



# ANNUAL REPORT 2011/12

*Celebrating Achievements*



higher education  
& training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



INVESTOR IN PEOPLE



# Overview

## Background and Mandate

The Wholesale and Retail Sector Education and Training Authority (W&RSETA) was established as a legal entity on 20 March 2000 in terms of the Skills Development Act, No. 97 of 1998. This public entity aims to provide for the skills development needs of the Wholesale and Retail (W&R) sector through the implementation of learnerships, disbursement of grants and monitoring of education and training.

The W&RSETA aims to increase the level of investment in education and training in the sector and to improve the return on that investment. It seeks to contribute to the socio-economic development and growth of the country by enabling education and training of the highest quality in the W&R sector, to the benefit of employers, employees and learners respectively.

Until 2009, the W&RSETA, along with all other Sector Education and Training Authorities (SETAs) in South Africa, was mandated through the Department of Labour. During 2009 governance of the SETAs was transferred to the Department of Higher Education and Training.

Due to the reprioritisation of human resource development for South Africa, and the establishment of the Department of Higher Education and Training (DHET), the tenure of the SETAs was extended for a period of one year until 31 March 2011. On 11 November 2010 the Minister of Higher Education and Training announced the relicensing of the W&RSETA and 20 other SETAs with effect from 1 April 2011.

## Sector Profile

Wholesale and Retail in South Africa is regarded as a growth sector of the economy and a major employer. Statistically, it is a sector which is more volatile with respect to cyclical changes and global economic conditions than many other sectors. It is the fourth largest contributor to Gross Domestic Product (GDP) with a contribution of around 13.3% and employs around 19% of the total active workforce of the country.

Recent trends indicate that employment within the Wholesale and Retail Sector, as a percentage of the total workforce, has been decreasing – from a high of 27% in 2001 to 22% in 2010.

The highest densities of enterprises are found in Gauteng, KwaZulu-Natal and the Western Cape. Collectively, these provinces make up 70% of the workforce of the sector. About 86% of the sector is made up of small enterprises, 9.5% medium and 4.5% large enterprises.

South Africa has moved increasingly towards mall-based retailing. The amount of retail space in malls has grown faster than the number of retail stores to a point that malls can no longer guarantee that they will attract the major anchor tenants.

### Vision

We are the premier authority in skills development, exceeding stakeholder expectations in the Wholesale and Retail Sector.

### Mission

To develop a skilled and capable workforce in the Wholesale and Retail 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 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 engaged 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.
- 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 gives effect to the applicable legislation and to our vision, mission and objectives by 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;
- Provide quality service to stakeholders in an effective, economical, efficient and innovative manner;
- Encourage adherence to the sectoral determination within the W&R sector; and
- Foster sound corporate governance principles as outlined in King III.

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## Chairperson's Report



Dr ET Mazwai

*“Central to the objectives of the NSDS III is improved placement of both students and graduates, especially from the FET colleges and universities of technology. In addition, NSDS will place particular emphasis on skills development to support government’s goals for rural development.”*

Dr Blade Nzimande,  
Minister of Higher Education and Training

The focus of this year’s annual report is on the ‘Celebration of Achievements’, and the new Wholesale and Retail Sector Education and Training Authority (W&RSETA) Board is renewing its commitment to the unemployed youth and small business owners, especially in the rural areas of South Africa, as stipulated in the National Skills Development Strategy (NSDS) III.

The Board regards this as urgent and critical as we can no longer tick boxes and tolerate a situation in which 2.8 million youths are not in school, or in a job and are without skills. In addition to this alarming statistic we see an unemployment rate that fluctuates between 25% and 26%. This is the challenge that faces all South Africans and which the W&RSETA will confront head on in fulfilling our mandate.

Several graduations were held during the course of the year to celebrate the achievements of many learners who successfully completed learning programmes sponsored by the W&RSETA. It was truly heart-warming

to listen to first-hand accounts of the big difference our learning programmes have had in the lives of previously unemployed young people.

The W&RSETA is making great strides in supporting rural small, medium and micro enterprises (SMMEs) throughout the country. During its AGM, held on the 13<sup>th</sup> of October 2011, its role in supporting these businesses was once again highlighted, but it is evident that there is still a lot to be done to develop the country’s informal retail sector in order to make it more professional and competitive.

In April 2011, I had the pleasure of accompanying the 38 young retail business managers enrolled in the International Leadership Development Programme (ILDLP) to London and Toronto respectively. This four-month programme gave these promising young retailers the opportunity to study trends in the global retail sector. The programme also serves as a critical intervention that improves the Wholesale and Retail (W&R) sector’s rather lowly employment equity ratings.

However, the litmus test for the success of the programme remains the progress that these graduates make in their organisations and the fact that they are being joined by other black managers who are not necessarily graduates of the ILDP. To add to this it was gratifying to hear from these dynamic young people how the ILDP has given them new insights and what contributions they hope to make. Of significance is that the SA Embassies in the countries they visited were only too willing to help as they realised the significance of the programme.

During the period under review, the Department of Higher Education and Training (DHET) published a Green Paper on Post-school Education and Training, which aims to align the post-school education and training system with South Africa's overall development agenda, with links to various development strategies such as the New Growth Path, the Industrial Policy Action Plan 2, the Human Resource Development Strategy for South Africa 2010-2030 and South Africa's Ten-year Innovation Plan.

Following the Minister's request to all the stakeholders involved in post-school education to comment on the Green Paper, the W&RSETA made a submission which represents the views of the W&R sector. We believe that this Green Paper is a critical step towards developing

a comprehensive and coherent post-school education and training system for South Africa.

The Board once again exercised its oversight and fiduciary duties in terms of the Public Finance Management Act, No. 1 of 1999 as amended; the Skills Development Act, No. 97 of 1998 as amended; the Skills Development Levies Act, No. 9 of 1999 as amended; and the King III Report on Corporate Governance for South Africa.

