Plan: 31 July 2015

Phase 1 was completed successfully in the 2015/16 FY, with business continuity plans developed for the organisation.

Phase 2 — Disaster Recovery Plan: 31 September 2015

The completion of the business continuity process update is envisaged for the next financial year.



The Risk Unit ensures that the business continuity plans of the Agency are updated and in line with current operations.

### **Risk Management Policies**

The following policies and documents were approved by the Board and instituted to ensure effective risk management:

1. Enterprise Risk Management Policy
2. Enterprise Risk Management Strategy
3. Enterprise Risk Management Framework
4. Enterprise Risk Management Framework Manual
5. Risk Appetite and Risk Tolerance Framework
6. Incident Reporting Framework
7. Fraud Prevention Policy
8. Fraud Prevention Strategy

### **Progress Made in Addressing Risks Identified**

Executive management reviewed the Agency's strategic risks monthly during the 2015/16 FY, updating the risk action plans and identifying new emerging risks for mitigation. Executive management is committed to executing and implementing the risk action plans.

The Agency progressed well during the 2015/16 FY, addressing the risk action plans by ensuring that adequate and effective internal controls were in place.

### **Internal Control Unit**

The organisation establishes internal control through the development of policies and procedure manuals which spell out the delivery of products and services throughout the initiation, delivery, quality assurance and completion phases. These policies and procedure documents develop clear frameworks of roles and responsibilities within the respective process areas, which ensure that roles are adequately segregated to prevent an overlap of internal controls.

The organisation implements a combination of manual and automated controls within process activities and these controls are monitored through management review on an ongoing basis. The NYDA places special emphasis on control activities within the financial, supply chain management, compliance and performance information process areas, and these areas are subject to robust audits from both internal and external audit.

The findings are noted by management and the root causes investigated, and the related process activity and internal control amended to correct the deficiency. Management also follows the Auditor General of South Africa's tripartite approach to matters of internal control incorporating leadership, financial and performance management, and governance.

The dashboard which measures the internal control environment is reviewed by internal audit on a quarterly basis and by external audit on a bi-annual basis. The NYDA moved from 22% good internal controls to 69% from 2013/14 to 2014/15, and improved to 74% in the 2015/16 financial year.

### **Internal Audit and Audit Committee**

The Agency has an established in-house Internal Audit Unit. This unit is capacitated with four staff members. In addition, a co-sourced partner, Nexia SAB&T, was procured to perform specialist audit services.

The internal audit manual, which includes internal audit methodology, was developed in accordance with National Treasury requirements. A peer review (internal quality assurance of audit work/audit file performed in-house) is conducted by our co-sourced partner.

A risk-based, three-year, strategic rolling plan and annual operational plan were approved by the Audit Committee and the Board. For the year under review 39 audits were completed.

The Audit Committee reviews the work of the internal audit on a quarterly basis.

### **Compliance with Laws and Regulations**

The Agency is committed to a philosophy of Integrated Compliance Risk Management as a core managerial capability, which is aligned to the principles of the King Report, the standards set by the Compliance Institute of SA and the legislative requirements of the PFMA. In addition to this, the Audit Committee oversees and provides advice on the Agency's compliance activities.



The Compliance Implementation Plan for the NYDA was prepared to give effect to the development of the compliance policy and sets out all compliance activities planned for the 2015/16 FY. The key responsibilities, in accordance with the Approved Compliance Framework, are to monitor, and keep management abreast of compliance processes and procedures.

Compliance activities undertaken during the 2015/16 FY include:

- Identifying Compliance Champions and engagement with them
- Evaluation of the compliance checklists
- Self-reviews conducted by divisions.

### Fraud and Corruption

The Agency has an approved Fraud Prevention Strategy and Fraud Prevention Plan. The Fraud Prevention Strategy and Fraud Prevention Plan were approved by the Board and are updated on an annual basis.

The Agency has a toll-free hotline. All allegations received are followed up and, if necessary, investigations are conducted. The Agency strives to create an environment where it is safe to report suspicious activity, in line with the Protected Disclosures Act, 2000 (Act 26 of 2000). Where it can be proven that fraud, collusion or theft were perpetrated, criminal charges are laid against the perpetrators.

In order to proactively mitigate the risk of fraud, a fraud risk assessment is conducted annually on high-risk areas. Staff members are required to complete a declaration of interest form on an annual basis to ensure that there is no conflict of interest with service providers on the supply chain management database.

Fraud awareness is carried out during the year.

The Risk Unit conducts all investigations on allegations of the misappropriation of funds, and reports outcomes to the CEO and Audit Committee.

### Minimising Conflict of Interest

The Agency uses the following procedures where there is a conflict of interest:

- All staff members are required to complete and submit a declaration of interest form on an annual basis. Staff members in the Agency who do not comply with the FDF may be charged with misconduct, according to the regulations.
- All Bid Committee members involved in the procurement process in the Agency must also sign conflict of interest forms to avoid any potential conflict.







# CORPORATE GOVERNANCE

## Board Committees

A summary of the NYDA's Board and Board Committee structure, as at 31 March 2016

Name	Designation	Date appointed	Qualifications	Area of expertise	Other committees	Number of meetings
Mr Yershen Pillay	Board Executive Chairperson	22/03/13	BSoSc	Economics	Executive Management and Investments Committee	13
Mr Kenny Morolong	Deputy Executive Chairperson	22/03/13	Senior Certificate	Administration	Executive Management and Investments Committee	10
Mr Mothupi Modiba	Non-executive Board Member	22/03/13	MBA	Corporate Management	HRR and Development Committee	18
Ms Ayanda Makaula	Non-executive Board Member	22/03/13	BAdmin (HR)	Public Relations	Development Committee and IT Steerco	7
Ms Nyalleng Potloane	Non-executive Board Member	22/03/13	BScSci	Labour Studies	Social and Ethics Committee	6
Ms Maropene Ramakgopa	Non-executive Board Member	22/03/13	BA (Economics) (Current)	Corporate Administration	Investments, IT Steerco, and Social and Ethics Committee	6
Ms Zandile Majozi	Non-executive Board Member	22/03/13	NDip HR (current)	Human Resources	Audit and HRR Committee	20
Mr Khathu Ramukumba	Chief Executive Officer	30/05/14	CA (SA)	Finance and Administration	Executive Management	24

## Board Statutory Committees

### Audit Committee

The NYDA has had a constituted Audit Committee since November 2012, comprised of three members: a non-executive Board member and two independent members (one of which is the Chairperson).

The Audit Committee is further responsible for ensuring the following:

- The NYDA's audit, financial and risk areas are adequately addressed.
- Appropriate policies and internal control recommendations are implemented by internal audit and the Auditor General.
- The annual financial statements and annual report have been properly prepared by management and reviewed by the Auditor General before recommendation to the Board of Directors for approval.
- There is periodic evaluation of the suitability and performance of auditors.
- Policies are reviewed and recommended to the Board for approval.

The independent specialists are remunerated from time to time, for each meeting attended, based on the guidelines issued by the National Treasury.

### Audit Committee Members and Meetings

Names of members	Meetings attended	Date appointed
Rachel Kalidass (Independent Chairperson)	6	November 2012
Zandile Majozi	5	April 2013
Tayron Tshitauzi (Independent Chairperson)	6	November 2012

## Investment Committee

The committee is comprised of three members: the two executive members and one non-executive member.

Its purpose is to ensure that commitments the NYDA seeks to make to projects are aligned with the objectives of the NYDA. It further reviews the portfolio of loans and projects funded. It also considers for approval, projects recommended by the NYDA's Management Committee, where the NYDA would have a funding exposure to any particular project of between R10 million and R20 million. The committee reports to the Board on a quarterly basis.

The committee is further responsible for the following:

- Ensuring that projects comply with the detailed programme criteria established by the NYDA
- Overseeing that the NYDA does not have undue exposure to any particular project and/or service provider organisation
- Verifying that adequate controls and mitigating measures are in place to manage project risks which have been identified
- Recommending approval of projects to the Board where any single commitment exceeds R20 million.

The full terms of reference of this committee are contained in its Charter.

The committee meets on a quarterly basis and when projects are referred to it for approval. The mandate and powers of the Investment Committee are reviewed annually by the Board to ensure that the rules which govern the committee are still relevant and applicable.

Details of attendance by members of the committee for the period 01 April 2015 to 31 March 2016

Names of members	Meetings attended
Kenny Morolong	1
Maropene Ramokgopa	1
Yershen Pillay	1

## Human Resources and Remuneration Committee

The committee is comprised of three members: one independent specialist and two non-executive members, two of which are non-executive directors. Its purpose is to provide advice and guidance to the Board on matters relating to HR, which is considered vital for ensuring that the NYDA subscribes to good and fair labour practices, and has the relevant HR to achieve its mandate. The committee reports to the Board on a quarterly basis.

The committee is further responsible for the following:

- Recommending all policies regarding conditions of employment of staff
- Determining all essential components of remuneration
- Establishing remuneration credibility with all key stakeholders
- Advising on effective retention strategies
- Determining the basis for measuring performance of executive directors and senior management
- Recommending annual salary increments and rewards.

The committee has access to independent surveys and consultants to consider market-related remuneration and related benefits. The full terms of reference of this committee are contained in its Charter, which was duly approved by the Board.

The mandate and powers of the committee are reviewed annually by the Board to ensure that the rules which govern the committee are still relevant and applicable.

Details of attendance by members of the committee for the period 01 April 2015 to 31 March 2016

Names of members	Meetings attended
Mothupi Modiba	10
Zandile Majozi	10
Joy Ndlovu (Independent Member)	10



## Executive Management Committee

The Executive Management Committee is comprised of the Chief Executive Officer, the Chairperson of the Board and the Deputy Chairperson of the Board.

The committee considers the following strategic matters:

- Monthly review and approval of the NYDA programme and financial performance
- Review and approval of all quarterly reports, prior to submission to the Executive Authority
- Review of progress on the implementation of the Board projects
- Review of progress on the implementation of strategic partnerships
- Identification and review of strategic risks as they arise
- Review of the minutes of all committees led by the CEO, excluding the Procurement Tender Committee
- Review of progress on the implementation of the NYDA communication strategy
- Prioritising the allocation of capital, and technical and human resources
- Attending to any other matters, as delegated by the Board.

Details of attendance by members of the committee for the period 01 April 2015 to 31 March 2016

Names of members	Meetings attended	Date appointed	Date resigned
Yershen Pillay	7	1 April 2013	20 March 2016
Kenny Morolong	7	1 April 2013	20 March 2016
Khathu Ramukumba (Acting CEO)	7	30 May 2014	N/A

## Development Committee

The Development Committee is comprised of two members: two non-executive directors. The committee reports to the Board on a quarterly basis.

The committee is responsible for:

- Advising the Board on the way forward regarding programmes referred to the Board by the PAB
- Guiding the Board in defining the youth development interventions and programmes as envisaged in Section 4 of the Act
- Providing guidance to the Board on issues to be included in conducting youth development research
- Providing guidance to the Board on issues that would ensure that youth development was included in national priorities and subsequent government programmes
- Providing guidance to the Board on issues that would ensure that youth interventions were in line with the IYDS
- Providing input to the Board on the review of the capacity of the NYDA to implement programmes.

The Board reviews the mandate and powers of the committee on an annual basis to ensure that the rules governing the committee are still relevant and applicable.

Details of attendance by members of the Development Committee for the period 01 April 2015 to 31 March 2016

Names of members	Meetings attended	Date appointed
Ayanda Makaula	3	1 April 2013
Mothupi Modiba	3	1 April 2013

### Social and Ethics Committee

The Social and Ethics Committee is comprised of two members: two non-executive directors.

The committee reports to the Board on a quarterly basis. The committee's primary role is to supplement, support, advise and provide guidance on the effectiveness or otherwise of management's efforts, in respect of ethics, and social and sustainable development matters, which include: safety, health and wellness, ethics management, corporate social investment, stakeholder engagement, ethical leadership and the protection of NYDA assets.

Details of attendance by members of the Social and Ethics Committee for the period 01 April 2015 to 31 March 2016

Names of members	Meetings attended	Date appointed
Maropene Ramakgopa	1	1 April 2013
Nyalleng Potloane	1	1 April 2013

### IT Steering Committee

The IT Steering Committee is comprised of three members: two non-executive directors and an independent member. The committee reports to the Board on a quarterly basis.

The committee's roles and responsibilities, as prescribed by the Companies Act and King III Code on Corporate Services, include, but are not limited to the following:

- Understanding the strategic role of IT within business and assuming responsibility for its governance
- Ensuring that an IT mandate and policy that assigns decision-making rights is established and implemented
- Ensuring the promotion of an ethical IT governance culture and awareness, and a common IT language
- Ensuring that an IT internal control framework is adopted, and implemented by the IT executive and management
- Ensuring that processes are in place to ensure complete, timely, accurate and accessible IT reporting, from the IT executive and management to the Board
- Monitoring the NYDA's activities, with regard to relevant legislation or prevailing codes of good practice.

Details of attendance by members of the IT Steering Committee for the period 01 April 2015 to 31 March 2016

Names of members	Meetings attended	Date appointed
Maropene Ramakgopa	2	1 April 2013
Nyalleng Potloane	2	1 April 2013
Nhlamulo Ndhlela	2	1 February 2015

# ANNUAL FINANCIAL STATEMENTS



The reports and statements set out below comprise the financial statements presented to Parliament:

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# ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

## Accounting Authority's Report

The National Youth Development Agency (NYDA) was established by the National Youth Development Agency Act, 2008 (Act 54 of 2008) (NYDA Act) through the merger of the National Youth Commission (NYC) and the Umsobomvu Youth Fund (UYF). The merger was pursuant to section 21(2) of the NYDA Act, effective from 1 October 2009. This report and the accompanying financial statements cover the period 1 April 2015 to 31 March 2016.

