



*Celebrating Excellence in  
Skills Development*  
**2015/16**  
ANNUAL REPORT



higher education  
& training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



# higher education & training

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Higher Education and Training  
**REPUBLIC OF SOUTH AFRICA**



Hon. Minister Dr. Blade Nzimande



Hon. Deputy Minister Mduduzi Manana

## PRESENTATION OF THE 2015/16 W&RSETA ANNUAL REPORT TO THE MINISTER OF HIGHER EDUCATION AND TRAINING, DR. BE NZIMANDE

### The Honourable Minister

On behalf of the Board and Management, it is with great pleasure to present to the Honourable Minister the 2015/16 Annual Report of the Wholesale and Retail SETA as prescribed by Section 55 of the Public Finance Management Act, Chapter 28 of the Treasury Regulations and the Skills Development Act No. 97 of 1998. These legislations require the Public Entity to submit an Annual Report to the Executive Authority, National Treasury and Auditor – General of South Africa for tabling to the Parliament of South Africa which must comprise of the following for the year under review:

- Annual Report on the activities of the public entity;
- The audited Annual Financial Statements; and
- The Auditor's Report on the audited Annual Financial Statements

The Annual Report reflects on the strides made by the W&RSETA to contribute to the Minister's vision of the post school education and training to contribute to the economic growth of South Africa.

During the 2015/16 financial year, the W&RSETA achieved 75% against the Service Level Agreement with the Department of Higher Education and Training.

The achievements we are reflecting on in this Annual Report would not have been possible without the strategic leadership of the Ministry and the Department to ensure that the W&RSETA executes its mandate and leaves a lasting legacy of a skilled wholesale and retail workforce.

We commit to accelerate our efforts in ensuring that skills development remains a reality in the Wholesale and Retail Sector during this financial year.

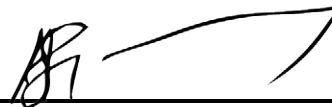
Yours in skills development,



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**Ms. Pearl Maphoshe**

Chairperson: W&RSETA Board



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**Mr Andile Sipengane**

Chief Executive Officer (Acting)

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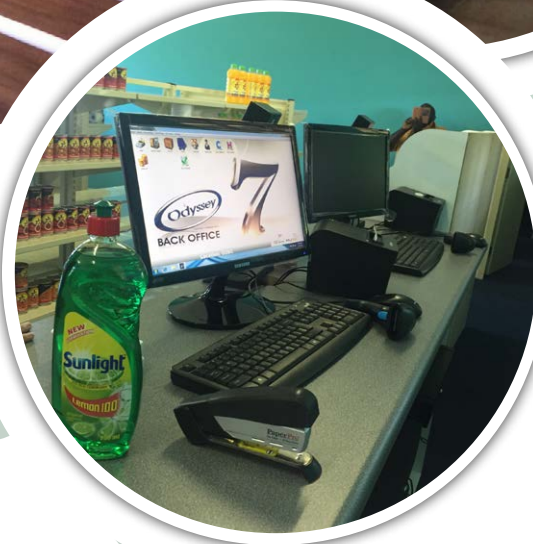
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# PART A: General Information



### Registered Name of the Public Entity

Wholesale and Retail Sector Education and Training Authority (W&RSETA)

### Registration Number of the Entity

27/W&RSETA/1/04/11

### Other Relevant Numbers

Not Applicable

### Registered Office Address

1303 Heuwel Avenue  
Riverside Office Park  
Cnr. Lenchen South & Heuwel Avenue  
Centurion  
Pretoria  
Republic of South Africa, 0167

### Postal Address

Private Bag X106  
Centurion  
0046

### Contact Telephone Numbers

Tel: 012 622 9500  
Call Centre: 0860 270 027

### Email Address:

wrseta@wrseta.org.za

### Website Address

www.wrseta.org.za

### External Auditors Information

Auditor General South Africa (AGSA)  
300 Middel Street, New Muckleneuk, Pretoria, 0001

### Bankers Information

1. ABSA: P.O Box 7725, Johannesburg
2. Rand Merchant Bank: P.O Box 786273, Sandton
3. Nedbank: P.O Box 1007, Johannesburg
4. Standard Bank: P.O Box 61344, Marshalltown

## 1.2 SECTOR INDUSTRY CODES

61000	Wholesale and Commission Trade, Except of Motor Vehicles and Motor Cycles	62311	Retail of Non-Prescribed Medicines and Pharmaceutical Products other than by Pharmacists
61100	Wholesale Trade on a Fee or Contract Basis	62321	Retail Trade in Men's and Boys' Clothing
61220	Wholesale Trade in Food, Beverages and Tobacco	62322	Retail Trade in Ladies' and Girls' Clothing
61310	Wholesale Trade in Textiles, Clothing and Footwear	62323	Retail Trade by General Outfitters and by Piece Goods, Textiles, Leather and Travel Accessories
61391	Wholesale Trade in Household Furniture Requisites and Appliances	62324	Retail Trade in Shoes
61392	Wholesale Trade in Books and Stationery	62330	Retail Trade in Household Furniture, Appliances, Articles and Equipment
61393	Wholesale Trade in Precious Stones, Jewellery and Silverware	62340	Retail Trade in Hardware, Paints and Glass
61394	Wholesale Trade in Pharmaceuticals, Toiletries and Medical Equipment	62391	Retail Trade in Reading Matter and Stationery
61420	Wholesale Trade in Metal and Metal Ores	62392	Retail Trade in Jewellery, Watches and Clocks
61430	Wholesale Trade in Construction Material, Hardware, Plumbing and Heating Equipment	62393	Retail Trade in Sports Goods and Entertainment Requisites
61501	Office Machinery and Equipment including Computers	62399	Retail Trade by Other Specialised Stores
61509	Other Machinery	62400	Retail Trade in Second-Hand Goods in Stores
61901	General Wholesale Trade	63122	Retail Sale of Used Motor Vehicles
61909	Other wholesale trade not elsewhere classified	63310	Sale of New Parts and Accessories
62000	Retail Trade, Except of Motor Vehicles and Motor Cycles, Repair of Personal and Household Goods	63311	Sale of Tyres
62110	Retail Trade in Non-specialised Stores with Food, Beverages and Tobacco Predominating	65000	Selling and Retail of New Plastic Bags and Plastic Products
62190	Other Retail Trade in Non-Specialised Stores	65001	Selling of Garage Equipment
62201	Retail Trade in Fresh Fruit and Vegetables	65002	Retail of Baby Clothing
62202	Retail Trade in Meat and Meat Products	65003	Selling of Wooden Doors
62203	Retail Trade in Bakery Products	65004	Retailing of Beauty Products
62204	Retail Trade in Beverages (Bottle Stores)	65005	Sale of Marine Equipment and everything to do with Boats
62209	Other Retail Trade in Food, Beverages and Tobacco n.e.c	65006	Retail of Packing Materials
		61510	Sale of New Parts and Accessories excluding the Retail Sale of New Motor Vehicle Parts and Accessories
		63500	Retail Sale of Automotive Fuel



## 1.3 LEARNERSHIPS CERTIFIED

## Employed Learners (18.1)

Learnership	NQF Level	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Grand Total
General Education and Training Certificate: Adult Basic Education and Training	1	-	-	-	-	-	-	-	-	156	116	272
National Certificate: Service Station Operations	2	-	-	-	-	-	-	-	18	0	-	18
New Venture Creation	4	-	-	-	-	-	-	-	1	0	-	1
National Certificate: Business Administration Services	3	-	-	-	-	-	-	-	1	0	-	1
National Certificate in Management	3	-	-	-	-	-	-	-	35	0	-	35
Diploma Accounting Technician	5	-	-	-	-	-	-	-	1	0	-	1
Wholesale and Retail Operations Management	5	0	15	1	0	14	0	1	1	0	-	32
National Certificate: Retail Shop Floor Practices	2	98	478	217	68	6	0	1	0	0	-	868
National Certificate: Wholesale and Retail Sales Practice	3	75	14	8	72	2	0	1	18	-	-	190
National Certificate: Wholesale and Retail Operations Supervision	4	58	196	43	299	258	0	374	298	144	440	2110
National Certificate: Wholesale and Retail Distribution	2	0	57	74	90	297	73	224	401	222	292	1730
National Certificate: Wholesale and Retail Merchandising Operations	2	0	0	0	9	16	0	152	120	150	172	619
National Certificate: Wholesale and Retail Operations	2	0	0	0	149	250	9	402	595	221	274	1900
National Certificate: Wholesale and Retail Chain Store Operations	2	0	0	18	19	129	13	293	565	275	684	1996
National Certificate: Wholesale and Retail Buying and Planning	5	0	0	0	0	6	0	10	12	0	16	44
National Certificate: Wholesale and Retail – Retail Sales	3	-	-	-	-	-	-	79	59	20	158	316
Further Education and Training Certificate: Wholesale and Retail Generic Management	4	0	0	0	0	19	0	35	46	72	82	254
National Certificate: Wholesale and Retail SME Operations	2	-	-	-	0	0	0	10	17	21	27	75
National Certificate: Wholesale and Retail Wholesale Sales	3	-	-	-	0	0	1	24	83	20	14	142
National Certificate: Stock Control Retail Outlet	3	-	-	-	0	0	0	0	41	10	-	51
National Certificate: Wholesale and Retail Cosmetic	3	-	-	-	0	0	0	0	0	0	-	-
National Certificate: Wholesale and Retail Visual Merchandising	3	-	-	-	0	0	0	16	15	14	17	62
National Certificate: Wholesale and Retail Generic Management	5	-	-	-	0	0	0	24	4	8	99	135
National Certificate: Informal and Small Business Practice	3	-	-	-	-	-	-	-	-	10	102	112
National Certificate: Wholesale and Retail Stock Control in a distribution centre	3	-	-	-	-	-	-	-	1	1	-	2
<b>Total</b>		<b>231</b>	<b>760</b>	<b>361</b>	<b>706</b>	<b>997</b>	<b>96</b>	<b>1646</b>	<b>2332</b>	<b>1338</b>	<b>2377</b>	<b>10966</b>

## 1.3 LEARNERSHIPS CERTIFIED

## Unemployed Learners (18.2)

Learnership	NQF Level	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Grand Total
Wholesale and Retail Operations Management	5	-	-	-	-	-	-	-	-	-	-	-
National Certificate in Retail Shop Floor Practices	2	51	438	43	15	-	-	-	2	-	-	549
National Certificate: Wholesale and Retail Sales Practice	3	21	24	3	30	2	-	-	-	-	-	80
National Certificate: Wholesale and Retail Operations Supervision	4	37	95	37	146	193	25	59	55	73	400	1120
National Certificate: Wholesale and Retail Distribution	2	-	15	28	11	120	1	181	207	18	70	651
National Certificate: Wholesale and Retail Merchandising Operations	2	-	-	-	148	485	170	606	546	207	157	2319
National Certificate: Wholesale and Retail Operations	2	-	-	-	392	389	51	1438	615	144	520	3549
National Certificate: Wholesale and Retail Chain Store Operations	2	-	-	57	42	664	116	362	513	164	381	2299
National Certificate: Wholesale and Retail Buying and Planning	5	-	-	-	-	2	-	14	-	-	1	17
National Certificate: Wholesale and Retail – Retail Sales	3	-	-	-	-	63	-	213	85	53	194	608
Further Education and Training Certificate: Wholesale and Retail Generic Management	4	-	-	-	-	-	-	5	37	11	6	59
National Certificate: Wholesale and Retail SME Operations	2	-	-	-	2	2	-	644	31	-	9	688
National Certificate: Wholesale and Retail Wholesale Sales	3	-	-	-	-	-	125	22	141	22	65	375
National Certificate: Stock Control Retail Outlet	3	-	-	-	-	-	-	8	107	27	136	278
National Certificate: Wholesale and Retail Cosmetic	3	-	-	-	-	-	-	2	-	-	-	2
National Certificate: Wholesale and Retail Visual Merchandising	3	-	-	-	-	-	-	6	42	-	176	224
National Certificate: Wholesale and Retail Generic Management	5	-	-	-	-	-	-	150	1	85	75	311
National Certificate: Informal and Small Business Practice	3	-	-	-	-	-	-	-	31	23	64	118
National Certificate: Wholesale and Retail Stock Control in a distribution centre	3	-	-	-	-	-	-	-	-	1	20	21
General Education and Training Certificate: Adult Basic Education and Training	1	-	-	-	-	-	-	-	-	13	110	123
National Certificate in Management	3	-	-	-	-	-	-	-	2	-	-	2
National Certificate: Service Station Operations	2	-	-	-	-	-	-	-	27	-	-	27
New Venture Creation	4	-	-	-	-	-	-	-	46	-	-	46
Contact Centre Support	2	-	-	-	-	-	-	-	4	-	-	4
Retail and Wholesale Processes	2	-	-	-	-	-	-	-	11	-	-	11
Retail and Wholesale Sales and Services Technology	4	-	-	-	-	-	-	-	2	-	-	2
<b>Total</b>		<b>109</b>	<b>572</b>	<b>168</b>	<b>786</b>	<b>1920</b>	<b>488</b>	<b>3710</b>	<b>2505</b>	<b>841</b>	<b>2384</b>	<b>13483</b>

## ACRONYMS AND ABBREVIATIONS

ACRONYM	MEANING
AET	Adult Education and Training
AQP	Assessment Quality Partner
ATR	Annual Training Report
BEE	Black Economic Empowerment
BRICS	Brazil, Russia, India, China and South Africa
CBO	Community-based Organisations
CEO	Chief Executive Officer
DC	Distribution Centre
DEDaT	Department of Economic Development and Tourism
DG	Discretionary Grants
DHET	Department of Higher Education and Training
DUT	Durban University of Technology
EE	Employment Equity
ETQA	Education and Training Quality Assurance
FET	Further Education and Training
FMCG	Fast-moving Consumer Goods
GIBS	Gordon Institute of Business Science
HET	Higher Education and Training
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
ILDP	International Learnership Development Programme
ILO	International Labour Organisation
ATR	Annual Training Report
IT	Information Technology
MerSETA	Manufacturing, Engineering and Related Services Sector Education and Training Authority
MICTSETA	Media, Information, Communication and Technology Sector Education and Training Authority
NGO	Non-governmental Organisations
NQF	National Qualifications Framework

## ACRONYMS AND ABBREVIATIONS

ACRONYM	MEANING
NSDS	National Skills Development Strategy
NSFAS	National Student Financial Aid Scheme
PFMA	Public Finance Management Act
PIVOTAL	Professional Vocational Technical and Academic Learning
PSDF	Provincial Skills Development Forum
QCTO	Quality Council for Trades and Occupations
QMB	Quality Management Body
QQA	Qualification and Quality Assurance
RMDP	Retail Management Development Programme
RPL	Recognition of Prior Learning
SAQA	South African Qualifications Authority
SDF	Skills Development Facilitator
SEDA	Small Enterprise Development Agency
SME	Small and Micro Enterprises
SMME	Small, Medium and Micro Enterprise
SETA	Sector Education and Training Authority
SIC	Sector Industry Classification
SLO	Skills Liaison Officer
SMS	SETA Management System
SOE	School of Excellence
SSETA	Services Sector Education and Training Authority
SSP	Sector Skills Plan
TVET	Technical Vocation Education and Training
WRLC	Wholesale and Retail Leadership Chair
W&R	Wholesale and Retail
W&RSETA	Wholesale and Retail Sector Education and Training Authority
WEEG	Workplace Experience and Employment Grant
WSP	Workplace Skills Plan

## STRATEGIC OVERVIEW

## Vision

We are the premier authority in skills development, exceeding stakeholder expectations in the Wholesale and Retail (W&R) Sector.

## Mission

To develop a skilled and capable workforce in the Wholesale and Retail (W&R) Sector, thereby contributing to the sustainable socio-economic development and growth of the country.

### Strategic Goals

- To create a culture of lifelong and workplace learning;
- To address historic imbalances with a focus on class, race, gender, geographical locations and disability, in the development of people in the W&R Sector;
- To facilitate funded and accessible training to meet the Sector needs; and
- To align with national development strategies in line with the requirements of government to foster skills development in the Wholesale and Retail (W&R) Sector for productivity and employment.

## Values

- We place high value in the members of the W&RSETA team;
- We continually treat each other with respect and dignity;
- We support each other in action, word and behaviour;
- We optimise strong ethics, integrity and trustworthiness;
- We care for each other and are sensitive about feelings, concerns, frustrations and limitations;
- We are honest with each other and are prepared to engage openly and frankly on differences;
- We thrive on positive and constructive feedback;
- We are zealously co-responsible and accountable for the team's efforts;
- We respect the unique contribution that each individual makes and recognise that "I" cannot be fully "me" without "you";
- We give each other space and accept the responsibility for the impact of our actions in the team;

- We positively affirm our confidence in each individual's ability to deliver excellently; and
- We make time to regularly interact and reflect meaningfully on what is really important.

## Guiding Principles

In terms of our Guiding Principles, the W&RSETA accepts, promotes and give effect to the applicable legislation and to our vision, mission and objectives adhering to the following principles:

- Encourage and promote the International Labour Organisation's (ILO) Decent Work Agenda;
- Apply non-discriminatory employment practices;
- Be fair and equitable in all dealings with and treatment of stakeholders, suppliers and vendors;
- Develop and implement best business practices;
- Encourage adherence to the Sectoral determination within the W&R Sector; and
- Foster sound corporate governance principles as outlined in King III.

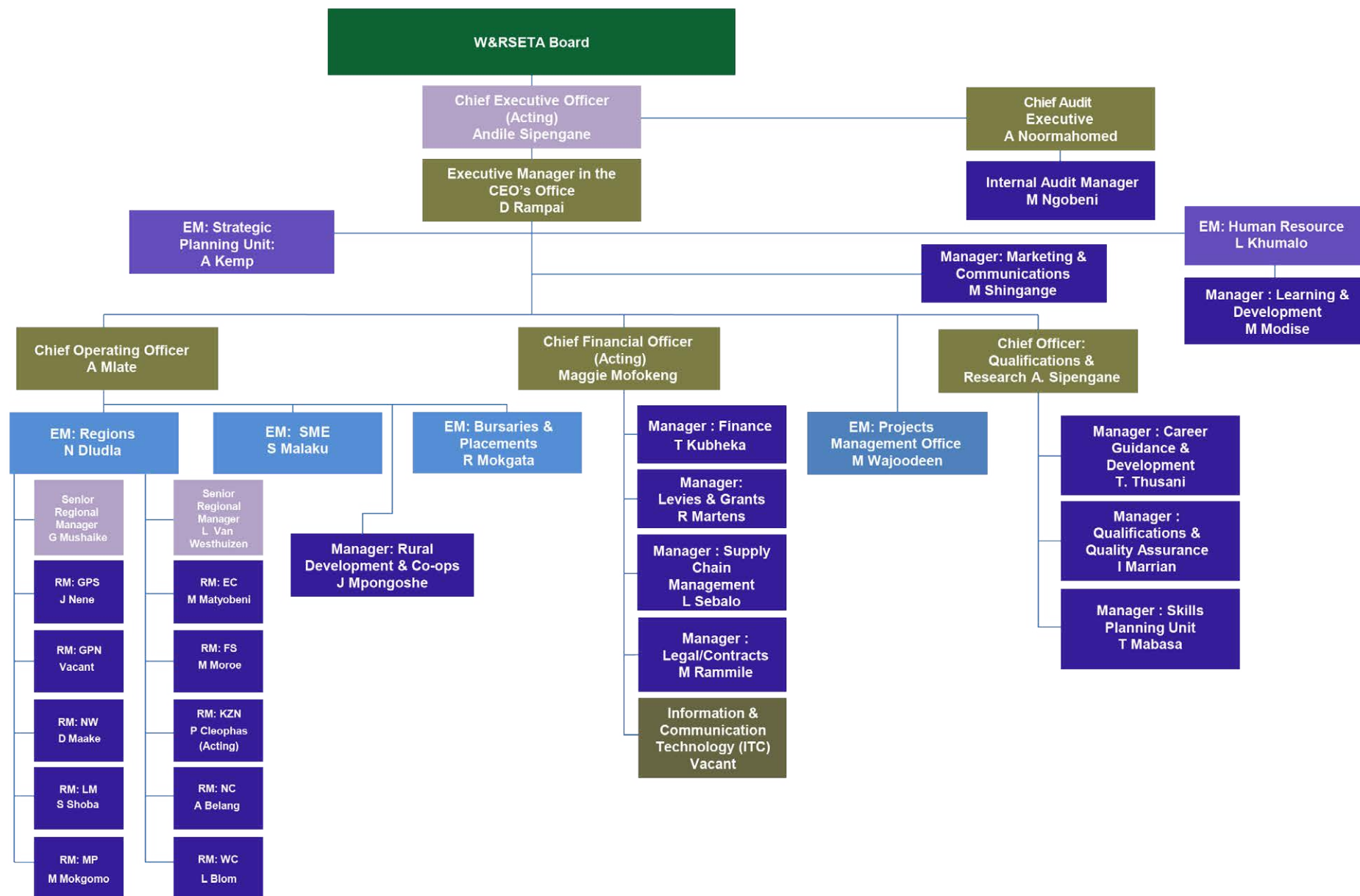
The Skills Development Act, 1998 (SDA) makes provision for the establishment of Sector Education and Training Authorities (SETAs) for each national economic Sector as determined by the Minister in terms of Sector 9 of the SDA.

The SDA establishes the framework within which SETAs must operate. It stipulates the composition and functions of SETAs and determines the minimum requirements for their constitutions.

The W&RSETA is governed by the following legislative framework:

- Skills Development Act, 1998
- Skills Development Levies Act, 1999
- Public Finance Management Act, 1999
- Regulations regarding the Establishment of Sector
- National Treasury Regulations

## ORGANISATIONAL STRUCTURE





## CHAIRPERSON'S FOREWORD

## Introduction

It gives me great pleasure to report on the results of the W&RSETA for the 2015/16 financial year.

In this financial year the SETA has continued to be innovative in the delivery of skills development to our stakeholder in order to ensure transformation of the sector and thereby creating job opportunities.

We celebrate the many milestones that we have reached in a quest to transform the lives of our fellow education through providing them with many opportunities to advance their skills in order to be employable as well as to create the much-needed employment opportunities in our country. Whilst the W&RSETA has recorded many successes, we have also been confronted with the same amount of challenges.

## Highlights and Achievements

The W&RSETA Board has continued to provide strategic leadership to the Organisation to ensure that performs at its optimum; meeting and exceeding expectations. The Board has performed its role in line with the Public Finance Management Act, 1999; as well as other relevant legislation and codes of good practice. We are disheartened by the W&RSETA's performance for the year under review which has decreased from 83.3% from the 2014/15 financial year to 78% against the Annual Performance Plan. Impressively, the SETA has performed at 75% on the Service Level Agreement with the Department of Higher Education which in an increase from 78.3% in the previous year.

One of humbling achievements for the year was the award that the W&RSETA graciously accepted from the South African Society for Cooperative Education (SASCE) during the Work Integrated Learning (WIL) Conference held in November 2015. The award was in recognition of the W&RSETA's ground breaking Retail Schools of Excellence project which is collaboration between Kwa Zulu Natal wholesale and retail companies, four TVET Colleges and the Durban University of Technology. This project remains a sterling example of the impact of collaboration to produce skills that address the needs of the W&R Sector and contribute to the economic growth of the country. We celebrated the successful completion of the pilot Learnership implementation of this project with the graduation of 405 learners during the SETA's roadshow campaign in November 2015. 500 learners were registered on the Wholesale and Retail Operations for the pilot implementation of the Learnership as part of this project. A total of 405 learners



Ms. Pearl Maphoshe, Chairperson: W&RSETA Board

successfully completed the programme and graduated in November 2015.

The SETA has successfully certificated three thousand four hundred and thirty (3430) employed and unemployed learners on various NQF Levels 2 – 5 learnership programmes. One hundred and four learners (104) also successfully completed the Informal Small Business Practice NQF Level 3 Learnership through the W&RSETA Rural Area Project. The SETA will again in the coming year increase its focus and activities to provide skills development in areas that most need such initiatives for their development and increased opportunities of participation in the economy. Graduation

## CHAIRPERSON'S FOREWORD

ceremonies were held for the learners on the 2nd of June 2016.

The ILDP and RMDP which have been our flagship projects continue to have noticeable impact in the wholesale and retail sector. These were developed and implemented to address shortages of middle and senior managers in the sector. The ILDP and RMDP graduates are best equipped to address and respond to technological advances in their workplaces through the use of the specialised skills they have acquired through their training. In the year under review, forty five delegates completed and graduated on the ILDP.

### Informal Traders Upliftment Project (ITUP)

Our partnership with the Department of Small Business Development has had a significant impact on the upliftment of informal traders in the Sector. The ITUP was successfully completed with 992 traders completing training programmes that were delivered by TVET Colleges across the country. At one of the certification ceremonies, the Minister of Small Business Development, Honourable Lindiwe Zulu concurred when she said: 'The ITUP is the best thing that has ever happened to small businesses. Government must ensure a conducive environment for small traders to operate in order to change the face of small businesses and grow the economy. It will be pleasing to see informal businesses transforming to a point where they are able to create more jobs in future. 'The Minister of Higher Education and Training lauded the collaboration with TVET Colleges which were heeding the call to open their doors to learning for all.

### Strategic relationships

Stakeholder consultations and research conducted to determine the needs, challenges and other trends in the sector has been at the forefront of the SETA's commitment in addressing the goals of the national skills development strategy (NSDS) III, the SSP, the SETA's institutional goals and other government (national) imperatives through various programmes.

To this end, a Retail Chair based at CPUT was established to contribute towards Research & Qualifications development at higher level (NQF 5 -10) through collaboration between the industry and institutions of higher learning and most importantly to establish Wholesale and Retail centres of excellence. To date, the centre has conducted and completed 16 researches and made recommendations that resulted in the following activities of note:

An international student exchange programme was developed with the Duale Hochschule Baden-Württemberg, Ravensburg, Germany. Three CPUT students and three German students participated

in the exchange programme.

The Retail Chair has made recommendations for support to be provided to graduate bursary project and current post graduate learners in their institutions on thesis writing. This would then increase the number of research students focusing on the wholesale and retail field.

The SETA is continuing to develop and strengthen its strategic relationships in the sector with employers and employer organisations, labour representative bodies, government departments and other institutions. The stakeholder engagements have assisted the SETA to identify the skills needs and to start designing initiative to meet the needs.

The continued engagement and partnerships with government policy departments has seen the successful pilot of the ITUP with the Department of Small Business Development and now the plan to roll out ITUP II which will benefit a further 1000 informal traders.

### Challenges

For the second consecutive financial year, the SETA has received a qualified audit opinion from the Auditor General. The challenge with the commitments register is still prevalent for the legacy projects, management is in the process of resolving this issue in order to ensure that a more favourable outcome is achieved in the 2016/17 financial year. The efforts employed by management and staff are commendable to resolving the findings raised by the AG.

The wholesale and retail sector is constantly changing in nature and size. The economic environment being the contributing dynamic. The sector has been experiencing unprecedented negative growth this has resulted to some extent in changes in programmes that the sector has traditionally had keen interest in such as the Adult Education and Training. This ultimately requires the SETA to change its strategy.

The SETA has made great strides in the provision of the NQF Level 5 qualification through Universities, in the year under review, the results of which will be evident in the next financial year. This is a common challenge in the SETA Environment that the process of initiating a project and implementation may not be realised in the reporting financial year. The SETA is working hard to improve these structural impediments that exist in implementing this target.

## CHAIRPERSON'S FOREWORD

## Medium to long term goals

The Minister of Higher Education and Training, Dr. BE Nzimande has extended the National Skills Development Strategy (NSDS) III and current SETA landscape up to 31 March 2018. The next two years will be focussed on reviewing the Strategy as well as the SETA system. The SETA will strengthen the focus of the strategic planning process and stakeholder engagement initiatives. We have made significant strides in the past 15 years in implementing skills development initiatives that continue to professionalise the Wholesale and Retail Sector and contribute to the country's economy. The two years up to 2018 provide an exciting opportunity and challenge to strengthen our skills development efforts.

## Acknowledgements

I would like to thank the management and staff for their continued commitment to the fulfilment of our developmental mandate, and for assisting the Board in refocusing and reinvigorating the organisational strategy.

I extend my gratitude and appreciation to my fellow Board Members, the members of the Board Committees and the Audit Committee, for their invaluable contributions during this financial year. Their knowledge and skills have contributed enormously to the commendable success that the SETA has achieved, and their leadership has catapulted us to even greater heights.

The contribution of our stakeholders and strategic partners has made these results possible and we commend them for staying the course and in fact increasing their efforts in making skills development accessible to all in the Wholesale and Retail Sector

I would like extend our gratitude to the Department of Higher Education and Training, under the leadership of Honourable Minister Dr Blade Nzimande, for their continued support and guidance.

## Tribute

On behalf of the Board, I would like to pay tribute to all the former Chairpersons and Members of the Board who have laid a solid ground for the W&RSETA to contribute.

## Conclusion

As the SETA licence has been extended until 2018, we commit ourselves to assisting our stakeholders to build a competent, capable and skilled workforce.

We are aware of the challenges that we face and believe that with the support of our stakeholders, we will move beyond and achieve greater results.




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**Ms. Pearl Maphoshe**  
Chairperson: W&RSETA Board

## CHIEF EXECUTIVE OFFICER'S OVERVIEW

The W&RSETA is proud of continuously sharing ongoing successes in the delivery of skills development initiatives but most importantly it is about the value these skills development interventions brings about in the lives of the South African citizens.

### General financial review

The SETA is taking significant strides to ensure adequate financial and administrative controls are in place to deliver a prudent financial management procedure, with strict adherence to accepted corporate governance practices, and alignment with National Treasury regulations and the Public Finance Management Act (PFMA), 1999 (Act No 01 of 1999).

The SETA continues to be in a sound financial position with a net asset balance of R1.2 billion compared to R810 million in 2014/15 and has sufficient cash reserves to meet its future financial obligations.