We would not be able to celebrate our success without our valuable Board members, our stakeholders, the CEO and his management team, and most importantly our staff who are dedicated and committed to ensure the SETA implements its mandate of skills development with distinction.

Finally I would like to thank you all for your dedication to building a stronger W&R sector.



**Dr ET Mazwai**  
*Chairperson*

## Chief Executive Officer's Report



*"The W&RSETA, like the industry it operates in, has grown tremendously in the last year, and it is fitting that we celebrate these achievements in this year's annual report."* TJ Dikgole,

Chief Executive Officer

Nelson Mandela said that "Education is the most powerful weapon which you can use to change the world".

This is a very critical and important message of hope which our young people, who are the future leaders, should heed and embrace. For our country to become a competitive global economic player, education and training is a critical cornerstone to achieving this goal. Furthermore, the vision of the Minister of Higher Education and Training of an integrated post-school education system will only be realised if all the key institutions including SETAs, Further Education and Training (FET) colleges and universities collaborate and work in partnership to ensure that this vision of an integrated and seamless system becomes a reality.

The 2011/12 reporting period was preceded by the launch of the third National Skills Development Strategy (NSDS III) by the Minister of Higher Education and Training in January 2010, followed by the announcement of the new SETA landscape in November 2010. One of the most important changes announced by the Minister was the transfer of fuel retailers from the MERSETA to the W&RSETA.

During the period under review, several legislative changes were also implemented, including the appointment of

the SETA Boards which were gazetted in April 2011, the finalisation of the standard SETA Constitution and the amendment of the Skills Development Act.

It is very important that this report should be read in conjunction with this background as the 2011/12 period was a year of transition from NSDS II to NSDS III. Additionally, the W&RSETA Board which was inducted in May 2011, started operating effectively in July 2011. As a result, the performance of the SETA should be considered in this context.

One of the goals of the NSDS III is that the entire skills development system must allocate sufficient resources to support career and vocational guidance. This is an imperative which the W&RSETA takes seriously and resources have been earmarked to create awareness, particularly in rural communities, of the many career opportunities available in the Wholesale and Retail sector, which remains one of the fastest growing sectors in the country.

The retail sector continues to expand rapidly and this growth must be supported by a constant supply of scarce and critical skills, which include IT technicians, buyers, store managers and merchandisers, among others.



The rapid development of shopping centres in the townships and rural areas around the country requires the SETA to ensure that the development of demand-led qualifications is accelerated to meet the skills needs of the sector.

This year's annual report also focuses on showcasing the success stories of some of the young people who have benefitted from the W&RSETA's skills development programmes.

I have no doubt that you will be as inspired as we are by the impact that the programmes have made in the lives of these young people when you read their personal accounts.

## Overall Performance

The W&RSETA's performance for the year under review is reflected in the section Performance against NSDS III Objectives on pages 9 to 14 of this report. In addition to this report, we would like to highlight the following key achievements:

### Mandatory Grants

- A total of 8 097 companies, including fuel retailers, submitted WSPs/ATRs;
- R67 million was spent in grants to 5 584 levy-paying small companies;
- R44 million was spent in grants to 1 029 levy-paying medium companies; and
- R192 million was spent in grants to 414 levy-paying large companies;

### Discretionary Grants

- A total of R354 million was spent in discretionary grants;
- 2 744 learners completed and graduated in various learning programmes;
- 5 876 (includes 4 000 unemployed) learners were enrolled in NQF level 2 to 4 learning programmes;
- 348 graduates were assisted to gain work experience through the Work Experience Employment Grant (WEEG) project;
- 8 235 SMMEs, including BEE firms, were assisted and supported through various skills development interventions, this includes 2 072 non-levy paying companies;

- 38 candidates graduated in the NQF 7 International Leadership Development Programme (ILDP) which is accredited by GIBS;
- 207 candidates were enrolled in the Retail Management Development Programme (RMDP);
- 1 000 university students studying W&R related qualification were awarded bursaries; and
- 1 070 fuel retailers have been successfully transferred from the MERSETA to W&RSETA following the announcement of the new SETA landscape.

### 2011 International Leadership Development Programme

Now in its third year, the International Leadership Development Programme (ILDP) has proven to be very successful. In the reporting period, the number of participants was increased to 38.

The participants visited a number of leading international and local retailers as part of the programme which seeks to develop the leadership skills of senior managers by exposing them to best practice in the Wholesale and Retail sector.

These senior managers returned to their businesses with new vigour and a renewed commitment to the sector. The 2011 ILDP Alumni has also demonstrated its commitments to uplifting their own communities by donating R50 000 and books to the Bright Kids Foundation through the Zoe Carrs Education Trust; as well as equipment to a small business as part of SMME development. A participant from the programme also donated a wheelchair to a student at the University of Limpopo through his own company.

### Retail Management Development Programme

The W&RSETA launched the Retail Management Development Programme (RMDP) during the year under review. Implemented in partnership with the University of Pretoria, this NQF level 6 programme aims to equip current middle managers with the necessary skills to become effective senior managers or even business owners.

### Wholesale and Retail Leadership Chair

The W&RSETA is finalising the appointment of an academic institution to fulfil the role of the Leadership Chair. The objective is for the Chair to establish Retail Centres of Excellence, in partnership with universities and stakeholders, in order to bridge the gap between generic curricula offered by higher education institutions and retail-specific learning programmes, diplomas and degrees largely at NQF levels 5 – 10.

These Centres of Excellence will contribute to the development of sector-specific post-graduate studies, as well as the enhancement of research and formal skills development in the sector.

### Lending a Helping Hand to Financially Needy Students

Many students are faced with financial constraints, and as a result they are not able to study or are unable to complete their studies. The W&RSETA has implemented two Bursary Schemes in partnership with CareerWise and the National Student Financial Aid Scheme (NSFAS) to address this challenge.

Through our flagship projects, we aim to create a supply of suitably qualified and skilled employees in the W&R sector to contribute to the economic growth of the country.

### Statutory Fulfilment

In line with statutory and governance requirements, the 2010/11 annual report was approved and submitted timeously by the deadline of 31 August 2011 to the DHET for tabling in Parliament.