The Board of Directors represent the Accounting Authority and have fulfilled a term of office up to 22 March 2016. A Transitional Accounting Authority was appointed on 30 March 2016 and was in place as at date of 31 March 2016.

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

The annual financial statements were prepared in accordance with the Standards of GRAP, including any interpretations, guidelines and directives issued by the ASB. These annual financial statements are based on appropriate accounting policies which were consistently applied and supported by reasonable and prudent judgments and estimates.

The Accounting Authority acknowledges that it is ultimately responsible for the system of internal financial control established by the NYDA, and places considerable importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, the authority sets standards for internal control, aimed at reducing the risk of errors 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 by the NYDA and all employees are required to maintain the highest ethical standards in ensuring that the NYDA's business is conducted in a manner that is above reproach, in all reasonable circumstances. The focus of risk management is on identifying, assessing, managing and monitoring all known forms of risk across the NYDA. While operating risk cannot be fully eliminated, the NYDA endeavours to minimise risk by ensuring the appropriate management and application of infrastructure, controls, systems and ethical behaviour, with predetermined procedures and constraints.

The Accounting Authority was of the opinion that the system of internal control provided reasonable assurance that the financial records were reliable for the preparation of these annual financial statements. However, any system of internal control can provide only reasonable, and not absolute assurance against any misstatement or loss. The annual financial statements for the year ended 31 March 2016, which were prepared on a going concern basis, were approved by the Accounting Authority and were signed on its behalf by:



**Dr Nontsikelelo Tshayingca Mashiya**

Chairperson of the Transitional Accounting Authority (TAA)

29 July 2016



# ACCOUNTING AUTHORITY'S REPORT

## Accounting Authority's Report

The Accounting Authority of the National Youth Development Agency is pleased to submit its report, together with the NYDA's annual financial statements for the year ended 31 March 2016.

### 1. Establishment, mandate and operations of the NYDA

The NYDA was established by the South African government through the NYDA Act. This Act, in particular section 21(2), made provision for the merger between UYF and NYC to form the NYDA. It is classified as a national public entity under Part A of Schedule 3 of the PFMA, as amended. The NYDA's mandate is to lobby and advocate for integration and mainstreaming of youth development in all spheres of government, the private sector and civil society. The mandate also includes initiating, implementing, facilitating and coordinating youth development programmes, as well as monitoring and evaluating youth development interventions across the board, and mobilising for active youth participation in civil society engagements.

### 2. Review of financial results and activities

The financial position of the NYDA for the period under review is set out in the annual financial statements.

The salient results of youth development funding are as follows:

Disbursements	31 March 2016 R'000	31 March 2015 R'000
Project disbursements	256 433	265 548
Grant disbursements	29 975	29 640
<b>Amounts disbursed</b>	<b>286 408</b>	<b>296 188</b>

#### Capitalisation and going concern:

Through the Medium-term Expenditure Framework process, the NYDA was capitalised by R409 million for the year ending 31 March 2016, in comparison with R408 million received during the prior financial period.

The Accounting Authority made an assessment of the NYDA's ability to continue as a going concern, and is satisfied that the NYDA has adequate resources and measures in place to continue operating as a going concern in the next 12 months, after the approval of the annual financial statements. At the time of making this assessment, the Accounting Authority was not aware of any intention of the government to either liquidate or curtail the operations of the NYDA in the next 12 months. Consequently, the NYDA adopted its viability as a going concern as the basis for preparation of these financial statements.

### 3. Significant matters

#### Impairment of financial assets

The Accounting Authority noted the continuous significant amounts allocated to the provision for impairment in the current financial year as in previous financial years. The Accounting Authority noted that the key contributors, among others, are:

- The current economic climate characterised by slow recoveries of the global economy
- Lack of confidence by the markets in the abilities of youth-owned enterprises to deliver the right quality and quantity timeously
- Most importantly, in South Africa, which is a developing economy, that many young people who apply for enterprise funding are not necessarily individuals with a passion for entrepreneurship, but do so as an alternative after they cannot find employment, which is their first option in pursuit of a better life

The Accounting Authority noted that some young people have the means to repay their loans, but deliberately do not honour their commitment. Legal avenues are being pursued in an endeavour to recover these loans receivable. The Accounting Authority continues to implement measures to ensure that defaulters pay the NYDA, which include rescheduling of loan terms, assisting their businesses with market linkages, providing mentorship and the provision of the relevant NYDA vouchers in line with business requirements to enable greater success. The Accounting Authority is also satisfied that management's four-point plan to close the loan book is progressing effectively.

#### Financial performance:

The Accounting Authority noted that the Agency reported a deficit of R24 million for the period under review. The key contributor is the value of non-cash impairments and depreciation accounted for in the statement of financial performance, as well as the effects of the restructuring process.

#### **Fraud:**

The Accounting Authority is satisfied that the previous year's reported fraud case has by and large been concluded, with the majority of the loss suffered recovered and that no new cases of fraud have been reported. The Board, together with management, continues to stress the importance of employee conduct and ethical behaviour in the workplace

#### **Subsequent events:**

The Accounting Authority is not aware of any matter or circumstances arising between 31 March 2016 and the date of this report, not dealt with in the annual financial statements, which would significantly affect the operations of the NYDA.

#### **4. Board of Directors and Transitional Accounting Authority**

The members of the NYDA Board of Directors for the period 1 April 2015 to 22 March 2016 were as follows:

##### **Executive Directors**

Mr Yershen Pillay	Chairperson of the Board
Mr Kenny Morolong	Deputy Chairperson of the Board

##### **Non-executive Directors**

Ms Ayanda Makaula
Ms Maropene Ramokgopa
Mr Mothupi Modiba
Ms Nyalleng Potloane
Ms Zandile Majozi

##### **Ex Officio**

Mr Khathu Ramukumba	Chief Executive Officer
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The Chief Executive Officer is an ex officio member of the Board without voting rights.

The members of the NYDA Transitional Accounting Authority for the period 30 March 2016 to 31 March 2016 were as follows:

Dr Nontsikelelo Tshayingca-Mashiya	Chairperson of the TAA
Mr Pieter Pretorius	Deputy Chairperson of the TAA
Mr Clayton Peters	Ordinary member of the TAA

##### **Ex Officio**

Mr Khathu Ramukumba	Chief Executive Officer
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#### **5. Bankers**

Standard Bank of South Africa Limited

#### **6. Auditors**

Auditor General of South Africa

#### **7. Company Secretary**

Mr Eugene Chuene

The annual financial statements for the year ended 31 March 2016, as set out on pages 100 to 141, which have been prepared on a going concern basis, were approved by the Accounting Authority and signed on its behalf.



**Dr Nontsikelelo Tshayingca-Mashiya**  
Chairperson of the Transitional Accounting Authority (TAA)  
29 July 2016

# AUDITOR GENERAL'S REPORT

## Report of the Auditor General to Parliament on the National Youth Development Agency

### Report on the financial statements

#### Introduction

1. I have audited the financial statements of the National Youth Development Agency set out on pages 100 to 141, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

#### Accounting Authority's responsibility for the financial statements

2. The Accounting Authority is responsible for the preparation and fair presentation of these financial statements, in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act 1 of 1999) (PFMA), 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.

#### Auditor General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Youth Development Agency as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA.

#### Emphasis of matters

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

#### Material impairments

8. As disclosed in note 8 to the financial statements, material impairments to the amount of R6 912 000 (2015: R15 662 000) were incurred in the current year, as a result of the impairment of loans advanced by the National Youth Development Agency. At 31 March 2016, of the total gross loans receivable of R129 415 000, an amount of R124 910 000 had been impaired, as the recoverability of these loans are doubtful.

#### Restatement of corresponding figures

9. As disclosed in note 33 to the financial statements, the corresponding figures for 31 March 2015 were restated, as a result of an error discovered during 2016 in the financial statements of the National Youth Development Agency at, and for the year ended, 31 March 2016.



### Report on other legal and regulatory requirements

10. In accordance with the Public Audit Act of South Africa, 2004 (Act 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected programmes presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

### Predetermined objectives

11. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2016:
  - Programme 1: Economic Participation on pages 31 to 33
  - Programme 2: Education and Skills Development on pages 34 to 37
  - Programme 6: Governance on pages 46 to 47
12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPi).
13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:
  - Economic Participation
  - Education and Skills Development
  - Governance

### Additional matters

15. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matters:

### Achievement of planned targets

16. Refer to the annual performance report on pages 27 to 49 for information on the achievement of the planned targets for the year.

### Unaudited supplementary schedules

17. The supplementary information set out on pages 29 to 49 does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report on them.

### Compliance with legislation

18. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

### Internal control

19. I considered internal control relevant to my audit of the financial statements, the report on predetermined objectives and compliance with legislation. I did not identify any significant deficiencies in internal control.

### Other reports

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



## Investigations

21. During the 2011 financial year, an investigation was initiated by the Public Protector to probe whether the hosting of the World Festival of Youth and Students held in December 2010 had been within the NYDA's mandate, whether the allocated funds had not been misappropriated and whether the relevant supply chain management prescripts had been followed. As at 31 March 2016, a final report had not been released by the Public Protector.

## Audit-related services and special audits

22. An agreed-upon procedures engagement was performed on compliance with regulation 68 of the regulations to the National Credit Act, 2006. The report covered the period 1 April 2014 to 31 March 2015, and was issued to the NYDA and the National Credit Regulator on 15 September 2015.
23. I am in the process of completing a similar agreed-upon procedures engagement for the period 1 April 2015 to 31 March 2016.

*Auditor General*

**Pretoria**

31 July 2016



**AUDITOR - GENERAL**  
**SOUTH AFRICA**

*Auditing to build public confidence*

# AUDIT COMMITTEE REPORT



## Audit Committee report

The committee is pleased to present its final annual report for the financial year ending 31 March 2016. This report is presented in accordance with the requirements of the Public Finance Management Act 1 of 1999, as amended, and the recommendations contained in the third King Report on Governance for South Africa and the King Code of Governance Principles (King III).

## Audit Committee members and attendance

The NYDA had a constituted Audit Committee for the financial year under review, comprising three members (a non-executive Board member and two independent members).

During the current financial year, six Audit Committee meetings were held. Interactive meetings are held between the chairperson and management as the need arises. The meeting attendance details during the 2015/16 financial year were as follows:

Names of members	Meetings attended
Ms Rachel Kalidass (independent non-executive Chairperson appointed November 2012)	6
Mr Tayron Tshitauzi (independent non-executive member appointed November 2012)	5
Mr Zandile Majozi (non-executive member appointed March 2013)	3

## Audit Committee responsibility

We report that we have adopted appropriate formal terms of reference in our Charter, in line with the requirements of Section 51(1) of the PFMA and Treasury Regulations 27.

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

## The effectiveness of internal control

The system of internal control is designed to provide cost-effective assurance that assets are safeguarded, and that liabilities and working capital are efficiently managed. The system of internal control applied by the NYDA over financial and risk management is partially effective, efficient and transparent.

In accordance with the PFMA and the King III Report on Corporate Governance Requirements, internal audit provided the Audit Committee and management with the assurance that the internal control environment is appropriate and effective.

This was achieved by means of risk management, as well as the identification of corrective actions and suggested enhancements to internal controls and processes.

Significant progress was made in the past financial year in addressing the internal control environment-related audit findings (leadership, management and governance), which are reflected below:

- Improvement in financial management from 79% to 93%
- Improvement in performance information reporting from 71% to 86%
- Improvement in compliance from 57% to 86%
- Irregular expenditure was significantly reduced from R133 million in 2011/12 to R62 million in 2012/13; to R16 million in 2013/14; to R580 000 in 2014/15; and to R265 000 in 2015/16. We are anticipating zero irregular expenditure in 2016/17.

From the various reports of the internal auditors, the Auditor General Report on the annual financial statements and the management letter of the Auditor General, it was noted that there was a stabilisation of the organisation's internal control environment, which culminated in the NYDA sustaining a clean audit for the 2015/16 financial year. Of significance is the 96% achievement of planned targets.

Accordingly, we can report that the general system of internal control for the period under review was partially effective and efficient, with only Information and Communication Technology and the long outstanding loan book still being of concern.

## AUDIT COMMITTEE REPORT CONTINUED

### The quality of in-year management and monthly/quarterly reports submitted, in terms of the PFMA and Division of Revenue Act

The Audit Committee is satisfied with the content and quality of monthly reports prepared and issued by the NYDA during the year under review, noting that there was significant improvement around performance information compilation and reporting.

The Audit Committee will continue to monitor the achievement of all planned targets for the forthcoming financial year to attain 100% fulfilment of these targets.

### Evaluation of financial statements

The Audit Committee has accomplished the following:

- Review and discussion of the audited financial statements included in the annual report with the Auditor General and the Accounting Authority
- Review of the Auditor General of South Africa's management report and the NYDA management's subsequent report thereto
- Review of the Agency's compliance with legal and regulatory provisions
- Review of significant adjustments resulting from the audit
- Review of the information on predetermined objectives to be included in the annual report.

### Internal audit

We are satisfied that the internal audit function is operating effectively, with the support of its co-sourced internal auditors, and that it has addressed the risks pertinent to the NYDA in its internal audits.

### Auditor General of South Africa

We met with the Auditor General of South Africa to ensure that there were no unresolved issues.

### Conclusions

The Audit Committee received allegations through the whistle-blowing hotline. These were referred to internal audit for further investigation and to determine their validity. The Audit Committee received progress reports on the status of these investigations on a regular basis, and reviewed these forensic and investigation reports to ensure that the necessary corrective action was being taken by management.

We would like to extend our appreciation to the Accounting Authority, management, and the internal and external auditors for their tireless efforts in supporting and co-operating with us during the year. We look forward to another successful year ahead.