Levy income amounted to R941 million (2014/15: R809,6 million) of which R124 million (2014/15:



Mr Andile Sipengane: Chief Executive Officer (Acting)

Albert Einstein

*"Strive not to be a success, but rather of value."*

R108 million) was allocated towards administration expenditure, R581 million (2014/15: R500 million) towards discretionary expenditure and R238 million (2014/15: 216 million) towards mandatory grants expenditure. Levy income was allocated in line with the SETA Grant Regulations.

Penalties and interest income received for late payments made to SARS amounted to R24 million (2014/15: 18 million. The SETA received R10.1 million for the Informal Traders Upliftment Project in 2014/15 and R2.5 million has been expended in the current financial year.

Investment income earned during the financial year totalled R65.7 million (2014/15: 52 million).

### Spending trends

The disbursements of administrative and grant expenditure was conducted in a responsible manner and in line with the budget approved by the Board for the period under review. Regular budget reviews were conducted and amendments were made when required with permission of the Board.

### Administration expenditure

The total administrative expenditure totalled R109.6 million (2014/15: 96.7 million).

Administration expenditure was contained within the 10.5% threshold for administrative expenditure as a result of stringent financial management and the implementation of cost saving measures.

The SETA incurred irregular expenditure totalling R65 million (2014/15: R8 million) during the period under review relating to expenses incurred for projects on expired and not duly authorised contracts and non-compliance with SCM requirements. These expenses were deemed irregular due to non-compliance to the PPPF regulations. The expenditure is still

## CHIEF EXECUTIVE OFFICER'S OVERVIEW

under investigation and has not yet been condoned by the Board.

### **Mandatory and discretionary grant expenses**

The mandatory grant expenses totalled R169 million (2014/15: R140 million).

Discretionary grant and special projects expenses totalled R348 million (2014/15: R504 million). There is a decrease of 30.9% of expenditure which has been identified by Management and corrective actions are being implemented in order to ensure all beneficiaries receive the funds allocated and continued implementation of discretionary grant projects.

### **Capacity constraints and challenges**

The SETA did not experience any significant financial constraints or challenges during the period under review. Actual income matched the budgeted income and due to the implementation of cost saving measures, the administrative expenditure remained within the allocated 10,5% budget. All planned activities requiring funding from the administrative or discretionary budget, were adequately provided for.

### **Discontinued activities / activities to be discontinued**

A summary of projects that have been completed and projects expected to be completed during the next financial year are included in Note 40 of the AFS.

Performance in this regard has been reported in the Performance Information Report.

### **New or proposed activities**

Discretionary grant applications for the implementation of new projects have been received from stakeholders in the sector and are awaiting Board approval.

### **Supply Chain Management**

The SCM policy and procedures are aligned to current legislation and regulations applicable to the procurement of goods and services. The policy makes provision for the application of proper corporate governance principles, the inclusion of BEE compliant and SMME suppliers, and the ongoing procurement of competitively priced goods and services. The policy further

makes provision for the segregation of duties and disclosure of interest.

Management is working on strengthening the control environment in the SCM unit in order to ensure there is no recurrence of irregular, fruitless and wasteful expenditure in the new financial year.

### **Audit report matter in the previous year**

The SETA has received a qualified audit opinion from the Auditor General with regards to contract, projects and commitments however there has been progress from the 2014/15 into the 2015/16 financial year. The SETA has resolved 60% of the findings raised by the Auditor General during the 2015/16 financial year. Management and Staff are committed to ensure that the SETA receives a favourable audit opinion in the 2016/17 financial year.

### **Plans for the future to address financial challenges**

The SETA will continue to manage its expenditure for both administrative, mandatory and discretionary, in a responsible and expedient manner that will essentially procure financial stability and sustainability of the organisation, as per its core business mandate outlined in the Strategic Plan and Annual Performance Plan.

### **Events after the reporting date**

The SETA Board and management are not aware of any post balance sheet events that may affect the AFS

### **Economic viability**

All SETAs have been re-established for a period of 2 years ending 31 March 2018. The Annual Financial Statements for SETA have been prepared as a going concern.

### **Some Key achievements for the 2015/16 financial year:**

#### **International Leadership Development Programme (ILDP)**

This trailblazing and prestigious programme has achieved its seventh year of successful

## CHIEF EXECUTIVE OFFICER'S OVERVIEW

implementation and continues to be highly regarded and supported by the Wholesale and Retail Sector including international retail leaders. The 2015 ILDP comprised of modules in South Africa and international study tours to the USA, Canada and China, India and Ghana respectively.

The graduation of 45 delegates in 2015 has added to the Alumni of senior managers who serve as ambassadors to the sector. The delegates continue to participate and contribute to the SETA's initiatives whilst influencing the strategic direction and initiating skills development programmes in their respective organizations.

### Retail Management Development Programme (RMDP)

The RMDP together with the ILDP continue to respond to the shortage of skilled managers in the Wholesale and Retail Sector.

The RMDP which was launched in 2011 as a pilot project boasts in excess of 1000 Alumni since its inception which includes the 331 delegates who successfully completed the programme in 2015.

### TVET College Partnerships

The W&RSETA has established offices at 32 TVET College campuses nationally, ensuring W&RSETA presence in rural and township communities. The SETA has also appointed TVET Coordinators who provide skills development support and guidance to stakeholders.

reements with 9 TVET Colleges in KZN, 4 of which participated in the ground-breaking KZN Retail Schools of Excellence project which was launched in 2014/15.

The W&RSETA also provided funding to TVET Colleges for the establishment of Simulation Rooms in preparation for the NCV Pilot programme and has provided learning material for various qualifications between NQF2 – NQF 5.

TVET College Partnerships remain critical in addressing the outcomes of the NSDS which encourages the growth of the public TVET College system to ensure that it is responsive to sector, local, regional and national skills needs and priorities.

### Small Medium Enterprise & Rural Development

In an attempt to address the transformational imperatives, which include the development of SMEs and Rural Development, the SETA implemented various interventions and projects in the year under review.

#### SME Roadshows

The SETA embarked on National SME Roadshows reaching a total of 1379 SMEs. The purpose of the roadshows was to provide support to SMEs and to encourage participation in the SETA's skills development initiatives available to them which would contribute towards their growth and empowerment.

#### Informal Traders Upliftment Project (ITUP)

Nation-wide graduations were held in celebration of the informal traders who successfully completed the programme. Besides having successfully completed the programme, the informal traders have been provided with the necessary infrastructure to improve their businesses and ensure sustainable livelihoods. I'm pleased to confirm that the Board of the W&RSETA has approved the roll-out of the second phase of this project and one can only expect even greater success through the continued support to the informal traders.

The SETA has implemented various projects in an attempt to create opportunities for sustainable employment and skills development in rural areas. These projects include the Traditional Councils Project, the Mhlontlo Local Municipality Project, the Eastern Cape Rural Development Partnership Project and the Rural Areas Project being implemented in the Eastern Cape, Limpopo, Mpumalanga, KwaZulu Natal and the Freestate.

#### National Roadshows

The SETA hosted national stakeholder roadshows in all 9 provinces, a practice which will likely be undertaken annually in an attempt to establish and improve stakeholder relations.

The roadshows provided an opportunity for the SETA to engage on some of the challenging issues and allowed Management and Board Members to engage stakeholders on various strategic issues such as skills development priorities, the SETA's 5-year achievements, the alignment of the SETA's plans with Sector priorities, sector skills planning, support to companies and the provision of training.



## CHIEF EXECUTIVE OFFICER'S OVERVIEW

## Quality Management System

The W&RSETA has prioritised the implementation of its Quality Management System and is focussed on enhancing and improving its Monitoring Systems. This will in turn ensure the development of policies, processes and procedures to assist the organisation in achieving its objectives.

## Qualifications Development

The SETA established a Qualifications Management Body (QMB) tasked with the development of qualifications and programmes which address the needs of the wholesale and retail sector and which are aligned to the requirements of the Quality Council for Trades and Occupations (QCTO) and South African Qualifications Authority (SAQA). In the year under review, the SETA submitted four qualifications to the QCTO for registration. The QMB has been instrumental in the capacitation of TVET Lecturers, in order to implement the National Certificate Vocational (NCV) Retail subject which included knowledge and practical training along with exposure to the wholesale and retail sector.

## Future Plans and Actions of the Organisation

Our focus will be around the following areas:

- Continuation of the establishment of retail simulation centres
- Facilitate work placement for graduates learners with our stakeholders
- Improvement of support to the Small Business and Informal Sector
- Improvement in the awarding of bursaries
- Ensure the provision of opportunities for internships
- Facilitate work placement for TVET College and HET Institution graduates which was not achieved during the 2015/16 financial year

## Acknowledgements/Appreciation

The unwavering support of the W&RSETA Board under the leadership of Ms Pearl Maphoshe is evident in the successes which the SETA has celebrated in the past year and I wish to extend a sincere word of gratitude on behalf of the W&RSETA Management and staff for their strategic guidance and leadership.

To our key stakeholders, both levy paying and non-levy paying organisations, thank you for your ongoing participation and contribution to skills development in the sector and the country as a whole.

We commend the employers who have played a critical role in the unemployment plight by opening their doors to work placement opportunities for unemployed graduates and urge other employers to follow their lead.

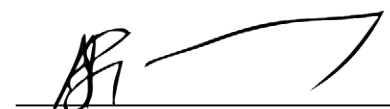
The collaboration of Institutions of Higher Education and Training as well as Technical Vocational Education and Training Colleges (TVETCs) has contributed significantly to enhancing skills development and addressing the issues of articulation and we wish to thank these Institutions for having partnered with the W&RSETA.

A special word of thanks goes to the Tribal Authorities whose support towards the successful implementation of rural development projects has contributed significantly to skills development in the rural communities.

To the Management and staff of the W&RSETA who are committed to achieving the vision, mission and objectives of the SETA, thank you for your hard work and dedication which at times sees you stretching beyond the call of duty. Your commitment does not go unnoticed. Success is so much more than merely meeting targets; it is about realising the value which is being added to the lives of others in the process.

Attending graduation ceremonies of some of the learners who have successfully completed their programmes and interventions is such a humbling and fulfilling experience. Knowing that the W&RSETA has played a role in contributing towards upskilling and developing these learners is rewarding to say the least. Thank you to the learners who have pursued retail as a career of choice.

On behalf of the W&RSETA Management and staff I would like to thank our Executive Authority, the Department of Higher Education, and in particular the Director-General and the SETA Coordination team for their support and leadership which continuously assist in ensuring that the W&RSETA fulfils its skills development mandate.



**Mr Andile Sipengane**  
Chief Executive Officer (Acting)

## STATEMENT OF RESPONSIBILITY AND ACCURACY

**Statement of Responsibility and Confirmation of accuracy of the Annual Report for the year ended 31 March 2016**

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

All information provided and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.  
The annual report is complete, accurate and is free from any omissions.


The annual report has been prepared in accordance with guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA GRAP), the requirements of the Public Finance Management Act of South Africa, 1999 (PFMA) and Skills Development Act, 1998 (SDA).

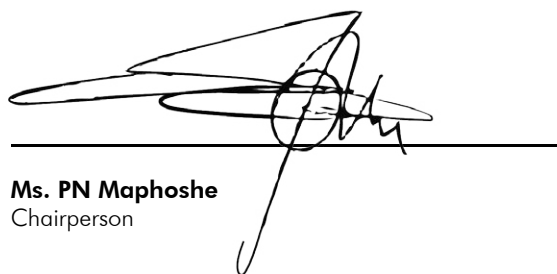
The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

External auditors are engaged to express an independent opinion on the annual financial statements. In our opinion, the annual report fairly reflects the operations, the performance information, the human resource information and financial affairs of the entity for the financial year ended 31 March 2016.



**Mr Andile Sipengane**  
Chief Executive Officer (Acting)



**Ms. PN Maphoshe**  
Chairperson



## PART B: Performance Information





The SETA has increased its national footprint in line with the call by the Minister to establish its presence in rural areas and townships.

To this end, the SETA has developed a comprehensive strategy to ensure maximum benefit of its presence at identified sites.

The SETA has collaborated with the Durban University of Technology and four TVET Colleges to establish Retail Schools of Excellence around KwaZulu-Natal.

This ground breaking initiative not only ensures the SETA's presence at the Colleges, but has also provided the SETA with an opportunity to collaborate meaningfully with institutions of learning in the provision of skills development.

This successful initiative is currently being implemented in other provinces. In addition to the offices that were opened at South West Gauteng, Central Johannesburg and Esayidi TVET Colleges during the 2014/15 financial year, the W&RSETA has established offices at 29 TVET colleges around the country.

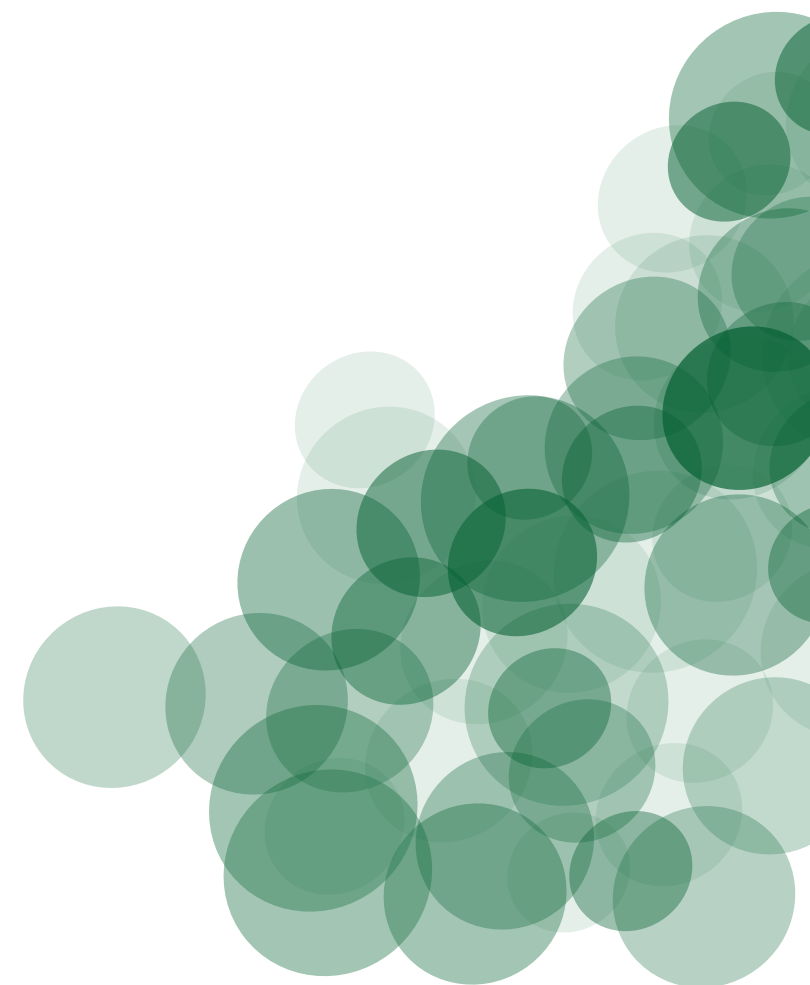
## Organisational Environment

The Chief Executive Officer and Chief Financial Officer resigned from the employ of the W&RSETA, however, the Organisation remained stable with the appointment of an Acting CEO and Acting CFO to ensure that there is no vacuum as a result of these resignations.

With the establishment of offices in various TVET Colleges around the country, the W&RSETA has employed 32 Coordinators at these Colleges thus enhancing service delivery to stakeholders.

## Key Policy Developments and legislative Changes

The Executive Authority did not introduce new Acts, Bills or Regulations during the period under review.



## STRATEGIC OUTCOME-ORIENTATED GOALS

## Overview of the Organisation's Performance

## Strategic Outcome-Oriented Goals

Performance against NSDS III and SLA targets in the Strategic Plan 2015/16

Programme1: Research and Skills Planning					
Purpose: In order to produce a credible Sector Skills Plan, the research needs to represent the dynamics of the Sector and accurately identify skills shortages and the Workplace Skills Plans need to provide accurate information from the Employers					
Annual Targets 2015-2016	Programme Performance Indicator	2014/15 Achievements	2015/16 Achievements		
			Actual	Variance	Comments
Strategic Objective 1	Research and submit Sector Skills Plan				
Updated Sector Skills Plan (SSP) approved by the W&RSETA Board and submitted to DHET by the due date.  Updated Sector Skills (SSP) approved by the W&RSETA Board  Board approved first Draft Sector Skills Plan (SSP) submitted to DHET by 31 August 2014  Board approved final Sector Skills Plan (SSP) by 31 November 2014	Updated Sector Skills Plan (SSP) approved by the W&RSETA Board and submitted to DHET by due date.	The final 2014/2015 SSP update was submitted to DHET on 31 November 2015	Updated Sector Skills Plan (SSP) submitted to DHET  The draft 2015/2016 SSP submitted to DHET on 15 June 2015  The final 2015/2016 SSP update was submitted to DHET on 31 November 2015	Nil	Achieved



## STRATEGIC OUTCOME-ORIENTATED GOALS

Programme1: Research and Skills Planning					
Purpose: In order to produce a credible Sector Skills Plan, the research needs to represent the dynamics of the Sector and accurately identify skills shortages and the Workplace Skills Plans need to provide accurate information from the Employers					
Annual Targets 2015-2016	Programme Performance Indicator	2014/15 Achievements	2015/16 Achievements		
			Actual	Variance	Comments
Strategic Objective 2	To assist small & medium companies with skills planning process				
6000 Small and medium W&R companies assisted to submit Annexure 2	6000 small and medium organisations are assisted with the Skills Planning Process and submit Annexure 2 documents by 30 April 2015	5 1 99	6 802  Small 5 542  Med 1 260	802  S 658  M 144	Overachievement is due to operational improvements, whereby the advert was released earlier than before. This had created awareness and companies had an opportunity to prepare their submissions and managed to submit by the deadline. Enough time was allocated in assisting all the companies. The increase in levy income had also contributed to the increase of submissions.
540 Large companies assisted to submit Annexure 2	540 Large organisations submit Annexure 2 documents by 30 April 2015	N/A	631	91	Overachievement is due to operational improvements, whereby the advert was released earlier than before. This had created awareness and companies had an opportunity to prepare their submissions and managed to submit by the deadline. Enough time was allocated in assisting all the companies. The increase in levy income had also contributed to the increase of submissions.

## STRATEGIC OUTCOME-ORIENTATED GOALS

Programme 2: Pivotal Programmes					
Purpose: Middle level skills needs are addressed through the implementation of various learning programmes at NQF levels 2 - 4					
Annual Targets 2015-2016	Programme Performance Indicator	2014/15 Achievements	2015/16 Achievements		
			Actual	Variance	Comments
Strategic Objective 3	To provide Learnership Programmes to employed and unemployed learners focusing on scarce skills.				
2800 learners enrolled in NQF 2 to 4 Learnership (Learning) programmes. 18.1 1400 18.2 1400	2800 learners registered on NQF2-5 Learnership programmes by 31 March 2016	(18.1) 2 103 (18.2) 4 008	(18.1) 3 066 (18.2) 2 954	(18.1)1666 (18.2) 1 554	Overachievement was as a result of including the non-sponsored programmes in reporting.  Non sponsored programmes did not form part of our targets previously, but had been reported separately.
Strategic Objective 4	To Certificate employed and unemployed learners who successfully complete their Learnerships				
1 680 learners complete learning programmes: 18.1 840 18.2 840	1680 learners complete NQF2-5 Learnerships by 31 March 2016	(18.1) 930 (18.2 ) 926	(18.1) 1 635 (18.2) 1 708	(18.1) 795 (18.2) 868	Over achievement is due to more learners completing their programmes that were projected.  The projection was based on prior year’s completions.

## STRATEGIC OUTCOME-ORIENTATED GOALS

Programme 2: Pivotal Programmes					
Purpose: Middle level skills needs are addressed through the implementation of various learning programmes at NQF levels 2 - 4					
Annual Targets 2015-2016	Programme Performance Indicator	2014/15 Achievements	2015/16 Achievements		
			Actual	Variance	Comments
Strategic Objective 5	To provide unemployed learners in Rural Areas with learning programmes				
500 unemployed learners in Rural Areas registered in Learning Programmes	500 unemployed learners in rural areas are registered in learning programmes by 31 March 2016	766	568	68	Over Achieved: a) Eastern Cape Regional Office assisted unemployed learners that reside in rural areas to enter and complete Learnerships.  A group of 78 learners from rural areas assisted to enter Learnerships in order to migrate to urban areas and be employed in the retail Sector.  b)Three Regional Offices; NC, EC, KZN to register a group of 490 learners from rural areas to enter Learnerships for the development of rural areas themselves and thereby creating self-employment and employment for others.
Strategic Objective 6	To certificate unemployed learners in rural areas who successfully complete their learning programmes				
250 unemployed learners complete Learning programmes	250 unemployed learners in rural areas complete learning programmes by 31 March 2016	641	455	205	Over achieved: During financial year 2014/15, the Rural Development Unit together with Mpumalanga, Free state and Eastern Cape Regional Offices registered 515 unemployed learners from rural areas to enter and complete Learnerships. 307 of this group and 148 roll-overs from FY2013/14 completed Learnership programmes by 31 March 2016.

## STRATEGIC OUTCOME-ORIENTATED GOALS

Programme 2: Pivotal Programmes					
Purpose: Middle level skills needs are addressed through the implementation of various learning programmes at NQF levels 2 - 4					
Annual Targets 2015-2016	Programme Performance Indicator	2014/15 Achievements	2015/16 Achievements		
			Actual	Variance	Comments
Strategic Objective 7	To place TVET College students in wholesale and retail organisations on internships				
300 Students from TVET Colleges are placed in Wholesale & Retail organisations on an internship	300 students from TVET Colleges are placed in wholesale and retail organisations on an internship by 31 March 2016	312	108	-192	Not achieved due to low registration numbers for NQF 5 Academic Programmes in the previous year. Contracting for the NQF 5 programme was concluded very late .
Strategic Objective 8	To ensure TVET College students complete their internships in a wholesale and retail organisation				
630 students from TVET Colleges complete their internships during the period April 2015 to March 2018	210 students from TVET Colleges complete their internships by 31 March 2016	N/A	459	-171	Under achievement due to incorrect target depicted. Annual target should have been 210.
Strategic Objective 9	To register employed learners on RPL Programmes				
300 employed Learners registered on RPL Learning programmes	300 employed learners are registered on RPL learning programmes by 31 March 2016	848	311	11	Over achieved  High volumes of applications were received due to high interest shown by Stakeholders. The industries had then applied for more learners through their PIVOTAL applications.
Strategic Objective 10	To certificate employed learners who successfully completed their RPL Programmes				
150 learners completed RPL Learning programmes	250 employed learners complete their RPL programmes by 31 March 2016	440	358	108	Over achieved due to typo error and more learners completed their programme.

## STRATEGIC OUTCOME-ORIENTATED GOALS

Programme 2: Pivotal Programmes					
Purpose: Middle level skills needs are addressed through the implementation of various learning programmes at NQF levels 2 - 4					
Annual Targets 2015-2016	Programme Performance Indicator	2014/15 Achievements	2015/16 Achievements		
			Actual	Variance	Comments
Strategic Objective 11	To register employed and unemployed learners on Learning Programmes addressing artisan occupations				
200 learners registered on Learning Programs addressing artisans occupations based on the SSP research.  150 (18.1) 50 (18.2)	200 learners are registered on Learning Programmes addressing artisan occupations by 31 March 2016	829  (18.1) 354 (18.2) 210	(18.1) 381 (18.2) 269	(18.1) 231 (18.2) 219	Over achievement due to high demand for qualified butchers and bakers in the Sector
Strategic Objective 12	To certificate employed and unemployed learners who successfully completed their Learning Programmes addressing artisan occupations				
120 learners complete artisan programmes  80 (18.1) 40 (18.2)	120 learners complete their learning programmes addressing artisans occupations by 31 March 2016	18.1 -90 18.2 -122	(18.1) 84 (18.2) 40	(18.1) 4 (18.2) 0	Over achievement is due to more learners completing their programmes that were projected.  The projection was based on prior year's completions.

## STRATEGIC OUTCOME-ORIENTATED GOALS

Programme 3: Bursaries and Placements					
Purpose: Agreements are entered into between SETAs, University faculties and other stakeholders on appropriate interventions to support improved entry to priority programmes					
Annual Targets 2015-2016	Programme Performance Indicator	2014/15 Achievements	2015/16 Achievements		
			Actual	Variance	Comments
Strategic Objective 13	To register employed learners on programmes at HETs				
890 employed Learners registered at HETIs 500 ( NQF 5)	890 employed learners registered at HETIs by 31 March 2016	48	259	-241	Not achieved due to low registration numbers for NQF5 Academic Programmes Over achieved due to high demand in Sector for these programmes  Over achieved due to high demand in Sector for these programmes
350 (RMDP NQF6)		386	452	102	
40 (ILDLP NQF7)		48	59	19	
Strategic Objective 14	To ensure employed learners successfully complete their learning programmes at HETs				
548 employed learners complete learning at HETIs 200(NQF5)	438 employed learners completed programmes at HETIs by 31 March 2016	98	1	-199	Not achieved due to low registration numbers for NQF5 Academic programmes Contracting for the NQF 5 programme was concluded very late  Over achieved High interest from Stakeholders in these prestigious programmes of the W&RSETA
200(RMDP NQF6)		298	329	129	
38(ILDLP NQF7)		48	45	7	
Strategic Objective 15	To Provide full bursaries to unemployed bursars registered at HETIs				
630 unemployed beneficiaries continue bursaries at Universities on programmes that address Scarce Skills (Final Year)	630 unemployed beneficiaries awarded full bursaries at Universities by 31 March 2016	1 315	631	1	Over Achieved due to high demand of HETI bursaries within the Sector.



## STRATEGIC OUTCOME-ORIENTATED GOALS

Programme 3: Bursaries and Placements					
Purpose: Agreements are entered into between SETAs, University faculties and other stakeholders on appropriate interventions to support improved entry to priority programmes					
Annual Targets 2015-2016	Programme Performance Indicator	2014/15 Achievements	2015/16 Achievements		
			Actual	Variance	Comments
Strategic Objective 16	To ensure unemployed bursars complete their studies at HETS				
378 Unemployed bursars complete their studies at HETIs	378 unemployed bursars complete their studies at HETIs by 31 March 2016	N/A	239	-139	Not Achieved  - Universities did not submit results on time due to closures.  The target was not met due to lack of close monitoring of previous year's bursary beneficiaries.  Universities not equipped to submit results on time Unrest at Universities
Strategic Objective 17	To provide full bursaries to unemployed bursars registered at TVETs				
195 Unemployed beneficiaries continue with full bursaries at TVET Colleges on programmes that address Scarce Skills (Final Year)	195 unemployed beneficiaries awarded full bursaries at TVET Colleges addressing W&R Scarce Skills (Final year beneficiaries) by 31 March 2016	497	196	1	Over Achieved due to high demand of TVET bursaries within the Sector.
Strategic Objective 18	To ensure unemployed bursars complete their studies at TVET Colleges				
117 unemployed bursars complete their studies at TVET Colleges	117 unemployed bursars complete their studies at TVET Colleges on programmes addressing Scarce Skills (Final Year Beneficiaries) by 31 March 2016	N/A	0	-117	Not achieved - There were no funded TVET college students in 2015.

## STRATEGIC OUTCOME-ORIENTATED GOALS

Programme 3: Bursaries and Placements					
Purpose: Agreements are entered into between SETAs, University faculties and other stakeholders on appropriate interventions to support improved entry to priority programmes					
Annual Targets 2015-2016	Programme Performance Indicator	2014/15 Achievements	2015/16 Achievements		
			Actual	Variance	Comments
Strategic Objective 19	To provide full bursaries to unemployed bursars registered at HETIs and/or TVET Colleges				
800 beneficiaries continue with full bursaries at TVET Colleges and/or HETIs (second year)	800 unemployed beneficiaries awarded full bursaries at TVET Colleges by 31 March 2016	1 413	825	25	Over Achieved due to high demand of TVET and bursaries within the Sector.
Strategic Objective 20	To ensure unemployed bursars complete their studies at TVET Colleges				
1 680 unemployed bursars complete their studies at HETIs and/or TVET Colleges by 31 March 2016	560 unemployed bursars complete their studies at HETIs and/or TVET Colleges	N/A	0	-560	Not achieved - Completions for 2015 not provided by Universities.  The late submission of results by the Universities limited the ability of the SETA to evaluate and establish completions.
Strategic Objective 21	To place HETI unemployed graduates in Wholesale and Retail organisations for workplace experience				
1000 unemployed HETI graduates are placed in workplaces to gain workplace experience	1000 unemployed HETI graduates sponsored by the W&RSETA to gain workplace experience by 31 March 2016	874	859	-141	Not achieved -Companies that applied for placement of learners did not take up their allocations.  Advert for Graduate Placement (HET) did not attract sufficient numbers to meet the target.  Advert placed in the 4th quarter instead of early in the year.  Advert depended on results from PIVOTAL submissions.

## STRATEGIC OUTCOME-ORIENTATED GOALS

Programme 3: Bursaries and Placements					
Purpose: Agreements are entered into between SETAs, University faculties and other stakeholders on appropriate interventions to support improved entry to priority programmes					
Annual Targets 2015-2016	Programme Performance Indicator	2014/15 Achievements	2015/16 Achievements		
			Actual	Variance	Comments
Strategic Objective 22	To ensure that the HETI unemployed graduates complete their workplace experience				
HETI Unemployed graduates complete their workplace experience during the period April 2015 to March 2018	600 unemployed HETI graduates complete their workplace experience by 31 March 2016	N/A	299	-301	Not achieved  - Allocated companies still have learners placed.  Lack of close monitoring and support for the WEEG students.  Companies not reporting as required.
Strategic Objective 23	To place TVET Colleges unemployed graduates in Wholesale and Retail organisations and/or Government Departments for workplace experience				
1000 Unemployed TVET College Graduates placed in companies for workplace experience	1000 unemployed TVET College graduates are sponsored by the W&RSETA to gain workplace experience by 31 March 2016	1 129	720	-280	Not achieved  - Companies that applied for placement of learners did not take up their allocations.
Strategic Objective 24	To ensure that the TVET unemployed graduates complete their workplace experience				
600 unemployed TVET College graduates complete their workplace experience during the period April 2015 to March 2018	600 unemployed TVET College graduates complete their workplace experience by 31 March 2016	N/A	346	-254	Not achieved -Placements that are ongoing still need to complete.  'The target was not met due to lack of close monitoring and support for the WEEG students.  Companies not reporting as required.