The Annual General Meeting of the W&RSETA was convened by the Board on 13 October 2011 and was attended by stakeholders from the W&R sector, including large and small businesses, unions and other professional bodies.

This was the first AGM to be hosted by the new Board, and was presided over by the Chairperson, Dr ET Mazwai. The AGM adopted the 2011/12 annual report which includes the annual financial statements and the Performance Report of the W&RSETA for the 2010/11 financial year. The 2011 – 2016 Sector Skills Plan and the 2012/13 Strategic Plan were also tabled for discussion and approval. The AGM highlighted to the Board the need to focus on the

W&RSETA's role on SMME development, particularly in rural areas and townships.

### Challenges and Future Plans

Among the challenges that the W&RSETA has faced over the years, the following remain relevant:

- Communicating the W&RSETA's programmes;
- Addressing the needs of the SMME sector, particularly in rural areas;
- The lack of wholesale and retail programmes in FET colleges and Higher Education and Training (HET) institutions; and
- Addressing unemployment among young graduates.

Even though the W&R sector is one of the fastest growing sectors in the country, is still plagued by public ignorance in terms of the number of opportunities it has to offer. This, as well as the lack of suitable W&R programmes at FET and HET level, has led to the accumulation of many scarce, yet critical skills in the industry.

The W&RSETA's 2011 – 2016 Sector Skills Plan (SSP) research identified a number of scarce and critical skills in the sector, some of which will be addressed through partnerships with FET colleges and universities.

Through the W&RSETA's new flagship projects as underpinned by the SSP research, we hope to bridge this gap and build a strong W&R workforce.

### Appreciation

As we move into the new financial reporting period, I would like to express my sincere gratitude to our Board, our Management, our staff and our stakeholders for their dedication, unequivocal support and ongoing commitment to ensuring that the W&RSETA continues to implement its mandate. We share one vision – to be the premier authority in skills development, exceeding stakeholder expectations in the Sector. I believe the achievements above give us the comfort to rightfully celebrate the strides we have made in an effort to make skills development a reality in the Wholesale and Retail sector.



**TJ Dikgole**  
Chief Executive Officer

## Board Members



*From left (standing): Mr Nat Kettlele, Mr Thami Skenjana, Mr Peter Madisa, Mr Ivan Molefe, Mr Michael Lawrence, Mr Joel Dikgole (CEO), Mr Pascalis Mokupo (Chairperson of Audit Committee), Mr Phillemon Sito and Mr Mike Tau*

*From left (seated): Ms Abieda Abrahams, Ms Patricia Pillay, Ms Martha Shingange (Board Secretary), Dr Thami Mazwai (Chairperson), Ms Mariette Mentz (Alternate member), Ms Carin Strydom and Ms Sizakele Moloko*

## Senior Management



*From left (standing): Dr Hennie Zwarts (COO), Mr Joel Dikgole (CEO) and Mr Andile Sipengane (COQR)*

*From left (seated): Dr Thami Mazwai (Chairperson) and Ms Daphne Matloa (CFO)*



# Performance Against the NSDS III Goals and SLA Targets in the Strategic Plan 2011/12

Outputs	Performance Indicator	SLA targets	Achievement		
			Actual	Variance	Comments
NSDS GOAL 4.1: Establishing a credible institutional mechanism for skills planning					
NSDS OUTCOME 4.1.1: National need in relation to skills development is researched, documented and communicated to enable effective planning across all economic sectors					
4.1.1.2	A well researched and updated SSP approved by DHET and other relevant stakeholders	A well researched and updated SSP made accessible to all stakeholders	SSP submitted and approved by DHET	None	Achieved  SSP published on website and available to stakeholders
NSDS GOAL 4.2: Increasing access to occupationally-directed programmes, leading to intermediate and high level learning					
NSDS OUTCOME 4.2.1: Middle level skills needs are identified and addressed in all sectors					
4.2.1.1	Research conducted and published in research journal	Implement research agenda of W&RSETA as proposed in strategy framework	Eight research projects completed	None	Achieved  A Scarce and Critical Skills Guide was developed and distributed to stakeholders based on the SSP research
4.2.1.2	1 500 qualified learners per year based at 70% pass rate.	6 000 learners participate in NQF level 2 to 4 programmes of which 1 500 learners are placed in FET's for appropriate workplace experience	5 876 learners participated in NQF level 2 to 4 programmes L/S 1986 + SP 788 = 2 744 qualified	+3 876  +1 244	Achieved  The number of learners participating in NQF level 2 to 4 and the number of learners qualified, were exceeded
	Confirmation of learners placed in FETs	(The target is 2 000 learners per year to participate and 1 500 to qualify in 2011/12)	Nil	Nil	The timeframe for this output is 2011 to 2014  The concentration of placement of learners in FETs started in 2012 via the Bursary Programme
	Dropout rate reduced from 50% to 40% to 30% to 20%	Dropout rate reduced from 50% to 20% in three years  (50% to 40% in 2011/12)	The W&RSETA Board decided at their strategy session to reduce the dropout rate from 50% to 40 % in year 1	None	The Board took the decision to enforce the appointment of successful unemployed learners on sponsored learning programmes as part of their expected deliverables
	Placement confirmations	Placement of 70% of the unemployed learners who completed their programmes	Contracts with organisations stipulates at least 70% employment rate of successful learners who completed their programmes		
NSDS OUTCOME 4.2.2: 10 000 Artisans per year qualify with relevant skills and find employment					
4.2.2.1	200 enter in year 1 140 continue in year 2 112 complete their studies as qualified artisans	200 artisans to be trained on apprenticeships based on the SSP research (example) electricians, plumbers, spray painters and mechanics R3 500 pm stipend applicable)	20 artisans participated	-180	Not achieved  The W&RSETA placed an advert for artisans during 2011/12 as part of their discretionary windows but the final evaluations and allocation only took place in the 2012/13 financial year