**Ms Rachel Kalidass**

Chairperson: Audit Committee

29 July 2016

# CEO'S REPORT ON THE ANNUAL FINANCIAL STATEMENTS

I am delighted to present the financial results of the NYDA for the financial year 2015/2016. The year under review has seen the achievement of the second clean audit of the Agency, a major achievement in the public service.

The effect of the National Treasury budget reduction process was felt as the Agency received a zero percent increase in its allocation from the state, which placed immense strain on the continued ability to deliver on the mandate of the organisation. The organisation continues to be a going concern as total assets exceed total liabilities. However, steps will be implemented to manage the current assets deficit, which resulted from the implementation of the restructuring programme.

The implementation of organisational restructuring placed strain on the budget, as the reduction of staff was mainly executed through the termination of employment by granting voluntary settlement packages. These staff terminations will lead to immense future savings for the organisation. The organisation's salary bill for the period was R209 million, of which R44 million is attributable to termination benefits. The salary bill is projected to decrease to R145 million in 2016/2017, capped at 35% of the National Treasury allocation and an overall 25% reduction from the previous year's budgeted amounts.

In respect of the statement of financial position, the NYDA holds sufficient cash reserves to meet its obligations. Its assets, in respect of equipment and intangible assets, can continue to sustain the work of the Agency. There are plans for the acquisition of new systems for ICT over the three-year MTEF period. The strategies implemented in respect of the loan book are also yielding positive results and we have managed to reduce the size of the loan book. I am confident that during 2016/17, we will be much closer towards total closure of the book.

On the statement of financial performance, the NYDA reported a deficit of R24 million, mainly due to the settlement of termination benefits, but also as a result of some non-cash items such as depreciation and impairment. We also increased our donor-funded income from R11.5 million in the previous year to over R25 million in the current financial year.

I am also satisfied that the organisation further reduced irregular expenditure from R580 000 to R265 000, and that fruitless and wasteful expenditure was reduced from R266 000 to just R4 000. We continue to adopt a zero tolerance approach to non-compliance, even in immaterial cases, and consequence management has been implemented towards offenders.

I have also tasked the Office of the Chief Financial Officer to implement priority projects, aimed at further professionalising the work of Finance and Supply Chain Management. These include the following:

- Transfer of the quotation and contract management processes to an online platform
- Piloting of online bid processes
- Creation of new management accounts, in line with the new structure of the NYDA, including faster and smarter generation of data.

Financial stability and prudence are critical to the effective functioning of the NYDA, and its ability to deliver to young people. While we have achieved and sustained a clean audit, the organisation will expect nothing less in future financial years to preserve this status. We must collectively attempt to make the power of each Rand go further to improve the lives of young South Africans.



**Khathu Ramukumba**  
Chief Executive Officer  
29 July 2016



## Statement of Financial Position

	Note(s)	2016 R'000	2015 R'000
<b>Assets</b>			
<b>Current Assets</b>			
Receivables from exchange transactions	2	10 600	7 188
Receivables from non-exchange transactions	3	6 000	10 093
Loan receivables from exchange transactions	8	4 308	1 109
Investments in associates	7	4 866	–
Cash and cash equivalents	4	36 809	76 465
		<b>62 583</b>	<b>94 855</b>
<b>Non-current Assets</b>			
Property, plant and equipment	5	13 027	14 329
Intangible assets	6	5 349	4 983
Investments in associates	7	–	4 757
Loan receivables from exchange transactions	8	197	1 621
Rental deposit		1 018	1 258
<b>Total Assets</b>		<b>19 591</b>	<b>26 949</b>
		<b>82 174</b>	<b>121 804</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	9	163	417
Payables from exchange transactions	10	56 932	67 526
Employee cost provisions	11	16 637	16 838
Deferred income	12	6 606	10 731
		<b>80 338</b>	<b>95 512</b>
<b>Non-current Liabilities</b>			
Finance lease obligation	9	226	–
<b>Total Liabilities</b>		<b>80 564</b>	<b>95 512</b>
<b>Net Assets</b>		<b>1 610</b>	<b>26 291</b>
Accumulated surplus		1 610	26 291



## Statement of Financial Performance

	Note(s)	2016 R'000	2015 R'000
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Fair value adjustments		–	79
Interest income	14	15 398	19 330
Other income	15	2 903	9 878
Gain on disposal of assets and liabilities		45	–
		<b>18 346</b>	<b>29 208</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Grant income — Department of Planning, Monitoring and Evaluation		409 789	408 237
Donor-funding income		25 593	11 551
		<b>435 382</b>	<b>419 788</b>
<b>Total Revenue</b>		<b>453 836</b>	<b>449 075</b>
<b>Expenditure</b>			
Operating expenses	17-21	(166 332)	(156 555)
Donor-funding disbursements	22	(25 594)	(11 551)
Finance costs		(43)	(308)
Projects disbursements	24	(256 433)	(266 548)
Loss on disposal of assets and liabilities		–	(5)
Grant disbursements	23	(29 974)	(29 640)
Fair value adjustment	16	(33)	–
<b>Total Expenditure</b>		<b>(478 409)</b>	<b>(464 607)</b>
<b>Deficit for the Year</b>		<b>(24 681)</b>	<b>(15 532)</b>

## Statement of Changes in Net Assets

	Accumulated surplus R'000	Total net assets R'000
Opening balance as previously reported	32 844	32 844
Adjustments		
Prior year adjustments	8 979	8 979
<b>Balance at 1 April 2014 as restated*</b>	<b>41 823</b>	<b>41 823</b>
Changes in net assets		
Deficit for the year	(15 532)	(15 532)
Total Changes	(15 532)	(15 532)
<b>Balance at 1 April 2015</b>	<b>26 291</b>	<b>26 291</b>
Changes in net assets		
Deficit for the year	(24 681)	(24 681)
Total Changes	(24 681)	(24 681)
<b>Balance at 31 March 2016</b>	<b>1 610</b>	<b>1 610</b>
Note(s)		

## Cash Flow Statement

	Note(s)	2016 R'000	2015 R'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Grants received		409 789	408 237
Interest income received		8 927	2 721
Other receipts		2 899	2 878
Recoveries from fraudulent payments		–	7 000
Loan capital repayment		–	5 962
		<b>421 615</b>	<b>426 798</b>
<b>Payments</b>			
Employee costs		(213 021)	(173 763)
Suppliers		(241 561)	(249 954)
Loans movement		(1 621)	–
		<b>(456 203)</b>	<b>(423 717)</b>
<b>Net cash flows from operating activities</b>		<b>(34 588)</b>	<b>3 081</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(3 551)	(5 219)
Proceeds from disposal of equipment		198	185
Purchase of intangible assets		(1 687)	(652)
Repayments received from investment in associates		–	–
<b>Net cash flows from investing activities</b>		<b>(5 040)</b>	<b>(5 686)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(28)	(783)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(39 656)</b>	<b>(3 388)</b>
Cash and cash equivalents at the beginning of the year		76 465	79 853
<b>Cash and cash equivalents at the end of the year</b>	<b>4</b>	<b>36 809</b>	<b>76 465</b>



## Statement of Comparison of Budget and Actual Amounts

	Approved budget R'000	Adjustments R'000	Final budget R'000	Actual amounts on comparable basis R'000	Difference between final budget and actual R'000
<b>Statement of Financial Performance</b>					
<b>Revenue</b>					
<b>Revenue from exchange transactions</b>					
Interest income	5 200	–	5 200	15 398	10 198
Other income	–	–	–	2 903	2 903
Gains on disposal of assets	–	–	–	45	45
<b>Total revenue from exchange transactions</b>	<b>5 200</b>	<b>–</b>	<b>5 200</b>	<b>18 346</b>	<b>13 146</b>
<b>Revenue from non-exchange transactions</b>					
<b>Transfer revenue</b>					
Grant income — Department of Planning, Monitoring and Evaluation	409 789	–	409 789	409 789	–
Donor-funding income	22 247	–	22 247	25 593	3 346
<b>Total revenue from non-exchange transactions</b>	<b>432 036</b>	<b>–</b>	<b>432 036</b>	<b>435 382</b>	<b>3 346</b>
<b>Expenditure</b>					
Administration and overheads	(27 648)	–	(27 648)	(35 002)	(7 354)
Communication and PR	(10 356)	–	(10 356)	(11 433)	(1 077)
Employee costs	(189 819)	–	(189 819)	(209 615)	(19 796)
Information Technology	(17 133)	–	(17 133)	(17 467)	(334)
Outsourcing and external services	(15 930)	–	(15 930)	(11 380)	4 550
Seminars and training	(2 715)	–	(2 715)	(2 608)	107
Travel and accommodation	(7 844)	–	(7 844)	(8 022)	(178)
Interest paid	–	–	–	(43)	(43)
Project disbursements (excluding payroll)	(113 558)	–	(113 558)	(120 228)	(6 670)
Impairment and write-off	–	–	–	(7 010)	(7 010)
Donor-funded expenditure	(22 247)	–	(22 247)	(25 593)	(3 346)
Fair value adjustment	–	–	–	(33)	(33)
Grant disbursements	(29 986)	–	(29 986)	(29 975)	11
<b>Total Expenditure</b>	<b>(437 236)</b>	<b>–</b>	<b>(437 236)</b>	<b>(478 409)</b>	<b>(41 173)</b>
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(24 681)</b>	<b>(24 681)</b>



## 1. Basis of Preparation

The NYDA was established by the South African government through the National Youth Development Agency Act, 2008 (Act, 54 of 2008). This Act, in particular Section 21(2), made provision for the merger between the Umsobomvu Youth Fund and the National Youth Commission, to form the NYDA. It is classified as a National Public Entity under Part A of Schedule 3 of the PFMA, as amended.

### Statement of compliance:

The annual financial statements were prepared in accordance with the Standards of GRAP, including any interpretations, guidelines and directives issued by the Accounting Standards Board.

### Basis of measurement:

These annual financial statements were prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless otherwise specified. The NYDA's functional currency is the South African Rand and the annual financial statements are presented in South African Rand. Assets, liabilities, revenues and expenses have not been offset, except where offsetting is required, or permitted, by the Standards of GRAP.

### Standard not yet effective:

The following Standards of GRAP have been issued by the Accounting Standards Board, but have not been given an effective date by the Minister of Finance. The NYDA has not yet adopted any of these new standards or amendments thereto. The following standards are not yet effective and are expected to have an insignificant impact on the financial statements, since they generally reflect the interpretations and principles already applied by the NYDA.

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

- GRAP 20 — Related party disclosure
- GRAP 32 — Service concession arrangements: Grantor
- GRAP 108 — Statutory receivables
- GRAP 109 — Accounting by principals and agents

## 1.1 Significant estimates, assumptions and judgments

The key assumptions concerning the future and other key sources of estimations, and uncertainty at reporting date, which hold a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

### Financial Assets and Liabilities

#### Investment in associates

Management makes assumptions when determining the fair value of investments in associates. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arms length transaction. The NYDA uses the discounted free cash flow valuation technique or net asset value as the primary basis of valuing investment in associates. The NYDA uses discount rates of 20%–40% to discount estimated future cash flows. Where reliable information necessary for the application of the discounted free cash flow valuation technique is not available, the investments are carried at cost. In circumstances where the NYDA makes a loan to an associate and such loan is impaired, this will be regarded as an impairment indicator of the investment. The NYDA does not have any financial instruments which are actively traded in the financial markets.

### **Determination of recoverable amount and impairment of non-financial assets:**

#### **Cash-generating assets**

Where impairment indicators exist, the determination of the recoverable amount of non-financial assets requires management to make assumptions on cash-generating assets to determine the recoverable amount. On each reporting date, the NYDA assesses whether there is an indication that an asset may be impaired. If any such indication exists, the NYDA estimates the asset's recoverable amount. An asset's recoverable amount is the higher of the asset's fair value less costs to sell and its value in use, and is determined for an individual asset. If the asset cannot be assessed individually, it will be assessed as part of a cash-generating unit (CGU). Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset.

#### **Non-cash generating assets (services)**

For non-cash generating assets, when an impairment indicator exists, management must determine a recoverable service amount. The recoverable service amount is the higher of assets' fair value less costs to sell or value in use. It may not be possible to determine fair value less costs to sell, in which case the alternative methods may be used to estimate fair value less costs to sell. Value in use is the present value of the assets' remaining service potential.

### **Determination of recoverable amount and impairment of financial assets:**

Where impairment indicators exist, the determination of the recoverable amount of financial assets requires management to make assumptions to determine the recoverable amount. On each reporting date, the NYDA assesses whether a financial asset is impaired. Individual financial assets are reviewed for any indicators of impairment. If there is objective evidence that an impairment loss on a financial asset has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate (the effective interest rate computed at initial recognition). When an amount is outstanding in excess of 90 days, this is considered by management as objective evidence that an impairment loss has occurred. However, there may be other objective evidence, either indicating or not indicating impairment, which management considers when assessing a financial asset.

### **Equipment**

#### **Depreciation and carrying value of equipment**

Residual values are the estimated amounts that could be currently obtained from disposal of the asset after deducting costs of disposal, if the asset was already of age and condition expected at the end of useful lives. The estimation of useful lives and residual values of assets is based on management's judgment. Any material adjustments to the estimated remaining useful life and residual value of assets will have an impact on the carrying value of those items.

#### **Change in useful lives of assets**

The useful lives and residual values of property, plant and equipment, and intangible assets were assessed at year end and the following adjustments made:

- Residual value for furniture and fittings was adjusted to nil.

This adjustment will be accounted for prospectively.

#### **Provision for Bonus**

The provision for bonus is estimated based on management's best estimate of the expected bonus pay-out, which is based on average employee and organisational performance.



## 1.2 Property, plant and equipment

### Definition of equipment

Equipment is a tangible item that is held for use in the production or supply of goods and services, for rental to others or for administrative purposes, and is expected to be used during more than one reporting period.