## STRATEGIC OUTCOME-ORIENTATED GOALS

**Programme 3: Bursaries and Placements**

**Purpose:** Agreements are entered into between SETAs, University faculties and other stakeholders on appropriate interventions to support improved entry to priority programmes

Annual Targets 2015-2016	Programme Performance Indicator	2014/15 Achievements	2015/16 Achievements		
			Actual	Variance	Comments
Strategic Objective 25	To provide bursaries to employed bursars for MBA/Masters studies at HETIs				
2 Candidates register for MBA/ Masters qualification	2 candidates registered and completed MBA/Masters degrees with W&R focus by 31 March 2016	2	2	0	Achieved.
Strategic Objective 26	To provide bursaries to employed bursars for Doctoral Degree Studies at HETIs				
2 Candidates register for Doctoral (PhD or D) studies with Retail specialisation	2 candidates registered and completed Doctoral degrees with Retail Specialisation by 31 March 2016	2	4	2	Over achieved due to more PhDs completed.

## STRATEGIC OUTCOME-ORIENTATED GOALS

<b>Programme 4: Research Studies</b> <b>Purpose: Relevant research and development, and innovation capacity is developed, and innovative research projects established.</b>					
Annual Targets 2015-2016	Programme Performance Indicator	2014/15 Achievements	2015/16 Achievements		
			Actual	Variance	Comments
Strategic Objective 27	To conduct and produce research papers on a variety of topics				
4 Research Studies conducted and published on website	Sector Plans identify the focal areas for research, innovation and development	7	6	2	Over achieved  Due to additional Research conducted by the CPUT Retail Chair in partnership with W&R SETA.
<b>Programme 5: Partnerships</b> <b>Description of the programme: Partnerships between DHET, SETAs, Employers, Private providers and Public FET Colleges are resulting in increased capacity to meet industry needs throughout the country.</b>					
Strategic Objective 28	To establish Schools of Excellence				
4 Schools of Excellence Established in TVET Colleges	Establish 4 Schools of Excellence (SOE) in TVET colleges by 31 March 2016	4	6	2	Over achieved – due to two TVET Colleges being given an Extension of Scope as part of the SOE Project.

## STRATEGIC OUTCOME-ORIENTATED GOALS

**Programme 5: Partnerships**

**Description of the programme:** Partnerships between DHET, SETAs, Employers, Private providers and Public FET Colleges are resulting in increased capacity to meet industry needs throughout the country.

Annual Targets 2015-2016	Programme Performance Indicator	2014/15 Achievements	2015/16 Achievements		
			Actual	Variance	Comments
Strategic Objective 29	To expand the delivery of Wholesale & Retail qualifications to TVET Colleges				
9 TVET Colleges awarded extension of scope to deliver W&R qualifications	Expand the delivery of Wholesale and Retail qualifications to TVET Colleges by awarding extension of scope to 9 TVET Colleges by 31 March 2016	9	10	1	Over achieved – due to one TVET College being given an Extension of Scope as part of the SOE Project.
18 Lecturers register for Development Programmes	Lecturers enter a Development Programme on W&R Qualifications	0	30	12	Due to high demand of the programme which resulted in additional registrations.
10 Lecturers Complete Development Programmes	Lecturers complete a Development Programme on W&R Qualifications	0	26	16	Over achievement due to factoring in possible drop outs on the programme, which resulted in no dropouts.

## STRATEGIC OUTCOME-ORIENTATED GOALS

<b>Programme 6: Skills Programmes</b> <b>Purpose: Training of employed workers addresses critical skills, enabling improved productivity, economic growth and the ability of the workforce to adapt to change in the labour market.</b>					
Annual Targets 2015-2016	Programme Performance Indicator	2014/15 Achievements	2015/16 Achievements		
			Actual	Variance	Comments
Strategic Objective 30	To register employed learners on scarce and critical skills programmes				
500 employed learners registered on Skills programmes addressing Scarce/critical skills	500 employed learners registered on skills programmes that are addressing scarce/critical skills identified in the SSP by 31 March 2016	607	6 316	5 816	Over achieved - high demand in Sector for scarce and critical scare skills shortage programmes.
Strategic Objective 31	To certificate employed learners who successfully completed their skills programmes				
300 employed learners certificated	300 employed learners complete their skills programmes by 31 March 2016	302	2 764	2 464	Over achieved Due to additional numbers of learners registered in the previous years had completed.
<b>Programme 7: AET NQF 1</b> <b>Purpose: Training of employed workers addresses critical skills, enabling improved productivity, economic growth and the ability of the workforce to adapt to change in the labour market.</b>					
Strategic Objective 32	To register employed learners on NQF1 Qualification				
500 employed learners are registered on NQF 1 Learnership (AET)	500 employed learners are registered on a NQF1 Qualification(AET) (Learnership) by 31 March 2016	481	232	-268	Not achieved Contracted companies did not register learners as planned. The Sector needs seemed to be concentrated on the unemployed learners who have dropped out of the basic education at Grade 9. Most of the employed already have Grade 12.



## STRATEGIC OUTCOME-ORIENTATED GOALS

**Programme 7: AET NQF 1**

**Purpose: Training of employed workers addresses critical skills, enabling improved productivity, economic growth and the ability of the workforce to adapt to change in the labour market.**

Annual Targets 2015-2016	Programme Performance Indicator	2014/15 Achievements	2015/16 Achievements		
			Actual	Variance	Comments
Strategic Objective 33	To certificate employed learners who successfully complete their NQF1 Learnership				
200 employed learners complete NQF 1 Learnership (AET)	200 employed learners complete NQF1 Qualification (AET) by 31 March 2016	344	232	32	Over achieved – Due to additional numbers of learners registered in the previous years had completed.

**Programme 8: Projects supporting the development of co-operatives and SMMEs**

**Purpose: Partnership projects to provide training and development support to small businesses are established and implemented**

Strategic Objective 34	To register learners from co-operatives on skills programmes				
20 Co-operatives register learners on skills programmes	20 Co-operatives register learners on Skills Programmes by 31 March 2016	14	20	0	Achieved: The RDU worked together with NC Regional office to assist 20 co-operatives to register learners on learning programmes. The Regional office ensured that the 20 co-operatives complied with all requirements to be a beneficiary of skills development initiatives.
Strategic Objective 35	To disburse Mandatory Grants to compliant companies				
5000 Levy paying compliant companies are paid Mandatory Grants	5000 Levy paying compliant companies benefit from Mandatory Grants by 31 March 2016	4 104	5 179	179	Over achieved – more companies participated in the Annexure 2 process. Their WSP/ATR's complied and were approved, which resulted in the W&RSETA paying more mandatory grants.

## STRATEGIC OUTCOME-ORIENTATED GOALS

Programme 8: Projects supporting the development of co-operatives and SMMEs					
Purpose: Partnership projects to provide training and development support to small businesses are established and implemented					
Annual Targets 2015-2016	Programme Performance Indicator	2014/15 Achievements	2015/16 Achievements		
			Actual	Variance	Comments
Strategic Objective 36	To provide skills development programmes to small levy paying companies, Non-levy paying companies and Informal Traders				
3500 levy paying SMME and	5000 SMME companies, including informal traders benefit from Skills Development initiatives by 31 March 2016 (3500 LP and 1500 NLP)	2 379	3 771	271	Over-achieved: The 113 rollover is as a result of these companies being approved and allocated but could not be registered on the system on or before 31 March 2015.  Reasons for over-achievement: For the first time since the establishment of the SMME Department, we published two windows one targeted at fuel retailers and another at all other retailers. This initiative was well received particularly by the fuel retailers.
1500 NLP Micro and Informal Traders benefit from Skills Development programmes		1 571	1 954	454	Over-achieved: The 186 rollover is as a result of some traders dropping off the programme, so a request was made and approved to replace them with these new (186) participants.  Reasons for over-achievement: For the first time since the establishment of the SMME Department, National Roadshows were initiated to interact with SMMEs and informal traders.

## STRATEGIC OUTCOME-ORIENTATED GOALS

Programme 8: Projects supporting the development of co-operatives and SMMEs					
Purpose: Partnership projects to provide training and development support to small businesses are established and implemented					
Annual Targets 2015-2016	Programme Performance Indicator	2014/15 Achievements	2015/16 Achievements		
			Actual	Variance	Comments
Strategic Objective 36	To provide skills development programmes to small levy paying companies, Non-levy paying companies and Informal Traders				
					This initiative was also supported by other government agencies such as SEDA, SARS, CIPC, NYDA, etc. Also, it was well received and the number of attendees exceeded the original target.
Programme 9: Development of Trade Unions and NGO					
Purpose: To provide training to learners from Trade Unions, NGOs and CBOs to enhance their skills					
Strategic Objective 37	To provide training programmes to Union Officials/Shop Stewards from 5 Unions				
1000 Trade Union members/officials are registered on Learning Programmes	Trade Union Members/officials from 5 Unions are registered on Learning Programmes by 31 March 2016	1 000	0	-1 000	Not achieved Only 4 of the 5 unions submitted proposals for FY 2015/16.Since FY 2015/16 has gone by, we will request project to be considered for FY2016/17.
Strategic Objective 38	To ensure Union Officials/Shop Stewards complete their Learning Programmes				
400 Trade Union members/officials complete their learning programmes	400 Union members from 5 Unions complete their learning programmes by 31 March 2016	408	409	9	Over-achieved: The RDU worked with Trade Unions, Training Providers and Institutions of Higher Learning that registered union members to submit completion certificates and University records of results.

## STRATEGIC OUTCOME-ORIENTATED GOALS

Programme 9: Development of Trade Unions and NGO					
Purpose: To provide training to learners from Trade Unions, NGOs and CBOs to enhance their skills					
Annual Targets 2015-2016	Programme Performance Indicator	2014/15 Achievements	2015/16 Achievements		
			Actual	Variance	Comments
Strategic Objective 39	To register learners from NGOs on Learning programmes				
Learners from 9 NGOs registered on learning programmes in year 1	9 NGOs register learners on learning programmes by 31 March 2016	18	16	7	Over-achieved  17 NGOs showed interest in skills development initiatives and more learners were registered.  (EC, Mpumalanga and Gauteng); others who responded stated that they were interested in donor funds that would sustain their organizations
Programme 10: Partnerships with HETs					
Purpose: To establish Wholesale and Retail Academies at HTEIs that provides Higher Education and Training to the Retail Sector					
Strategic Objective 40	To establish Wholesale and Retail Academies				
1 Wholesale and Retail Academy established during the period 1 April 2015 to 31 March 2016	1 Wholesale & Retail Academy established by 31 March 2016	0	1	0	Achieved

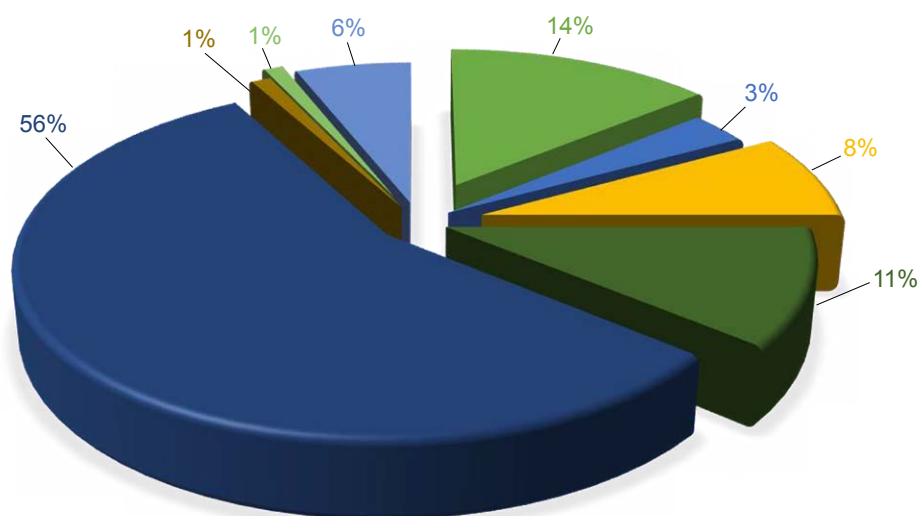
## STRATEGIC OUTCOME-ORIENTATED GOALS

Programme 11: Career guidance Events. Purpose: Career paths are mapped to qualifications in the Sectors, and communicated effectively					
Annual Targets 2015-2016	Programme Performance Indicator	2014/15 Achievements	2015/16 Achievements		
			Actual	Variance	Comments
Strategic Objective 41	To host Career Guidance Events				
100 Career guidance events hosted nationally	100 National Career guidance events hosted by 31 March 2016	524	110	10	Over achieved – invited to more National Events where we co-hosted.
Programme 12: Qualifications Development Purpose: Develop and re-curriculate qualifications into occupational qualifications that meet the QCTO requirements					
Strategic Objective 42	Develop and re-curriculate qualifications				
4 Qualifications developed and submitted to QCTO	Development and re-curriculation of 4 qualifications aligned to QCTO requirements by 31 March 2016	4	4	0	Achieved

## PERFORMANCE OVERSIGHT STATISTICS

## Number of people trained per occupational class for 2015/16

Occupational class	Number of people trained
CLERICAL SUPPORT WORKERS	111165
ELEMENTARY OCCUPATIONS	23275
MANAGERS	67107
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	88268
PROFESSIONALS	461739
SERVICE AND SALES WORKERS	11686
SKILLED AGRICULTURAL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS	8798
TECHNICIANS AND ASSOCIATE PROFESSIONALS	51509
<b>Grand Total</b>	<b>823547</b>



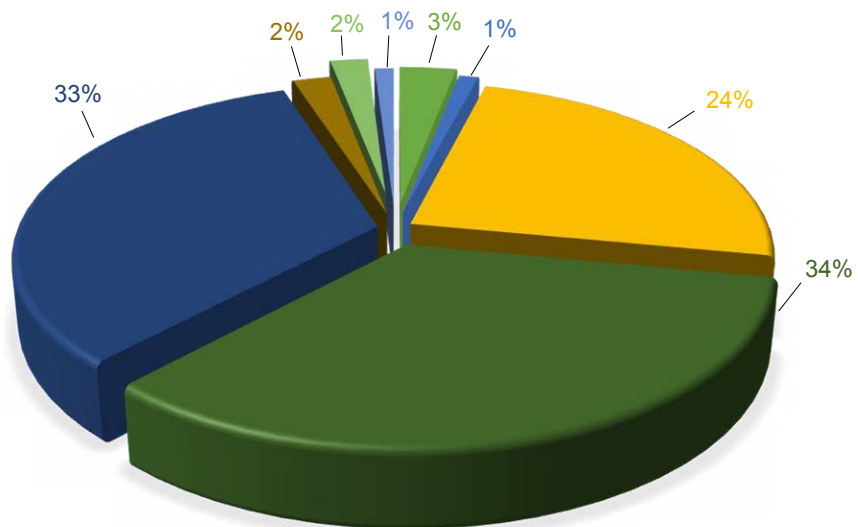
## Number of people trained

- CLERICAL SUPPORT WORKERS
- ELEMENTARY OCCUPATIONS
- MANAGERS
- PLANT AND MACHINE OPERATORS AND ASSEMBLERS
- PROFESSIONALS
- SERVICE AND SALES WORKERS
- SKILLED AGRICULTURAL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS
- TECHNICIANS AND ASSOCIATE PROFESSIONALS

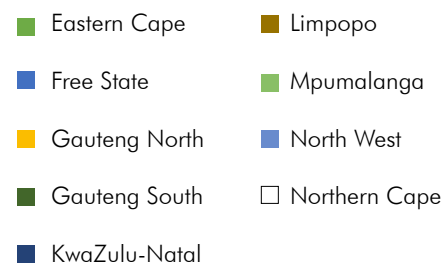
## PERFORMANCE OVERSIGHT STATISTICS

## Number of people trained per region for 2015/16

Region	Number of people trained
Eastern Cape	7670
Free State	4216
Gauteng North	74961
Gauteng South	105573
KwaZulu-Natal	101292
Limpopo	5475
Mpumalanga	7492
North West	4137
Northern Cape	1046
Western Cape	511832
<b>Grand Total</b>	<b>823694</b>



## Number of people trained

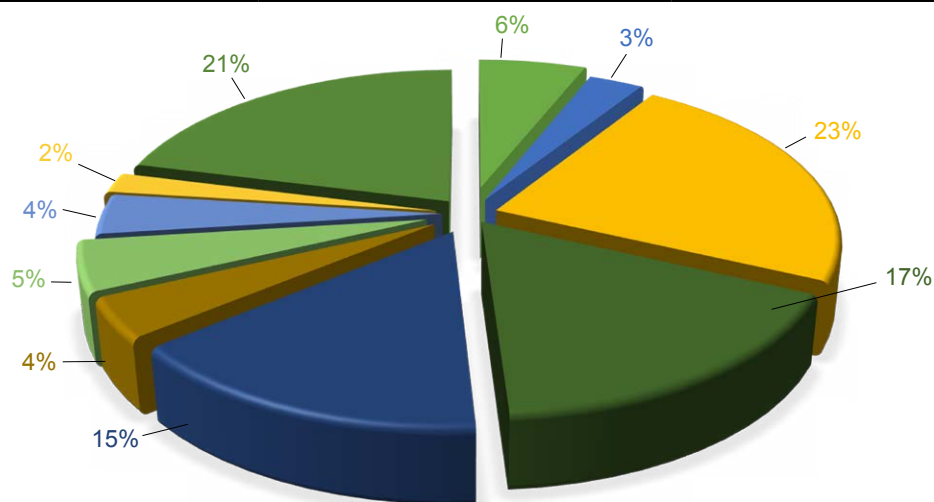




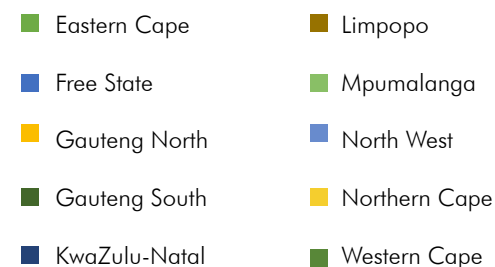
## PERFORMANCE OVERSIGHT STATISTICS

## Number of Levy paying companies per region for 2015/16

Organisation Regions	Small (0-49)	Large (150+)	Medium (50-149)	Grand total
Eastern Cape	657	34	97	788
Free State	388	15	41	444
Gauteng North	2445	105	327	2877
Gauteng South	1765	128	227	2120
KwaZulu-Natal	1532	101	283	1916
Limpopo	369	21	80	470
Mpumalanga	574	17	74	665
North West	411	8	57	476
Northern Cape	179	4	16	199
Western Cape	2215	127	281	2623
<b>Grand Total</b>	<b>10535</b>	<b>560</b>	<b>1483</b>	<b>12578</b>



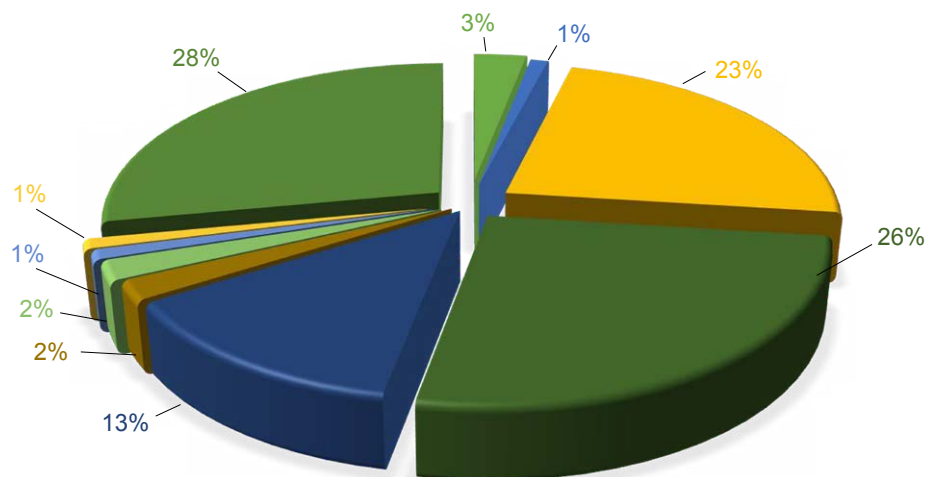
## Number of Levy paying companies per region for 2015/16



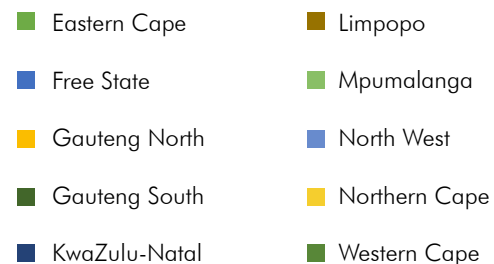
## SUMMARY OF FINANCIAL INFORMATION

## Levies received per region for 2015/16

Region	Small (0-49) (R'000)	Large (150+) (R'000)	Medium (50-149) (R'000)	Grand total (R'000)
Eastern Cape	13 099	6 601	4 996	24 696
Free State	7 006	2 401	2 289	11 697
Gauteng North	64 258	79 927	34 280	178 464
Gauteng South	55 166	118 806	27 901	201 873
KwaZulu-Natal	32 558	53 688	18 319	104 565
Limpopo	7 049	2 703	3 845	13 597
Mpumalanga	12 194	2 752	3 915	18 861
North West	7 760	920	2 734	11 414
Northern Cape	3 345	332	804	4 481
Western Cape	5 342	187 019	25 280	217 640
<b>Grand Total</b>	<b>207 777</b>	<b>455 150</b>	<b>124 363</b>	<b>835 363</b>



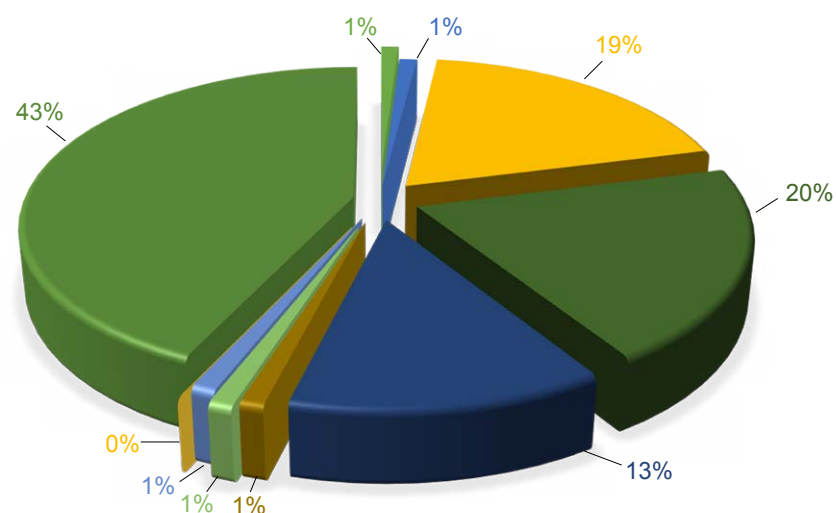
## Levies received for 2015/16 per region



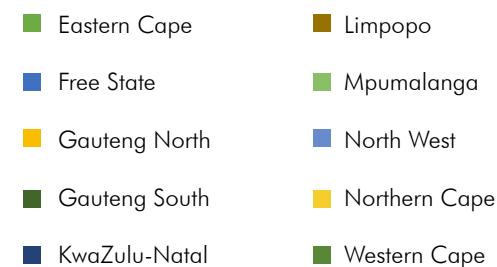
## SUMMARY OF FINANCIAL INFORMATION

## Mandatory Grant Expenditure for 2015/16

Region	Small (0-49) (R'000)	Large (150+) (R'000)	Medium (50-149) (R'000)	Grand total (R'000)
Eastern Cape	502	223	57	781
Free State	320	184	237	740
Gauteng North	2 850	8 296	2 840	13 986
Gauteng South	2 081	10 986	1 438	14 505
KwaZulu-Natal	1 837	5 612	1 663	9 112
Limpopo	159	117	183	459
Mpumalanga	555	240	199	994
North West	330	56	220	606
Northern Cape	225	46	66	336
Western Cape	4 089	24 443	2 328	30 859
<b>Grand Total</b>	<b>12 948</b>	<b>50 202</b>	<b>9 229</b>	<b>72 379</b>



Grants paid for 2015/16 per region

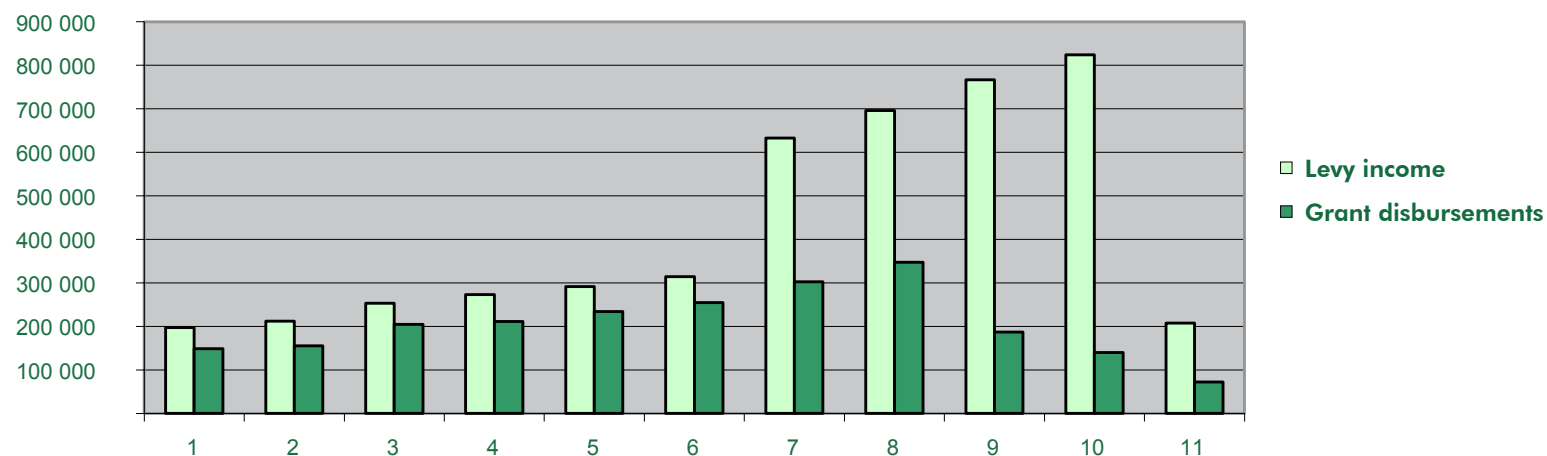


## SUMMARY OF FINANCIAL INFORMATION

## Additional target achieved for 2015/16

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Levy income	197 393	211 925	253 219	273 364	291 572	314 011	632 531	696 313	766 674	823 934	207 777
<b>Grant disbursements</b>	<b>148 455</b>	<b>155 596</b>	<b>204 691</b>	<b>211 040</b>	<b>233 687</b>	<b>254 716</b>	<b>302 789</b>	<b>347 527</b>	<b>186 644</b>	<b>140 136</b>	<b>72 379</b>
Percentage of grant/ levy disbursements.	75%	73%	81%	77%	80%	81%	48%	50%	24%	17%	35%
<b>Number of registered companies</b>	<b>44 209</b>	<b>53 985</b>	<b>56 713</b>	<b>59 530</b>	<b>62 698</b>	<b>65 411</b>	<b>71 238</b>	<b>75 052</b>	<b>77 268</b>	<b>82 246</b>	<b>78 888</b>

## Additional targets achieve

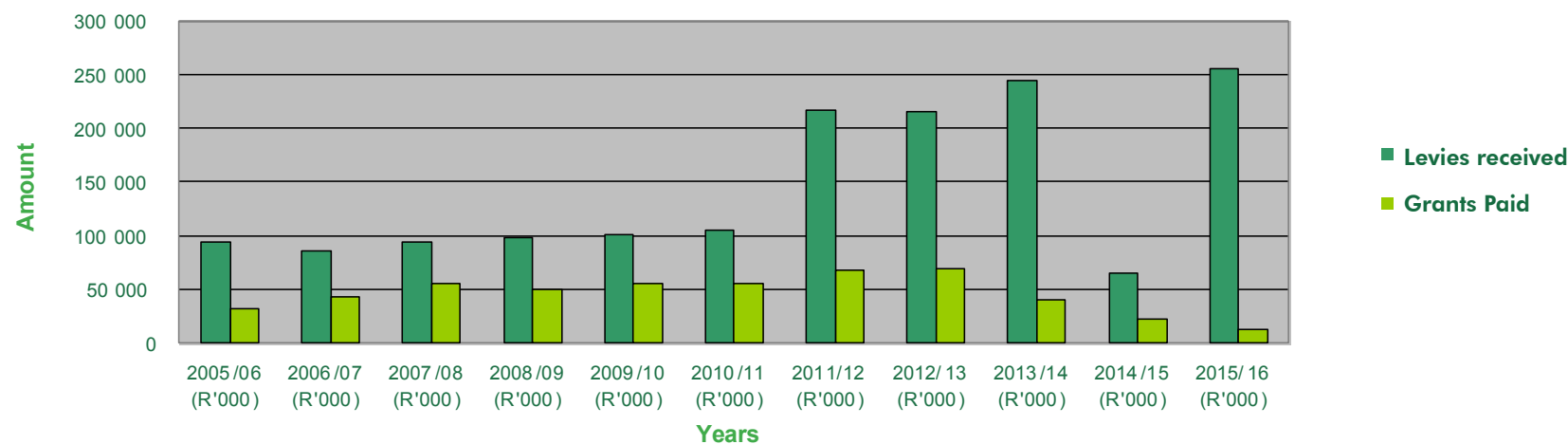


## SUMMARY OF FINANCIAL INFORMATION

## Levies vs Grants paid: Small category

Category	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2009/10 (R'000)	2010/11 (R'000)	2011/12 (R'000)	2012/13 (R'000)	2013/14 (R'000)	2014/15 (R'000)	2015/16 (R'000)
Levies received	94 627	86 316	93 592	98 207	101 411	104 709	216 827	215 048	244 859	65 129	255 851
Grants paid	32 398	42 869	55 077	49 736	55 530	55 511	67 081	69 047	40 640	21 720	12 948
%	34%	50%	59%	51%	34%	53%	31%	32%	17%	33%	5%