## Performance against the NSDS III Goals and SLA Targets (continued)

Outputs	Performance Indicator	SLA targets	Achievement		
			Actual	Variance	Comments
NSDS OUTCOME 4.2.3: High level national scarce skills needs are being addressed by work ready graduates from higher education institutions					
4.2.3.1	Gaps identified and projects in place to address the gaps	SETA SSP and the Strategic Plan address high levels skills	The SSP was approved by DHET  The Strategic Plan was developed by the Board and targets set	N/A	Achieved  Projects were developed and approved by the Board to address <i>inter alia</i> the targets set in the Strategic Plan
4.2.3.2	600 learners with W&R Management Development Programme (MDP) qualification	600 to learners participate in a MDP over the three-year period at HET institutions (NQF level 6 to 8) at R70 000 per learner  (200 middle management employees registered in 2011/12)	207 learners are participating in a NQF level 6 qualification	+7	Achieved  The 600 learners are over a three-year period
	90 learners to participate in International Leadership Development Programme (ILDLP)	90 learners to complete ILDP  (30 learners to complete ILDP in 2011/12)	38 candidates successfully completed the ILDP accredited by GIBS at NQF 7 level	+8	Achieved
	1 500 learners qualifying in W&R-related degrees at 50% pass rate	3 000 bursaries over the three years allocated to learners to complete W&R-related diplomas or degrees at HETs at R70 000 per learner per annum  (1 000 learners to register in 2011/12)	1 000 first year students registered in W&R related qualifications	Nil	Achieved  The timeframe for this output is 2011 to 2014, as students registered in 2011 will only start qualifying in 2014
	1 000 learners qualifying in W&R-related certificates or diplomas at 50% pass rate	2 000 bursaries over the three years allocated to learners to complete W&R-related certificates or diplomas at FETs at R30 000 per learner per annum  (Allocate bursaries to 667 students per year)	Nil  Contract signed with NSFAS in March 2012 which will address these targets in the future	-667	Not achieved  The timeframe for this output is 2011 to 2014, as students registered in 2011 will only start qualifying in 2014

Outputs	Performance Indicator	SLA targets	Achievement		
			Actual	Variance	Comments
4.2.3.2	1 500 learners qualifying in W&R related degrees	3 000 bursaries over the three years allocated to learners to complete W&R related diplomas or degrees at Universities of Technology at R50 000 per learner per year  (1 000 learners bursaries to students)	Nil  Contract signed with NSFAS in March 2012 will address these targets in the future	-2	Not achieved  The timeframe for this output is 2011 to 2014
	Six learners will be allowed to complete their MBAs and Doctoral programmes over a three-year period but will only be financed for two years	Six learners register for and complete MBA qualifications with W&R focus at R 80 000 per year two per year	Nil  Positions were advertised for a chair in HETs to assist with this qualification	-2	Not achieved  The timeframe for this output is 2011 to 2014
	Dissertations and Thesis are published in the W&R research journal  (The intention is that this qualification must have a specific W&R sector focus)	Six learners register for and complete PhD qualifications with a W&R focus R80 000 per year two per year	Nil  Positions were advertised for a chair in HETs to assist with this qualification	-2	Not achieved  The timeframe for this output is 2011 to 2014
NSDS OUTCOME 4.2.4: Relevant research and development and innovation capacity is developed, and innovative research projects established					
4.2.4.1	Research conducted and published in research journal	Implement research agenda of W&RSETA as proposed in strategy framework	13 research project proposals identified have been approved and are in the process of being implemented	N/A	Achieved  Research projects are being implemented and eight of the projects already completed  The timeline for this to be completed is 2011 to 2014
NSDS GOAL 3: Promoting the growth of public FET college system that is responsive to sector, local, regional and national skills needs and priorities					
NSDS OUTCOME 4.3.2: Partnerships between DHET, SETAs, employers, private providers and public FET colleges are resulting in increased capacity to meet industry needs throughout the country					
4.3.2.2	Capacitate FETs which are ready to roll out W&R qualifications	Develop a capacity building project for FETs on the W&RSETA qualifications	The project was developed and is been implemented  Regional initiatives to capacitate FETs are underway on projects	N/A	Achieved  A project to capacitate FETs implemented in some provinces on approved SETA projects

## Performance against the NSDS III Goals and SLA Targets (continued)

Outputs	Performance Indicator	SLA targets	Achievement		
			Actual	Variance	Comments
NSDS GOAL 4.4: Addressing the low level of youth and adult language and numeracy skills to enable additional training					
NSDS OUTCOME 4.4.1: A national strategy is in place to provide all young people leaving school with an opportunity to engage in training or work experience, and improve their employability					
4.4.1.2	Tracking system for learners aligned to DHET	SETA systems are aligned to feed into the national database	Nil  DHET Learner Tracking System and Quality Council for Trades and Occupations (QCTO) systems not yet in place	N/A	Not achieved  The W&RSETA is awaiting the finalisation of the DHET and QCTO systems so that the SETA systems can be aligned
NSDS GOAL 4.5 Encouraging better use of workplace-based skills development					
NSDS OUTCOME 4.5.1: 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					
4.5.1.1	Qualifications are approved and registered on the NQF	Develop relevant qualifications with the Qualifications Management Body (QMB) and report on impact	QMB has developed a management qualification on NQF level 6	N/A	Achieved  The W&RSETA has developed the qualification, but the QCTO requirement for the qualification registration processes is not finalised
	70% of all learners to successfully complete learnership programme	Learners below ABET level 4 to achieve NQF level 1 qualifications  Year 1 – 1 000 Year 2 – 1 000 Year 3 – 1 000	Nil  The learners will only be registered in 2012/13	-1 000	Not achieved  The W&RSETA placed an advert for ABET learners during 2011/12 as part of their discretionary windows, but the final evaluations and allocations will only take place in 2012/13
	70% of all learners to successfully complete learnership programme	W&R funds 1 000 learners on an annual basis of three years on critical skills programmes (identified in the SSP)	Nil  A project will have to be developed requesting the Board for approval to achieve this target	-1 000	Not achieved  The W&RSETA placed an advert for Learners on Critical Skills (Top-up Skills) during 2011/12 as part of their discretionary windows but the take up was as such that the project could not be reached in 2011
4.5.1.3	70 Qualified learners	Partnerships with other SETAs, implement joint projects with other SETAs to address rural development for 100 learners (not limited to W&R)	276 learners completed the CTFL and W&RSETA partnership project	+176	Achieved