### Initial recognition of equipment

The cost of an item of property, plant or 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
- the cost of the item can be measured reliably.

Equipment is initially measured at cost. The cost of an item of equipment is the purchase price and other costs attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discount and rebates are deducted upon arriving at the cost.

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

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

### Subsequent recognition of equipment

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

### Depreciation and impairment of equipment

Equipment is depreciated over its expected useful life on a straight-line basis, at rates estimated to write each asset down to its estimated residual value over the term of the useful life. Depreciation of equipment begins when an asset is available for use. Equipment is carried at cost, less accumulated depreciation and any accumulated impairment losses.

The residual value and useful life of an asset is reviewed at least at each reporting date and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimates.

At each reporting date, all items of equipment are reviewed for any indication that they may be impaired. Impairment exists when an asset's carrying amount is greater than its recoverable amount. The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use. If there is an indication of impairment, the asset's recoverable amount is calculated. An impairment loss is recognised in surplus or deficit and the depreciation charge relating to the asset is adjusted for future periods.

The useful life of items of equipment for the current and comparative period is as indicated below:

Item	Depreciation method	Average useful life
Motor vehicles	Straight line	4–6 years
Office equipment	Straight line	5–10 years
Computer hardware	Straight line	3–5 years
Leasehold improvements	Straight line	Over the shorter of its useful life or the remaining term of the lease

### Derecognition of equipment

The carrying amount of an item of equipment is derecognised:

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

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



### 1.3 Intangible assets

An asset is identified as an intangible asset, if it:

- 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.

#### Initial recognition of intangible assets

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 initially recognised at cost.

The cost of an intangible asset acquired for no consideration or for a nominal consideration shall be its fair value as at the date of acquisition.

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

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

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

#### Subsequent measurement of intangible assets

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


#### Amortisation and impairment of intangible assets

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. An intangible asset with an indefinite useful life is not amortised.

Amortisation is not provided for these intangible assets, but they are assessed annually for impairment and whenever there is an indication that the asset may be impaired. For all other intangible assets, amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at each reporting date. If the expected useful life of the asset is different from previous estimates, the amortisation period is changed accordingly. If there was a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the amortisation method is changed to reflect the changed pattern. Each change is accounted for as a change in accounting estimates, in accordance with the Standards of GRAP on Accounting Policies, and Changes in Accounting Estimates and Errors.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values. The NYDA amortises its intangible assets at a rate of 14%–20% per annum. Developed software is amortised when the software becomes available for use. Amortisation of these assets is recognised in surplus of deficit.



At each reporting date, all items of intangible assets are reviewed for any indication that they may be impaired. Impairment exists when an asset's carrying amount is greater than its recoverable amount. The recoverable amount of an asset or CGU should be higher than its fair value less cost to sell and its value in use. If there is an indication of impairment, the asset's recoverable amount is calculated. An impairment loss is recognised in surplus or deficit and the amortisation charge relating to the asset is adjusted for in future periods.

#### **Derecognition of intangible assets**

Intangible assets are derecognised:

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

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

### **1.4 Investments in associates**

An associate is an entity on which the NYDA has significant influence and which is neither a subsidiary nor a joint venture. The NYDA invests in equity of the young, rapidly growing companies that have the potential to develop into significant economic contributors and expanding companies that also create jobs in the economy. The NYDA meets the definition of the venture capital organisation, as it invests in new companies with a limited operating history that are too small to raise capital in the public markets and have not reached a point where they are able to secure a bank loan or complete debt offering. The NYDA has therefore opted to elect the venture capital organisation exemption, and these investments in associates, upon initial recognition, are designated as at fair value through surplus or deficit, in accordance with GRAP 104. Fair value adjustments are recognised through surplus or deficit. The NYDA uses the discounted, free cash-flow valuation technique or net asset value as the primary basis for valuing investments in associates. The NYDA uses discount rates of 20%–40% to discount estimated future cash flows. Where reliable information necessary for the application of the discounted free cash-flow valuation technique is not available, investments are carried at cost. In circumstances where the NYDA makes a loan to an associate and such a loan is impaired, it will be regarded as an impairment indicator of the investment.

### **1.5 Leases**

A lease is classified as a finance lease, if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease, if it does not transfer substantially all the risks and rewards incidental to ownership.

#### **Finance lease – initial recognition**

At the commencement of the lease term, the NYDA recognises finance leases as assets and liabilities in its Statement of Financial Position, at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine. If not, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset.

#### **Subsequent measurement**

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term, in order to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent rents will be charged as expenses in the periods in which they are incurred.

#### **Classification of finance lease**

The leases are classified as finance leases, as the assets will be used for the majority of their economic life.

#### **Operating leases**

Lease payments under an operating lease are recognised as an expense in surplus or deficit on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the user's benefit.

### 1.6 Revenue from exchange transactions

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives an approximate equal value to the other party in the exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period, when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

#### Measurement

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

#### Interest

Interest income is recognised in surplus or deficit for all financial instruments measured at amortised cost, using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset and allocating the interest income over the average expected life of the financial instruments. The effective interest rate is the rate that exactly discounts estimated future cash receipts over the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset. When calculating the effective interest rate, the NYDA estimates cash flows, considering all contractual terms of the financial instruments, but does not consider future credit losses.

### 1.7 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

#### Government grants

Government grants are recognised as revenue in the following cases:

- When it is probable that the economic benefits or service potential associated with the transaction will flow to the entity
- When the amount of the revenue can be measured reliably
- To the extent that there has been compliance with any restrictions associated with the grant
- The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities, in accordance with an agreed programme, may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.
- Grants are measured at the fair value received or receivable.

The government grant received does not have any specific condition attached and is recognised as revenue, once committed.

#### 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.
- Gifts and donations are measured at an increase in net assets.

### 1.8 Irregular, fruitless and wasteful expenditure

Irregular expenditure is expenditure that is contrary to legislation, including, but not limited to the Public Finance Management Act (PFMA) and National Treasury regulations.

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided, had reasonable care been exercised.

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregularity, unless it is impracticable to determine, in which case reasons are provided in the note. Irregular expenditure is removed from the note when it is either condoned by the relevant authority, or transferred to receivables for recovery.



## 1.9 Budget information

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The financial statements and the budget are on the same basis of accounting, and a comparison with the budgeted amounts for the reporting period has, therefore, been included in the statement of comparison of the budget and actual amounts. Comparative information is not required.

## 1.10 Related parties

The NYDA operates in an economic sector which is currently dominated by entities directly or indirectly owned or controlled 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 within the same department structure are considered to be related parties.

Key management is defined as being individuals with the authority and responsibility to plan, direct and control the activities of the entity. We regard all members of the Operations Executive Committee reporting directly to the Chief Executive Officer as key management individuals.

## 1.11 Financial instruments

### Initial recognition and measurement

On initial recognition, an instrument is classified as either a financial asset or a financial liability and recorded at fair value plus, in the case of financial assets and financial liabilities not recorded at fair value through surplus or deficit, or any directly attributable incremental costs of acquisition or issue.

Purchases or sales of financial assets that require delivery of assets within a timeframe established by regulation or conversion in the marketplace (regular way of purchases), are recognised on the trade date, i.e. the date that the NYDA commits to purchasing or selling the asset.

### Subsequent measurement

Subsequent measurement of financial instruments carried on the Statement of Financial Position is on the following basis:

- **Investments**

Investments in equity instruments are designated as at fair value through surplus and deficit. All changes in fair value are recognised directly in surplus or deficit.

- **Loans receivable**

Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost, using the effective interest rate method, less any allowance for impairment. Gains and losses are recognised through surplus and deficit when the loans receivable are derecognised or impaired, as well as interest through the amortisation process.

- **Receivables from exchange transactions**

Receivables are initially recognised at fair value and, subsequently, measured at amortised cost, using the effective interest method. Where the impact of discounting is not material, receivables are carried at the original invoice amount, less any allowance for impairment.

- **Trade and other payables from exchange transactions**

Trade payables are initially recognised and carried at fair value and, subsequently, measured at amortised cost, using the effective interest rate method. Trade payables are derecognised when the obligation under the liability has been discharged.

- **Cash and cash equivalents, including cash on call**

Cash and cash equivalents, including cash on call, are comprised of demand deposits and short-term, highly liquid investments that are readily convertible into known amounts of cash. Cash and cash equivalents, including cash on call, are subsequently measured at amortised cost.

- **Rental deposits**

Rental deposits include all monies paid by the NYDA as deposits for the rental of the buildings. Rental deposits are initially recognised and carried at fair value and, subsequently, measured at amortised cost.



- **Investment in associates**

Refer to note 1.4.

### **Impairment of financial assets**

#### **Assets carried at amortised cost**

At each reporting date, the NYDA assesses whether a financial asset is impaired. Individual financial assets are reviewed for any indicators of impairment. If there is objective evidence that an impairment loss on a financial asset has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate (the effective interest rate computed at initial recognition).

When an amount is outstanding for longer than 90 days, this is considered by management as objective evidence that an impairment loss has occurred. However, there may be other objective evidence that may or may not indicate impairment. Management considers such objective evidence when assessing a financial asset.

The carrying amount of the financial asset is reduced through use of an allowance account, when there is objective evidence that the asset may be impaired directly and against the carrying value of an asset, when the asset is considered irrecoverable. The amount of the loss is recognised through surplus or deficit. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost by the reversal date. Any subsequent reversal of an impairment loss is recognised in surplus or deficit.

### **Derecognition of financial instruments**

Derecognition of financial instruments takes place in the following cases:

- If the rights to receive cash flows from the asset have expired
- If the NYDA retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full, without material delay, to a third party under a 'pass through' arrangement
- If the NYDA has transferred its right to receive cash flows from the asset and has either transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the NYDA has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the NYDA's continuing involvement of the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the NYDA could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

### **Cash-generating assets and non-cash-generating assets**

Cash-generating assets are held with the primary objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity. Holding an asset to generate a "commercial return" indicates that the NYDA intends to generate positive cash inflows from the asset (or from the cash-generating unit of which the asset is a part) and earn a commercial return that reflects the risk involved in holding the asset. Non-cash-generating assets are assets other than cash-generating assets.

## **1.12 Employee benefits**

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

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), is recognised in the period in which the service is rendered.

Liabilities for short-term employee benefits which are unpaid at year-end are measured at the undiscounted amount that the entity expects to pay in exchange for that service and had accumulated at the reporting date.



### **Defined contribution plans**

A defined contribution plan is a plan according to which the entity pays fixed contributions into a separate entity. The entity has no legal or constructive obligation to pay further contributions, if the fund does not hold sufficient assets to pay all employees the benefits relating to services in the current or prior periods. The entity's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in surplus or deficit in the period in which the service is rendered by the relevant employees, unless the standard requires or permits the inclusion of the contribution in the cost of an asset. Prepaid contributions are recognised as an asset, to the extent that a cash refund or reduction in future payments is available.

Where contributions to a defined contribution plan do not fall due wholly within 12 months after the end of the period in which the employees rendered the related service, they are discounted, using a risk-free rate determined by reference to market yields on the reporting date on government bonds or by reference to market yields on high-quality corporate bonds.

### **Termination benefits**

The NYDA recognises termination benefits as a liability and an expense when, and only when, the entity is demonstrably committed to:

- terminating the employment of an employee or group of employees before the normal retirement date, or
- providing termination benefits, as a result of an offer made, in order to encourage voluntary redundancy.

The NYDA is demonstrably committed to a termination when, and only when, it has a detailed formal plan for the termination and there is no realistic possibility of withdrawal. The detailed plan will include, at least:

- the location, function and approximate number of employees whose services are to be terminated
- the termination benefits for each job classification or function
- the time period in which the plan will be implemented. Implementation will begin as soon as possible and the time period for completing implementation will be such that material changes to the plan are not likely.

## **1.13 Project disbursements**

Disbursements to projects are categorised and disclosed as follows:

- Project disbursements are approved grant funding made to third party service providers who plan, implement and manage youth development projects, as well as payments relating to youth development projects, managed internally by the NYDA, using its own capacity.

## **1.14 Commitments**

Where a project has been approved, but has not been accrued for, or provided for, it is disclosed as commitments in the notes to the annual financial statements.

## **1.15 Deferred income**

Deferred income represents revenues collected, but not earned, as at reporting date. This includes grants from foreign institutions.

## **1.16 Voucher disbursements**

The Voucher Programme results in the following accounting treatment:

The issue to a young person of a voucher that is not yet redeemed is disclosed as a contingent liability as at financial year end, as there is only a possible obligation, contingent upon redemption of the voucher and delivery of the product

The redemption of the voucher and delivery by a service provider without a product having passed all quality assurance create a constructive obligation and a provision is determined and accounted for.

The delivery by a service provider which has passed quality assurance is accounted for as a liability.

## **1.17 Non-current assets held for sale**

Non-current assets held for sale are classified and disclosed as current assets when there is an approved decision to dispose of the assets, and plans have been implemented to market the assets for sale and the sale is expected to be concluded within twelve months.

### 1.18 Joint ventures

A joint venture is a binding arrangement, whereby two or more parties are committed to undertake an activity that is subject to joint control. Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operational decisions relating to the activity require unanimous consent of the parties sharing control (the ventures). The binding agreement establishes joint control over the joint venture. Such requirement ensures that no single venture is in a position to unilaterally control the activity.

#### **Jointly controlled operations**

Where the operation of a joint venture comprises the use of the venture's assets and other resources, without the establishment of a separate entity, the joint venture is referred to as a jointly controlled operation.

The entity recognises, in its separate annual financial statements and, consequently, in its annual financial statements:

- the assets that it controlled and the liabilities that it incurred
- the expense that it incurred and its share of the revenue that it earned from the sale or provision of the goods or services by the joint venture.