## Levies vs Grants paid: Small Category

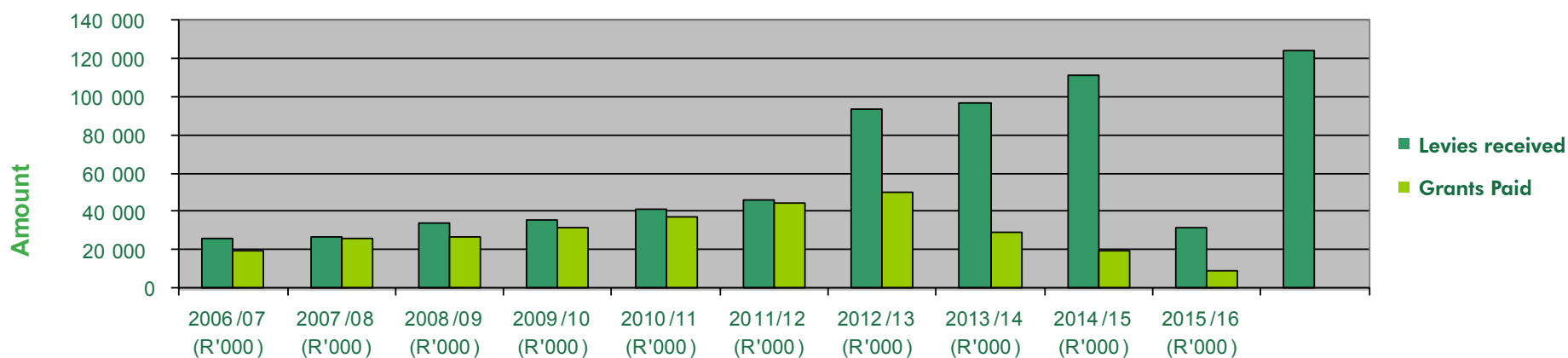


## SUMMARY OF FINANCIAL INFORMATION

## Levies vs Grants paid: Medium category

Category	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2009/10 (R'000)	2010/11 (R'000)	2011/12 (R'000)	2012/13 (R'000)	2013/14 (R'000)	2014/15 (R'000)	2015/16 (R'000)
Levies received	25 755	27 038	33 627	35 874	40 943	45 819	93 481	97 034	111 182	31 218	124 363
Grants paid	14 059	19 212	25 582	26 285	31 530	37 125	44 262	49 726	28 782	19 258	9 229
%	<b>55%</b>	<b>71%</b>	<b>76%</b>	<b>73%</b>	<b>77%</b>	<b>81%</b>	<b>47%</b>	<b>51%</b>	<b>26%</b>	<b>62%</b>	<b>7%</b>

## Levies vs Grants paid: Medium Category

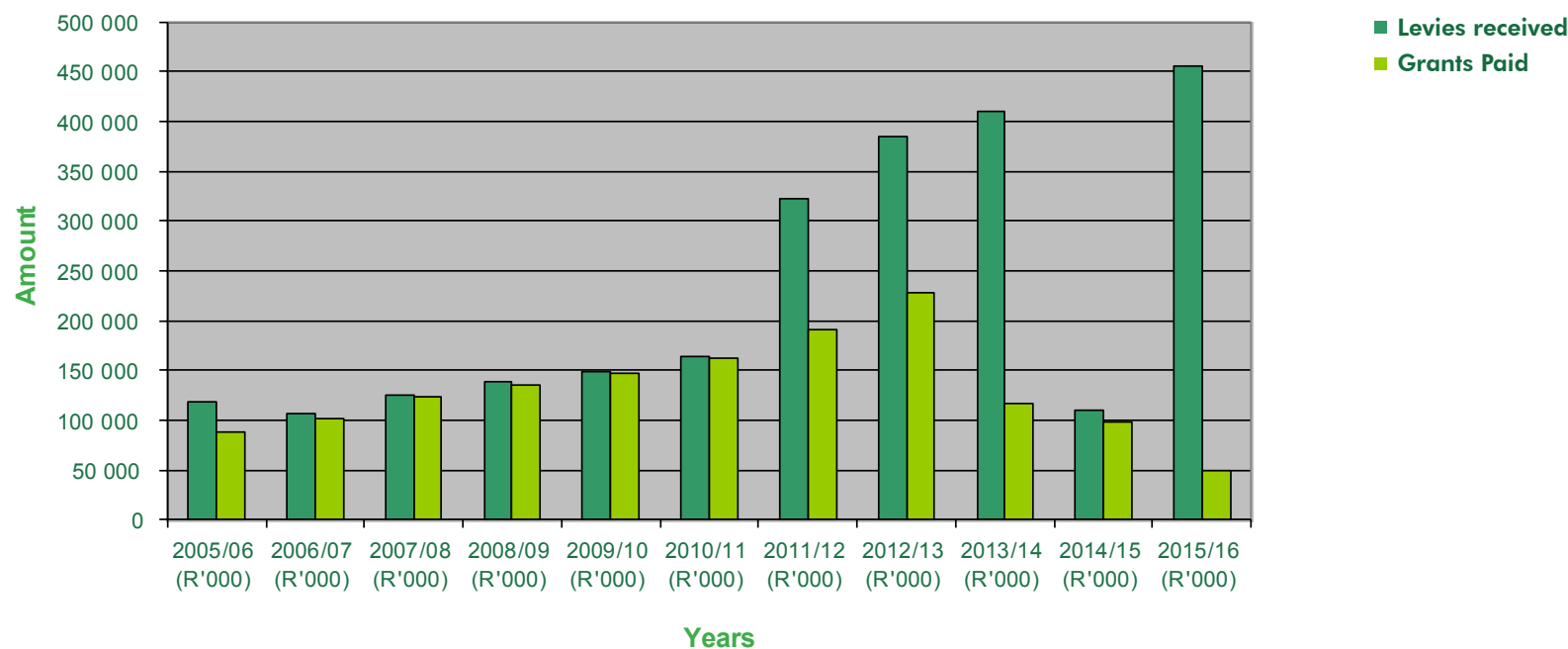


## SUMMARY OF FINANCIAL INFORMATION

## Levies vs Grants paid: Large category

Category	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2009/10 (R'000)	2010/11 (R'000)	2011/12 (R'000)	2012/13 (R'000)	2013/14 (R'000)	2014/15 (R'000)	2015/16 (R'000)
Levies received	119 216	106 747	126 000	139 283	149 227	164 112	322 224	384 230	410 613	109 637	455 150
Grants paid	88 338	102 034	124 032	135 018	146 527	162 079	191 446	228 755	117 221	99 158	50 202
%	<b>74%</b>	<b>96%</b>	<b>98%</b>	<b>97%</b>	<b>98%</b>	<b>99%</b>	<b>59%</b>	<b>60%</b>	<b>29%</b>	<b>90%</b>	<b>11%</b>

## Levies vs Grants paid: Large Category





## PERFORMANCE INFORMATION – PROGRAMMES

## 2015/16 International Leadership Development Programme (ILDP)

This prestigious programme, in its seventh year, boasts a 236-member Alumni of leaders who are making positive strides towards transforming the Wholesale and Retail Sector. Launched in 2009, the objective of the ILDP is to accelerate the development of identified talent pool in senior management within wholesale and retail companies by exposing delegates to best practice through interaction with local and international companies, thought leaders as well as leading local and overseas faculty.

The target for 2015/16 ILDP was 40 and 48 delegates were registered with the Gordon Institute for Business Science (GIBS) and Henley Business School Africa at a budget of R 27m.

### Highlights / Impact

45 delegates have successfully completed the programme. A befitting graduation was held on 28 January 2016.

Since its inception, the ILDP has been instrumental in the promotion of over 100 delegates with several being allocated additional responsibilities in their portfolios.

Delegates have been promoted to positions of directors, general managers, executives, managing directors, chief financial officer, and others have been appointed to the Executive Committees of retail companies. Some of the delegates have pursued entrepreneur opportunities starting their own businesses which are contributing to the growth of the country.

### Future Outlook

The target for the programme has been increased to 50 and will include 5 delegates from the W&RSETA's management.



International Leadership Development Programme

## Success story: Velaphi Fisher

Velaphi was one of the unfortunate thousands who lost their jobs from the demise of the Ellerines Holdings in 2013. In 2015, he and a few colleagues were successful in their bid to purchase one of the Group's brands; Furniture City, when the business was wound down. He is currently the Chief Executive Officer of Furniture City which now has 4 branches in Gauteng.



## PERFORMANCE INFORMATION – PROGRAMMES

### Retail Management Development Programme (RMDP)

The RMDP was launched in 2012 to address the increasing skills gaps in the middle management component in the Wholesale and Retail Sector.

364 middle managers were registered on the Programme in 2015/16 which had a target of 350 at a budget of R 22m. The Programme has been implemented in partnership with the Continuing Education at University of Pretoria.



### Highlights / Impact

348 delegates have completed the programme; however, 331 were found competent and will graduate during April 2016.

### Future Outlook

In the 2016/17 financial year, 400 delegates will be registered on the programme which is an increase of 50 on the current intake.

### *“Developing the youth for sustainable growth”*

### Northern Cape Learnership Project

This project was launched in response to the Northern Cape high unemployment rate amongst the youth. The province, which is also predominantly rural, has a scarcity of opportunities making it strategically positioned to meet the Government’s rural development targets.





## PERFORMANCE INFORMATION – PROGRAMMES

The W&RSETA aimed to register 500 unemployed learners on Learnership with an objective of preparing them for employment opportunities.

444 young people were registered on NQF levels 2 and 3 Learnership programmes at a cost of R 20m.

### Highlights / Impact

245 of the registered learners have successfully completed the Learnership programmes and graduated in November 2015.

Over 70% of the learners have been permanently employed by the companies that hosted and others secured employment with other companies. 10% of the learners are employed in supervisory positions.

### CAPACITI

The W&RSETA has partnered with the Cape IT Initiative (CiTi), a Non-Governmental Organisation that was established to advance the IT skills in the Western Cape with an CiTi with the Western Cape Department of Economic Development and Tourism and various wholesale and retail companies have collaborated to address IT shortages in the Wholesale and Retail Sector through the Business Analysis and Systems Analysis (BASA) Programme.

Graduates are enrolled on a Business and System Analysis qualification as well as a 12-month internship programme in the Retail Sector to gain workplace experience.

12 students were recruited to participate in the 2015 Programme which they will complete in May 2016. The SETA has invested R 3m towards this initiative.

### Highlights / Impact

47 unemployed graduates have benefited from this programme since 2012 and 43 have secured employment within the Wholesale and Retail Sector representing a 91% placement rate.

### Youth Focus

The Youth Focus project is a collaborative initiative between the W&RSETA, Western Cape Government, Retail Sector and TVET Colleges to provide learning opportunities for youth that has exited the education system and has matured beyond the point of return to the formal schooling system. The youth is assisted to continue the journey of life-long learning in order to secure decent employment. It addresses the plight of youth destined to a life of crime and poverty with that of education and employment opportunities.

The project aimed to enrol 240 unemployed youth who have completed a bridging programme with the Western Cape Education Department on the W&R National Certificate: Wholesale and Retail Operations Learnership, NQF level 2. Learners received training from the following participating TVET Colleges: South Cape, College of Cape Town, Boland and Northlink; and were placed within companies for the practical workplace experience component.

The W&SETA invested R 11m towards this project.

### Highlights / Impact

The participating colleges implemented a structured learner support programme to support and monitor learners to ensure that they remain on the project. This programme focussed on the social, emotional and academic challenges that the learners encounter. Social workers and psychologists were part of this support programme which has had a positive impact on the learners and has restored the dignity of these young people who are now proud to be part of the society.

A total of 95 of the learners have successfully completed the programme whilst a balance of 111 remains active and will complete the programme in May 2016.

The success rate is currently at an average of 84%.

### Future Outlook

The W&RSETA will fund another 240 learners to participate in this project which will be implemented in the new financial year in partnership with the following TVET Colleges:

Northlink, Boland, TVET College of Cape Town and South Cape.

## PERFORMANCE INFORMATION – PROGRAMMES



### Free State Office of the Premier Graduate Workplace Experience

In partnership with the Free State Government to address the plight of unemployed and unemployable graduates, 700 N6 students from Maluti, Flavius Mareka, Goldfields and Motheo TVET Colleges were placed within various governmental departments to gain workplace experience to obtain their qualifications. The students are studying towards qualifications that are related to the Wholesale and Retail Sector and Government.

A budget of R 31,5m was allocated towards the learner stipends.

### Highlights / Impact

A total of 495 students have completed their internships and the balance of 191 will complete the programme in June 2017.

The project has recorded a very low drop-out of only 14 students.

### Mpumalanga Unemployed Youth Project

The project aims to address the youth unemployment in Mpumalanga through learning opportunities for 100 young people in the Gert Sibande District.

Learners would be enrolled on the W&R National Certificate: Wholesale and Retail Operations NQF Level 2 qualification.

R 3,9 was invested towards the project.

### Highlights / Impact

63 learners were registered for the programme which commenced in November 2015 and will be completed in January 2017.

Gert Sibande TVET College has partnered with the W&RSETA as part of the partnership agreement with the college which has resulted in the extension of scope for the college to deliver W&R programmes and the establishment of the Retail Simulation Centre.

Learners will be hosted by Pick 'n Pay, Shoprite / Checkers, Checkout, CTM and Webbers.

## PERFORMANCE INFORMATION – PROGRAMMES

### North West Unemployed Youth Project

The W&RSETA allocated a budget of R 23m to enrol 500 young people from North West on the W&R National Certificate: Wholesale and Retail Operations NQF Level 2 qualification. The projects seeks to provide these young people with a nationally recognised qualification and workplace experience to equip them with the necessary skills and enhance their prospects of employment.

Primarily, the project addresses the NSDS III Indicator 4.4.1 which focuses on providing young school leavers with opportunities for training and workplace experience to improve their employability.

The W&RSETA sought commitment from the participating companies to employ at least 60% of the learners who successfully complete the programme.

#### Highlights / Impact

462 learners were registered for the programme which project which commenced in March 2015.

A total of 357 were on the programme which was completed by 31 March 2016.

The host companies have permanently employed 50 learners and are considering employing a majority of the learners who will successfully complete the programme.

### Waterberg Presidential Project

The W&RSETA responded to the President's call for the SETAs to provide skills development opportunities for the youth of Waterberg District in Limpopo. R 4m was allocated to enrol 100 young people on the W&R Store Person Learnership on NQF level.

### Highlights / Impact

98 learners have been registered on the Learnership which is delivered by Waterberg TVET College. The learners have been allocated to the following host companies: Webbers, EH Hassim, Thaba Superspar, Pick 'n Pay, Istores, Tony Cash and Carry, Boxer Superstores and Ismael Wholesalers.

#### Bursary Scheme

To address shortage of scarce skills within the Wholesale and Retail Sector and to promote Retail as a career of choice, the W&RSETA launched a Bursary Scheme to benefit underprivileged students studying wholesale and retail related programmes at universities and TVET colleges. The scheme also aims to make further education accessible to young people whilst creating opportunities for better employment prospects.

The Bursary Scheme is administered by Career Wise and the National Student Financial Aid Scheme (NSFAS).

The W&RSETA also allocated bursaries to 7 MBA and 2 PhD students.

#### Highlights / Impact

Since the launch of the Scheme in 2011, the W&RSETA has allocated R280 million in bursaries to 5437 students at universities and TVET colleges. During the year under review, the SETA allocated 1148 Bursaries to students at 23 universities and 23 TVET colleges.

The first PhD obtained his qualification in 2014 whilst the remaining bursars will complete their studies in 2016.

## Success story: Lazarus Motors

### Conquering gender stereotypes through skills development

The National Development Plan requires that the country produce at least 30 000 qualified artisans annually by 2030 from the current average of 12 000. Motor mechanic is one of the scarce skills in the country which are offered through artisan programmes.

In 2012, Adria Sithole, Sphiwe Ntuli and Lucia Malupi together with other 18 male learners started the Motor Mechanic Apprenticeship programme at Lazarus Motors which was funded by the W&RSETA. These three ladies are part of the 17 learners who successfully completed the programme in 2015 and qualified as Motor Mechanic Technicians. They are permanently employed by the host company; Lazarus Motors in Centurion.





## Success story: W&RSETA opens the doors of learning to the disadvantaged

Samkelo is one of the W&RSETA's bursary beneficiaries who did not allow his background to determine his future but used education as a weapon to change his destiny. The SETA assisted him to complete his National Diploma in Consumer Science: Food Nutrition at Walter Sisulu University, and subsequently his B-Tech Degree at DUT. Samkelo passed his research project with distinction and in 2016 was approached by the University to pursue a Masters Degree.



*"In every platform I get to talk to people, I don't forget to thank the W&RSETA for what they have done in my life and I encourage other students to apply for their bursaries. My wish is to get a job so that I can assist others who are going through the same rough road I went through. Thank you Wholesale and Retail SETA"*

## ***“Professionalising the Wholesale and Retail Sector”***

### **Retail Simulation Centres (Extension of Scope project)**

In 2012, the W&RSETA allocated R5,8m towards the Extension of Scope project which benefit 8 TVET Colleges around the country as well as an HET Institution. The purpose of this project is to position TVET Colleges as institutions of choice and to make wholesale and retail an attractive career proposition by equipping the colleges so that they can deliver wholesale and retail programmes.

The project also strengthens the W&RSETA's efforts to collaborate meaningfully with the TVET Colleges to address the skills gaps in the Wholesale and Retail Sector.

Additionally, Retail Simulation Centres would be established at these institutions to provide students with the practical work experience of wholesale and retail to improve their prospects of employment.

### **Highlights / Impact**

During the 2015/16 financial year, the W&RSETA launched a Retail Simulation Centre at the Buffalo City TVET College, East London campus.

This brings a total of 6 centres across the country.

The Retail Simulation Centres at the following Colleges: The following Colleges, Ekurhuleni West TVET, Gauteng, Motheo TVET, Free State, and Lephalale TVET, Limpopo will be launched in the next financial year.

Out of these TVET Colleges, five of them have successfully been launched.

### **KZN Retail Schools of Excellence**

In 2014 the W&RSETA launched a landmark collaborative project with KwaZulu Natal wholesale and retail companies, Majuba, Thekwini, Mthashana and Esayidi TVET Colleges and the Durban

University of Technology which resulted in the establishment of the first-ever Retail Schools of Excellence (RSOE). The project is aimed at promoting collaboration between the Wholesale and Retail Sector and institutions of learning to align the programmes that are offered at institutions of learning with the needs of the Sector.

Retail practicum rooms were established as part of the project to provide students with the practical experience of the wholesale and retail subject of the NCV and Learnerships on NQF levels 2 – 4.

The practicum rooms will also be used for all W&RSETA learning programmes.



The first KZN Schools of Excellence learners during graduations held in October 2015

## Highlights / Impact

The four Colleges have enrolled a total of 370 learners collectively on NCV level 2 with wholesale and retail as a subject. DUT's Institute of Management, Retail and Consumer Science Faculty has enrolled 125 learners on NQF level 5 programme respectively.

## Future Outlook

The W&RSETA will extend the project to the remaining five TVET Colleges in the Province and facilitate the establishment of practicum rooms at these colleges. A Research and Resource Centre will be established at DUT.

The SETA will also focus on establishing a Retail Chair in KwaZulu Natal.

## Support to Eastern Cape TVET Colleges and Universities

To support the NSDS III focus to promote the growth of a public TVET College system that is responsive to Sector, local, regional and national skills needs and priorities, the W&RSETA has strengthened its partnerships with TVET Colleges in recent years through various initiatives.

In the Eastern Cape, the W&RSETA has focused on positioning the province's public TVET Colleges as institutions of choice and provide a wide variety of study choices to students. The collaboration between the W&RSETA, Wholesale and Retail Sector and TVET Colleges is being reinforced to ensure that colleges produce students that address the needs of the Sector. In addition, the partnership aims to encourage wholesale and retail companies to avail their workplaces to provide workplace experience opportunities for TVET College students. The collaboration also focuses on encouraging institutions of learning to offer W&R programmes.

## Highlights / Impact

The partnership has resulted in the placement of 44 N6 and 102 NCV level 4 students at various wholesale and retail companies in the Eastern Cape.

The 44 graduates have been enrolled at the University of Fort Hare to study towards the Wholesale and Retail Generic Management qualification as part of articulation between the TVET College and University systems; whilst the 102 NCV graduates were subsequently enrolled on a W&R

Operations qualification at Eastcape Midlands TVET College.

## ***“Developing rural communities for sustainable growth”***

### Traditional Councils and Rural Areas Projects

The development of rural communities to ensure sustainability and to equip these communities as active participants in the country's economy remains one of the W&RSETA's key priorities in support of the Government's objectives, particularly the New Growth Path National Accord 6 on Youth Entrepreneurship and Youth Co-operatives.

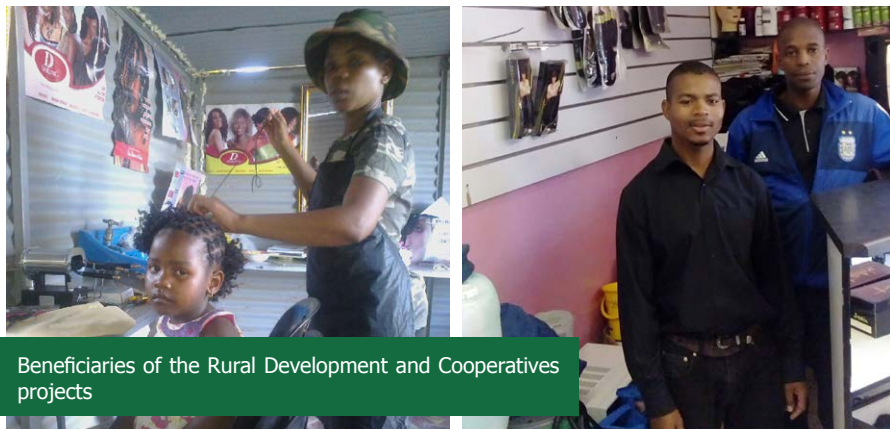
To this end, two projects were launched in the 2014/15 financial year to benefit 464 previously unemployed learners from the Rharhabe Royal Kingdom in the Eastern Cape; Kwandebele Royal Mgibe II; Batlokoa Traditional Council in Free State and the Jalamba Traditional Council in the Eastern Cape.

The learners were enrolled on the W&RSETA Informal Small Business Practice NQF Level 3



Some of the Rural Development and Co-operatives Projects

## PERFORMANCE INFORMATION – PROGRAMMES



Beneficiaries of the Rural Development and Cooperatives projects

qualification which addresses the W&RSETA's top priority scarce skill; Retail Manager General.

The 12-month training programmes commenced in March 2015 and will be completed in September 2016. The approved budget including reasonable accommodation was R21, 2m

### Highlights / Impact

Of the 457 learners who reached 100% credit uploads; 186 are endorsed for certification. Graduation ceremonies will be conducted in the new financial year. Only 8 learners dropped out of the programme for various reasons.

457 previously unemployed learners residing in rural villages were assisted to actively participate in the inputs, activities, outputs and accomplishment of outcomes of the W&R Informal Small Business Practice NQF Level 3 Qualification.

The learners have started their own businesses which have been registered with the Companies and Intellectual Property Commission (CIPC), South African Revenue Services (SARS) and with the W&RSETA as non-levy paying companies.

Graduations for the learners will be convened in the new financial year.

### Future Outlook

The W&RSETA Board has approved the following projects to intensify the SETA's efforts towards rural development:

### W&RSETA Registered Co-operatives Project

200 members from 20 registered co-operatives in the Northern Cape will be enrolled on various skills programmes that address scarce skills for the leadership echelons of these co-operatives to be delivered by accredited training providers. The project is budgeted at a cost of R2, 9m.

### Non-Government Organisations (NGOs) / Non-Profit Organisations (NPOs)

The objective of this project is to assist 18 Non-Profit Organisations respectively from Limpopo, Gauteng and Eastern Cape to register their members on a variety of unit standards which address identified skills gaps. A budget of R255 000 was approved for this project.

### Rural Villages

The W&RSETA will assist 500 unemployed learners from rural areas to enter and complete the W&R Informal Small Business Practice NQF Level 3 Learnership. 140 learners from of 8 Traditional Councils in the Northern Cape; 180 from UPhongolo Local Municipality in KwaZulu Natal and 180 from Amahlathi Local Municipality in the Eastern Cape.

### Mnquma Local Municipality

500 unemployed learners within the Mnquma Local Municipality's 31 rural wards will be enrolled on the W&R Informal Small Business Practice NQF Level 3; FoodBev SETA Bread and Flour Confectionery Baking Level 2 or 3; FoodBev SETA Fresh Meat Processing Level 2 and 3 Learnership programmes with a budget of R20, 96m.



## *“Small business is big business”*

### Informal Traders Upliftment Project (ITUP)

In 2014, the W&RSETA concluded an agreement with the Department of Trade and Industry to collaborate in achieving the objectives of the Department’s National Informal Business Strategy; a landmark initiative in informal business development.

The Strategy was transferred to the newly established Department of Small Business Development (**The dsbd**). Part of the Strategy was the implementation of a joint initiative, the Informal Traders Upliftment Project. The objective of the ITUP was to select 1 000 informal traders from vulnerable areas in the country to be trained and developed to a level where they are able to compete with established and flourishing businesses. Additionally to skills development component, the project aimed to provide infrastructural support to increase the competitiveness of the informal traders.

The project also focussed on developing the capacity of Informal Trader Organisations and similar support bodies by providing organisational management skills training.

Both the W&RSETA and **The dsbd** contributed R 10m towards the project.



### Highlights / Impact

992 Informal traders have successfully completed the training programme and were recognised at certification ceremonies held between November 2015 and March 2016.

The impact of the intervention is demonstrated by the maturity levels of the traders to levels where they are able to create jobs which will inevitably contribute to stimulating the country’s economic growth which, if sustained will achieve the much desired growth that will alleviate the challenges that result in service delivery protests in areas of the country.

The W&RSETA Board has approved the second phase of the project to be rolled out in the new financial year at a budget of R 10m to benefit a further 1 000 informal traders.

Owing to the success of the roll out implementation, discussions are underway between the W&RSETA and **The dsbd** to increase the number of beneficiaries to 3000 at a budget of R 30m.

### Community Retail Development Project (CRDP)

The CRDP aimed to train 400 youth, women and disabled (people with disabilities) entrepreneurs from the Tshwane Municipality over a 12-month period to capacitate 20 unemployed youth and to provide mentorship to the entrepreneurs. Additionally, 20 unemployed young people would be enrolled on a Learnership programme and will act as Business Advisors to the SMMEs. The project addresses the National Skills Development Strategy (NSDS) III goal 4.6 which states focuses on support for cooperatives, small enterprises, worker-initiated, NGO and community training initiatives.

Primarily, the objective of the object is to provide skills development support to the SMMEs to enhance their growth and become competitive thus develop the local economy, create employment and reduce poverty leading to social cohesion in the townships.

The project is contributing to the Gauteng’s goal of township economy revitalisation as well as the City of Tshwane’s objectives on local economic development.

Through skills development, the traders are positioned to compete with their foreign counterparts in the townships. The W&RSETA has invested R 6m towards this project.

## PERFORMANCE INFORMATION – PROGRAMMES

## The Clothing Bank

This non-profit initiative focusses on supporting single mothers from disadvantaged backgrounds to gain business skills and to run small businesses so that they can sustain their families.

The Clothing Bank has partnered with major local retail companies which donate excess merchandise to the Organisation for its 24-month Enterprise Development Programme which is a combination of practical training, life skills, mentoring and coaching for the women to operate small retail businesses.

The W&RSETA partnered with The Clothing Bank in 2013 to fund the training of 237 women on the Informal Small Business Practice qualification and the International Computer Driver's License Programme with an investment of R10m over three years. These women were selected from Cape Town, Paarl and Johannesburg.

### Highlights / Impact

An 83% success rate has been achieved for this project with 181 being certificated and 57 still in progress. A study will be conducted when the project is concluded in May 2016 to measure its impact on the beneficiaries.

## Eastern Cape Liquor Board

The Eastern Cape Liquor Board has partnered with the W&RSETA to capacitate 530 liquor traders in the rural and township areas of the Eastern Cape on basic business skills. The programme included modules on stock management, customer service and merchandising.

### Highlights / Impact

256 liquor traders have successfully completed the training programme which was conducted by the Eastcape Midlands TVET College.

Career guidance remains an important priority for the W&RSETA as it seeks to attract young talent to pursue studies towards wholesale and retail related qualifications to address scarce skills in the Sector.

## Highlights / Impact

320 beneficiaries have successfully completed the training programme. 20 unemployed graduates have been trained as mentors and coaches and were also appointed to assist the SMMEs.

### Future Outlook

These young people will be enrolled on a Learnership programme and serve as business advisors to the SMMEs on completion of the programme.

***“Positioning the Wholesale and Retail Sector as a career of choice”***

## Career Guidance and Development

The W&RSETA embarked on various initiatives aimed at school learners to promote careers in the Wholesale and Retail Sector.