Outputs	Performance Indicator	SLA targets	Achievement		
			Actual	Variance	Comments
NSDS GOAL 4.6: Encouraging and supporting cooperatives, small enterprises, worker-initiated, NGO and community training initiatives					
NSDS OUTCOME: 4.6.1: Co-operatives supported with skills training and development expands and contributes to sector economic and employment growth					
4.6.1.1	Researched report	Detailed research on co-operatives	Research report completed	N/A	Achieved  100 learners participating in a co-operative project with 13 co-operatives  The target was to research
NSDS OUTCOME 4.6.2: Partnership projects to provide training and development support to small businesses are established in all sectors and their impact reported on					
4.6.2.2	An approved project	Implement a joint project with other SETAs to support small business	Nil  A project will have to be developed with an identified SETA on a predetermined project to achieve this output	N/A	Not achieved  The invitation to other SETAs to participate in a project via the advertised W&RSETA windows project did not deliver the desired results
	70 New Venture Creations (NVCs) established and sustainable	Implement a joint project with SMME focused agencies in NVCs  100 new ventures are established (not limited to W&R)	75 learners on SMME NVC projects:  50 with Just On Cosmetics and 25 with Regenysis	-25	Not achieved  The establishing of the projects are achieved but the sustainability can only be tested 12 months after the completion of the projects
	SMS report reflecting 9 000 WSP/ATR submitted by SMMEs	Increase SMME participation in WSP/ATR process  Increase number to 9 000 SMMEs over the three-year period through the use of  ISDFs 7 000 in 2011/12 8 000 in 2012/13 9 000 in 2013/14	5 584 small  1 029 medium  1 070 fuel retailers  7 683 total WSP/ATRs received	+683	Achieved  Total of 7 683 and 414 from large WSPs/ATRs were received from organisations
	Voucher system report reflect the numbers supported	Support to 6 000 levy paying W&R SMME organisations and  2 000 non-levy paying W&R organisations	6 163 levy paying SMMEs and  2 072 non-levy paying supported	+163  +72	Achieved  Achieved

## Performance against the NSDS III Goals and SLA Targets (continued)

Outputs	Performance Indicator	SLA targets	Achievement		
			Actual	Variance	Comments
NSDS OUTCOME 4.6.3: Worker, NGO and community-based education programmes are supported and their impact measured and reported on					
4.6.3.1	Issue certificates to officials and members who attended the capacitation programme	Training and capacity building for trade unions	Nil  Unions must still be consulted to determine their needs	N/A	Not achieved  A project must be developed and presented to the Board for approval
4.6.3.2	Established body	Establish a professional body	Nil  QMB is consulting with W&R stakeholders	N/A	Not achieved  The QMB is researching the need for a professional body
	One per province per year	Retail Business Schools of Excellence	Nil  Will be implemented after the appointment of the retail chair	-9	Not achieved  Research will have to be conducted by the retail chair to establish the actual need
NSDS GOAL 4.7: Increasing public sector capacity for improved service delivery and supporting the building of a developmental state					
(Not applicable to the W&RSETA )					
NSDS GOAL 4.8: Building career and vocational guidance					
NSDS OUTCOME 4.8.1: Career paths are mapped to qualifications in all sectors and sub-sectors and communicated effectively, contributing to improved relevance of training and greater mobility and progression					
4.8.1.1	Teachers capacitated on W&R occupations	Career guidance in 1 000 schools  (300 for 2011/12) (300 for 2012/13) (400 for 2013/14)	364 career guides distributed to schools in year 1	+64	Achieved  2 590 scholars reached via the research project in year 1
4.8.1.2	Qualifications are approved and registered on the NQF	Utilise regional forums and QMB	QMB is reviewing all qualifications which must be aligned with QCTO requirements in three years	N/A	The QMB is in process of working towards this goal