#### **Jointly controlled assets**

Where the entity undertakes its activities under a joint-venture arrangement directly, the controlling entity's share of jointly controlled assets, and any liabilities incurred jointly with other ventures, is recognised in the statement of financial position of the entity, and classified according to category. Revenue from the sale or use of the entity's share of the output of jointly controlled assets and its share of joint venture expense are recognised in surplus or deficit.

### 1.19 Grant disbursements

Grant disbursements are recognised, once the grant has been approved and the grant holder has been informed of such approval.

# NOTES TO THE FINANCIAL STATEMENTS



	2016 R'000	2015 R'000
<b>2. Receivables from Exchange Transactions</b>		
Sundry debtors	9 619	5 712
Staff loans	513	950
Prepaid expenses	1 885	1 842
Interest receivable on cash and cash equivalence	334	436
Less: Allowance for impairment	(1 751)	(1 752)
	<b>10 600</b>	<b>7 188</b>

## Receivables allowance for impairment reconciliation 2016

	Allowance for impairment 2015	Impairment expense	Allowance for impairment 2016
Allowance for impairment	(1 264)	(488)	(1 752)

## Receivables allowance for impairment reconciliation 2015

	Allowance for impairment 2014	Impairment expense	Allowance for impairment 2015
Allowance for impairment	(1 264)	(488)	(1 752)

## 3. Receivables from Non-exchange Transactions

Independent Development Corporation		6 000	10 093
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## 4. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	2016 R'000	2015 R'000
Cash at bank and on hand	33 763	71 385
<b>Unrestricted cash</b>	<b>33 763</b>	<b>71 385</b>
CIPC	82	299
Massmart Holding Limited	15	696
Joint Venture — University of JHB Institute	2 949	4 085
<b>Restricted cash</b>	<b>3 046</b>	<b>5 080</b>
<b>Cash and cash equivalents</b>	<b>36 809</b>	<b>76 465</b>

Restricted cash represents funds earmarked for specific projects, where the NYDA is in partnership with third parties. Therefore, such funds are restricted and cannot be used for any purpose other than the purpose as stipulated in the partnership agreement.



# ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 5. Property, Plant and Equipment

	2016			2015		
	Cost/ Valuation R'000	Accumulated depreciation and accumulated impairment R'000	Carrying value R'000	Cost/ Valuation for impairment R'000	Accumulated depreciation and accumulated impairment R'000	Carrying value R'000
Motor vehicles	1 783	(1 515)	268	1 783	(1 515)	268
Office equipment	10 280	(7 527)	2 753	9 676	(7 027)	2 649
Leasehold improvements	32 433	(30 674)	1 759	31 393	(29 991)	1 402
Furniture	15 284	(12 120)	3 164	15 025	(11 281)	3 744
Computer equipment	17 713	(12 630)	5 083	18 424	(12 158)	6 266
<b>Total</b>	<b>77 493</b>	<b>(64 466)</b>	<b>13 027</b>	<b>76 301</b>	<b>(61 972)</b>	<b>14 329</b>

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

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Impairment loss R'000	Total R'000
Motor vehicles	268	–	–	–	–	268
Office equipment	2 649	1 128	–	(985)	(39)	2 753
Leasehold improvements	1 402	1 040	–	(683)	–	1 759
Furniture	3 744	259	–	(694)	(145)	3 164
Computer equipment	6 266	1 126	(153)	(2 056)	(100)	5 083
	<b>14 329</b>	<b>3 553</b>	<b>(153)</b>	<b>(4 418)</b>	<b>(284)</b>	<b>13 027</b>

### Reconciliation of property, plant and equipment — 2015

	Opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Foreign exchange movements R'000	Depreciation R'000	Impairment loss R'000	Total R'000
Motor vehicles	276	–	–	–	–	(8)	–	268
Office equipment	3155	581	(20)	165	–	(1 198)	(34)	2 649
Leasehold improvements	1 286	806	–	–	–	(690)	–	1 402
Furniture	3 896	500	–	–	72	(679)	(45)	3 744
Computer equipment	4 864	3 332	(170)	–	12	(1 717)	(55)	6 266
	<b>13 477</b>	<b>5 219</b>	<b>(190)</b>	<b>165</b>	<b>84</b>	<b>(4 292)</b>	<b>(134)</b>	<b>14 329</b>

## 6. Intangible Assets

	2016			2015		
	Cost/ Valuation R'000	Accumulated depreciation and accumulated impairment R'000	Carrying value R'000	Cost/ Valuation for impairment R'000	Accumulated depreciation and accumulated impairment R'000	Carrying value R'000
Software developed in house	10 633	(7 579)	3 054	10 491	(6 523)	3 968
Computer software purchased	2 859	(2 141)	718	2 849	(1 926)	923
Software under development	1 577	–	1 577	92	–	92
<b>Total</b>	<b>15 069</b>	<b>(9 720)</b>	<b>5 349</b>	<b>13 432</b>	<b>(8 449)</b>	<b>4 983</b>

### Reconciliation of intangible assets — 2016

	Opening balance R'000	Additions R'000	Amortisation R'000	Total R'000
Software developed in-house	3 968	143	(1 057)	3 054
Computer software purchased	923	59	(264)	718
Software under development	92	1 485	–	1 577
	<b>4 983</b>	<b>1 687</b>	<b>(1 321)</b>	<b>5 349</b>

### Reconciliation of intangible assets — 2015

	Opening balance R'000	Additions R'000	Transfers R'000	Foreign exchange movements R'000	Amortisation R'000	Impairment loss R'000	Total R'000
Software developed in-house	4 620	300	–	–	(952)	–	3 968
Computer software purchased	1 098	352	(165)	(7)	(351)	(4)	923
Software under development	336	–	–	–	–	(244)	92
	<b>6 054</b>	<b>652</b>	<b>(165)</b>	<b>(7)</b>	<b>(1 303)</b>	<b>(248)</b>	<b>4 983</b>

## 7. Investments in Associates

Name of Entity	Nature of Enterprise	% Shareholding	Cumulative Investment at Cost 2016	Cumulative Investment at Cost 2015	Cumulative Repayment Received 2016	Cumulative Repayment Received 2015	Accumulated Fair Value Adjustment 2016	Accumulated Fair Value Adjustment 2015	Carrying Amount 2016	Carrying Amount 2015
Franchise Fund	Private equity investment	80%	101 400	101 400	(100 000)	(100 000)	3 465	4 757	4 866	4 758
Chicken Kwasa (Pty) Ltd	Fast food	26%	300	300	–	–	(300)	(300)	–	–
K5 Transport Logistics	Airline charter	10%	–	–	–	–	–	–	–	–
Decti Rating (Pty) Ltd	BEE rating agency	19%	–	–	–	–	–	–	–	–
Vynide Investment	Manufacturing	10%	1 000	1 000	–	–	(1 000)	(1 000)	–	–
			<b>102 700</b>	<b>102 700</b>	<b>(100 000)</b>	<b>(100 000)</b>	<b>2 165</b>	<b>(3 457)</b>	<b>4 866</b>	<b>4 758</b>

### Investments in associates

In respect of the investments above, in which the NYDA has less than 20% shareholding, the NYDA has significant influence by virtue of having representation on the Board of Directors and also having a right to participate in policy-making processes, including participation in decision-making about dividends and other distributions. All the above associates have been incorporated in the Republic of South Africa. The cost of investments and fair value adjustments less than R1 thousand have been shown as nil.

Based on the contractual agreement with Business Partners (Pty) Ltd, the NYDA contributes 80% of the funding for Franchise Fund loans. However, the NYDA only exercises significant influence and does not participate in the management of the fund. Therefore, it is classified as an investment in associate.

The Franchise Fund is currently held for sale, as the NYDA Board has taken a decision to dispose of it. A sale is expected to be concluded within 12 months of the financial year end. Fair value adjustment is disclosed in note 16.

	2016 R'000	2015 R'000
<b>Summarised Franchise Fund</b>		
Opening carrying amount	4 758	4 679
Repayment received during the year	–	–
Fair value adjustment	108	79
<b>Carrying value at the end of the year</b>	<b>4 866</b>	<b>4 758</b>
Due within more than one year	–	4 758
Due within one year	4 866	–
	<b>4 866</b>	<b>4 758</b>

The Franchise Fund is held for sale at the financial reporting date.



	2016 R'000	2015 R'000
<b>8. Loans Receivable from Exchange Transactions</b>		
Small-medium enterprise	259 308	259 308
Micro-loans, direct lending and intermediaries	114 705	114 705
Co-operatives	11 233	11 233
<b>Gross Advances</b>	<b>385 246</b>	<b>385 246</b>
Add: Interest receivables	106 357	99 694
Less: Loans written off	(127 921)	(6 782)
Less: Cumulative capital repayment	(233 295)	(235 887)
Less: Transfer from loans receivable	(972)	–
<b>Subtotals</b>	<b>129 415</b>	<b>242 271</b>
<b>Less: Allowance for impairment</b>	<b>(124 910)</b>	<b>(239 541)</b>
Small-medium enterprise	(106 450)	(160 755)
Micro-loans, direct lending and intermediaries	(8 694)	(69 424)
Co-operatives	(9 766)	(9 362)
<b>Net loan receivables from exchange transactions</b>	<b>4 505</b>	<b>2 730</b>
Due within one year	4 309	1 109
Due within more than one year	197	1 621
	<b>4 505</b>	<b>2 730</b>

Loans written off were written off after the following criteria had been met:

The loan holders had no recoverable assets as surety against which to recover loans; the legal process was exhausted against loan holders; loan holders were not traceable through debt recovery procedures.

#### Loan receivables impairment reconciliation 2016

	Allowance of impairment March 2015 R'000	Impairment reversal R'000	Impairment expense R'000	Allowance of total impairment R'000
Small-medium enterprise	160 755	(59 934)	5 628	106 450
Micro-loans, direct lending and intermediaries	69 424	(61 424)	694	8 694
Co-operatives	9 362	(186)	590	9 766
	<b>239 541</b>	<b>(121 544)</b>	<b>6 912</b>	<b>124 910</b>



## 8. Loans Receivable from Exchange Transactions (continued)

## Loan receivables impairment reconciliation 2015

	Allowance of impairment March 2014 R'000	Impairment reversal R'000	Impairment expense R'000	Allowance of total impairment R'000
Small-medium enterprise	151 903	(1 708)	10 560	160 755
Micro-loans, direct lending and intermediaries	64 944	(31)	4 511	69 424
Co-operatives	8 771	–	591	9 362
	<b>225 618</b>	<b>(1 739)</b>	<b>15 662</b>	<b>239 541</b>

	2016 R'000	2015 R'000
In the impairment reconciliation, the split of the loans receivable impairment is as follows:		
Less than 30 days	–	–
Less than 60 days	–	–
Less than 90 days	–	–
More than 90 days	124 910	239 541
	<b>124 910</b>	<b>239 541</b>

In assessing its loan book for any indicators of impairment, the NYDA considered the following factors over and above the amount in excess of 90 days:

- Whether the borrower was trading or not
- The age of the debt
- Progress of the attorneys in recovering the debt and their opinion on the recoverability
- The reliance of the borrower on the few customers and the loss of this customer base
- The cash flows of the business as shown on the bank statement and/or management accounts
- Defaults on expected repayments of interest and principal amounts by the borrower.

**Range of interest rates**

Small-medium enterprise	6–18%	6–18%
Micro-loans, direct lending and intermediaries	6–24%	6–24%
Co-operatives	3,5–10%	3,5–10%



## 9. Finance Lease Obligation

### Minimum lease payments due

- within one year
- in the second to fifth year, inclusive

Less: Future finance charges

### Present value of minimum lease payments

### Present value of minimum lease payments due

- within one year
- in the second to fifth year, inclusive

Non-current liabilities

Current liabilities

	2016 R'000	2015 R'000
<b>Minimum lease payments due</b>		
- within one year	163	427
- in the second to fifth year, inclusive	226	–
	<b>389</b>	<b>427</b>
Less: Future finance charges	(45)	(10)
<b>Present value of minimum lease payments</b>	<b>344</b>	<b>417</b>
<b>Present value of minimum lease payments due</b>		
- within one year	163	417
- in the second to fifth year, inclusive	226	–
	<b>389</b>	<b>417</b>
Non-current liabilities	226	–
Current liabilities	163	417
	<b>389</b>	<b>417</b>

The NYDA leased photocopiers from Konica Minolta for a period ranging from 31 to 36 months, for a fixed monthly rental of R87 000 (2015: R87 000), payable in arrears with no residual value. Ownership of these machines will not pass to the end of the lease term.

## 10. Payables from Exchange Transactions

Trade payables	20 153	45 845
Accruals	36 779	21 681
	<b>56 932</b>	<b>67 526</b>

The NYDA trade payables generally do not exceed a maturity of four months and the fair value is considered to be a reasonable approximation of the carrying value. The prior year figure in respect of trade payables has been restated. The effects are detailed in note 33.

## 11. Employee Cost Provisions

### Reconciliation of employee cost accruals — 2016

	Opening balance R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Total R'000
Employee termination	–	4 810	–	–	4 810
Leave pay	7 135	6 223	(8 065)	–	5 293
Staff bonuses	9 703	6 533	(9 586)	(116)	6 534
	<b>16 838</b>	<b>17 566</b>	<b>(17 651)</b>	<b>(116)</b>	<b>16 637</b>

**11. Employee Cost Provisions (continued)****Reconciliation of employee cost accruals – 2015**

	Opening balance R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Total R'000
Leave pay	5 366	12 730	(10 961)	–	7 135
Staff bonuses	8 759	9 703	(7 830)	(929)	9 703
	<b>14 125</b>	<b>22 433</b>	<b>(18 791)</b>	<b>(929)</b>	<b>16 838</b>

Staff bonuses are expected to be paid during the new financial year. The leave pay accrual is expected to be utilised when an employee takes leave or resigns.