### Highlights / Impact

Over 5000 learners were reached across the country with a focus on rural areas through the Education and Training's annual Mandela Career Festival which was held in Richard's Bay, KwaZulu-Natal. The SETA partnered with one of its stakeholder companies, Woolworths, as a platinum sponsor of the 2016 SABC Career Indaba which was held in Gauteng in March 2016. Over 10 000 learners from around the country attended the two-day Indaba.

Both these initiatives included the ILDP Alumni who were invited to motivate the learners on their aspiring career journeys within the SETA.

The W&RSETA also supported the DHET on all the Apply Now and Opportunities for people with disabilities campaigns under the auspices of the Deputy Minister.

## PERFORMANCE INFORMATION – PROGRAMMES



Career Guidance activities

### Future Outlook

The SETA will continue to intensify its efforts to make career guidance information accessible to learners in the most rural areas of the country.

### Qualifications Development

One of the W&RSETA's primary responsibilities is to ensure the development of relevant and current qualifications that meet the needs of the Wholesale and Retail Sector and are aligned to the requirements of the QCTO and SAQA.

To this end, the SETA has established the Qualifications Management Board which comprises companies, representatives from organised labour, associations, private training providers as well as TVET colleges and universities through which to fulfil the role of qualifications development.

Additionally, the QMB ensures the quality of occupational standards and qualifications, and learning in the Sector. The QMB also liaises with the QCTO on the sustainability and adequacy of occupational standards and qualifications.

Key to functioning of the QMB is the TVET and HET sub-committees. As part of the commitment to align the needs of the Sector with the students that are produced by TVET Colleges, the W&RSETA has developed a wholesale and retail subject as part of the National Certificate Vocational (NCV) for levels 2 up to 4. TVET Colleges were required to apply to the DHET to offer the subject in the 2016 academic year.

### Highlights / Impact

In the 2015/16 financial year, four qualifications were developed and submitted to the QCTO for registration. The W&RSETA, through the QMB, has capacitated 13 TVET college lecturers to offer the NCV level 2 subject and were also exposed to the Wholesale and Retail Sector.

The following qualifications were developed and submitted to the QCTO:

OFO Code	Occupation
343203	Visual Merchandiser
522301	Sales Assistant (Retail Sales Advisor)
411102	Back Office Process Consultant
653401	Bicycle Mechanic

TVET college lecturers were capacitated on these qualifications.

## PERFORMANCE INFORMATION – PROGRAMMES

**Future Outlook**

The QMB will develop the Shelf Filler and Sales Assistant (General) (Perishable Food Sales) and review the Retail Manager: Retail Store Manager occupational qualifications in the new financial year.

Additionally, the W&RSETA will capacitate 60 TVET college lecturers on the NCV retail subject. This number comprises a new intake of lecturers who will be capacitated on the NCV level 2 subject and 30 lecturers from the current financial year's intake on the level 3 subject.





### **W&RSETA Board**

Seated- left to right, Mr Thami Skenjana Ms. Sheila van Rensburg, Mr Phillemon Sito, Ms Pearl Maphoshe (Chairperson), Mr Isaac Motaung and Ms Sizakele Moloko

Standing- from left to right- Mr Mike Tau, Mr Nat Kettlele, Mr Michael Lawrence, Mr Ivan Molefe, Mr Pascalis Mokupo (Audit Committee Chairperson), Mr Reggie Sibiya and Mr Sibusiso Busane

## **PART C: Governance**

## Introduction

Corporate governance embodies processes and systems by which public entities are directed, controlled and held accountable. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance is applied through the precepts of the Public Finance Management Act (PFMA), Act No. 1 of 1999 and run in tandem with the principles of the King's Report on Corporate Governance.

Parliament, the Executive Authority (DHET) and the Board of the W&RSETA are responsible for corporate governance.

### 3.1 Portfolio Committees

The W&RSETA was not required to appear before the Portfolio Committee on Higher Education and Training during the 2015/16 financial year.

### 3.2 Executive Authority

The Department of Higher Education and Training (DHET) is the executive authority of the W&RSETA. In line with the reporting requirements, the W&RSETA submitted the following reports to the Executive Authority for approval during the period under review:

- 2016/17 Strategic Plan: 13 November 2015
- 2015 Sector Skills Plan: 30 September 2015;
- Quarterly Performance Reports; and
- 2014/15 Annual Report: 31 August 2015

### 3.3 The Accounting Authority / Board

The W&RSETA Board was appointed by the Minister of Higher Education and Training and assumed office on 1 April 2011 for a five-year term up to the 31 March 2016.

## The Role of the Board

The Board has served a 5-year period from the date of its appointment effective 1st March 2011.

The primary responsibility of the Board is to provide strategic leadership on the management of the SETA. It executes its oversight role as articulated in the W&RSETA Constitution and as required by the Skills Development Act, the Public Finance Management Act and relevant legislation.

### Board Charter

The Board has developed a Charter which governs its primary role of oversight and is aligned to the Constitution. The Charter addresses key governance matters, amongst others, the framework of governance principles, composition of the Board, the role, function, fiduciary and statutory duties of the Board, governance structures; meetings, powers and delegation of authority.

In line with the requirements of the PFMA, the Board approved the Strategic Plan for the 2015/16 financial year and monitored the SETA's performance through monthly reports to the Executive Committee of the Board and quarterly reporting to the Board.

The Board also reviewed the SETA's policies, in line with the requirement for annual review. As part of managing the Organisation's institutional risks, the Board ensured that risk profiling was conducted and that the appropriate systems and controls were implemented to mitigate risks.

### Composition of the Board

The Constitution of the W&RSETA prescribes the membership of the Board which comprises of 15 members. 12 members, with an equal representation, are appointed from Organised Business and Organised Labour organisations. The Minister also appoints three members who serve as Ministerial Appointees one of whom serves as the Chairperson.

## Composition of the Board

The W&RSETA Board comprises of 14 members: with six representing Organised Labour and the other six representing Organised Business. Three members, including the Chairperson, are Ministerial Appointees.

Name	Designation (in terms of Board Structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of Meetings Attended
Ms Nozipho Pearl Maphoshe	Chairperson (Ministerial Appointee)	1 July 2014	N/A	<ul style="list-style-type: none"> <li>• Masters (Education and Planning)</li> </ul>	<ul style="list-style-type: none"> <li>• HR</li> <li>• Procurement</li> <li>• Facilities Management</li> </ul>	<ul style="list-style-type: none"> <li>• Serves on Masscash Board from June 2007 to current</li> <li>• Serves on the council at the University of Zululand from 01 September 2013 to current</li> <li>• Serves on Knowledge Resources Board from 01 March 2015 to current</li> </ul>	<ul style="list-style-type: none"> <li>• Is a member of the Executive Council of the University of Zululand from 01 September 2013 to current</li> <li>• Is the Chairperson of the HR &amp; Remuneration Committee of the University of Zululand from 01 September 2013 to current</li> <li>• Serves on the Advisory Committee of the HR Management Department at the University of Johannesburg.</li> </ul>	7
Mr Thami Skenjana	Ministerial Appointee	April 2011	Active	<ul style="list-style-type: none"> <li>• Matric</li> <li>• Sales</li> <li>• Marketing</li> </ul>	<ul style="list-style-type: none"> <li>• Enterprise</li> <li>• Cooperative development</li> </ul>	<ul style="list-style-type: none"> <li>• SANCOC Enterprise Development</li> <li>• Southern African National Co-operatives Council</li> <li>• SASCE</li> <li>• BUSA</li> </ul>	<ul style="list-style-type: none"> <li>• Ministerial Worker Education Technical Task Team</li> <li>• Institute of Directors South Africa: Remuneration Committee Forum</li> <li>• NEDLAC Chambers &amp; Task Teams</li> </ul>	7

## Composition of the Board

Name	Designation (in terms of Board Structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of Meetings Attended
Mr Sibusiso Busane	Ministerial Appointee	August 2012	Active	<ul style="list-style-type: none"> <li>• Grade 12</li> <li>• Assessor</li> <li>• Advanced project management</li> </ul>	Small business development	N/A	N/A	7
Mr Ivan Molefe	Board Member	April 2011	Active	Grade 10	Labour relations	N/A	<ul style="list-style-type: none"> <li>• Projects Board Committee</li> <li>• Executive Board Committee</li> </ul>	7
Mr Mike Tau	Board Member	April 2011	Active	Grade 10	<ul style="list-style-type: none"> <li>• Education and training</li> <li>• Negotiations</li> <li>• Public management</li> <li>• Dispute resolution.</li> </ul>	<ul style="list-style-type: none"> <li>• COSATU CEC</li> <li>• SACCAWU 2nd Deputy President</li> <li>• Ditsela board member,</li> <li>• COSATU education committee chairperson,</li> <li>• SACCAWU Central executive and national executive committee member.</li> </ul>	<ul style="list-style-type: none"> <li>• Governance &amp; Strategy Board Committee</li> <li>• Remuneration Board Committee</li> <li>• Shoprite / Checkers Skills and Training Committee</li> </ul>	6
Ms Patricia Pillay	Board Member	April 2011	29 February 2016	<ul style="list-style-type: none"> <li>• MAP</li> <li>• Bachelor of Social Science</li> <li>• LLB-Honours</li> </ul>	<ul style="list-style-type: none"> <li>• Legal,</li> <li>• Regulatory</li> <li>• governance</li> </ul>	<ul style="list-style-type: none"> <li>• Rainbow Fairy Trading</li> </ul>	<ul style="list-style-type: none"> <li>• Executive Board Committee</li> <li>• Governance &amp; Strategy Board Committee</li> </ul>	3

## Composition of the Board

Name	Designation (in terms of Board Structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of Meetings Attended
Mr Nat Kettlele	Board Member	April 2011	Active	<ul style="list-style-type: none"> <li>• Essential Security Law Certificate. Joint Matriculation Board (Matric)</li> </ul>	<ul style="list-style-type: none"> <li>• Labour relations</li> <li>• Collective bargaining</li> <li>• Legal representation</li> </ul>	FEDCRAW	<ul style="list-style-type: none"> <li>• Finance Board Committee</li> <li>• Remunerations Board Committee</li> </ul>	7
Mr Phillemon Sito	Board Member	April 2011	Active	Bachelor of Arts	<ul style="list-style-type: none"> <li>• Labour Relations</li> <li>• Collective bargaining</li> <li>• Governance</li> <li>• Legal;</li> <li>• Finances</li> </ul>	N/A	<ul style="list-style-type: none"> <li>• Finance Board Committee</li> <li>• Executive Board Committee</li> </ul>	6

## Composition of the Board

Name	Designation (in terms of Board Structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of Meetings Attended
Mr Isaac Motaung	Board Member	August 2012	Active	<ul style="list-style-type: none"> <li>• B. Proc (Attorney)</li> <li>• Higher Diploma Tax Law</li> <li>• B.A. Honours Human Resources</li> </ul>	<ul style="list-style-type: none"> <li>• Tax Law</li> <li>• Labour Relations</li> <li>• Labour Law</li> <li>• Functioning of Board of Directors</li> <li>• Retirement Scheme Investment and Functioning</li> <li>• Medical Aid Investments and Functioning</li> <li>• Governance, Social and Ethics</li> <li>• Human Resources in General</li> <li>• Agriculture and Farming in General</li> <li>• Legal Practice specialising in Labour Law and Tax Law</li> </ul>	<ul style="list-style-type: none"> <li>• Pick n Pay – until 28 February 2015</li> <li>• Boxer Retail – until 31 March 2015</li> <li>• Advisor to the CEO of the Pick n Pay Group of Companies – from 01 April 2015 to 31 March 2017</li> </ul>	<ul style="list-style-type: none"> <li>• Trustee – Pick n Pay Ackerman Foundation</li> <li>• Trustee – Pick n Pay Medical Aid Scheme</li> <li>• Social and Ethics Committee Member (Pick n Pay Group of Companies)</li> <li>• Board Member – Saint Benedict's College</li> <li>• Projects Board Committee</li> <li>• Remuneration Board Committee</li> </ul>	7
Ms Abieda Abrahams	Board Member	April 2011	Active	<ul style="list-style-type: none"> <li>• National Diploma: Education and Training</li> <li>• National Diploma: Clothing Management</li> </ul>	Education & Skills Development Training	N/A	Projects Board Committee	3

## Composition of the Board

Name	Designation (in terms of Board Structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of Meetings Attended
Ms Sizakele Moloko	Board Member	April 2011	Active	<ul style="list-style-type: none"> <li>• B.A. Honours</li> <li>• B.A.</li> <li>• Higher Diploma: Tourism Development</li> <li>• Diploma: Human Resources Development and Management</li> <li>• Diploma: Financial Management</li> <li>• Diploma: Project Management</li> <li>• Junior Secondary Teachers certificate</li> <li>• Certificate of Achievement co-operative Initiation and Management</li> <li>• Programme Evaluator</li> <li>• Accredited Assessor</li> <li>• Accredited Moderator</li> </ul>	<ul style="list-style-type: none"> <li>• Education and Training,</li> <li>• Small Business Development</li> <li>• Mentoring and Coaching</li> </ul>	<ul style="list-style-type: none"> <li>• Lincolnwood</li> <li>• Gooderson Leisure</li> <li>• Market Demand</li> </ul>	<ul style="list-style-type: none"> <li>• Finance Board Committee</li> <li>• Projects Board Committee</li> <li>• World Ventures</li> <li>• KZN NPO Advisory Committee</li> <li>• KZN Substance Abuse Committee</li> <li>• Ekasi Spaza Shop Advisory Board</li> <li>• Member of EMOSA</li> </ul>	7
Mr Michael Lawrence	Board Member	April 2011	Active	<ul style="list-style-type: none"> <li>• Higher Diploma in Education (Post Graduate)</li> <li>• Bachelor of Science (Actuarial)</li> </ul>	<ul style="list-style-type: none"> <li>• Governance</li> <li>• Strategy</li> <li>• Change management</li> </ul>	<ul style="list-style-type: none"> <li>• Martin &amp; East (Pty) Ltd</li> <li>• Zebra Surfacing (Pty) Ltd</li> <li>• Isidima Civils (Pty) Ltd</li> <li>• Prokura Diesel Services (Pty) Ltd</li> <li>• M&amp;M Consulting</li> <li>• Tresso Trading 954CC</li> <li>• MTU-SA (Pty) Ltd</li> </ul>	<ul style="list-style-type: none"> <li>• Executive Board Committee</li> <li>• Finance Board Committee</li> </ul>	6

## Composition of the Board

Name	Designation (in terms of Board Structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of Meetings Attended
Ms Margaret Bango	Board Member	October 2012	Active	Diploma in General Nursing	<ul style="list-style-type: none"> <li>• Small business</li> <li>• Women development</li> </ul>	<ul style="list-style-type: none"> <li>• Ipelegeng Consortium</li> <li>• Tizawell Pty Ltd</li> <li>• Kathorus Chamber of Commerce and Industry NPC</li> <li>• Wilat - South Africa NPC</li> </ul>	<ul style="list-style-type: none"> <li>• Remuneration Board Committee</li> <li>• Governance &amp; Strategy Board Committee</li> </ul>	6
Ms Mariette Mentz	Board Member (Alternate to I Motaung)	April 2011	Active	M. Admin (Masters in Industrial Psychology)	<ul style="list-style-type: none"> <li>• Skills Development</li> <li>• Organizational Development</li> <li>• Change Management</li> </ul>	N/A	None	0
Ms Xolile Titus	Board Member (Alternate to S Moloko)	August 2013	Active	<ul style="list-style-type: none"> <li>• BA Sociology &amp; History</li> <li>• Human Resources Management</li> <li>• Short Course-Small Enterprise Development</li> </ul>	<ul style="list-style-type: none"> <li>• Research</li> <li>• Economic development in particular small business development.</li> <li>• Transformation, corporate citizenship, organisational strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Fair Trade Tourism</li> </ul>	None	2
Ezekiel Seitei	Alternate member to Nat Kettlele	August 2013	Active	Matric	Trade Unionist Governance	Board Member Unity Incorporation	None	2



## Composition of the Board

Name	Designation (in terms of Board Structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of Meetings Attended
Ms Sheila van Rensburg	Alternate member Abieda Abrahams	August 2013	Active	Grade 8	<ul style="list-style-type: none"> <li>Labour Relations</li> </ul>	None	None	3
Mr Reggie Sibiya	Board Member (Alternate to C Strydom)	August 2013	Active	<ul style="list-style-type: none"> <li>Bachelor of Science (Botany &amp; Genetics)</li> </ul>	<ul style="list-style-type: none"> <li>Fuel Retailing</li> <li>FMCG Sales &amp; Marketing</li> <li>Business Management</li> <li>Regulatory Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Fuel Retailers Association (Director)</li> <li>MIBCO Board</li> </ul>	<ul style="list-style-type: none"> <li>Audit Committee</li> <li>Strategy &amp; Governance</li> </ul>	8
Mr Mogomotsi Masoabi	Alternate member to Phillemon Sito	August 2013	Active	<ul style="list-style-type: none"> <li>Certificate in Sales and Marketing</li> <li>Certificate in Practical Labour Law</li> </ul>	<ul style="list-style-type: none"> <li>Labour Law</li> <li>Governance</li> </ul>	None	None	3

## Committees

Committee	No. of Meetings Held	No. of Members	Name of Members
Audit Committee	10	6	Mr Pascalis Mokupo
			Mr Yaswant Gordhan
			Ms Carin Strydom
			Adv. Johannes Collen Weapond
			Mr Mogomotsi Masoabi
			Ms Mathukana Mokoka
Projects Board Committee	6	4	Mr Ivan Molefe
			Ms Abieda Abrahams
			Ms Sizakele Moloko
			Mr Isaac Motaung
Finance Committee	3	4	Mr Michael Lawrence
			Mr Nat Kettlele
			Mr Phillemon Sito
			Ms Sizakele Moloko
Executive Committee	10	5	Ms. Pearl Maphoshe
			Mr Ivan Molefe
			Ms Patricia Pillay
			Mr Phillemon Sito
			Mr Michael Lawrence

## Committees

Committee	No. of Meetings Held	No. of Members	Name of Members
Governance & Strategy Committee	6	4	Ms Margaret Bango
			Mr Mike Tau
			Mr Sibusiso Busane
			Ms Patricia Pillay
Remuneration Committee	8	4	Mr Isaac Motaung
			Ms Margaret Bango
			Mr Mike Tau
			Mr Nat Kettlele

## 3.4 Risk Management

The Risk Management Committee of the W&RSETA is an internal structure of management chaired by the Chief Executive Officer. This Committee is required to meet quarterly. The Risk Management Committee reports to the Audit Committee of the Board and is responsible for identifying potential risks within the Organisation. The Committee also develops a Risk Management Implementation Plan to mitigate the risks. This Plan is developed to give effect to the implementation of the Risk Management Policy and Strategy.

## 3.5 Internal Control

The W&RSETA has implemented systems to ensure the integrity of its internal control processes. The Project Management System (PMS) was established to ensure regular reporting and monitoring of projects. Project Managers update the system on a weekly basis.

The organisation also uses a Supply Chain System (Flocentric System) to manage the procurement process value chain. This allows for approvals at different delegations and stages of the procurement of goods and services.

### 3.6 Audit Committee

Audit Committee Member	Qualification	Internal or External	Date of Resignation	Audit Committee meetings attended
Pascal Mokupo	CA (Lesotho)	External Member	Active	6
Yaswant Gordhan	<ul style="list-style-type: none"> <li>CA(SA)</li> <li>Masters of Science (Business Administration)</li> </ul>	External Member	Active	8
Mathukana Mokoka	CA(SA)	External Member	Active	8
Collen Weapond	<ul style="list-style-type: none"> <li>Bachelor of Law (B.luris)</li> <li>Bachelor of Laws (LLB)</li> <li>BTech: Policing</li> <li>BTech Computation</li> <li>Honours (B.Com Information Technology)</li> <li>Diploma in Education</li> <li>Diploma in Fraud Management</li> <li>Diploma in Compliance</li> <li>Diploma in Business Management</li> <li>Certificate in Executive Development</li> </ul>	External Member	Active	6
Carin Strydom*	<ul style="list-style-type: none"> <li>B.Com (Law)</li> <li>MBA (Cum Laude)</li> <li>Intermediate Diploma in Business Studies</li> </ul>	Internal Member	Active	5
Reggie Sibiya	<ul style="list-style-type: none"> <li>Bachelor of Science (Botany &amp; Genetics)</li> <li>Bsc Honours (Genetics)</li> </ul>	Internal Member	Active	3
Mogomotsi Masoabi	<ul style="list-style-type: none"> <li>Certificate in Sales and Marketing</li> <li>Certificate in Practical Labour Law</li> </ul>	Internal Member	Active	2

\* Reggie Sibiya is an Alternate to Carin Strydom

### 3.7 Compliance with Laws and Regulations

The Organisation's environment and mandate are governed by various legislation and regulations. The W&RSETA's Strategic Plan and Annual Performance Plans must be aligned to the National Skills Development Strategy (NSDS), which is an over-arching strategy which governs the SETA's mandate for delivery. The SETA's operations are also governed by the Public Finance Management Act (PFMA).

National Treasury publishes Regulations that govern Supply Chain Management and the procurement of services by the W&RSETA. These Regulations are mandatory and the W&RSETA is obligated to comply with the applicable Regulations.

### 3.8 Fraud and Corruption

The W&RSETA has implemented measures to mitigate against fraud and corruption within the Organisation. A declaration of interest by all staff members is one of the mechanisms that have been implemented to reduce incidents of fraud and corruption. A Fraud Prevention Policy is in place and is posted on the W&RSETA website to be accessed by staff and the general public. The Whistle Blower hotline for reporting of fraud occurrences is published on various channels including the W&RSETA website, monthly newsletters and displayed around the SETA's offices across the country.

### 3.9 Minimising Conflict of Interest

Management and staff of the W&RSETA are required to conduct themselves with high levels of integrity having regard to any relevant legislation, other legal requirements or prevailing codes of best practice on matters relating to the business conduct, including the company's standing as a public entity. To minimise and manage conflict of interest, Management is required to declare interest at each meeting. In addition, members of the Tender Evaluation and Adjudication Committees are required to declare any conflict of interest before evaluating tenders. The good governance practices in this regard extend beyond legislative provisions and are considered in all instances where a conflict of interest is considered. On an annual basis, all staff members are required to complete a declaration of interest form to declare their interests.

### 3.10 Code of Conduct

The SETA emphasises the expectation of proper conduct of its staff and has developed a set of values that guide the conduct of individual staff members. In addition, the HR Policy includes

the SETA's Code of Conduct which every employee is required to acknowledge by signing. The Policy also prescribes the disciplinary measures applicable for the violation of the Code of Conduct.

### 3.11 Health, Safety and Environmental Issues

The W&RSETA has developed an Occupational Health Safety (OHS) Strategy for the well being and safety of its employees. The strategy incorporates the main safety requirements to ensure that all the SETA's offices appoint a first aider, safety representative and an evacuation zone marshal.

### 3.12 Board Secretary

The Board Secretariat function is performed internally within the Office of the Chief Executive Officer. This function is responsible for the sound administrative management of the governance structure and provides the following services:

- Recording of all meetings;
- Scheduling Board meetings;
- Distributing reports and important notices to the Board;
- Distributing Board packs to the Board;
- Interacting with Board stakeholders;
- Arranging training for new Board Members; and
- Advising the Board on legislation and regulations which have a bearing on the functions of the Board.

The Executive Manager in the Office of the CEO who is a legal professional assumed the role of Board Secretary during the year under review. The Board Secretary upholds the highest level of integrity as enshrined in the King III Report on Good Corporate Governance.

### 3.13 Social Responsibility

The W&RSETA is cognisant of its corporate social responsibility towards the communities within which it operates. A culture has been inculcated within the Organisation and the SETA undertakes various projects and participates in initiatives that promote social responsibility.

## REPORT OF THE AUDIT COMMITTEE

## REPORT OF THE AUDIT COMMITTEE (AC) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

## Background

The AC is a committee of the Wholesale and Retail Sector Education and Training Authority (“W&RSETA”) Board and consists of six (6) members. The overall objective of the AC is to assist the W&RSETA board with its responsibility of ensuring that adequate systems and controls are in place, ensuring that assets are safeguarded, assessing the going concern status, reviewing the financial information and preparation of the annual financial statements.

The AC also assists W&RSETA in fulfilling its responsibility of risk management by ensuring that management identifies significant risks associated with the environment within which the W&RSETA operates and develops a framework for managing these risks. The Risk Management Strategy, incorporating Fraud Prevention Plan covering strategic, operational and financial risks, have been developed accordingly and are reviewed on a yearly basis by the AC.

The AC meets quarterly in a year and the Acting Chief Executive Officer, Acting Chief Financial Officer, the Chief Audit Executive, Executive Manager in the CEO’s Office, Internal Auditors and External Auditors attend these meetings by invitation. The AC is an advisory committee and not an Executive Committee and as such, it neither performs any management functions nor assume any management responsibilities. Its role is that of an independent and objective adviser and it operates as an overseer, making recommendations to the W&RSETA Board for final approval.

The AC has complied with its responsibilities as stipulated under Section 51 of the Public Finance Management Act, Act No.1 of 1999, as amended. Furthermore, the AC has regulated its affairs and discharged its responsibilities in accordance with its approved formal terms of reference.

## Internal Controls System

Members of the AC have noted that the effectiveness of the system of internal controls needs improvement. Management has given an undertaking to address the findings and recommendations for improvement. The control system provides reasonable, but not absolute

assurance that the entity’s assets are safeguarded, transactions are authorised and recorded properly and that material errors and irregularities are either prevented or detected, in time. These controls are monitored throughout the organisation by management and employees, with the necessary delegation of authority and segregation of duties.

Based on the review of the reports provided by the internal audit and the external auditors, the members of the AC are aware of some weaknesses and deficiencies in the organisation’s system of internal controls and will monitor management’s commitment to address these in the ensuing year.

## Risk Management

A Risk Management Strategy, incorporating a Fraud Prevention Plan is in place. The effectiveness and relevance of these plans are assessed regularly given the dynamic environment within which the W&RSETA operates. Risks identified as significant to W&RSETA are regularly evaluated and included in the risk register and discussed by the Risk Management Committee which reports to the AC.

## Internal Audit

The Chief Audit Executive is responsible for the management and coordination of the Internal Audit function. The Chief Audit Executive reports administratively to the Chief Executive Officer and functionally to the AC. The role of the internal audit is to provide support to management and the AC in discharging their responsibilities per the approved Internal Audit Charter, including the PFMA and Treasury Regulations. The internal audit function provides independent and objective evaluation of the organisation’s system of internal control and any significant business risks and exposure are brought to the attention of management and the AC.

## Finance Division

The AC confirms that the Finance Division was adequately capacitated during the financial period under review. This is despite the fact that the position of the CFO has not been filled. The AC notes that there is an Acting CFO.

## Annual Financial Statements

The AC has:

- Reviewed and discussed with management the Management Report from the Auditor-General SA (AGSA);
- Reviewed the appropriateness of accounting policies and practices;
- Reviewed the adjustments to the annual financial statements arising from the audit; and
- Reviewed and discussed with management the audited annual financial statements and recommends its approval by the Accounting Authority.

## AGSA Audit Findings

The AC noted with concern the repeat findings under paragraph 6 and 7 of the report of the Auditor General. The AC will continue to play an oversight role to ensure that recurring findings are addressed.

The AC concurs with and accepts the conclusions of the AGSA on the audited annual financial statements.



**Mr. P Mokupo**

Chairperson: Audit Committee  
29 July 2016



Mr. Pascal Mokupo, Chairperson: Audit Committee

## STATEMENT OF COMPLIANCE

W&RSETA, to the best of its knowledge, information and belief, has taken reasonable steps to comply with applicable legislation, including procedures and codes of governance in the financial year ending 31 March 2016.

The regulatory framework (applicable legislation, policies, procedures and codes of governance) which in the opinion of the Audit Committee (AC) of the W&RSETA, is material to the operations of the W&RSETA and enables the W&RSETA to effectively execute its mandate, can be accessed on the W&RSETA website.



**Mr P. Mokupo**  
Chairperson: Audit Committee



**Ms PN Maphoshe**  
Chairperson: W&RSETA







# PART D: Human Resource Management



## Introduction

*One of the top experts in HR David Ulrich states that “HR must give value or give notice”. He further says that “the ability of HR to add value lies in its ability to leverage the tools that it has at its disposal, these include the following sub-disciplines: Planning, Recruitment and Selection, Learning and Development, Employment Relations and Organisational Development or Change Management”.*

*To this end, W&RSETA Human Resource Policy governs employer-employee relations and therefore ensuring that the key sub-disciplines are institutionalised to add value to the Organisation. The HR Policy is influenced by the labour law and related legislation. Flowing from the Policy is the HR Plan which is designed to guide HR activities throughout the year and ensures that the organisational objectives are achieved.*

## HR Policy Review

HR department facilitated ten (10) Sessions in capacitating staff members on the newly approved policy. The policy was signed off by the Chief Executive Officer on the 06 January 2016.

## Human Resources Operational Plan

The HR Plan for the year 2015/16 was approved by the Remuneration Board Committee (REMCO). The structure of the Plan consists of the organisational vision, mission, values and service delivery standards. Furthermore, the HR Plan is guided by the W&RSETA Strategic Objectives and the HR Operational Objectives.

The three main HR Operational objectives are:

- Attract and retain best skills and competencies;
- Build human resources skills and capabilities; and
- Build performance culture in the organisation

The main aspects of the HR Plan are as follows:

## Performance Management System (PMS)

The current Performance Management System was introduced over four years ago and there have been deliberations at both the Senior and Board levels resulting in a decision to review the System. The preliminary report indicates that the System is too complex and technical and has to be simplified. The process is part of the SETA Organisational Development (OD) project that will be completed at the end of March 2016.