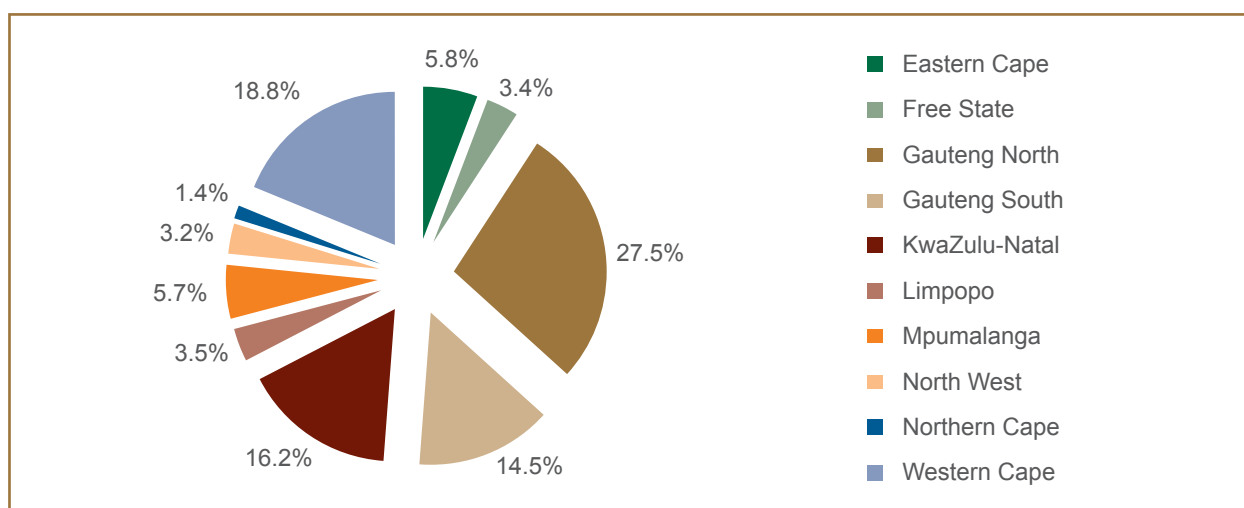




## Achievements at a Glance

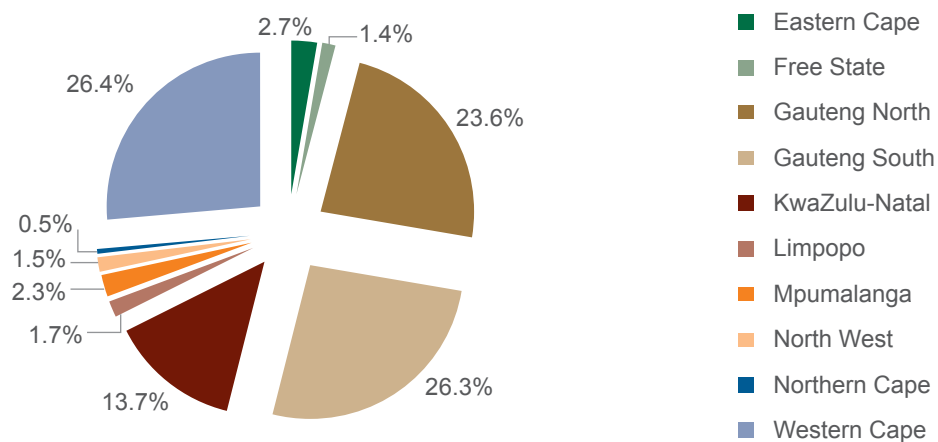
### Number of Levy Paying Companies per Region for 2011/12

Organisation regions	Small (0-49)	Large (150+)	Medium (50-149)	Grand total
Eastern Cape	541	23	94	658
Free State	336	11	45	392
Gauteng North	2 744	98	290	3 132
Gauteng South	1 350	103	200	1 653
KwaZulu-Natal	1 509	92	242	1 843
Limpopo	326	15	63	404
Mpumalanga	567	12	76	655
North West	318	6	45	369
Northern Cape	138	3	14	155
Western Cape	1 822	94	231	2 147
<b>Grand total</b>	<b>9 651</b>	<b>457</b>	<b>1 300</b>	<b>11 408</b>



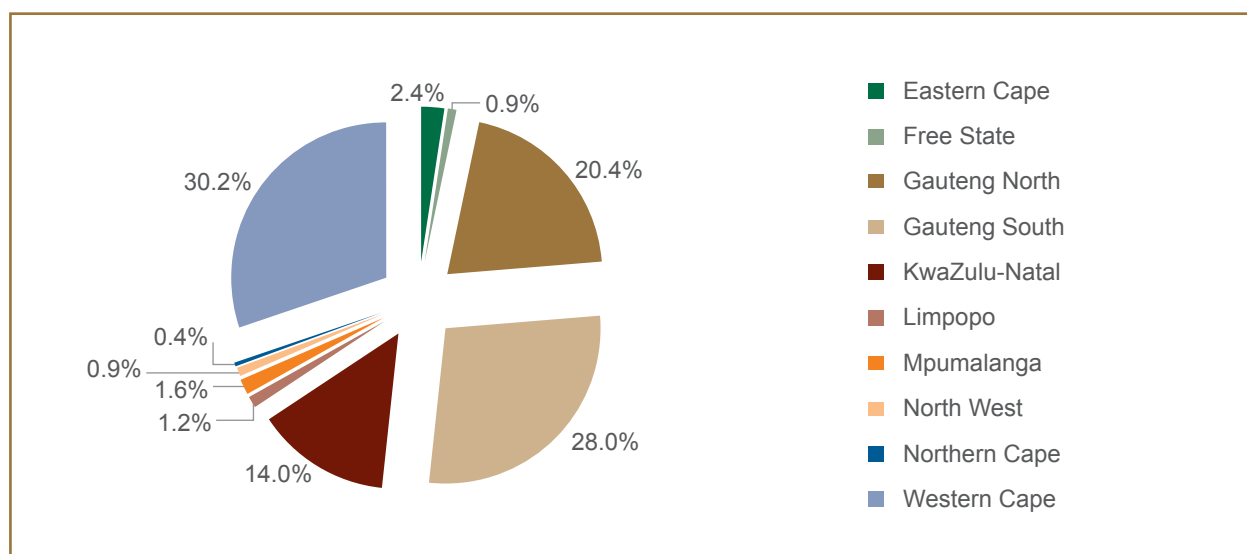
### Levies Received per Region for 2011/12

Organisation regions	Small (0-49) (R'000)	Large (150+) (R'000)	Medium (50-149) (R'000)	Grand total (R'000)
Eastern Cape	9 060	3 747	3 971	16 778
Free State	5 493	1 422	1 961	8 876
Gauteng North	76 586	45 830	26 584	149 000
Gauteng South	37 275	110 576	18 727	166 578
KwaZulu-Natal	28 980	43 103	14 856	86 940
Limpopo	6 145	1 568	3 074	10 788
Mpumalanga	9 092	1 522	3 815	14 430
North West	5 518	1 057	2 624	9 200
Northern Cape	2 148	183	523	2 854
Western Cape	36 528	113 223	17 344	167 095
<b>Grand total</b>	<b>216 827</b>	<b>322 231</b>	<b>93 481</b>	<b>632 539</b>