**12. Deferred Income**

	2016 R'000	2015 R'000
Flemish Government – donor funding	2 145	1 936
Department of Trade and Industry	536	535
Manufacturing, Engineering and Related Services Sector Education and Training Authority	396	431
Prince's Youth Business International	236	236
Independent Development Trust (IDT)	338	3 199
Industrial Development Corporation of SA Limited (IDC)	2 650	4 000
Front-end Fees	90	179
Education, Training and Development Practices	215	215
<b>Totals</b>	<b>6 606</b>	<b>10 731</b>

Deferred income relates to conditional grants received from:

- The Flemish government for the funding of the NYDA's Civil Society Support Programme
- The Department of Trade and Industry for the training of community enterprise development officers
- Manufacturing, Engineering and Related Services Sector Education and Training Authority for the funding of technical training and career guidance
- Prince's Youth Business International for the development of an e-mentoring system
- Education, Training and Development Practices Sector Education and Training Authority for Second-chance Matric Rewrite.
- The Industrial Development Corporation (IDC) partially funded the NYDA Voucher Programme.
- The Independent Development Trust funds the Expanded Public Works Programme (EPWP).

### 13. Financial Instruments

Set out below is the classification of financial instruments held by the NYDA at 31 March 2016.

	Financial assets at amortised cost R'000	Financial assets as at fair value through surplus and deficit R'000	Financial liabilities at amortised cost R'000	Total R'000
<b>2016</b>				
<b>Assets</b>				
Long-term loans and receivables from exchange transactions	197	–	–	197
Short-term portion of loans receivable from exchange transactions	4 309	–	–	4 309
Rental deposit	1 015	–	–	1 015
Investment in associates	–	4 866	–	4 866
Receivables from exchange transactions	8 715	–	–	8 715
Receivables from non-exchange transactions	6 000	–	–	6 000
Cash and cash equivalents	36 809	–	–	36 809
	<b>57 045</b>	<b>4 866</b>	<b>–</b>	<b>61 911</b>
<b>Liabilities</b>				
Finance lease obligation	–	–	389	389
Trade and other amounts payable from exchange transactions	–	–	56 932	56 932
	<b>–</b>	<b>–</b>	<b>57 321</b>	<b>57 321</b>
	Financial assets at amortised cost R'000	Financial assets as at fair value through surplus and deficit R'000	Financial liabilities at amortised cost R'000	Total R'000
<b>2015</b>				
<b>Assets</b>				
Long-term loans and receivables from exchange transactions	1 621	–	–	1 621
Short-term portion of loans receivable from exchange transactions	1 109	–	–	1 109
Rental deposit	1 258	–	–	1 258
Investment in associates	–	4 757	–	4 757
Receivables from exchange transactions	5 346	–	–	5 346
Receivables from non-exchange transactions	10 093	–	–	10 093
Cash and cash equivalents	76 465	–	–	76 465
	<b>95 892</b>	<b>4 757</b>	<b>–</b>	<b>100 649</b>
<b>Liabilities</b>				
Finance lease obligation	–	–	417	417
Trade and other amounts payable from exchange transactions	–	–	75 988	75 988
	<b>–</b>	<b>–</b>	<b>76 405</b>	<b>76 405</b>



**13. Financial Instruments (continued)**

The primary risks associated with the financial instruments held by the NYDA are credit liquidity market interest rate and portfolio risk.

**Credit Risk**

One of the NYDA's core business activities was to invest in small and medium enterprises. Consequently, the Agency was exposed to credit risk, which refers to the risk that loans made to third parties will not be repaid. The objective of credit risk management was to minimise possible financial losses, owing to third parties failing to discharge their obligations. The credit risk at the investment stage of any potential investment was researched and assessed by means of a due diligence process, whereby the entrepreneur was evaluated and the viability of the enterprise considered, and various other indications were established and verified. In addition, the NYDA implemented a credit policy, which assisted in managing credit risk. It comprises the following key elements:

- Approval process
- Cash flow-based lending methodology
- Attaching protective covenants to funding arrangements
- Collections policy and procedures
- Delinquency management
- Monitoring
- Mentorship.

There were no changes in the exposure, or the policy used to manage credit risk.

**Maximum exposure**

During the period that the NYDA has exposure to a borrower or investee company, the Agency conducts an ongoing evaluation of the business and does not provide loans to any single entity in excess of R5 million. The NYDA places its cash reserves, which are in the form of cash and cash equivalents, and rental deposits, with the South African Reserve Bank and local financial institutions which have a minimum rating of AAA. Loans are advanced to individuals, small and medium enterprises and co-operatives located in rural areas. Investments in associates include investments in small and medium enterprises located in rural areas, as well as funds invested by local financial institutions, which have a minimum rating of AAA. Changes in credit exposure and the maximum credit exposure for all financial assets are detailed in the table below:

**Loans receivable from exchange transactions**

	2016 R'000	2015 R'000
Micro-loans, direct lending and intermediaries	43	206
Small and medium enterprises	4 462	2 520
Co-operatives	–	4
	<b>4 505</b>	<b>2 730</b>
<b>General</b>		
Receivable from exchange transactions	8 715	5 346
Receivable from non-exchange transactions	6 000	10 093
Investment in associates	4 866	4 757
Cash and cash equivalents	36 809	76 465
Rental deposits	1 015	1 258
	<b>57 405</b>	<b>97 919</b>
<b>Total</b>	<b>61 910</b>	<b>100 649</b>



### 13. Financial Instruments (continued)

#### Collateral and other credit enhancement on loans receivable

The nature of the NYDA's target market is black youth who have not accumulated assets which are significant, in relation to the loans advanced to them. Therefore, the value of tangible security offered is not adequate. For loans less than R100 000, a third party stands as surety and co-principal debtor for a portion (10 to 50%) of the loan. The surety provider must be in salaried employment with no record of defaulting on loans. During the year under review, the NYDA did not take possession of any collateral in respect of loans. There is no collateral held for other classes of financial assets. The NYDA does not take possession of collateral for use in its own operations.

#### Reconciliation of intangible assets — 2016

	Neither past due, nor impaired R'000	Value in arrears for 1-30 days R'000	Value in arrears for 31-60 days R'000	Value in arrears for 61-90 days R'000	Value in arrears for >90 days R'000	Total R'000
<b>2016</b>						
Loans and receivables from exchange transactions	—	—	—	4 506	—	4 506
Receivables from exchange transactions	—	—	8 715	—	—	8 715
Receivables from non-exchange transactions	—	6 000	—	—	—	6 000
Investment in associates	4 866	—	—	—	—	4 866
Cash and cash equivalents	36 809	—	—	—	—	36 809
Rental deposit	1 015	—	—	—	—	1 015
	<b>42 690</b>	<b>6 000</b>	<b>8 715</b>	<b>4 506</b>	<b>—</b>	<b>61 911</b>

#### Reconciliation of intangible assets — 2015

	Neither past due, nor impaired R'000	Value in arrears for 1-30 days R'000	Value in arrears for 31-60 days R'000	Value in arrears for 61-90 days R'000	Value in arrears for >90 days R'000	Total R'000
<b>2015</b>						
Loans and receivables from exchange transactions	1 436	15	8	8	1 263	2 730
Receivables from exchange transactions	—	—	5 346	—	—	5 346
Receivables from non-exchange transactions	—	10 093	—	—	—	10 093
Investment in associates	4 757	—	—	—	—	4 757
Cash and cash equivalents	76 465	—	—	—	—	76 465
Rental deposit	1 258	—	—	—	—	1 258
	<b>83 916</b>	<b>10 108</b>	<b>5 354</b>	<b>8</b>	<b>1 263</b>	<b>100 649</b>

**13. Financial Instruments (continued)****Liquidity risk**

Liquidity risk refers to the risk that the NYDA might not be able to meet its funding commitments and other financial obligations, as and when they fall due. The funding provided to small and medium enterprises is usually characterised by fixed maturities of up to five years, scheduled repayments and a limited moratorium on capital repayments and interest. One of the cornerstones of the lending practice adopted is consideration of the certainty of cash flow, and the ability of the borrower to absorb and service debt. The NYDA has adopted a conservative cash-flow management policy to manage the risk of investments made in instruments which are not readily realisable, in order to keep a healthy liquidity position.

The NYDA has the following mechanisms in place to ensure that it has the funds available to meet its commitments:

- A strategic plan and a three-year budget are prepared and approved by the Board of Directors, prior to the start of the financial year.
- At half-year, the NYDA conducts a revision of its annual budget and reassesses its liquidity needs. In addition, an application for recapitalisation is made to its Executive Authority and National Treasury.
- On a quarterly basis, the strategic plan and budget are reviewed by a committee comprised of divisional heads, the Chief Financial Officer and the Chief Executive Officer.
- Once a commitment has been made, the NYDA keeps record of all gross commitments, drawn-down commitments or cancelled commitments and undrawn commitments.
- A distinction is made between encumbered and unencumbered cash resources of the NYDA.
- Three-year projections of cash flow, undrawn commitments brought forward, new commitments, cancelled commitments and undrawn commitments carried forward are prepared.
- Disbursements on commitments are made in several tranches, based on individual project needs.

**Expected maturity dates: financial liabilities**

The NYDA's short-term liabilities are mainly comprised of debts arising in the ordinary course of business, and commitments to making grants for the implementation of National Youth Service and Skills Development projects. Debts arising in the ordinary course of business are normally settled over a period of not more than two months from the date of invoice.

Grant commitments are usually made over a period of 12 to 18 months and finance leases over a period of 31 to 36 months.

**Expected maturity dates: financial assets**

The NYDA's financial assets are comprised of mainly cash in current accounts with local financial institutions and loans due from small businesses. Except for loans due from small businesses and restricted cash, other financial assets are very liquid and not subject to any notice periods for draw down.

The NYDA's exposure to illiquid assets is comprised of investments in unlisted entities and restricted cash flows. This accounts for less than 7% of the carrying value of financial assets.

The NYDA manages its liquidity risk by placing funds in short-term, highly liquid investments and ensuring that the maturities of financial assets match those of its financial liabilities.

The balance of the loans receivable, outstanding as at 31 March 2016, is scheduled to be repaid as follows:

	2016 R'000	2015 R'000
<b>Maturity period</b>		
Due within 12 months	4 309	1 109
Due thereafter	197	1 621
<b>Total Value of Loans</b>	<b>4 506</b>	<b>2 730</b>

### 13. Financial Instruments (continued)

Set out below is the classification of financial instruments held by the NYDA at 31 March 2016.

	Due immediately or within 1 month R'000	Due later than 1 month, but not later than 12 months R'000	Due later than 12 months R'000	Total R'000
<b>2016</b>				
Receivables from exchange transactions	–	8 715	–	8 715
Receivables from non-exchange transactions	6 000	–	–	6 000
Cash and cash equivalents	36 809	–	–	36 809
Rental deposit	–	–	1 015	1 015
<b>Total Current Assets</b>	<b>42 809</b>	<b>8 715</b>	<b>1 015</b>	<b>52 539</b>
Trade and other payable from exchange transactions	–	(56 932)	–	(56 932)
Finance lease obligation	–	(163)	(226)	(389)
<b>Total Current Liabilities</b>	<b>–</b>	<b>(57 095)</b>	<b>(226)</b>	<b>(57 321)</b>
<b>Net Liquidity of Continuing Operations</b>	<b>42 809</b>	<b>(48 380)</b>	<b>789</b>	<b>(4 782)</b>

	Due immediately or within 1 month R'000	Due later than 1 month, but not later than 12 months R'000	Due later than 12 months R'000	Total R'000
<b>2015</b>				
Receivables from exchange transactions	–	5 346	–	5 346
Receivables from non-exchange transactions	10 093	–	–	10 093
Cash and cash equivalents	76 465	–	–	76 465
Rental deposit	–	–	1 258	1 258
<b>Total Current Assets</b>	<b>86 558</b>	<b>5 346</b>	<b>1 258</b>	<b>93 162</b>
Trade and other payable from exchange transactions	–	(75 988)	–	(75 988)
Finance lease obligation	–	(417)	–	(417)
<b>Total Current Liabilities</b>	<b>–</b>	<b>(76 405)</b>	<b>–</b>	<b>(76 405)</b>
<b>Net Liquidity of Continuing Operations</b>	<b>86 558</b>	<b>(71 059)</b>	<b>1 258</b>	<b>16 757</b>

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, and includes currency risk, interest rate risk and other price risk (which are factors other than currency and interest rate risk that may influence fair value of the financial asset). The entity is primarily exposed to interest rate risk. Its objective is to ensure that it minimises losses of interest income, as a result of utilising cash which attracts interest at a variable rate, to invest in other financial assets bearing interest at a fixed rate. Hence, not all its loans granted are variable rate loans.

The NYDA is not directly exposed to currency risk, as it does not enter into foreign currency transactions.

There have been no changes in the exposure, or the policy used to manage market risk.

#### Interest rate risk

Changes in interest rates will affect the revenue stream of the NYDA, as most of the financial assets' returns are linked to the prime rate.



**13. Financial Instruments (continued)****Sensitivity analysis**

As at 31 March 2016, if interest rates had been 200 basis points higher, with all other variables held constant, interest income would have increased by about R1.5 million (2015: R1.5 million). Consequently, income and accumulated reserves would have increased accordingly. If interest rates had been 100 basis points lower, with all other variables held constant, interest income would have decreased by about R1.5 million (2015: R1.5 million). Consequently, income and accumulated reserves would have decreased accordingly. The change would have occurred because of variable rate interest which the NYDA earns from its financial assets, which include cash and loans.

	2016 R'000	2015 R'000
The NYDA's exposure to interest rate risk is as follows:		
Small and medium enterprises	42	2 520
Micro-loans, direct lending and intermediaries	4 464	206
Co-operatives	–	4
Cash and cash equivalent	36 809	76 465
	<b>41 315</b>	<b>79 195</b>

**Fair Value**

Fair value hierarchy of financial assets at fair value through surplus or deficit

The NYDA measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making measurement:

Level 1: Quoted market prices (unadjusted) in active markets for identical assets

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the financial assets, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs which are not based on observable market data.