## Learning and Development (L&D)

As provided for in the HR policy, the SETA complied and submitted the Workplace Skills Plan to the Education, Training and Development Practices SETA (ETDPSETA). The Learning and Development programmes that were implemented during the year under review were underpinned by personal development plans, employee bursary scheme, in-house courses and conferences. The interventions included among others:

- Project and Contract Management;
- People Management and Leadership;
- Finance for non-Financial Managers;
- Public Sector Forum and Business Continuity Management;
- Effective Business Writing; and
- Workplace Integrated Learning (Conference)

## Investors in People (IiP) and Organisational Culture

The SETA subscribes to the IiP and has adopted the Standard as a business tool. The IiP is a recognised best practice and prestigious standard used to assist organisations to achieve its goals. The Standard comprises of three key themes; leading, improving and supporting. During the year under review, the W&RSETA engaged IiP SA for advisory purposes and this included

addressing the April 2014 Diagnostic Assessment Report. The service also covered activities the revision of the action plan to address the gaps that were identified in the report and thereafter conducting training for the SETA's liP and Talent Management Forum Facilitators on the New Generation Six Standard. The Facilitators will capacitate the teams on the new Standard.

### Employee Satisfaction Survey (ESS)

The W&RSETA facilitated and coordinated an ESS project through an independent provider which implemented electronic questionnaires and focus groups discussions methodologies comprising of eight (8) themes. The final report identified three areas that require attention. The recommendations on these areas have been elevated and will be addressed during the period up to the 2016/17 financial year.

### Recruitment and Selection

The Organisation has expanded its national footprint by employing and deploying 28 Coordinators in TVET Colleges as part of the comprehensive strategy on establishing the W&RSETA's presence in townships and rural areas; and enhancing partnerships with the Colleges. An additional four Coordinators will be appointed in the new financial year. In addition to the TVET College model; the SETA recruited 50 employees mainly on fixed-term contracts to provide support on projects. Following the resignations of the CEO and the CFO, HR is also in the process of filling the vacancies.

### Employment Equity and Reporting

The SETA complied with the (regulation) and submitted the Employment Equity Report which comprises the EEA2 (demographics) and EEA4 (income differentials) to the Department of Labour on 15 January 2016

### 2016/17 Preview

Some of the key programmes that the W&RSETA will focus on in the 2016/17 financial year include the following:

- Implementation of the Performance Management System Review Recommendations
- WSP/ATR/PIVOTAL Plan Submission and PDP Implementation;
- Investors in People (liP);
- Implementation of the Organisational Development Project(OD) Recommendations
- Recruitment and Employment Equity; and
- HR Projects

## HUMAN RESOURCE OVERSIGHT STATISTICS

## Human Resources Oversight Statistics

Below is the statistical information on the overall performance and status of the organization which include remuneration, reward, training costs, employment equity and disciplinary matters.

### Personnel Cost by Salary Band

Level	Personnel Expenditure (R'000)	% of Personnel Expenditure to Total Personnel Cost	No. of Employees	Average Personnel Cost per Employee (R'000)
Senior Management	15487	27.28	4	2581.17
Executive Management	7509	13.23	6	1251.50
Middle Management	17703	31.18	22	804.68
Team Leaders	7516	13.24	4	1879
Coordinator Level	1001	1.76	34	29.44
Officer/PA Level	5309	9.35	22	241.32
Administrator Level	1124	1.98	75	14.99
Office Support Level	1128	1.99	15	75.20
<b>TOTAL</b>	<b>56777</b>	<b>100</b>	<b>182</b>	<b>6877.29</b>

NB: The personnel costs of senior managers includes the two ( CEO & CFO) who since left the organisation before the end of the previous financial and the number of employees is applicable as at 31 March 2016.



## HUMAN RESOURCE OVERSIGHT STATISTICS

## Performance Rewards

Level	Performance Rewards	Personnel Expenditure	% of Performance Rewards to Total Personnel Costs
Senior Management	1072379	15487000	7%
Executive Management	664289	7509000	8.8%
Middle Management	1172250	17703000	6.6%
Team Leaders	223371	7516000	2.9%
Coordinator Level	833062	1001000	83.2%
Officer/PA Level	439526	5309000	8.2%
Administrator Level	543695	1124000	48.3%
Office Support Level	66819	1128000	5.9%
<b>TOTAL</b>	<b>5015391</b>	<b>56777000</b>	<b>8.8%</b>

NB: The bonus payment is paid in arrears which means that the figures are for the year 2014/15 and the personnel costs apply to the 2015/16 financial year ended 31 March 2016.

## Training Costs

Business Unit	Personnel Expenditure	Training Expenditure	Training Expenditure as a % of Personnel Costs	No. Employees	Average Training Cost per Employee
Head Office	22710880	R 339 910.76	1.5%	80	4 248.88
Regions	34066200	R 199 290.06	1%	60	3 321.5
<b>TOTAL</b>	<b>56777000</b>	<b>R 539 200.82</b>	<b>2.5%</b>	<b>140</b>	<b>10 994.29</b>

## HUMAN RESOURCE OVERSIGHT STATISTICS

## Employment and Vacancies

Level	No. of Employees	Approved Posts	Vacancies	% of Vacancies
Senior Management	4	6	2	33%
Executive Management	6	6	0	0%
Middle Management	22	27	5	18.5%
Team Leaders	4	4	0	0%
Coordinator Level	34	37	3	8%
Officer/PA Level	22	23	1	4.3%
Administrator Level	75	79	4	5%
Office Support Level	15	15	0	0%
<b>TOTAL</b>	<b>182</b>	<b>197</b>	<b>15</b>	<b>6.7%</b>

## Employment Changes

Level	Employment at Beginning of Period	Appointments	Terminations	Employment at End of the Period
Senior Management	6	0	2	4
Executive Management	6	0	0	6
Middle Management	18	6	2	22
Team Leaders	7	0	3	4
Coordinator Level	26	11	3	34
Officer/PA Level	21	2	1	22
Administrator Level	83	2	10	75
Office Support Level	13	2	0	15
<b>TOTAL</b>	<b>180</b>	<b>23</b>	<b>21</b>	<b>182</b>



## HUMAN RESOURCE OVERSIGHT STATISTICS

## Reasons for Staff Leaving

Reason	Number	% of Total Number of Staff Leaving	Reasons for Leaving
Senior Management	2	33%	Resignation
Executive Management	0	0	N/A
Middle Management	2	11%	Resignation
Team Leaders	3	43%	Promotions
Coordinator Level	3	11%	Promotions
Officer/PA Level	1	5%	Resignation
Administrator Level	10	12%	Resignation & Promotions
Office Support Level	0	0	N/A
<b>TOTAL</b>	<b>21</b>	<b>11.7%</b>	<b>Resignations &amp; Promotions</b>

## Labour Relations: Misconduct and Disciplinary Action

Nature of Disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written Warning	0
Dismissal	1
<b>TOTAL</b>	<b>1</b>

## HUMAN RESOURCE OVERSIGHT STATISTICS

## Equity Target and Employment Equity Status

Level	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Senior Management	2	2	0	0	1	1	0	0
Executive Management	2	2	0	0	1	1	0	0
Middle Management	10	10	1	1	0	0	0	0
Team Leaders	1	1	0	0	0	0	0	0
Coordinator Level	11	11	1	1	1	1	0	0
Officer/PA Level	2	2	0	0	0	0	0	0
Administrator Level	21	21	0	0	0	0	0	0
Office Support Level	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>49</b>	<b>49</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>

## HUMAN RESOURCE OVERSIGHT STATISTICS

## Equity Target and Employment Equity Status

Level	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Senior Management	1	1	0	0	0	0	0	0
Executive Management	2	2	0	0	0	0	1	1
Middle Management	7	7	1	1	0	0	3	3
Team Leaders	2	2	0	0	0	0	1	1
Coordinator Level	17	17	1	1	1	1	2	2
Officer/PA Level	17	17	0	0	1	1	2	2
Administrator Level	53	53	1	1	0	0	0	0
Office Support Level	15	15	0	0	0	0	0	0
<b>TOTAL</b>	<b>114</b>	<b>114</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>9</b>	<b>9</b>

Level	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Senior Management	0	0	0	0
Executive Management	0	0	0	0
Middle Management	0	0	1	1
Team Leaders	0	0	0	0
Coordinator Level	0	0	0	0
Officer/PA Level	0	0	0	0
Administrator Level	1	1	3	3
Office Support Level	0	0	0	0
<b>TOTAL</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>4</b>

## HUMAN RESOURCE OVERSIGHT STATISTICS

## Health, Safety and Environmental Issues

The SETA, as an employer, has made sure that it puts in place an OHS Strategy. This includes ensuring that all the Regional Offices and Head Office (each) appoint the following people each:

- First Aider
- Safety Representative and
- Evacuation Zone Marshall (EZM).

## Code of Conduct

The SETA Induction that is done by HR is inclusive of a comprehensive discussion of the code of conduct. Each delegate is taken through each page and he/she then puts a signature as part of evidence that they were made aware of the code. This is accompanied by a declaration form which ensures that all a staff member declares everything according to the form. All these documents are then filed in HR.

## Social Responsibility

The SETA has undertaken a number of Community Related Projects during the financial year (2015/16). The first project was on Mandela Day, 18 July 2015, where the SETA Head Office Staff embarked on cleaning the nearby Hennops river. The regions were also asked to identify a project of their own choice to take part in.

The SETA CSI Committee, as indicated in the asset disposal policy, was asked to assist in the disposal of the second hand items such as furniture and IT related items. The committee met on the 27 and 31 March 2015 respectively, to study all the approved lists. They also were mandated to: develop the criterion identify beneficiaries and submit recommendations to senior management. This has resulted in nine organisations which have been recommended as beneficiaries as well as four organisations which are also beneficiaries recommended from the Head Office.

# **PART E:** Annual Financial Statements 2015/16



**Annual Financial Statements for the year ended 31 March 2016**

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## REPORT OF THE AUDITOR-GENERAL

# Report of the auditor-general to Parliament on the Wholesale and Retail Sector Education and Training Authority

## Report on the financial statements

### Introduction

1. I have audited the financial statements of the Wholesale and Retail Sector Education and Training Authority set out on pages 102 to 154 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 the 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 the 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 No. 1 of 1999) (PFMA), and the Skills Development Act, 1998 (Act No. 97 of 1998) (SDA), and for such internal control as the accounting authority determines is necessary to enable the preparation of separate 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 judgement, 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 separate financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### Basis for qualified opinion

#### Discretionary grant commitments

6. I was unable to obtain sufficient appropriate audit evidence for discretionary grant commitments. As described in note 38 to the financial statements, the restatement was made to rectify a prior year material misstatement, but could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment to the discretionary grant commitments corresponding figure stated at R 471 262 000 in the financial statements was necessary. Additionally, there was a resultant impact on the provision for uncommitted funds due to the National Skills Fund, surplus for the period and the accumulated discretionary grant reserves, due to the amount of discretionary grant commitments forming part of the calculation of the provision for uncommitted funds.

7. Furthermore, I was unable to obtain sufficient appropriate audit evidence for current year discretionary grant commitments balance as the public entity did not maintain accurate and complete records of the contractual information used to determine commitments. I could not confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustment to discretionary grant commitments stated at R 586 095 000 in the financial statements was necessary.



## REPORT OF THE AUDITOR-GENERAL

## Qualified opinion

**8.** In my opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Wholesale and Retail Sector Education and Training Authority as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with the South African Standards of GRAP, and the requirements of the PFMA and SDA.

## Report on other legal and regulatory requirements

**9.** In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) 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

**10.** 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 entity for the year ended 31 March 2016:

- Programme 1: Research and submit Sector skills plan on pages 20 to 21
- Programme 2: Pivotal programmes on pages 22 to 25
- Programme 3: Bursaries and placements on pages 26 to 30
- Programme 6: Skills programmes on pages 33 to 33
- Programme 7: AET NQF 1 on pages 34 to 34
- Programme 8: Projects supporting the development of co-operatives and SMMEs on pages 35 to 36

**11.** 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).

**12.** I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

**13.** The material findings in respect of the selected programmes are as follows:

### Programme 1: Research and submit Sector Skills Plan

#### *Usefulness of reported performance information*

**14.** The FMPPI requires that performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use. A total of 33% of important indicators were not well defined.

**15.** The FMPPI requires that performance targets must be specific in clearly identifying the nature and required level of performance. A total of 33% of targets were not specific.

#### *Reliability of reported performance information*

**16.** I did not raise any material findings on the reliability of the reported performance information for programme 1: Research and submit Sector skills plan.

**17.** I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:

- Programme 2: Pivotal programmes on pages 22 to 25
- Programme 3: Bursaries and placements on pages 26 to 30
- Programme 6: Skills programmes on pages 33 to 33
- Programme 7: AET NQF 1 on pages 34 to 34
- Programme 8: Projects supporting the development of co-operatives and SMMEs on pages 35 to 36

## Additional matter

**18.** I draw attention to the following matters:

## REPORT OF THE AUDITOR-GENERAL

**Achievement of planned targets**

**19.** Refer to the annual performance report on pages 20 to 38 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness of the reported performance information in paragraphs 14 and 15 of this report.

**Adjustment of material misstatements**

**20.** I raised material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of the above programmes selected for auditing. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness of the reported performance information.

**Compliance with legislation**

**21.** I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

**Annual financial statements**

**22.** The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 55(1)(a) and (b) of the Public Finance Management Act. Material misstatements of the prior period error disclosure note, identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

**Expenditure management**

**23.** Effective steps were not taken to prevent irregular expenditure amounting to R65 435 000, incurred in the current and prior years as disclosed in note 37 of the financial statements, as required by section 51 (1)(b)(ii) of the Public Finance Management Act.

**Internal control**

**24.** I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified of opinion and the findings on the annual performance report and compliance with legislation included in this report.

**Leadership**

**25.** Management did not have adequate project management processes and procedures in place. These specifically relate to the maintenance of an accurate and complete commitment register, project monitoring, addendum and contract change request management.

**26.** Actions implemented by management were not adequate to correct and prevent a recurrence of the prior year audit findings that resulted in the misstatements of the opening balance of the commitment register. Consequently, the current year commitment closing balance is still materially misstated.

**27.** Management did not exercise adequate oversight in monitoring compliance with the National Treasury's Framework for managing programme performance information (FMPPi) to ensure that indicators are well defined and performance targets are specific.

**Financial and performance management**

**28.** Due to inadequate documents management there were delays experienced in obtaining the required information. The late receipt of the information, and given the legislated deadlines for the submission of the auditor's report, meant that we did not consider some of the information when finalising this report.

*Auditor-General.*

Pretoria  
31 July 2016



## STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

The annual Financial Statements for the year ended 31 March 2016, set out on pages 102 to 154, have been approved by the Accounting Authority in terms of sections 51(1) (f) of the Public Finance Management Act (PFMA), No 1 of 1999 as amended, and are signed on their behalf by:



**Mr A Sipengane**  
Chief Executive Officer (Acting)



**Ms. PN Maphoshe**  
Chairperson

## REPORT OF THE ACCOUNTING AUTHORITY

## REPORT OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

## EXECUTIVE SUMMARY:

The Accounting Authority of the Wholesale and Retail SETA has the pleasure of presenting the 2015/16 Annual Report which highlights achievements of the predetermined strategic objectives for the year under review. We confirm that we have applied our collective mind to the preparation and presentation of this report which we believe fairly presents the financial and non-financial performance of the SETA.

In the past two years, the SETA has focussed on establishing strategic partnerships and as a means of collaborations with TVET Colleges and Universities in line with the White Paper on Post School Education and Training approved by Cabinet on 20 November 2013.

We are pleased to report that this objective was realised in the establishment of the first ever Retail Schools of Excellence in Kwa-Zulu Natal in partnership with four TVET Colleges and the Durban University of Technology. These Retail schools of excellence were officially launched by the Honourable Minister Dr Blade Nzimande in August 2014.

Additionally, during the year under review, we launched three Retail Simulation Centres in the Western Cape, Mpumalanga and another one in North West. We are encouraged by the overwhelming response from our Retailers who supplied stock and electronic cash registers for the Centres. This initiative will enhance teaching and learning in the TVET colleges and heralds a new era in retail education and training.

We are also inspired by the great enthusiasm of the TVET colleges for embracing these initiatives where the SETA introduced among its programmes a TVET Lecturer Capacitation Programme in the 2015/16 financial year. The programme aimed to capacitate the TVET Lecturers with practical training through exposing them to the experience of the best practices within the Wholesale and Retail Sector. Therefore, in delivering retail qualifications and experience the practical side of retail will ensure that the lecturers' scope of knowledge of the subject matter is enhanced. These institutions have demonstrated their commitment by overseeing the set-up of the Centres in the respective TVET Colleges.

## OVERVIEW OF THE W&amp;RSETA'S PERFORMANCE IN 2015/16

During the year under review, the W&RSETA recorded a 10% drop in the performance against predetermined objectives against the previous year's performance by achieving 42 out of 54 targets as per the 2015/16 Annual Performance Plan. This represents a 78% achievement.

The 54 targets include 36 targets which are reflected in the Service Level Agreement (SLA) signed with the Director-General of the Department of Higher Education and Training. It is important to note that 27 of these SLA targets have been achieved and represent 75% achievement. The SETA, managed to exceed the submission of Annexure 2 documents by large companies as required by legislation by 19.28% and the reason for the improvement as compared to the previous financial year was due to operational improvements.

The SETA did not achieve 12 of the 54 targets in the APP, reflecting a 27% non-achievement and this was mainly due to challenges around Bursaries and Graduate Placements where companies did not take up the offer to place graduates in their workplaces and the late registration of students in academic institutions. We acknowledge the contribution of our stakeholders who partnered with the SETA in achieving the targets. It is such collaborations and the implementation of the New Delivery Model that have added impetus to the SETA's achievements that are highlighted in the next sections. To date the W&RSETA has full time presence in 32 TVET college campuses nationally. This will increase, in the next few years, the accessibility of skills development initiatives to stakeholders and communities that the W&RSETA is targeting. These include small and medium organisations, prospective bursary holders, TVET and HETI graduates and the unemployed.

Another partnership of note is the partnership the W&RSETA has entered into with the Department of Small Business Development for the development of informal traders in the Presidential development nodes. The project ITUP (Informal Traders Upliftment Project) has trained and certificated 992 informal traders to be at a level where they are able to compete with established and flourishing businesses. We will continue to serve as a catalyst to encourage more partnerships wherever possible.

## REPORT OF THE ACCOUNTING AUTHORITY

## FINANCIAL PERFORMANCE

Highlights of the W&RSETA's financial performance

- Total revenue increased by 17% from R894m in 2015/16 to R1 05 billion in the current year. Levy income constitutes 92% of total revenue.
- Total expenditure decreased by 31% from R911m in 2014/15 to 627m in the current financial period.
- The net result is a surplus of R419m (R17m(deficit) – 2014/15
- Cash and Cash Equivalents as at year end was at R1.3bn which is a 21% increase compared to the previous financial year (2014/15: R1.1bn).

The 2015/16 Annual Financial Statements are prepared on the going concern basis as an indication that the SETA is financially sound and viable.

## Report of the Auditor – General

The SETA obtained a qualified audit opinion on the discretionary grant commitments. For the second consecutive financial year, the SETA has received a qualified audit opinion from the Auditor General. The challenge with the commitments register is still prevalent for the legacy projects, contracts and commitments.

The Board is committed to provide the necessary leadership and support to management to ensure that the remaining findings of the Auditor-General are adequately addressed in order to achieve a more favourable outcome in the 2016/17 financial year. The SETA obtained a qualified conclusion as the programme did not comply with the performance management and reporting framework:

- Programme 1: Research and submit Sector Skills

## BOARD MEETINGS:

The following is a schedule of remuneration to Board Members or constituent organisations for all the meetings and various activities in line with the National Treasury guideline category S as approved by the Minister of Higher Education and Training:

## BOARD REMUNERATION SCHEDULE

	NAME OF MEMBER	2015/16	2014/15
1	PN Maphoshe - Chairperson (Ministerial Appointee)	196 127	217 229
2	I Molefe	287 493	316 871
3	T Skenjana - Ministerial Appointee	168 366	139 723
4	P Sito	188 536	246 510
5	A Abrahams (SACTWU)	62 364	122 664
6	M Tau	212 226	314 255
7	N Kettlele	167 063	252 975
8	P Pillay(SARC)	121 400	108 382
9	P Madisa	-	282 784
10	C Strydom	104 905	203 954
11	S Moloko	190 420	317 295
12	M Lawrence	242 708	385 849
13	I Motaung (Pick 'n Pay)	213 633	178 459
14	S Busane - Ministerial Appointee	208 473	157 643
15	M Bango	144 303	160 952
16	M Mentz	7 568	17 920
17	X Titus	71 296	31 872
18	S van Rensburg (SACTWU)	26 288	3 777
19	R Sibiya	88 616	39 232
20	M Masoabi	112 720	3 584
21	E R Seitei	22 504	10 752
<b>Board Remuneration</b>		<b>2 837 008</b>	<b>3 512 682</b>

## REPORT OF THE ACCOUNTING AUTHORITY

## AUDIT COMMITTEE BOARD FEE SCHEDULE:

	NAME OF COMMITTEE MEMBER	2015/16	2014/15
1	P Mokupo	179 221	256 886
2	Y Gordhan	115 016	61 470
3	M Mokoka	129 925	109 901
4	C Weapond	238 894	177 580
	<b>Audit Committee Remuneration</b>	<b>663 056</b>	<b>605 837</b>
	<b>Total remuneration of member of the Accounting Authority</b>	<b>3 500 065</b>	<b>4 118 519</b>

Refer to note 21 in the Annual Financial Statement.

## REMUNERATION OF SENIOR MANAGEMENT

Chief Executive Officer - TJ Dikgole (Mr)	2015/16	2014/15
Basic Salary	1 133 899	2 191 701
Cell phone and data allowance	10 106	21 480
Bonus	404 644	323 595
Medical Aid, Provident Fund, UIF and SDL	103 579	193 670
Travel Allowance	56 461	120 000
Post-employment benefits	3 851 585	-
<b>TOTAL</b>	<b>5 560 275</b>	<b>2 850 447</b>

## REPORT OF THE ACCOUNTING AUTHORITY

<b>Executive Manager in the CEO's Office - D. Rampai (Advocate)</b>	<b>2015/16</b>	<b>2014/15</b>
Basic Salary	1 411 481	594 530
Cell phone and data allowance	7 080	2 950
Bonus	33 382	-
Medical Aid, Provident Fund, UIF and SDL	91 457	36 461
Travel Allowance	79 600	-
<b>TOTAL</b>	<b>1 623 000</b>	<b>633 941</b>

<b>Chief Operating Officer - A. Mlate (Ms)</b>	<b>2015/16</b>	<b>2014/15</b>
Basic Salary	1 096 848	557 388
Cell phone and data allowance	6 308	3 540
Bonus	39 483	-
Medical Aid, Provident Fund, UIF and SDL	99 412	44 055
<b>TOTAL</b>	<b>1 242 051</b>	<b>604 982</b>

<b>Chief Financial Officer - D. Matloa (Ms)</b>	<b>2015/16</b>	<b>2014/2015</b>
Basic Salary	822 427	1 335 328
Cell phone and data allowance	4 130	7 080
Bonus	177 973	142 116
Medical Aid, Provident Fund, UIF and SDL	62 592	95 703
Post-employment benefits	2 297 996	-
<b>TOTAL</b>	<b>3 365 118</b>	<b>1 580 227</b>



## REPORT OF THE ACCOUNTING AUTHORITY

Chief Officer Qualifications & Research - A Sipengane (Mr)	2015/16	2014/2015
Basic Salary	644 733	1 173 723
Cell phone and data allowance	3 540	7 080
Bonus	174 400	156 827
Medical Aid, Provident Fund, UIF and SDL	40 940	73 660
<b>TOTAL</b>	<b>863 613</b>	<b>1 411 289</b>

Acting Chief Executive Officer - A Sipengane (Mr)	2015/16	2014/2015
Basic Salary	1 251 906	-
Cell phone and data allowance	3 540	-
Medical Aid, Provident Fund, UIF and SDL	45 676	-
Travel Allowance	59 400	-
<b>TOTAL</b>	<b>1 360 523</b>	<b>-</b>

Chief Audit Executive - A. Noormahomed (Mr)	2015/16	2014/2015
Basic Salary	1 276 110	508 816
Cell phone and data allowance	7 080	2 950
Bonus	22 795	-
Medical Aid, Provident Fund, UIF and SDL	107 974	38 507
<b>TOTAL</b>	<b>1 413 958</b>	<b>550 273</b>

## REPORT OF THE ACCOUNTING AUTHORITY

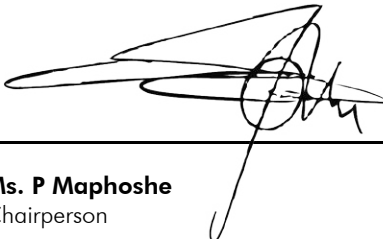
Acting Chief Financial Officer – M. Mofokeng (Ms)	2015/16	2014/15
Basic Salary	546 000	-
UIF and SDL	6 204	
<b>TOTAL</b>	<b>552 204</b>	<b>-</b>

**Note: Bonus payments are for the previous year, but paid out in the subsequent financial year**

## TRIBUTE

The Board would like to thank Ms Patricia Pillay for her contribution as a member of the W&RSETA Board, Chairperson of the Governance and Strategy Board Committee and member of the Executive Board Committee. The Board and the Committees were enriched by her contribution and expertise.

The Board would like to thank Mr Joel Dikgole for his leadership role at the SETA in the past 12 years. Not only was he respected as the CEO but he was a revered leader among his colleagues in the Sector. The former CFO, Ms Daphne Matloa has left the SETA during the year under review and her contribution is highly appreciated.



**Ms. P Maphoshe**  
Chairperson

# STATEMENT OF FINANCIAL POSITION

	Note(s)	2016 R '000	2015 Restated R '000
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	3	67	90
Receivables from exchange transactions	4	4 123	5 354
Receivables from non-exchange transactions	5	3 345	5 236
Cash and cash equivalents	6	1 335 971	1 100 392
		<b>1 343 506</b>	<b>1 111 072</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	7	2 876	2 886
Intangible assets	8	211	-
		3 087	2 886
<b>Total Assets</b>		<b>1 346 593</b>	<b>1 113 958</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	10	192	456
Payables from exchange transactions	11	58 923	87 275
Payables from non-exchange transactions	12	27 213	31 243
Unspent conditional grants	13	7 674	10 150
Provisions	14	22 842	173 948
		<b>116 844</b>	<b>303 072</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	10	-	192
<b>Total Liabilities</b>		<b>116 844</b>	<b>303 264</b>
<b>Net Assets</b>		<b>1 229 749</b>	<b>810 694</b>
Reserves			
Employer grant reserve		570	857
Administration reserve		3 086	2 887
Discretionary grant reserve		1 226 093	806 950
<b>Total Net Assets</b>		<b>1 229 749</b>	<b>810 694</b>

	Note(s)	2016 R '000	2015 Restated R '000
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Other income	16	1	15
Interest received - investment	17	65 729	52 281
<b>Total revenue from exchange transactions</b>		<b>65 730</b>	<b>52 296</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Skills development levy transfer	18	967 291	841 964
Project income recognised	19	2 476	-
National skills fund transfer		10 542	-
<b>Total revenue from non-exchange transactions</b>		<b>980 309</b>	<b>841 964</b>
<b>Total revenue</b>		<b>1 046 039</b>	<b>894 260</b>
<b>Expenditure</b>			
Employee related costs	20	(56 776)	(44 859)
National Skills Fund Transfer	21	-	(170 729)
Depreciation and amortisation		(1 178)	(1 127)
Bad debts written off	22	(13)	-
Repairs and maintenance		(270)	(272)
Employer grant and project expenses	23	(517 356)	(644 104)
General expenses	24	(51 290)	(50 151)
<b>Total expenditure</b>		<b>(626 883)</b>	<b>(911 242)</b>
Loss on disposal of assets and liabilities		-	(10)
Loss on foreign exchange		(102)	-
		<b>(102)</b>	<b>(10)</b>
<b>Surplus/(deficit) for the year</b>		<b>419 054</b>	<b>(16 992)</b>

# STATEMENT OF CHANGES IN NET ASSETS

	Employer Grant Reserve	Administration Reserve	Discretionary Grant Reserve	Total reserves	Accumulated surplus	Total net assets
	R '000	R '000	R '000	R '000	R '000	R '000
<b>Balance at 01 April 2014</b>	<b>1 663</b>	<b>2 217</b>	<b>823 806</b>	<b>827 686</b>	<b>-</b>	<b>827 686</b>
Changes in net assets						
Deficit for the year	-	-	-	-	(16 992)	(16 992)
Allocation of accumulated deficit	65 848	11 737	(94 577)	(16 992)	16 992	-
Excess reserves transferred to Discretionary reserve	(66 654)	(11 067)	77 721	-	-	-
<b>Total changes</b>	<b>(806)</b>	<b>670</b>	<b>(16 856)</b>	<b>(16 992)</b>	<b>-</b>	<b>(16 992)</b>
<b>Restated* Balance at 01 April 2015</b>	<b>856</b>	<b>2 887</b>	<b>806 951</b>	<b>810 694</b>	<b>-</b>	<b>810 694</b>
Changes in net assets						
Surplus for the year	-	-	-	-	419 055	419 055
Allocation of accumulated surplus	66 724	14 184	338 147	419 055	(419 055)	-
Excess reserves transferred to Discretionary reserve	(67 010)	(13 985)	80 995	-	-	-
<b>Total changes</b>	<b>(286)</b>	<b>199</b>	<b>419 142</b>	<b>419 055</b>	<b>-</b>	<b>419 055</b>
<b>Balance at 31 March 2016</b>	<b>570</b>	<b>3 086</b>	<b>1 226 093</b>	<b>1 229 749</b>	<b>-</b>	<b>1 229 749</b>
Note(s)	15	15	15			

An amount of R3 086 000 (2015: R2 887 000) is retained in the administration reserve equal to the carrying amount of Property, plant and equipment.