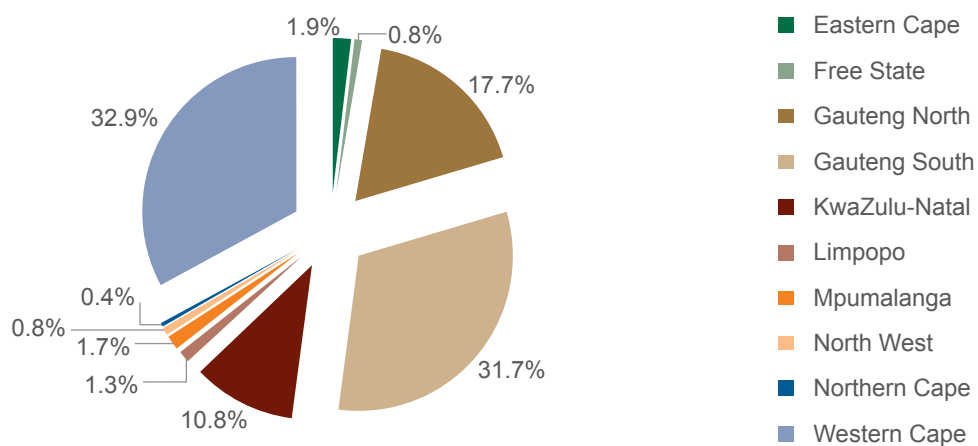
## Mandatory Grant Expenditure for 2011/12 per Region

Region	Small (0-49) (R'000)	Large (150+) (R'000)	Medium (50-149) (R'000)	Grand total (R'000)
Eastern Cape	3 006	2 189	2 010	7 205
Free State	1 208	798	833	2 838
Gauteng North	22 190	26 911	12 537	61 638
Gauteng South	11 597	64 866	8 429	84 892
KwaZulu-Natal	9 868	25 789	6 743	42 400
Limpopo	1 398	875	1 352	3 625
Mpumalanga	2 030	789	1 889	4 708
North West	1 387	595	864	2 847
Northern Cape	654	110	310	1 074
Western Cape	13 734	68 527	9 295	91 556
<b>Grand total</b>	<b>67 072</b>	<b>191 449</b>	<b>44 262</b>	<b>302 783</b>



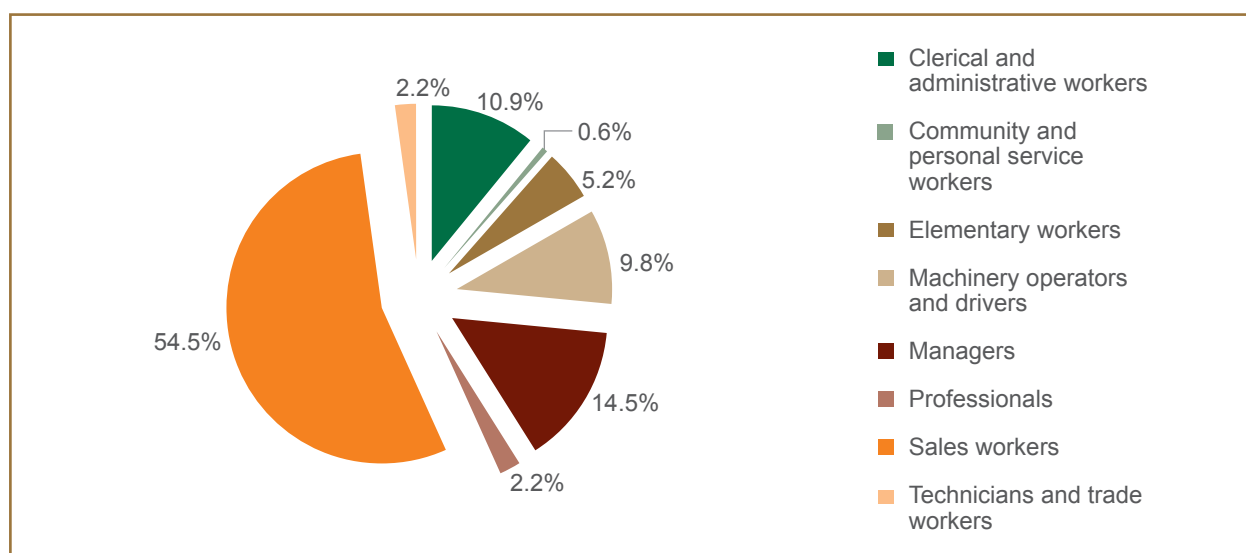
### Number of People Trained per Region for 2011/12

Region	Number of people trained
Eastern Cape	6 458
Free State	2 676
Gauteng North	59 831
Gauteng South	107 227
KwaZulu-Natal	36 421
Limpopo	4 402
Mpumalanga	5 596
North West	2 713
Northern Cape	1 503
Western Cape	111 413
<b>Grand total</b>	<b>338 240</b>



## Number of People Trained per Occupational Class for 2011/12

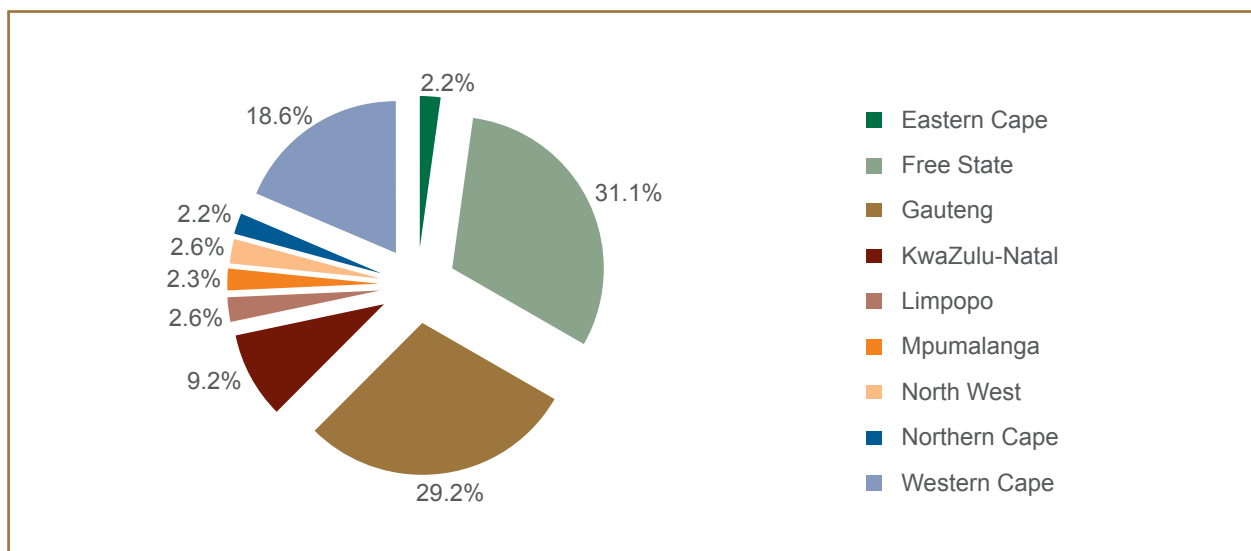
Occupational class	Number of people trained
Clerical and administrative workers	37 025
Community and personal service workers	1 987
Elementary workers	17 721
Machinery operators and drivers	33 147
Managers	49 019
Professionals	7 527
Sales workers	184 472
Technicians and traders workers	7 342
<b>Grand total</b>	<b>338 240</b>