**Investment in associates**

Level 1	–	–
Level 2	–	–
Level 3	4 866	4 757
	<b>4 866</b>	<b>4 757</b>

**Gains and losses on investment in associates**

Level 1	–	–
Level 2	–	–
Level 3	108	79
	<b>108</b>	<b>79</b>

Investment in associates is measured, using the discounted cash-flow method and net asset-value method, which are not based on the observable market data. No transfers between fair value hierarchy levels took place during the current year. The carrying amounts of financial assets and liabilities approximate their fair value.

**Portfolio Risk**

Portfolio risk arises as a result of loans and advances being concentrated in any particular industry, location or stage of development. The risk is managed through the steering committee, which sets limits of exposure to the various industries. The portfolio allocation is reviewed on a quarterly basis, at meetings of the steering committee.

The NYDA recognises that it may face the risk of over-exposing itself in certain situations and considers the following in determining concentration:

- Overconcentration of loans to a particular industry
- Overconcentration of loans to businesses controlled by common shareholders or grants to a single service provider
- Overconcentration of funding in illiquid equity investments.



	2016 R'000	2015 R'000
<b>13. Financial Instruments (continued)</b>		
<b>Industry</b>		
Building and Construction	20%	20%
Health	10%	10%
Manufacturing	4%	4%
Printing	1%	1%
Retail	18%	18%
Services	18%	18%
Transport	6%	6%
Hospitality and Leisure	6%	6%
	<b>100%</b>	<b>100%</b>

#### Capital Management

The NYDA considers the annual government grant it receives as its capital, and obtains its capital by making annual applications to the National Treasury. The funds which are received are held in money market instruments with local financial institutions which have a minimum AAA rating.

The NYDA has a formalised budgeting and forecasting process in place, which allows for monitoring, on a monthly basis, of the cash reserves and commitments of the Agency. It maintains cash on demand to meet forecasted monthly cash outflows, with the residual being maintained on call accounts. The NYDA conducts rolling forecasts to anticipate its cash requirements to meet operating expenses, capital expenditure and draw-down requests, in respect of commitments made regarding grants and loans. The NYDA tracks loan and grant approvals, commitments and undrawn commitments on a continuous basis, in order to provide a basis for anticipating capital calls.

The NYDA makes commitments from its existing capital base, notwithstanding that it has an expectation that the National Treasury will recapitalise the NYDA on an annual basis. The NYDA continuously keeps record of reserves which are encumbered and restricted, in order to avoid deficits arising from the over-commitment of funds.

#### 14. Interest Income

Cash and cash equivalent	2 526	3 012
Loans receivable — impaired	12 122	15 848
Loans receivable — not impaired	750	470
	<b>15 398</b>	<b>19 330</b>

#### 15. Other Income

Repayment from Masisizane	—	256
Sponsorship income	—	778
Front-end fees	89	115
Sale of tables at SA Youth Awards	—	—
Sale of access cards	—	—
Recoveries from fraudulent payments	—	7 000
Merseta management fee	—	66
Recoveries from employees	—	—
Proceeds from rental deposit	—	6
Franchise fund recovery	—	615
Other income — University of Johannesburg	—	88
Other income	2 814	954
	<b>2 903</b>	<b>9 878</b>

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	2016 R'000	2015 R'000
<b>16. Fair Value Adjustments</b>		
Other fair value adjustments	(141)	–
Fair value adjusted to designated investments in associates	108	79
	<b>(33)</b>	<b>79</b>
<b>17. Auditors' Remuneration</b>		
External audit fees	5 249	5 755
Internal audit fees	801	1 514
	<b>6 050</b>	<b>7 269</b>
<b>18. Depreciation and Amortisation</b>		
<b>Depreciation</b>		
Depreciation — computers	2 060	1 717
Depreciation — office equipment	983	1 197
Depreciation — furniture	694	677
Depreciation — leasehold Improvements	676	691
Depreciation — motor vehicles	–	8
	<b>4 413</b>	<b>4 290</b>
Less: Attributable to project disbursements	(1 727)	(1 881)
<b>Total depreciation</b>	<b>2 686</b>	<b>2 409</b>
<b>Amortisation</b>		
Intangible assets	1 320	1 303
Less: Attributable to project disbursements	(219)	(112)
<b>Amortisation of intangible assets</b>	<b>1 101</b>	<b>1 191</b>
<b>19. Employee-related Costs</b>		
Salaries and allowance	156 138	165 985
Provident fund: defined contribution	9 000	9 396
Termination benefits	44 477	1 095
<b>Total employee costs</b>	<b>209 615</b>	<b>176 476</b>
Less: Attributable to project disbursements	(136 204)	(113 812)
	<b>73 411</b>	<b>62 664</b>

The NYDA implemented an organisational restructuring and realignment project during the 2015/16 financial year. Staff reductions were implemented in accordance with section 189 of the Labour Relations Act. The majority of employees exited through a voluntary settlement package process and settlement of such process is separately disclosed.



	2016 R'000	2015 R'000
<b>20. Impairment of Assets</b>		
Small and medium enterprises	5 628	10 560
Loans receivable — impaired	694	4 511
Micro-loans, direct lending and intermediaries	590	591
	<b>6 912</b>	<b>15 662</b>
Equipment impairment	284	134
Intangible assets impairment	—	246
	<b>7 196</b>	<b>16 042</b>
<b>Reversal of impairments</b>		
Small and medium enterprises	(59 934)	(1 707)
Micro-loans, direct lending and intermediaries	(61 424)	(31)
Co-operatives	(186)	—
	<b>(121 544)</b>	<b>(1 738)</b>
<b>Write-off of assets</b>		
Loans receivable from exchange transactions	121 139	639
Equipment written off	35	(84)
Intangibles written off	—	7
<b>21. Operating Lease</b>		
Building	21 551	20 483
Less: Attributable to project disbursements	(10 138)	(14 522)
	<b>11 413</b>	<b>5 961</b>
<b>Future minimum rentals under non-cancellable operating leases within one year</b>	8 313	21 017
<b>After one year, but not more than five years</b>	5 716	14 293
The leases relate to the buildings occupied by the NYDA. The average terms vary from three to five years and the escalation rates range from 8–10%. While there are renewal options up to a period of three years, there is no option to purchase.		
<b>22. Donor-funding Disbursements</b>		
The respective donor-funding disbursements are as follows:		
Flemish Government	1 005	1 611
Department of Trade and Industry (DTI) Community Development Officer	—	14
Independent Development Trust (IDT)	17 204	8 795
Manufacturing Engineering and Related Services SETA Career Guidance	35	1 131
Industrial Development Corporation of SA	7 350	—
	<b>25 594</b>	<b>11 551</b>



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	2016 R'000	2015 R'000
<b>23. Grant Disbursements</b>		
The respective disbursements are as follows:		
Grant disbursement — co-operatives	2 026	7 505
Grant disbursement — individuals and groups	24 253	22 135
Grant disbursement — special projects	3 695	–
	<b>29 974</b>	<b>29 640</b>
<b>24. Project Disbursements</b>		
The respective disbursements are as follows:		
Service delivery channel*	104 907	85 522
Economic Development	24 493	47 584
Corporate Partnerships and International Relations	13 339	12 479
Communication and Corporate Affairs	2 363	5 008
National Youth Service and Skills Development	85 555	80 272
Research and Policy	13 910	19 563
Executive Directors' Projects	11 866	16 120
<b>Total project disbursements</b>	<b>256 433</b>	<b>266 548</b>
<b>25. Cash (used in) Generated from Operations</b>		
Deficit	(24 681)	(15 532)
<b>Adjustments for:</b>		
(Loss)/gain on sale of assets and liabilities	(45)	5
Fair value adjustment	(108)	(79)
Interest income	(6 560)	(16 609)
Write-off of assets	121 140	562
Donor-funded income	(25 593)	(11 551)
Impairment	(114 349)	14 303
Movements in provisions	(201)	2 713
Depreciation and amortisation	5 738	5 595
<b>Changes in working capital:</b>		
Decrease/(increase) in receivables from exchange transactions	(4 089)	(3 067)
Increase/(decrease) in other receivables from non-exchange transactions	4 093	(1 420)
(Decrease)/increase in trade and other payables	(10 023)	6 971
Decrease/(increase) in rental deposit	243	267
Increase/(decrease) in deferred income	21 468	14 961
<b>Cash (utilised)/received from (deficit/surplus)</b>	<b>(32 967)</b>	<b>(2 881)</b>
<b>Net movement in loans receivable</b>	<b>(1 621)</b>	<b>5 962</b>
	<b>(34 588)</b>	<b>3 081</b>



	2016 R'000	2015 R'000
<b>26. Directors' Emoluments</b>		
<b>Chief Executive Officer: Khathutshelo Ramukumba (appointed 1 June 2014)</b>		
Salary for managerial service to the NYDA	1 988	1 690
Allowance	66	69
Employee termination settlement cost	–	–
<b>Total short-term employee benefit</b>	<b>2 054</b>	<b>1 759</b>
Defined contribution plan	169	134
	<b>2 223</b>	<b>1 893</b>
<b>Acting Chief Executive Officer: Khathutshelo Ramukumba (appointed 1 February 2014)</b>		
Salary for managerial service to the NYDA	–	224
Allowance	–	13
<b>Total short-term employee benefit</b>	<b>–</b>	<b>237</b>
Defined contribution plan	–	21
	<b>–</b>	<b>258</b>
<b>Executive Chairperson: Mr Yershen Pillay (appointed 22 March 2013, term ended 22 March 2016)</b>		
Salary for managerial service to the NYDA	987	855
Allowance	140	143
<b>Total short-term employee benefit</b>	<b>1 127</b>	<b>998</b>
Defined contribution plan	57	54
	<b>1 184</b>	<b>1 052</b>
<b>Deputy Executive Chairperson: Mr Kenny Morolong (appointed 22 March 2013, term ended 22 March 2016)</b>		
Salary for managerial service to the NYDA	1 010	901
Allowance	85	12
<b>Total short-term employee benefit</b>	<b>1 095</b>	<b>913</b>
Defined contribution plan	48	46
	<b>1 143</b>	<b>959</b>
<b>Non-executive</b>		
Ms Ayanda Makaula	465	475
Ms Maropene Ramokgopa	465	519
Mr Mothupi Modiba	468	565
Ms Nyalleng Potloane	429	335
Ms Zandile Majozi	465	513
	<b>2 292</b>	<b>2 407</b>

## 26. Directors' Emoluments (continued)

2016	Short-term employee benefits R'000	Bonus R'000	Expense allowance R'000	Defined contribution plan R'000	Termination benefit R'000	Total R'000
<b>Other key management personnel</b>						
<b>Divisional directors and senior management reporting directly to the Chief Executive Officer:</b>						
Chief Financial Officer	1 034	95	51	67	–	1 247
<b>Divisional Directors</b>						
Mr AM Ntlangeni (VSP 31 August 2015)	427	187	21	26	1 071	1 732
Mr D van Vuuren (VSP 31 August 2015)	392	234	66	29	1 033	1 754
Ms N Mphahlele	795	243	44	187	–	1 269
Ms L Dlova (VSP 31 August 2015)	477	200	14	29	823	1 543
Mr D Smith (VSP 31 August 2015)	454	177	3	25	1 061	1 720
Ms J Tshoke	811	–	88	165	–	1 064
Mr L Matibane (Settlement 31 October 2015)	661	95	2	31	1 108	1 897
Ms Ankie Motsoahae (Appointed 1 September 2015)	607	–	2	40	–	649
Ms Nomvula Mabuza (Appointed 1 September 2015)	483	–	3	91	–	577
	<b>6 141</b>	<b>1 231</b>	<b>294</b>	<b>690</b>	<b>5 096</b>	<b>13 542</b>

## 26. Directors' Emoluments (continued)

2015	Short-term employee benefits R'000	Bonus R'000	Expense allowance R'000	Defined contribution plan R'000	Total R'000
<b>Other key management personnel</b>					
<b>Divisional directors and senior management reporting directly to the Chief Executive Officer:</b>					
Chief Financial Officer	496	–	3	25	524
<b>Divisional Directors</b>					
Mr AM Ntlangeni	924	165	108	57	1 254
Ms T Mavasa (Resigned 31 July 2014)	564	177	–	25	766
Mr SG Mkoka	520	–	16	26	562
Mr D van Vuuren	963	192	140	65	1 360
Ms N Mphahlele	932	192	61	174	1 359
Ms S Redelinghuys (Acting from 23 May 2014)	341	–	22	18	381
Ms L Dlova	1 024	192	79	65	1 360
Ms J Tshoke (Appointed 1 November 2014)	383	–	52	65	500
Mr D Smith (Appointed 1 October 2014)	837	152	105	55	1 149
Ms NG Hluyo (Acting from July 2013, resigned May 2014)	399	–	9	26	434
Mr L Matibane (Appointed 1 October 2014)	563	–	12	30	605
Mr S Hargovan (Acting from 2 September 2014)	475	–	31	26	532
	<b>8 421</b>	<b>1 070</b>	<b>638</b>	<b>657</b>	<b>10 786</b>