An amount of R570 000 (2015: R856 000) is disclosed in the employer grant reserve for first time employer registrations, refer to note 29.1 for details.

	Note(s)	2016 R '000	2015 Restated R '000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Levies		941 238	809 611
Penalties and interest		23 964	18 030
Project funding received in advance		-	10 150
Investment income		66 772	49 481
Other Income		1	15
		<b>1 031 975</b>	<b>887 287</b>
<b>Payments</b>			
Mandatory grants		(171 151)	(163 031)
Discretionary grants		(376 847)	(453 860)
National skills fund transfer		(138 568)	(32 161)
Project funding paid		(2 476)	-
Compensation to employees		(54 314)	(40 716)
Suppliers and other		(51 089)	(51 942)
		<b>(794 445)</b>	<b>(741 710)</b>
<b>Net cash flows from operating activities</b>	26	<b>237 530</b>	<b>145 577</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(1 202)	(1 441)
Purchase of other intangible assets	8	293	-
<b>Net cash flows from investing activities</b>		<b>(1 495)</b>	<b>(1 441)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(456)	(729)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>235 579</b>	<b>143 407</b>
Cash and cash equivalents at the beginning of the year		1 100 392	956 985
<b>Cash and cash equivalents at the end of the year</b>	6	<b>1 335 971</b>	<b>1 100 392</b>

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

## Budget on Accrual Basis

### Statement of Financial Performance

#### Revenue

##### Revenue from exchange transactions

Other income	-	-	-	1	1	41
Interest received - investment	38 000	-	38 000	65 729	27 729	41
<b>Total revenue from exchange transactions</b>	<b>38 000</b>	<b>-</b>	<b>38 000</b>	<b>65 730</b>	<b>27 730</b>	

##### Revenue from non-exchange transactions

##### Transfer revenue

Skills Development Levy transfer	1 043 203	-	1 043 203	967 291	(75 912)	41
Project Income Recognised	-	-	-	2 476	2 476	41
National skills fund transfer	-	-	-	10 542	10 542	41
<b>Total revenue from nonexchange transactions</b>	<b>1 043 203</b>	<b>-</b>	<b>1 043 203</b>	<b>980 309</b>	<b>(62 894)</b>	
<b>Total revenue</b>	<b>1 081 203</b>	<b>-</b>	<b>1 081 203</b>	<b>1 046 039</b>	<b>(35 164)</b>	

#### Expenditure

Personnel	(50 664)	-	(50 664)	(56 776)	(6 112)	41
Depreciation and amortisation	(730)	-	(730)	(1 178)	(448)	41
Bad debts written off	-	-	-	(13)	(13)	41
Repairs and maintenance	(320)	-	(320)	(270)	50	41
Employer Grant and Project Expenses	(729 329)	-	(729 329)	(517 356)	211 973	41
General Expenses	(48 565)	-	(48 565)	(51 289)	(2 724)	41
<b>Total expenditure</b>	<b>(829 608)</b>	<b>-</b>	<b>(829 608)</b>	<b>(626 882)</b>	<b>202 726</b>	
<b>Operating surplus</b>	<b>251 595</b>	<b>-</b>	<b>251 595</b>	<b>419 157</b>	<b>167 562</b>	
Loss on foreign exchange	-	-	-	(102)	(102)	41
<b>Surplus before taxation</b>	<b>251 595</b>	<b>-</b>	<b>251 595</b>	<b>419 055</b>	<b>167 460</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>251 595</b>	<b>-</b>	<b>251 595</b>	<b>419 055</b>	<b>167 460</b>	



## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

## 1. Basis of Preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

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

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

### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity. All figures are rounded to the nearest thousand rand.

### 1.2 Going concern assumption

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

### 1.3 Revenue from non-exchange transactions

Non-exchange revenue transactions result in resources being received by the W&RSETA, usually in accordance with a binding arrangement. When the W&RSETA receives resources as a result of a non-exchange transaction, it recognises an asset and revenue in the period that the arrangement becomes binding and when it is probable that W&RSETA will receive economic benefits or service potential and it can make a reliable measure of the resources transferred.

Where the resources transferred to W&RSETA are subject to the fulfilment of specific conditions, it recognises an asset and a corresponding liability. As and when the conditions are fulfilled, the liability is reduced and revenue is recognised.

The asset and the corresponding revenue are measured on the basis of the fair value of the

asset on initial recognition. Non-exchange revenue transactions include the receipt of levy income from the Department of Higher Education and Training (DHET) and contributions from other organs of government where W&RSETA qualifies as the line function seta.

### Levy Income

The accounting policy for the recognition and measurement of skills development levy income is based on the Skills Development Act (SDA), Act No 97 of 1998 as amended and the Skills Development Levies Act (SDLA), Act No 9 of 1999 as amended.

Skills Development Levy (SDL) transfers are recognized when it is probable that future economic benefits will flow to the SETA and these benefits can be measured reliably. This occurs when the Department of Higher Education and Training (DHET) either makes an allocation or payment, whichever comes first, to the Seta, as required by Section 8 of Skills Development Levies Act, 1999 (Act no 9 of 1999) as amended. This policy is effective from 1st April 2007.

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended, registered member companies of the Seta pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS), who collects the levies on behalf of the Department of Higher Education and Training (DHET). Companies with an Annual payroll cost less than R500 000 are exempted in accordance with Section 4 (b) of the Levies Act as amended, effective 1 August 2005.

80% of skills development levies are paid over to W&RSETA (net of the 20% contribution to the National Skills Fund). W&RSETA was not in a position to verify that SARS has collected all potential skills levy income.

Revenue is adjusted for interSeta transfers due to employers changing Seta's. Such adjustments are separately disclosed as interSeta transfers. The amount of the interSeta adjustment is calculated according to the most recent Standard Operating Procedure issued by DHET. Skills Development Levy (SDL) transfers are recognised on an accrual basis when it is probable that future economic benefits or service potential will flow to the SETA and these benefits can be measured reliably. This occurs when the Department makes an allocation to the W&RSETA, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended.

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

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

### Interest and Penalties

Interest and penalties received on the skills development levy are recognised on the accrual basis.

### Government grants and other donor income

Conditional government grants and other conditional donor funding received are recorded as deferred income when they become receivable and are then recognised as revenue as and when the conditions are met. Unconditional grants received are recognised when the amounts have been received.

### 1.4 Revenue from exchange transactions

Revenue from exchange transactions is recognised when it is probable that future economic benefits or service potential will flow to the Seta and these benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

Interest income is accrued on a time proportion basis, taking into account the principal outstanding and effective interest rate over the periods to maturity.

### 1.5 Employer grants and project expenditure

A registered employer may recover a maximum of 20% of its total levy payment as a mandatory employer grant (excluding interest and penalties) by complying with the grant criteria in accordance with the Skills Development Act, 1998 as amended and SETA Grant Regulations regarding monies received and related matters.

#### Mandatory grants

The mandatory grant expenditure is recognised when the employer has submitted an application for a grant in the prescribed form within the legislated cut off period and the application has been approved. Grants are equivalent to 20% of the total levies contributed by employers to the Seta during the corresponding financial period.

#### Discretionary project expenditure

The Seta may out of surplus Mandatory, Administrative or Discretionary levies and in accordance with criteria as defined in the Seta Grant Regulations allocate funds to employers and other associations or organisations. The criteria for allocating funds are approved by the Seta Board. Where necessary it can be required of interested employers, associations or organisations to complete and submit a funding application for consideration and approval by the Seta.

The Seta allocates discretionary grants to employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period. Discretionary grant expenditure is recognised as expenses in the period in which they are incurred, in which the conditions are met.

Project expenditure comprise:

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

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

#### Retrospective adjustments by SARS

The Seta refunds amounts to employers in the form of grants, based on information from SARS. Where SARS retrospectively amends the information on levies collected, it may result in grants that have been paid to certain employers that are in excess of the amount the Seta is permitted to have granted to employers. A receivable relating to the overpayment to the employer in earlier periods is raised as the amount of such grant overpayment, net of bad debts and provision for irrecoverable amounts.

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

**Unconditional grants disbursed towards National Skills Fund (NSF) for Technical and Vocational Education and Training (TVET) College infrastructure development**

In terms of Skills Development Circular No. 08/2013 Setas are required to contribute funds towards the NSF for FET college infrastructure development. Funding agreements between the NSF and each individual SETA outline the details of the Seta's contribution as per the Skills Development Circular. There are no conditions or restrictions for the Seta and the funding is not refundable.

The TVET college infrastructure development payment is treated as a non exchange transaction and is recognised as an expense in the period that the payment is incurred or when the funding becomes payable by the Seta as outlined in the funding agreement, whichever occurs first.

A contractual obligation is triggered on the date that the funding agreement is signed and a liability is recognized to the extent of the amount outstanding.

**Disbursements to National Skills Fund (NSF) relating to uncommitted surpluses**

In terms of the SETA Grant Regulations 3(11) and (12), any uncommitted discretionary funds must be transferred to the National Skills Fund (NSF). This payment is treated as a non-exchange transaction and is recognised as an expense in the period in which it is incurred as outlined in the Seta Grant Regulations.

The obligation is triggered at year end and the liability is recognised to the extent of the amount outstanding. The amount is calculated as the excess of 5% of total accumulated discretionary funding that is not committed at year end.

**1.6 Fruitless and wasteful expenditure**

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The

expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

**1.7 Irregular Expenditure**

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

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense.

**1.8 Property, plant and equipment**

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

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

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	10 years
Office equipment	Straight line	5 years
Computer equipment	Straight line	3 years
Leasehold improvements	Straight line	Over the lease term
Project Assets- Office equipment	Straight line	5 years
Project Assets- Computer equipment	Straight line	3 years
Office Equipment finance lease	Straight line	3 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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

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

### 1.9 Intangible assets

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

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

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

Item	Useful life
Computer software	2 years

The estimated useful lives of intangible assets are reviewed at the end of each annual reporting period.

The gain or loss on disposal on intangible assets is determined as the difference between net disposal proceeds, if any and the carrying amount. It is recognised as surplus or deficit when the asset is derecognised.

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

### 1.10 Provisions

Provisions are recognised when:

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

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 28.

No provision has been made for retirement benefits as the Seta does not provide for retirement benefits for its employees.

### 1.11 Financial instruments

#### Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

#### Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

#### Financial assets

All financial assets of the entity are categorised as financial assets at amortised costs. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### Cash and cash equivalents

Cash and cash equivalents are stated at amortised cost, which, due to their short-term nature, closely approximate their fair value.

#### Trade receivables, loans and other receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'financial assets at amortised costs'. These financial assets are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

#### Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the surplus or deficit.

#### Financial liabilities

All financial liabilities of the entity are classified as financial liabilities at amortised cost. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition.

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

### Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised costs using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period.

### 1.12 Inventories

Inventories consist of consumables on hand at the reporting date and are measured at cost.

### 1.13 Reserves

Inventories consist of consumables on hand at the reporting date and are measured at cost.

Net Assets are classified based on the restrictions placed on the distribution of monies received in accordance with the Regulations issued in terms of the Skills Development Act , 1998 (Act 97 of 1998) as follows:

- Administration reserve
- Employer grant reserve
- Discretionary reserve
- Unappropriated surplus

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

Administration costs for the SETA	10,5 %
Employer grant fund levy	20,0 %
Discretionary grants and projects	49,5 %
Contributions to the National Skills Fund	20,0 %
	100,0 %

Interest and penalties received from SARS as well as interest received on investments is utilised for discretionary grant projects.

Surplus funds in the administration and unallocated funds in the employer grant reserves are moved to the discretionary fund reserve. Provision is made in mandatory grant reserve for newly registered companies, participating after the legislative cut off date.

### 1.14 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity or another entity are subject to common control.

Where such a situation exists the nature and type of transactions and relationships between parties are disclosed in the notes to the Annual Financial Statements.

### 1.15 Significant judgements and sources of estimation uncertainty

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

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at year end, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

The Seta reviews the estimated useful lives of property, plant and equipment and intangible assets at each reporting date. Refer to note 3 and 4

The Seta's licence was extended by the Minister of Higher Education and Training until 31 March 2018

### Provisions and Contingencies

Provisions and contingencies were raised and Management determined an estimate based on the information available. Additional disclosure of these estimates of provisions and contingencies are included in Note 14 - Provisions and Note 28 - Contingencies.

#### 1.16 Tax

No provision has been made for taxation, as the Seta is exempt from income tax in terms of Section 10 of the Income Tax Act, 1962 (Act 58 of 1962).

#### 1.17 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 leases consistent with the definition set out in the Treasury Regulations refer to a contract that transfers the risks, rewards, rights and obligations incidental to ownership to the lessee and is recorded as a purchase of property, plant and equipment by means of long-term borrowing. All other leases are classified as operating leases.

Payments made under operating leases (leases other than finance leases) are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the entity's incremental borrowing rate.

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

#### Operating leases - lessee

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

#### 1.18 Comparative figures

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

#### 1.19 Budget information

The approved budget covers the fiscal period from 2015/04/01 to 2016/03/31.

The annual financial statements and the approved budget are on the same basis of accounting, therefore a comparison of actual performance with budgeted amounts for the reporting period has been included in the Statement of comparison of budget and actual amounts.



## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

### 1.20 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are approved. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

### 1.21 Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

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

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

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

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

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

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

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

Criteria developed by the entity to distinguish cash-generating assets from non-cash-generating assets are as follow:

### 1.22 Employee benefits

The cost of employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. An accrual is made for the estimated liability as a result of services rendered by employees up to the reporting date.

Termination benefits are recognised and expensed only when the payment is made.

Liabilities for annual leave are recognised as they accrue to employees. The entity recognises the leave obligation during the vesting period based on the best available estimate of the accumulated leave expected to vest. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee. The leave liability is recognised as an accrual.

Liabilities for bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employee renders the related services are recognised as they accrue to the employee. The performance bonus liability is recognised as an accrual.

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

### 1.23 Segment information

A segment is an activity of the entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities on the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance;
- and for which separate financial information is available

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by W&RSETA.

The major classifications of activities identified in budget documentation will usually reflect the segments for which W&RSETA reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of W&RSETA that provides specific outputs or achieves particular operating objectives that are in line with W&RSETA's overall mission. W&RSETA's service segments are mandatory, discretionary and administration activities. Geographical segments relate to specific outputs generated, or particular objectives achieved, by W&RSETA within a particular region.

## NEW STANDARDS AND INTERPRETATIONS

**Standards and interpretations issued, but not yet effective**

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
• GRAP109: Accounting by Principals and Agents	01 April 2016	The impact of the amendment is not material.
• DIRECTIVE 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April 2016	The impact of the amendment is not material.
• GRAP 20: Related parties	01 April 2016	The impact of the amendment is not material.
• GRAP32: Service Concession Arrangements: Grantor	01 April 2016	The impact of the amendment is not material.
• GRAP108: Statutory Receivables	01 April 2016	The impact of the amendment is not material.
• IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2016	The impact of the amendment is not material.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R '000	2015 R '000
<b>3. Inventories</b>		
Consumables on hand	67	90
<b>4. Receivables from exchange transactions</b>		
Staff Debtors	81	99
Deposits	1 382	556
Sundry Receivables	189	568
Interest Receivable	2 032	3 076
Prepaid expenses	439	1 055
	<b>4 123</b>	<b>5 354</b>
<b>Trade and other receivables impaired</b>		
As at 31 March 2016, trade and other receivables of R 86 000 (2015: R 180 000) were impaired and provided for. The amount of the allowance for impairment was R 29 000 as at 31 March 2016 (2015: R Nil).		
<b>Reconciliation of provision for impairment of trade and other receivables</b>		
Provision for impairment	29	-
<b>5. Receivables from non-exchange transactions</b>		
Inter Seta Receivables	1 134	1 603
Employer Receivables	2 211	3 633
	<b>3 345</b>	<b>5 236</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**Employer receivables**

	2016 R '000	2015 R '000
SARS Debtors	10 241	11 067
Provision Doubtful Debt	(8 030)	(7 434)
	<b>2 211</b>	<b>3 633</b>

R10 241 000 (2015: R 11 067 000) was recognised as a receivable relating to the overpayment to employers in earlier periods, as a result of inaccurate information received from SARS and DHET, and is based on the amount of such grant over payments. An amount of R8 030 000 (2015: R7 434 000) was provided for as doubtful debts.

WRSETA refunds amounts to employers in the form of grants, based on information from DHET. Where information is retrospectively amended, it may result in grants that have been paid to certain employers that are in excess of the amount WRSETA is permitted to have granted to employers. A receivable relating to the overpayment to the employer in earlier periods is raised at the amount of such grant overpayment, net of bad debts and provision for irrecoverable amounts.

**6. Cash and cash equivalents****Cash and cash equivalents consist of:**

	2016 R '000	2015 R '000
Cash on hand	11	14
Bank balances	157 556	16 014
Short-term deposits	1 178 404	1 084 364
	<b>1 335 971</b>	<b>1 100 392</b>

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short term bank deposits was 5.48% (2015: 5.04%).

Treasury Regulation 31.3 requires that, unless exempted by the National Treasury, the Seta as a public entity that is listed in Schedule 3A of the Act must invest surplus funds with the Corporation for Public Deposits. As the Seta was exempted by the National Treasury from the requirements of Treasury Regulation 31.3 to invest surplus funds with the Corporation for Public Deposits, surplus funds were invested in line with an investment policy as required by Treasury Regulation 31.3.5

An amount of R694 050 was deposited with ABSA bank which stood guarantee for the lease on the Head Office rented premises.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 7. Property, plant and equipment

	2016			2015		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Furniture and fixtures	3 458	(2 326)	1 132	3 174	(2 111)	1 063
Office equipment	942	(731)	211	870	(664)	206
Computer Equipment	4 141	(2 839)	1 302	3 600	(2 258)	1 342
Project Assets- Office Equipment	6	(2)	4	6	(1)	5
Project Assets- Computer Equipment	393	(202)	191	265	(85)	180
Office Equipment finance lease	1 117	(1 117)	-	1 117	(1 046)	71
Leasehold Improvements	631	(595)	36	592	(573)	19
<b>Total</b>	<b>10 688</b>	<b>(7 812)</b>	<b>2 876</b>	<b>9 624</b>	<b>(6 738)</b>	<b>2 886</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## Reconciliation of property, plant and equipment - 2016

	Opening balance R'000	Additions R'000	Depreciation R'000	Total R'000
Furniture and fixtures	1 063	302	(234)	1 131
Office equipment	207	82	(79)	210
Computer Equipment	1 341	651	(690)	1 301
Project Assets- Office Equipment	5	-	(1)	4
Project Assets- Computer Equipment	180	128	(117)	191
Office Equipment finance lease	71	-	(71)	-
Leasehold Improvements	20	39	(22)	37
	<b>2 887</b>	<b>1 202</b>	<b>(1 214)</b>	<b>2 875</b>

## Reconciliation of property, plant and equipment - 2015

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Furniture and fixtures	1 105	194	-	(236)	1 063
Office equipment	170	150	(4)	(109)	207
Computer Equipment	761	990	(6)	(404)	1 341
Project Assets- Office Equipment	-	6	-	(1)	5
Project Assets- Computer Equipment	131	101	-	(52)	180
Office Equipment finance lease	443	-	-	(372)	71
Leasehold Improvements	24	-	-	(4)	20
	<b>2 634</b>	<b>1 441</b>	<b>(10)</b>	<b>(1 178)</b>	<b>2 887</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**Pledged as security**

Carrying value of assets pledged as security: None of the assets were pledged as security

**Assets subject to finance lease (Net carrying amount)**

	2016 R '000	2015 R '000
Furniture and fixtures	404	477
Office Equipment finance lease	-	71
	<b>404</b>	<b>548</b>

**Fully depreciated assets still in use****Gross carrying value**

	2016 R '000	2015 R '000
	-	-
Lease Improvements	569	569
Computer Equipment	1 899	1 730
Computer Software	309	309
Furniture and fixtures	1 239	970
Office equipment	570	420
Office equipment finance lease	1 117	-
<b>Project assets computer equipment</b>	<b>54</b>	<b>16</b>
	<b>5 757</b>	<b>4 014</b>



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 8. Intangible assets

	2016			2015		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Computer software	602	(391)	211	309	(309)	-

## Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
	R'000	R'000	R'000	R'000
Computer software	-	293	(82)	211

## Reconciliation of intangible assets - 2015

	Opening balance	Amortisation	Total
	R'000	R'000	R'000
Computer software	2	(2)	-

## Pledged as security

Carrying value of intangible assets pledged as security: None of the intangible assets were pledged as security

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**9. Operating lease payable****Total of future minimum lease payments under non cancellable leases:**

	2016 R '000	2015 R '000
Not later than one year	6 147	11 738
Later than one year and not later than five years	17 796	3 459
	<b>23 943</b>	<b>15 197</b>

The operating leases relate to office accommodation for the head office and regional offices. Most of the lease agreements for office accommodation expire during the 2018 financial year. Provision was made for an option to renew all leases on expiry. The rentals escalate annually by an average of 9% on the anniversary dates.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**10. Finance lease obligation****Minimum lease payments due**

- within one year

- in second to fifth year inclusive

less: future finance charges

**Present value of minimum lease payments**

Non-current liabilities

Current liabilities

2016 R '000	2015 R '000
198	492
-	198
198	690
(6)	(42)
<b>192</b>	<b>648</b>
-	192
192	456
<b>192</b>	<b>648</b>

The finance lease relates to furniture and fixtures and office equipment refer to note 7. The leases were entered into on 1 October 2011 and June 2012 respectively for a period of five years for the furniture and three years for the office equipment. For the furniture and fittings, sixty instalments of R32 995.85 each are payable monthly in advance starting from 1 October 2011. Interest is payable at prime interest rate over the lease period. Ownership will be obtained by WRSETA on 30 September 2016.

For the office equipment, thirty six instalments of R35 527 each are payable monthly in advance starting from 1 June 2012 Interest is payable at prime interest rate over the lease period.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**11. Payables from exchange transactions**

	2016 R '000	2015 R '000
Trade payables	13 374	65 058
Employee Benefits	15 842	13 443
Other accrued expenses	28 524	7 862
Operating lease payables	1 183	912
	<b>58 923</b>	<b>87 275</b>

**12. Payables from non-exchange transactions**

Employer Payable	2 168	2 883
Inter-seta payable	184	748
Amounts Payable to SARS	2 871	2 871
Levy Payables	7 003	13 036
Skills development grants payable-mandatory	14 987	11 705
	<b>27 213</b>	<b>31 243</b>

**Amounts payable to SARS****Amounts incorrectly deposited by DHET**

<b>2 871</b>	<b>2 871</b>
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During the financial year 2011-12 , an amount of R2 871 000 was erroneously deposited in the WRSETA bank account by DHET. As at 31 March 2016 the error was still not resolved by DHET.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**13. Unspent conditional grants****Movement during the year**

	2016 R '000	2015 R '000
Balance at the beginning of the year	10 150	-
Additions / (repayments) during the year	-	10 150
Income recognition during the year	(2 476)	-
	<b>7 674</b>	<b>10 150</b>

During the year R2 476 000 (2015: R Nil) eligible project expenses were incurred and a corresponding amount was recognised as revenue. The remaining amount of R7 674 000 (2015: R10 150 000) continues to be accounted for as a liability until the agreed contractual conditions have been met. This grant relates to funding received from the Department of Small Business Development towards the Informal Traders Upliftment Project (ITUP) which has a total budget of R20 300 000 which is funded 50% by the department and 50% by WRSETA.

**14. Provisions****Reconciliation of provisions - 2016**

	Opening Balance R'000	Utilised during the year R'000	Reversed during the year R'000	Change in estimate R'000	Total R'000
National Skills Fund Transfer	149 110	(138 568)	(10 542)	-	-
Amounts Payable to Small Companies	24 838	-	-	(1 996)	22 842
	<b>173 948</b>	<b>(138 568)</b>	<b>(10 542)</b>	<b>(1 996)</b>	<b>22 842</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**Reconciliation of provisions - 2015**

	<b>Opening Balance</b>	<b>Additions</b>	<b>Change in estimate</b>	<b>Total</b>
	R'000	R'000	R'000	R'000
National Skills Fund Transfer	10 542	138 568	-	149 110
Amounts Payable to Small Companies	43 748	-	(18 910)	24 838
	<b>54 290</b>	<b>138 568</b>	<b>(18 910)</b>	<b>173 948</b>

	2016 R '000	2015 R '000
Non-current liabilities	-	-
Current liabilities	22 842	173 948
	<b>22 842</b>	<b>173 948</b>

**National Skills Fund Transfer**

As per the current approved Grant Regulations, the SETA is required to commit 95% of available discretionary grant funds. Where this threshold is not met, the difference must be transferred to the National Skills Fund (NSF) no later than 1 October of the next financial year. During the year, R Nil (2015: R149 110 000) was raised as a provision to be transferred to NSF. This was due to a Circular received from DHET which communicated that uncommitted surplus funds must be treated as a contingent liability and not provisions. Refer to note 29.3 for details.

During the year R138 568 000 (2015: R32 161 000) was transferred and paid over to the NSF as approved by the DHET.

**Amounts Payable to Small Companies**

An amount of R22 842 000 (2015: R24 838 000) relates to levies incorrectly contributed by employers, and paid over by SARS and DHET, after being exempted from contributing SDL due to legislation changes which came into effect from 1 August 2005. As SARS collects the levies on behalf of DHET, the responsibility to refund the levies to the employers remains with SARS.

The change in estimate relates to prior scheme year levy reversals that occurred in the current year.

In terms of Skills Development Circular No. 09/2013, issued by DHET on 25 August 2013, SETA's are able to utilise exempted amounts contributed after the expiry date of five years as stipulated in terms of section 190 (4) of the Tax Administration Act. These amounts have been transferred to the discretionary funds in line with the aforementioned circular.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 15. Allocation of net surplus for the current year to reserves

	<b>Total per Statement of Financial Performance 31 March 2015 R '000</b>	<b>Total per Statement of Financial Performance 31 March 2016 R '000</b>	<b>Administration Reserve 10,5% R '000</b>	<b>Mandatory Skills Grant 20.0% R '000</b>	<b>Discretionary Grants 49,5% R '000</b>
<b>Total Revenue</b>	<b>894 260</b>	<b>1 046 039</b>	<b>123 812</b>	<b>235 832</b>	<b>686 395</b>
Skills Development Levy transfer from non - exchange transactions:					
Levy transfer Administration (10.5%)	108 141	123 812	123 812	-	-
Levy transfer Employer Grants (69.5%)	715 793	819 516	-	235 832	583 684
Skills Development Levy penalties and interest from non - exchange transactions	18 030	23 964	-	-	23 964
Investment Income	52 281	65 729	-	-	65 729
Other income/ National skills fund transfer	15	10 543	1	-	10 542
Project Income recognised	-	2 476	-	-	2 476
<b>Total Expenses</b>	<b>(911 252)</b>	<b>(626 984)</b>	<b>(109 628)</b>	<b>(169 108)</b>	<b>(348 248)</b>
Employer grants and project expenses	(644 494)	(517 356)	-	(169 108)	(348 248)
Administration expenses	(96 419)	(109 628)	(109 628)	-	-
National Skills Fund Transfer	(170 729)	-	-	-	-
<b>Net deficit/surplus per statement of financial performance allocated</b>	<b>(16 992)</b>	<b>419 055</b>	<b>14 184</b>	<b>66 724</b>	<b>338 147</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**16. Other income**

Recycling rebates

2016 R '000	2015 R '000
1	15

**17. Investment revenue****Interest revenue**

Bank

65 729	52 281
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**18. Levies**

Levy transfers - Employer grants

Levy transfers - Administration

Levy transfers - Discretionary

Levy transfer- Penalties and interest

237 688	215 616
123 682	107 844
581 958	500 474
23 964	18 030
<b>967 292</b>	<b>841 964</b>

**19. Project income recognised**

Department of Small Business Development

2 476	-
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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**20. Employee related costs**

	2016 R '000	2015 R '000
Basic	50 549	35 883
Bonus	1 636	5 714
Medical aid - company contributions	1 781	1 400
Unemployment Insurance Fund (UIF)	196	147
Workmens Compensation Fund (WCA)	43	-
Skills Development Levy (SDL)	502	266
Leave pay provision charge	226	(108)
Providend Fund	1 844	1 556
	<b>56 777</b>	<b>44 858</b>

**21. National Skills Fund Transfer**

Transfers to NSF	-	170 729
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**22. Bad debts written off**

Receivables from exchange transactions	13	-
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**23. Employer Grant and Project Expenses**

Mandatory Grants	169 108	140 136
Discretionary Grants	348 248	503 968
	<b>517 356</b>	<b>644 104</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**24. General expenses**

	2016 R '000	2015 R '000
Advertising	3 034	2 736
Allowance for impairment	625	6 152
Assets expensed	404	271
Auditors remuneration	2 443	1 929
Bank charges	217	210
Cash Impairment	-	1024
Cleaning	70	31
Conferences and seminars	497	1 054
Consulting and professional fees	11 150	8 031
Consumables	29	24
ETQA expenses	382	326
Gifts	-	(1)
HR expenses	762	227
Insurance	1 749	1 541
Interest paid	306	94
Internal Audit	1 066	2 050
Licences	-	108
Marketing	-	-
Offsite Storage	178	156
Operating lease rentals (Minimum payments)	13 302	10 263
Other expenses	49	106
Placement fees	361	1 481
Postage and courier	240	168
Printing and stationery	613	226

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

QCTO Funding
Refreshments
Relocation Costs
Remuneration to members of the Accounting Authorit
Security
Staff Training and Development
Staff welfare
Subscriptions and membership fees
Telephone and fax
Travel - local
Water and electricity

2016 R '000	2015 R '000
3 151	2 228
250	324
8	(18)
3 500	4 119
76	53
537	128
-	59
67	52
1 592	1 306
3 853	2 887
779	805
<b>51 290</b>	<b>50 150</b>

**25. Auditors' remuneration**

Fees

2 443	1 929
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**26. Cash generated from operations**

Surplus (deficit)
Adjustments for:
Depreciation and amortisation
Gain on sale of assets and liabilities
Bad debts written off

2016 R '000	2015 R '000
419 055	(16 992)
1 178	1 127
-	10
13	-

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Movements in provisions  
Depreciation from project assets

**Changes in working capital:**

Inventories  
Receivables from exchange transactions  
Other receivables from non-exchange transactions  
Payables from exchange transactions  
Payables from non exchange transactions  
Unspent conditional grants

2016 R '000	2015 R '000
(151 106)	119 658
118	53
24	22
1 217	(2 155)
1 891	9 588
(28 355)	52 012
(4 029)	(27 896)
(2 476)	10 150
<b>237 530</b>	<b>145 577</b>

**27. Financial instruments disclosure****Categories of financial instruments****2016****Financial assets**

Receivables from exchange transactions  
Receivables from non-exchange transactions  
Cash and cash equivalents

<b>At cost</b> R'000	<b>Total</b> R'000
4 123	4 123
3 345	3 345
1 335 971	1 335 971
<b>1 343 439</b>	<b>1 343 439</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**Financial liabilities**

Payables from exchange transactions  
Payables from non-exchange transactions

<b>At cost</b> R'000	<b>Total</b> R'000
58 612	58 612
27 213	27 213
<b>85 825</b>	<b>85 825</b>

**2015****Financial assets**

Receivables from exchange transactions  
Receivables from non-exchange transactions  
Cash and cash equivalents

<b>At cost</b> R'000	<b>Total</b> R'000
5 354	5 354
5 236	5 236
1 100 392	1 100 392
<b>1 110 982</b>	<b>1 110 982</b>

**Financial liabilities**

Payables from exchange transactions  
Payables from non-exchange transactions

<b>At cost</b> R'000	<b>Total</b> R'000
87 276	87 276
31 243	31 243
<b>118 519</b>	<b>118 519</b>

**28. Contingencies****28.1 First time employer registrations**

The Skills Development legislation allows an employer, registering for the first time, 6 months to submit an application for a Mandatory grant. At the reporting date it is estimated that, as a result additional Mandatory Grant expenditure of R570 000 (2015: R856 000) will be payable. The amount is contingent on the number of submissions received and approved Surplus funds

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**28.2 Surplus funds**

In terms of the PFMA, all surplus funds as at year-end may be forfeited to National Treasury should an application for retention of surplus funds be denied. A request for the accumulation of funds of R1.2 billion was submitted to National Treasury through DHET for the retention of surplus funds. Refer to Note 35 - Events after reporting date.