## 27. Related Parties

Type	Related Parties	% Share-holding	Nature of Transaction	Loans and Investments Disbursed in 2015	Terms and Conditions	
Joint Ventures	1. Jointly controlled assets with FNB Leverage Finance (LF)	33%	The NYDA invested R36 million with a commitment to invest R80 million.	Nil (2015: Nil)	FNB will provide funding to SMEs and remit collection to the NYDA as and when received.	
	2. Jointly controlled asset with Massmart Holdings Limited	50%	The NYDA and Massmart contributed R1 million each to provide funding to entrepreneurs for franchises costing less than R150 000.		The NYDA will provide funding to entrepreneurs and remit collections to Massmart as and when received.	
	3. Jointly controlled asset with Mobile Telephone Network Ltd (MTN)	57%	The NYDA and MTN contributed R2 million and R1.5 million, respectively, to provide funding to entrepreneurs for franchises costing R30 000.	Nil (2015: Nil)	The NYDA will provide funding to entrepreneurs and remit collections to MTN as and when received.	
	4. University of Johannesburg	50%	The NYDA contributed R4 million towards the youth development research institutes.	R4 Million	The NYDA contributed R4 million towards the youth development research institutes.	
Associates	1. Franchise Fund (en commandité partnership between the NYDA and business partners)	80%	The NYDA invested R100 million (80% stake) in the Franchise Fund to assist young black entrepreneurs to start franchises.	Nil (2015: Nil)	Franchise Fund will provide funding to SMEs and remit collections to the NYDA.	
	2. Chicken Kwasa (Pty) Ltd	26%	The NYDA granted a loan to Chicken Kwasa (Pty) Ltd for an approved amount of R175 million.	Nil (2015: Nil)	The interest rate on this loan is prime less 2%. Participation fees are charged at the greater of 1,25% of actual gross monthly revenue or R9 100 per month. The loan period is from March 2005 to 2010.	
	3. K5 Transport Logistics (Pty) Ltd	10%	The NYDA granted a loan to K5 Transport Logistics (Pty) Ltd for an approved amount of R1.2 million.	Nil (2015: Nil)	The interest rate on this loan is prime plus 3%. Participation fees are not charged. The loan period was from June 2006 to May 2011.	
	4. Decti Rating Agency (Pty) Ltd	19%	The NYDA granted a loan to Decti Rating Agency (Pty) Ltd for an approved amount of R1.5 million.	Nil (2015: Nil)	The interest rate on this loan is prime plus 2%. Participation fees are not charged. The loan period was from December 2006 to December 2011.	
	5. Vynide Investments	10%	The NYDA granted a loan to Vynide Investments for an approved amount of R3 million.	Nil (2015: Nil)	The interest rate on this loan is prime plus 2%. Participation fees are not charged. The loan period was from November 2007 to December 2012.	



	Loan Balance before Impairment	Liability Balance	Interest Income	Administration Fees	Other Expense with Related Parties	Other Income with Related Parties	Impairment of Loans with Related Parties
	Nil (2015: R2.517 million)	Nil (2015: Nil)	Nil (2015: 625 000)	Nil (2015: Nil)	Nil (2015: Nil)	Nil (2015: Nil)	Nil (2015: R2.512 million)
	Nil (2015: R3.0 million)	Nil (2015: Nil)	Nil (2015: R259 000)	Nil (2015: Nil)	Nil (2015: Nil)	Nil (2015: Nil)	R3.0 million (2015: R3.0 million)
	Nil (2015: R30 000)	Nil (2015: R230 000)	Nil (2015: Nil)	Nil (2015: R125 000)	Nil (2015: Nil)	Nil (2015: Nil)	Nil (2015: R230 000)
	R4 million	R97 650			R3 099	R88 000	Nil
	R4.8 million (2015: R4.8million)	Nil (2015: Nil)	R79 000 (2015: R848 000)	Nil (2015: Nil)	Nil (2015: Nil)	Nil (2015: Nil)	Nil (2015: Nil)
	R2.1 million (2015: R2.1 million)	Nil (2015: Nil)	Nil (2015: R57 000)	Nil (2015: Nil)	Nil (2015: Nil)	R45 500 (2015: R45 500) (royalties income)	R2.1 million (2015: R2.1 million)
	R1.5 million (2015: R1.4 million)	Nil (2015: Nil)	R112 000 (2015: R112 000)	Nil (2015: Nil)	Nil (2015: Nil)	Nil (2015: Nil)	R1.5 million (2015: R1.5 million)
	R500 000 (2015: R500 000)	Nil (2015: Nil)	Nil (2015: Nil)	Nil (2015: Nil)	Nil (2015: Nil)	Nil (2015: Nil)	R500 000 (2014: R500 000)
	R3.7 million (2015: R3.7 million)	Nil (2015: Nil)	R372 000 (2015: R372 000)	Nil (2015: Nil)	Nil (2015: Nil)	Nil (2015: Nil)	R3.7 million (2015: R3.7 million)

## 27. Related Parties (continued)

All entities on the national sphere of government, as well as entities that report to entities

Type	Related Parties	% Share-holding	Nature of Transaction	Loans and Investments Disbursed in 2015	Terms and Conditions	
<b>Fellow Subsidiary Department</b>	Government Communication and Information Systems (GCIS)	N/A	GCIS advertises events on behalf of the NYDA.	Nil (2015: Nil)	None	

## Advances to directors and key management

Type	Related Parties	Nature of Transaction	Loans and Investments Disbursed in 2015	Terms and Conditions	Loan Balance before Impairment	
A Lungisa	N/A	Advances to be repaid	Nil (2015: Nil)	None	Nil (2015: Nil)	
S Ngubeni	N/A	Advances to be repaid	Nil (2015: Nil)	None	Nil (2015: Nil)	
M Mashinini	N/A	Advances to be repaid	Nil (2015: Nil)	None	Nil (2015: Nil)	



	Loan Balance before Impairment	Liability Balance	Interest Income	Administration Fees	Other Expense with Related Parties	Other Income with Related Parties	Impairment of Loans with Related Parties
	Nil (2015: Nil)	Nil (2015: R98 096)	Nil (2015: Nil)	Nil (2015: Nil)	R1.7 million (2015: R1.3 million)	Nil (2015: Nil)	Nil (2015: Nil)

	Liability Balance	Interest Income	Administration Fees	Other Expense with Related Parties	Advances to Directors and Key Management	Other Income with Related Parties	Impairment of Loans with Related Parties
	Nil (2015: Nil)	Nil (2015: Nil)	Nil (2015: Nil)	Nil (2015: Nil)	R460 000 (2015: R460 000)	Nil (2015: Nil)	R460 000 (2015: R460 000)
	Nil (2015: Nil)	Nil (2015: Nil)	Nil (2015: Nil)	Nil (2015: Nil)	Nil (2015: Nil)	Nil (2015: Nil)	Nil (2015: Nil)
	Nil (2015: Nil)	Nil (2015: Nil)	Nil (2015: Nil)	Nil (2015: Nil)	R23 000 (2015: R23 000)	Nil (2015: Nil)	R23 000 (2015: R23 000)

# ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2016 R'000	2015 R'000
<b>28. Commitments</b>		
<b>Total commitments</b>		
Capital commitments	1 147	14 931
This committed expenditure relates to property and will be financed by, among others, available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources and funds internally generated.		
Turnaround strategy	–	9 683
IT capital assets	1 147	3 250
Equipment	–	1 603
Education enablers' funds	–	395
	<b>1 147</b>	<b>14 931</b>

## 29. Contingent Liability and Assets

### Contingent liability

The NYDA has a contingent liability for an employee settlement, in which an employee is claiming the balance of contract when the employee opted for a voluntary settlement package. The possible obligation is R1.9 million.

A travel service provider is claiming interest of R89 000, as a result of late payment and the amount is currently being disputed by the NYDA.

Vouchers of R2.3 million were issued to young people, but had not been redeemed at financial year end.

As at 31 March 2016, the NYDA accumulated cash reserves, which have been declared to National Treasury as committed cash reserves. National Treasury has the ability to claim such reserves from the Agency.

## 30. Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure	5 374	5 648
Cancellation fee	–	7
Travel penalties	4	13
Interest paid	–	246
Reversal of previous years' fruitless and wasteful expenditure	–	(540)
	<b>5 378</b>	<b>5 374</b>

Management implemented consequences to individuals found accountable for incurring fruitless and wasteful expenditure. This included both suspensions and written warnings.

## 31. Irregular Expenditure

Opening balance	280 259	279 679
Add: Irregular Expenditure — current year	265	580
Less: Amounts condoned	(191)	–
	<b>280 333</b>	<b>280 259</b>

Irregular expenditure incurred during the current financial year resulted from non-compliance with the Public Finance Management Act, Preferential Procurement Policy Framework Act and National Treasury Regulation, with respect to Supply Chain Management prescripts.

The Agency took necessary action against individuals who contributed to the incurrence of irregular expenditure by enforcing disciplinary action.





	2016 R'000	2015 R'000
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### 32. Budget Differences

#### Material differences between budget and actual amounts

**Administration and overheads:** The effects of depreciation and amortisation on administration and overheads are not budgeted for, as they involve non-cash elements, which accounts for the variance.

**Communication and public relations:** The variance is immaterial in nature and resulted from a small amount of savings identified.

**Information technology:** The variance is immaterial in nature and resulted from foreign exchange variants in the payment of the Microsoft licence.

**Outsourcing and external services:** Savings were incurred as a result of more internally focused projects, and the savings redirected towards the restructuring.

**Seminars and training:** The variance is immaterial in nature.

**Travel and accommodation:** The variance is immaterial in nature.

**Project disbursements:** Project costs were increased through savings from outsourcing and the majority of projects had an internal focus for the financial year under consideration.

**Grants:** The variance is immaterial in nature.

**Employee costs:** The implementation of the organisational restructuring and the resultant settlement payouts are disclosed separately in note 19 for the variance.

**Impairment/donor/loss/interest:** The NYDA does not budget for these line items, due to them being either non-cash or immaterial.

### 33. Prior Period Errors

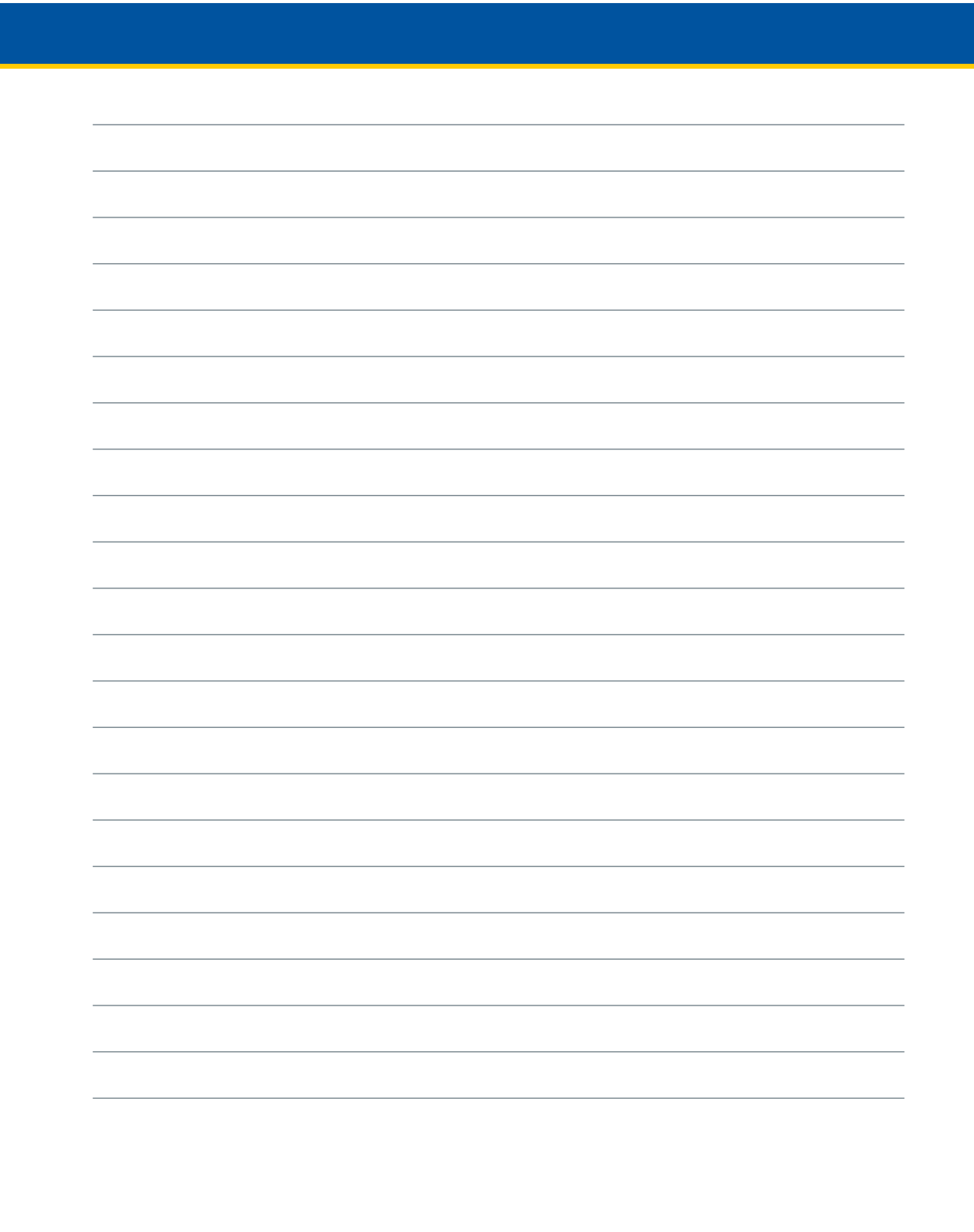
The Agency identified an error in accounting for the voucher programme. Vouchers issued to young people were accounted for as a liability, when the correct accounting treatment would have been disclosure as a contingent liability.

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

<b>Statement of financial position</b>		
Decrease in liabilities	9 262	–
Increase in provision	(1 754)	–
Opening accumulated surplus or deficit	8 979	–
<b>Statement of financial performance</b>		
Decrease in project disbursements	1 471	–

NOTES

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NOTES

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NATIONAL YOUTH DEVELOPMENT AGENCY

**OUR YOUTH. OUR FUTURE.**

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