**29. Matters under investigation and litigation**

An investigation was conducted relating to a previous SETA employee who defrauded employers by recovering NSFAS bursary refunds for his own benefit directly from employers. This matter was referred to the SAPS, the amount involved is R579 000

An investigation revealed that two suppliers contracted to deliver skills training did not deliver as per the contractual obligations as set out in the contract. An amount of R4.3 million was paid to the first supplier and the transaction is under litigation. The second supplier also contracted to deliver skills training was paid R1,7 million but did not meet contractual obligations. This matter is also under litigation.

**30. Related parties**

Relationships	
Members of the Accounting Authority	Refer to the Accounting Authority report for detail disclosure concerning emoluments of members of the accounting authority
Controlling entity	Department of Higher Education and Training
Entities under common control	By virtue of the fact that WRSETA is a National Public Entity controlled by the DHET it is considered related to other Setas, the QCTO and the NSF. The transactions are consistent with normal operating relationships between the entities and are undertaken on terms and conditions that are normal for such transactions. Where there were transactions and balances arising due to the movement of funds between entities under common control of the DHET, these amounts are disclosed below
Members of key management	J. Dikgole (Chief Executive Officer) D. Matloa (Chief Financial Officer) A. Mlate (Chief Operations Officer) A. Sipengane (Chief Officer Qualifications and Research) and (Acting Chief Executive Officer) A. Noormohamed (Chief Audit Executive) D. Rampai (Executive Manager: CEO office) M. Mofokeng (Acting Chief Financial Officer)

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2016  
R '000

2015  
R '000

**Related party balances****Inter- seta payables**

FP&MSETA	(47)	(6)
MERESETA	(114)	(182)
AGRISETA	(18)	(40)
CATHSETA	(5)	(8)
CETA	-	(30)
CHIETA	-	(42)
CTFLSETA	-	(29)
FOODBEV	-	(37)
HWSETA	-	(5)
INSETA	-	(9)
ISETT	-	(81)
MICTSETA	-	(14)
MQA	-	(266)

**Inter-seta- seta receivables**

MERESETA	767	1 304
LGSETA	22	-
FP&MSETA	1	-
HWSETA	281	-
AGRISETA	-	42
PSETA	-	17
SERVICES	-	27
Uncategorised	-	146

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R '000	2015 R '000
<b>Discretionary grants- stakeholders with a representative serving on the WRSETA's Accounting Authority</b>		
SACCAWU	508	629
SACTWU	106	539
NUMSA	366	2 080
FEDCRAW	87	1 433
ECCAWUSA	152	1 724

WRSETA has, in the normal course of its operations, entered into certain transactions with entities which had an appointed representative serving on the WRSETA Accounting Authority.

The transactions above occurred under terms that were no more favourable than those available in similar arm's length dealings. Discretionary grants comprise of the Union Capacity Building project disbursed in accordance with the priorities as defined in the Sector Skills Plan.

### 31. Remuneration of Key Management

The key management personnel (as defined by IPSAS 20, Related Party Disclosures) of the SETA are: the members of the accounting authority and the members of the senior management group.

The Accounting Authority consists of members appointed in terms of the Constitution. Remuneration is paid to members or to their nominating organisations. WRSETA has remunerated members of the Accounting Authority for attending board and sub-committee meetings, the preparation of board and subcommittee meetings as prescribed by the Department of Higher Education and Training.

The Chief Executive Officer attends meetings of the accounting authority but is not a member of the accounting authority. The aggregate remuneration of members of the accounting authority and the number of members receiving remuneration within this category are:

	2016 R '000	2015 R '000
Aggregate remuneration	3 500	4 119
Number of persons	15	15

The senior management group consists of the Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Officer Qualifications and Research, Chief Audit Executive, Executive Manager: CEO office, Acting Chief Executive Officer and Acting Chief Financial Officer.



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The aggregate remuneration of members of the senior management group and the number of managers receiving remuneration within this category are:

	2016 R '000	2015 R '000
Aggregate remuneration	15 981	8 324
Number of persons	7	7

### 32. Prior period errors

Provisions of GRAP 13: Leases were incorrectly applied resulting in finance leases being incorrectly accounted as operating leases. Some accruals were also incorrectly raised. The comparative statements for 2014/15 have been restated. The effect of the restatement is summarised below:

#### Adjustments affecting the statement of financial position

	2016 R '000	2015 R '000
Increase in Finance lease liability (current liability)	-	(456)
Increase in Finance lease liability (non-current liability)	-	(192)
Decrease in Payables from exchange transactions	-	391
Increase in Property, plant and equipment	-	547
Decrease in Discretionary grant reserve opening balance	-	383
	<b>-</b>	<b>673</b>

#### Adjustments affecting the statement of financial performance

Decrease in administration expenses	-	(283)
Decrease in employer grant expenditure	-	(390)
	<b>-</b>	<b>(673)</b>

#### Adjustment to movement in reserves

Increase in Administrative reserve	-	(547)
Decrease in Discretionary grant reserve	-	(126)
	<b>-</b>	<b>(673)</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**33. Risk management****Liquidity risk**

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

<b>2016</b>	<b>Carrying amount R'000</b>	<b>Contractual cash flows R'000</b>	<b>6 months or less R'000</b>	<b>6-12 months R'000</b>	<b>1-2 years R'000</b>
Payables from exchange transactions	(58 612)	(58 612)	58 612)	-	-
Finance lease obligations	(192)	(192)	(192)	-	-
	<b>(58 804)</b>	<b>(58 804)</b>	<b>(58 804)</b>	<b>-</b>	<b>-</b>

<b>2015</b>	<b>Carrying amount R'000</b>	<b>Contractual cash flows R'000</b>	<b>6 months or less R'000</b>	<b>6-12 months R'000</b>	<b>1-2 years R'000</b>
Payables from exchange transactions	(87 276)	(87 276)	(87 276)	-	-
Payables from exchange transactions	(648)	-	-	(192)	(456)
	<b>(87 924)</b>	<b>(87 276)</b>	<b>(87 276)</b>	<b>(192)</b>	<b>(456)</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**Credit risk**

Financial assets which potentially subject WRSETA to the risk of non-performance by counter parties and thereby subject to credit concentrations of credit risk, consist mainly of cash and cash equivalents, and a WRSETA limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury. WRSETA's exposure is continuously monitored by the Accounting Authority.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. WRSETA does not have any material exposure to any individual or counter-party. WRSETA's concentration of credit risk is limited to the wholesale and retail industry in which the SETA operates. No events occurred in the wholesale and retail industry during the financial year that may have an impact on the accounts receivable that has not been adequately provided for. Accounts receivable are presented net of allowance for doubtful debt. WRSETA is exposed to a concentration of credit risk, as amounts are owed by SARS and DHET. This concentration of risk is limited as SARS and DHET are government entities with sound reputation.

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

**The ageing of trade receivables from exchange transactions**

Not past due

Gross R'000	Impairment R'000	Total 2016 R'000
<b>4 152</b>	<b>-</b>	<b>4 152</b>

**The ageing of cash and cash equivalents**

Not past due

Gross R'000	Impairment R'000	Total 2016 R'000
<b>1 335 971</b>	<b>-</b>	<b>1 335 971</b>

**The ageing of trade receivables from exchange transactions**

Not past due

Gross R'000	Impairment R'000	Total 2015 R'000
<b>5 354</b>	<b>-</b>	<b>5 354</b>

**The ageing of cash and cash equivalents**

Not past due

Gross R'000	Impairment R'000	Total 2015 R'000
<b>1 100 392</b>	<b>-</b>	<b>1 100 392</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**Market risk**

WRSETA is exposed to fluctuations in the employment market, for example, sudden increases in unemployment and changes in the wage rates. No significant events occurred during the year in the market that WRSETA is aware of. There are adequate procedures in place to address changes in the market when necessary.

**Interest rate risk**

WRSETA manages its interest rate risk by effectively investing SETA surplus cash in term deposits with reputable financial institutions according to the SETA's investment policy.

The exposure to cash flow interest rate risk and the effective interest rates on financial instruments at reporting date are as follows:

**2016**

	<b>Floating rate</b>	<b>Non- interest bearing</b>	<b>Total</b>
	R'000	R'000	R'000
Cash	1 335 971	-	1 335 971
Receivables from exchange transactions	-	4 123	4 123
Payables from exchange transactions	-	(58 923)	(58 923)
	<b>1 335 971</b>	<b>(54 800)</b>	<b>1 281 171</b>

**2015**

	<b>Floating rate</b>	<b>Non- interest bearing</b>	<b>Total</b>
	R'000	R'000	R'000
Cash	1 100 392	-	1 100 392
Receivables from exchange transactions	-	5 354	5 354
Payables from exchange transactions	-	(87 275)	(87 275)
	<b>1 100 392</b>	<b>(81 921)</b>	<b>1 018 471</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**34. Going concern**

The Seta is currently established until 31 March 2018.

**35. Events after the reporting date**

Subsequent to year end but before the AFS were signed off, National Treasury approved the SETA's request for the retention of surplus funds as disclosed in the contingencies note 29.3 surplus funds.

**36. Fruitless and wasteful expenditure**

	2016 R '000	2015 R '000
Opening balance	87	-
Interest paid on late submission of prior year SARS EMP 201	270	87
	<b>357</b>	<b>87</b>

**37. Irregular expenditure**

Opening balance	8 086	-
Add: Irregular Expenditure - current year	57 349	8 516
Less: Amounts condoned	-	(430)
	<b>65 435</b>	<b>8 086</b>

**Analysis of expenditure awaiting condonation per age classification**

Current year	57 349	-
Prior years	8 086	-
	<b>65 435</b>	<b>-</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**Details of irregular expenditure – current year**

	2016 R '000	2015 R '000
Non compliance with SCM requirements	332	-
Contracts signed outside delegation of authority	51 346	-
Contracts not properly authorised	5 671	-
	<b>57 349</b>	<b>-</b>

**38. Discretionary grant commitments**

March 2016 R'000	March 2015 Restated R'000	March 2015 R'000
<b>586 095</b>	<b>471 262</b>	<b>759 920</b>

Contractual commitments

Contractual commitments are balances on contracts for work to be delivered on discretionary grants contracts-in- progress at the reporting date. The contracts are entered into with service providers and stakeholders for delivery of education, training and skills development initiatives.

**39. Expired Discretionary grant commitments**

Excluded on note 37 above balance, are contracts to the value of R138 041 000 (2015: R Nil) which as at reporting date had expired but were still being implemented. These contracts are excluded due to the fact that they no longer meet the definition of a commitment as per the approved Grant Regulations.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**40. Discretionary Reserve**

Of the balance of R1 226 093 000 (2015:R806 950 000) available in the discretionary reserve at the end of March 2016 , R1 132 322 000 (2015: R867 661 000) represents approved and allocated projects and skills priorities as set out below. Of this amount, R586 095 000 (2015: R471 262 000) was contracted as at year end as per note 39 above. Amounts for expenses that have already been incurred, and therefore included in discretionary grant expenses in the Statement of Financial Performance, are also indicated.

<b>Projects</b>	<b>Opening balance R'000</b>	<b>Approved by Accounting Authority R'000</b>	<b>Write backsOther adjustments R'000</b>	<b>Utilised R'000</b>	<b>Closing balance Mar 2016 R'000</b>
AET	26 267	-	(16 176)	(2 779)	7 312
Assessment Centres	183	-	-	(39)	144
W&RSETA - QCTO Qualifications					
Bardahl Eyethu Retail Operator Programme	679	-	-	(20)	659
BASF - Spray Painter Project	80	-	(80)	-	-
Bursary project 2015 HET and TVET bursaries	62 460	-	-	(47 918)	14 542
Capacitation of TVET lectures	-	2 172	-	-	2 172
CapaCiti	2 766	-	(1 885)	(894)	(13)
Career Guidance 2014	253	-	-	(83)	170
Career Guidance Strategy	1 064	-	-	(3)	1 061
CGCSA Summit 2014	1	750	-	(750)	1
Community Retail and Development Project (CRDP)	6 300	-	(368)	(1 579)	4 353
CPUT-Retail Academy	2 000	-	-	(2 000)	-
Decade of the Artisan Programme	500	-	-	-	500
Development of W&R Qualification	5 577	-	-	(2 276)	3 301
DG 1112	979	-	-	(575)	404
DG 1213	18 964	-	-	(2 643)	16 321

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## Discretionary Reserve (continued)

Projects	Opening balance R'000	Approved by Accounting Authority R'000	Write backs/Other adjustments R'000	Utilised R'000	Closing balance Mar 2016 R'000
Eastern Cape Rural Development Partnership Project	13 068	-	(5 538)	(4 731)	2 799
EC Liquor Outlet Support Project for Cooperatives and SMME's	1 963	-	(820)	(603)	540
FET & HET Extension of Scope	2 820	-	-	(522)	2 298
FRA Conference	250	-	-	(250)	-
FS - Bibi Cash and Carry SMME - BEE Development	131	-	-	(127)	4
FS - FS - Internships for FET Graduates	3 943	-	-	(1 203)	2 740
Good Practice Award	2	3 000	2 000	(192)	4 810
GP School of Excellence (SOE)	-	13 717	(1 145)	-	12 572
Graduate Placement	36 569	-	(10 905)	(23 768)	1 896
Graduate Placement- HET	13 862	-	-	(6 575)	7 287
Graduate Placement-TVET	27 527	-	-	(3 347)	24 180
HET & TVET Graduate Placement 1516	-	63 558	-	-	63 558
HET Bursaries 1516	-	17 399	-	-	17 399
ILDLP 2013 - 2014	8	-	-	(8)	-
ILDLP 2014 - 2015	2 900	-	-	(1 489)	1 411
ILDLP 2015 - 2016	20 797	-	4 940	(25 689)	48
ILDLP 2016 - 2017	-	51 600	-	(278)	51 322
Impact Assessment: The Clothing Bank (TCB)	-	538	-	-	538
Impact Assessments	4 000	-	(2 725)	(240)	1 035
Impact Assessments - ILDP	-	-	908	(394)	514
Impact Assessments - SADDT KZN	-	-	908	(358)	550
Implementation and rollout plan of Career Guidance and Development Strategy	1 000	8 063	(2 834)	(5 531)	698



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## Discretionary Reserve (continued)

Projects	Opening balance R'000	Approved by Accounting Authority R'000	Write backs/Other adjustments R'000	Utilised R'000	Closing balance Mar 2016 R'000
Informal Traders Upliftment Project (ITUP)	19 043	-	-	(10 365)	8 678
Informal Traders Upliftment Project II (ITUP II)	-	10 150	-	-	10 150
Khayelitsha Bursary project	-	3 010	-	(2 649)	361
KZN - SOE Learnerships	5 599	-	(327)	(1 742)	3 530
LP 10/11 EXTRA	146	-	-	-	146
Mhlontlo Cooperatives Project	482	-	-	(448)	34
Mitchell's Plain Bursary	3 000	-	(200)	(2 257)	543
Mpumalanga Unemployed Youth Project	-	4 193	(1 132)	(1 152)	1 909
NC - Learnership Opportunities	5 192	-	(1 657)	(676)	2 859
NC - Office of the Premier Internships for FET Graduates	1 732	-	-	(1)	1 731
New Coe Knits Training Lay Off Scheme	-	507	-	(236)	271
NGO/NPO	1 030	1 075	(911)	(102)	1 092
Non Sponsored Learning Programmes	634	-	-	(200)	434
North West Unemployed Youth Project	16 330	-	-	(5 521)	10 809
NQF5 Qualifications Implementation	-	13 438	-	-	13 438
People with disabilities Project 2013	20 012	-	-	(74)	19 938
Pivotal 2013/14- Additional	81 828	-	(22 334)	(16 059)	43 435
Pivotal 2014/2015	245 309	-	(42 411)	(74 047)	128 851
Pivotal 2015/2016 (Additional)	-	-	10 481	(443)	10 038
Pivotal 2015/2016 (ML)	-	430 657	(235 922)	(9 472)	185 263
Pivotal 2015/2016 (Small)	-	-	109 339	(425)	108 914
Pivotal Discretionary Grants 2013/14	81 652	-	(7 171)	(15 379)	59 102

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## Discretionary Reserve (continued)

Projects	Opening balance R'000	Approved by Accounting Authority R'000	Write backs/Other adjustments R'000	Utilised R'000	Closing balance Mar 2016 R'000
Post Graduate Research Bursaries	-	28 219	-	-	28 219
Project Support office	401	3 008	-	(2 564)	845
Registered Co-operatives	3 346	-	(1 330)	(1 744)	272
Retail Business Management Diploma	29 432	-	-	(8 734)	20 698
Retail Chair	5 055	-	-	(191)	4 864
Retail Game	78	-	-	-	78
Retail Store Manager (RSM) Qualification: Pilot Project	-	3 655	-	-	3 655
RMDP 2015-2016	9 416	-	-	(9 274)	142
RMDP 2016-2017	-	28 488	-	(5 859)	22 629
RMDP Project Phase (RMDP) III	597	-	(210)	(71)	316
Rural Areas Project- Rharhabe/Batlokwa	6 579	-	-	(4 839)	1 740
Rural Villages Project	-	20 963	-	(18)	20 945
SADDT - Disabled Learners	33	-	-	1 966	1 999
Save it Township Retail Revitalization Programme	1 932	-	(1 234)	(439)	259
Sector Skills Plan annual update	1 177	-	-	(670)	507
Skills Planning Tour	-	651	-	(651)	-
SME Discretionary Grant 1516	-	32 250	-	(101)	32 149
SMME Capacity Workshop 2015/16	-	2 500	-	(1 435)	1 065
SMME Voucher Training Project 2012/13	315	-	-	(181)	134
Special Bursary (Career Wise Continuing)	-	5 241	-	-	5 241
Special Bursary Project	4 429	-	-	(565)	3 864

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## Discretionary Reserve (continued)

Projects	Opening balance R'000	Approved by Accounting Authority R'000	Write backs/Other adjustments R'000	Utilised R'000	Closing balance Mar 2016 R'000
SSP 2014/15	121	-	(114)	(7)	-
SSP 2016/2017 Update	-	3 960	-	-	3 960
Stakeholder Sessions	-	870	-	(767)	103
Thabazimbi/Waterberg Presidential Sponsorship	-	3 000	-	(3 000)	-
The Clothing Bank	7 683	-	(1 509)	(2 780)	3 394
The Development of Learning Programmes for TVETs and Disabled Learners	-	1 398	-	-	1 398
The Foschini Group Supply Chain Transformation Project	-	9 992	(96)	-	9 896
Trade Union Capacity Building 1516 (ECCAWUSA)	-	1 981	-	-	1 981
Trade Union Capacity Building 1516 (FEDCRAW)	-	2 346	-	-	2 346
Trade Union Capacity Building 1516 (NUMSA)	-	3 179	-	-	3 179
Trade Union Capacity Building 1516 (SACTWU)	-	2 080	-	-	2 080
Traditional Councils Project (EC and QwaQwa)	5 574	-	-	(4 800)	774
TVET Bursaries 1516	-	42 080	-	-	42 080
Union Capacitation Project	2 626	-	-	(1 272)	1 354
W&R Registered Co-Operatives Project	-	2 903	-	(34)	2 869
W&R Registered Employer Organisation Project	28 768	-	(13 365)	(8 012)	7 391
W&R School of Excellence	1 218	-	-	(1 056)	162
W&RSETA Bursary Scheme - Career Wise	5 663	-	(1 220)	(4 443)	-
WACE Conference	-	400	-	(358)	42
Waterberg Project	4 193	-	-	(1 567)	2 626

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**Discretionary Reserve (continued)**

<b>Projects</b>	<b>Opening balance R'000</b>	<b>Approved by Accounting Authority R'000</b>	<b>Write backs/Other adjustments R'000</b>	<b>Utilised R'000</b>	<b>Closing balance Mar 2016 R'000</b>
WC - Bakers for Youth Development and Sustainability	401	-	-	(341)	60
WC TVET Support & Capacitation Project (SOE)	-	6 362	-	-	6 362
WIL Africa	-	344	-	(344)	10
WSP/ATR 2012-2013	225	-	-	(359)	(134)
Youth Focus Project (YFP)	9 497	-	(649)	(5 225)	3 623
Youth Focus Project (YFP) 1516	-	11 869	-	-	11 869
	<b>867 661</b>	<b>857 691</b>	<b>(244 784)</b>	<b>(348 246)</b>	<b>1 132 322</b>

**41. Budget differences****Material differences between budget and actual amounts**

Interest received- investments was 73% higher than budget due to the SETA investing more surplus funds than originally anticipated and thereby receiving more interest than budgeted for.

Skills development levy transfer was 7% below budget because the budget was an allocation received from National Treasury and not based on prior levy income trends Project Income recognised was not budgeted for.

This item represents expenditure incurred from conditional funds received in previous financial years and in terms of GRAP, a corresponding amount must be recognised as income in the statement of financial performance.

National skills fund transfer was not budgeted for. This item represents a reversal in the 2014/15 unutilised provision for NSF transfer which had to be cleared due to change in treatment of NSF surrender from provision to contingent liability.

Personnel expenditure was 12% higher than budget due to additional acting allowances paid to senior acting officials and post-employment benefits paid.

Depreciation was 82% higher than budget as additional capex was incurred. Repairs and maintenance was 16% below budget. The additional capex incurred resulted in savings in the repairs and maintenance budget.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**41. Budget differences (continued)**

Employer grants and projects was 29% below budget due to decreased expenditure of discretionary grants and projects General expenses was 3% higher than budget due to price increases levied on general goods and services. In addition the following variances from the previous financial year are worth noting:

Auditors remuneration was higher by 27% from the previous financial year, the current years auditors remuneration includes remuneration for the 2014/15 final audit, 2015/16 planning and interim audits. There is also an inflationary increase included in the audit fee.

Consulting and professional fees were higher by 39% from the previous financial year, over and above the annual inflationary increase, additional consulting work was required to assist with the reconciliation of the commitment register.

Operating lease rentals were higher by 33% from the previous financial year. Included in operating lease rentals is an adjustment for future operating lease obligations which is in compliance with GRAP 13: Leases.

Local travel is higher by 33% from the previous financial year. This is due to additional travel and roadshows conducted during the current financial year.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 42. Segment Reporting

## Information about the surplus, assets and liabilities reconciliations

2016

	Administration R'000	Mandatory R'000	Discretionary R'000	Unallocated R'000	Total R'000
<b>REVENUE</b>					
<b>Revenue from non-exchange transactions</b>					
Skills development levy: Income	123 812	235 832	583 684		<b>943 327</b>
Skills development levy: Penalties and interest	-	-	23 964		<b>23 964</b>
Project income recognised			2 476		<b>2 476</b>
National Skills Fund Trasfer			10 542		<b>10 542</b>
					-
<b>Revenue from exchange transactions</b>					-
Other income	1	-	-		<b>1</b>
Investment income	-	-	65 729		<b>65 729</b>
					-
<b>Total segment revenue</b>	<b>123 813</b>	<b>235 832</b>	<b>686 394</b>	<b>-</b>	<b>1 046 039</b>
<b>EXPENSES</b>					
Employee cost	(56 776)	-	-		<b>(56 776)</b>
Deprection and amortisation	(1 177)	-	-		<b>(1 177)</b>
Bad debts written off	-	(13)			<b>(13)</b>
Repairs and maintenance	(270)				<b>(270)</b>
Other administration expenses	(51 393)	-	-		<b>(51 393)</b>
Employer grant and project expenditure	-	(169 108)	(348 248)		<b>(517 356)</b>
National Skills Fund Trasfer			-		-
<b>Total segment expenditure</b>	<b>(109 616)</b>	<b>(169 121)</b>	<b>(348 248)</b>		<b>(626 985)</b>
<b>Total deficit</b>	<b>14 197</b>	<b>66 711</b>	<b>338 146</b>	<b>-</b>	<b>419 054</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

**ASSETS**

	Administration R'000	Mandatory R'000	Discretionary R'000	Unallocated R'000	Total R'000
Non-current assets	3 087	-	-		<b>3 087</b>
Inventories	67	-	-		<b>67</b>
Receivables from exchange transactions	4 123	-	-		<b>4 123</b>
Receivables from non-exchange transactions	-	3 345	-		<b>3 345</b>
Cash and cash equivalents (Unallocated asset)	-	-	-	1 335 971	<b>1 335 971</b>
<b>Total assets</b>	<b>7 277</b>	<b>3 345</b>	<b>-</b>	<b>1 335 971</b>	<b>1 346 593</b>

**Liabilities**

Finance lease obligations	192				<b>192</b>
Payables from non-exchange transactions	-	27 213	-		<b>27 213</b>
Payables from exchange transactions	58 923	-	-		<b>58 923</b>
Unspent conditional grants			7 674		<b>7 674</b>
Provisions	-	22 842	-		<b>22 842</b>
<b>Total liabilities</b>	<b>58 923</b>	<b>50 055</b>	<b>7 674</b>		<b>116 844</b>

**2015****REVENUE**

	Administration R'000	Mandatory R'000	Discretionary R'000	Total R'000
Revenue from non-exchange transactions				
Skills development levy: Income	108 141	205 984	509 809	<b>823 934</b>
Skills development levy: Penalties and interest	-	-	18 030	<b>18 030</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Administration R'000	Mandatory R'000	Discretionary R'000	Unallocated R'000	Total R'000
<b>Revenue from exchange transactions</b>					
Other income	-	-	15		15
Investment income	-	-	52 281		52 281
<b>Total segment revenue</b>	<b>108 141</b>	<b>205 984</b>	<b>580 135</b>		<b>894 260</b>
<b>EXPENSES</b>					
Employee cost	(44 859)	-	-		(44 859)
Depreciation and amortisation	(1 127)	-	-		(1 127)
Bad debts written off	-	-	-		-
Repairs and maintenance	(272)				(272)
Other administration expenses	(50 161)				(50 161)
Employer grant and project expenditure		(140 136)	(503 968)		(644 104)
National Skills Fund Trasfer			(170 729)		(170 729)
<b>Total segment expenditure</b>	<b>(96 419)</b>	<b>(140 136)</b>	<b>(674 697)</b>		<b>(911 252)</b>
<b>Total surplus</b>	<b>11 722</b>	<b>65 848</b>	<b>(94 562)</b>	<b>-</b>	<b>(16 992)</b>
<b>ASSETS</b>					
Non-current assets	2 886	-	-		2 886
Consumables	90	-	-		90
Receivables from exchange transactions	5 354	-	-		5 354
Receivables from non-exchange transactions	-	5 236	-		5 236
Cash and cash equivalents (Unallocated asset)		-	-	1 100 392	1 100 392
<b>Total assets</b>	<b>8 330</b>	<b>5 236</b>	<b>-</b>	<b>1 100 392</b>	<b>1 113 958</b>



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Administration R'000	Mandatory R'000	Discretionary R'000	Unallocated R'000	Total R'000
<b>Liabilities</b>					
Finance lease obligations	648	-	-		<b>648</b>
Payables from non-exchange transactions	-	31 243	-		<b>31 243</b>
Payables from exchange transactions	87 275	-	-		<b>87 275</b>
Unspent conditional grants			10 150		<b>10 150</b>
Provisions		24 838	149 110		<b>173 948</b>
<b>Total liabilities</b>	<b>87 923</b>	<b>56 081</b>	<b>159 260</b>	<b>-</b>	<b>303 264</b>

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