### Number of Non-Levy Paying Companies Supported for 2011/12

Region	Small (0-49)
Eastern Cape	46
Free State	645
Gauteng	604
KwaZulu-Natal	191
Limpopo	53
Mpumalanga	47
North West	54
Northern Cape	46
Western Cape	386
<b>Grand total</b>	<b>2 072</b>



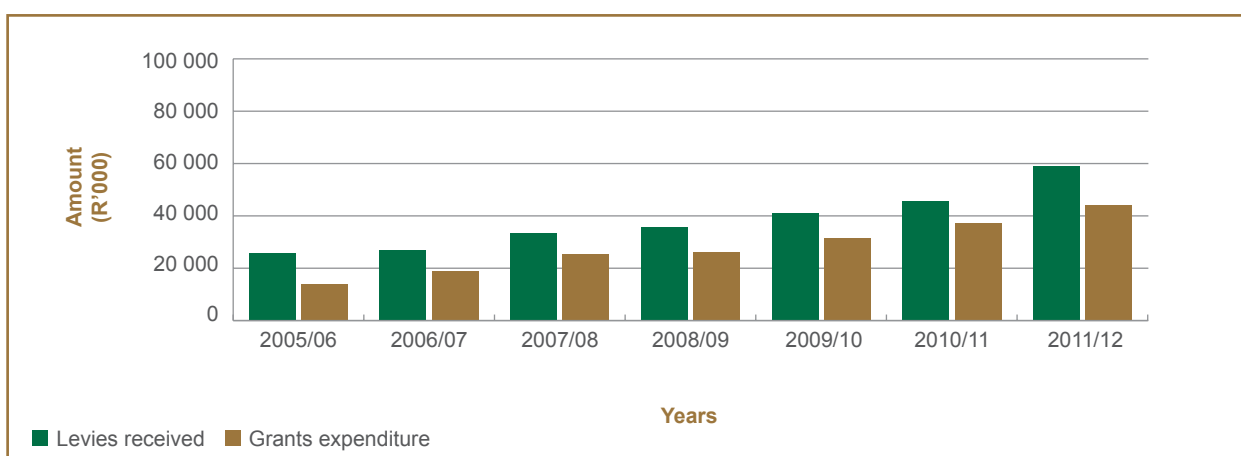
### Levies vs Grants Expenditure: Small Category

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)
Levies received	94 627	86 316	93 592	98 207	101 411	104 709	135 517
Grants expenditure	32 398	42 869	55 077	49 736	55 530	55 511	67 072
%	34.2%	49.7%	58.8%	50.6%	34.0%	53.0%	49.0%



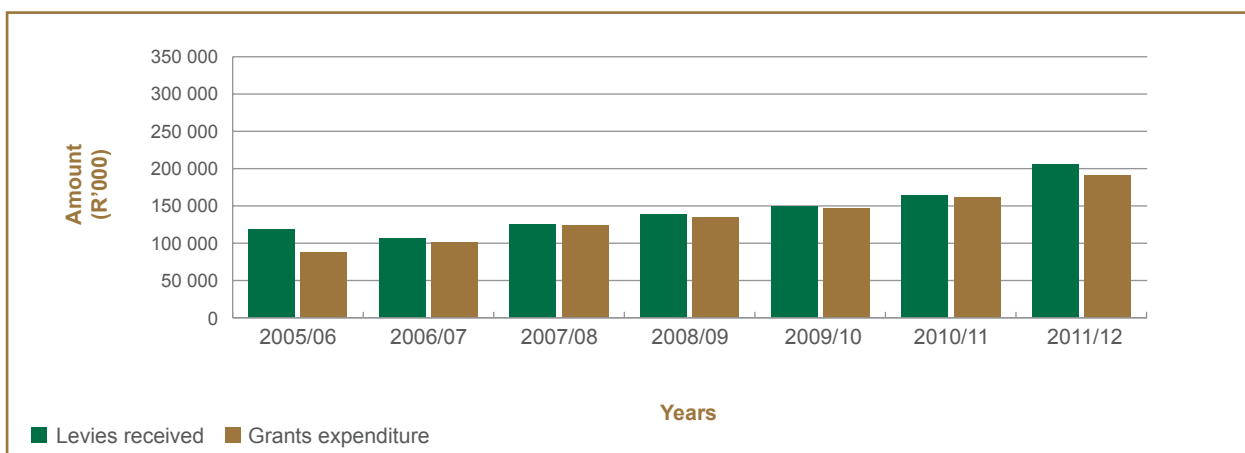
### Levies vs Grants Expenditure: Medium Category

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)
Levies received	25 755	27 038	33 627	35 874	40 943	45 819	58 426
Grants expenditure	14 059	19 212	25 582	26 285	31 530	37 125	44 262
%	54.6%	71.1%	76.1%	73.3%	77.0%	81.0%	76.0%



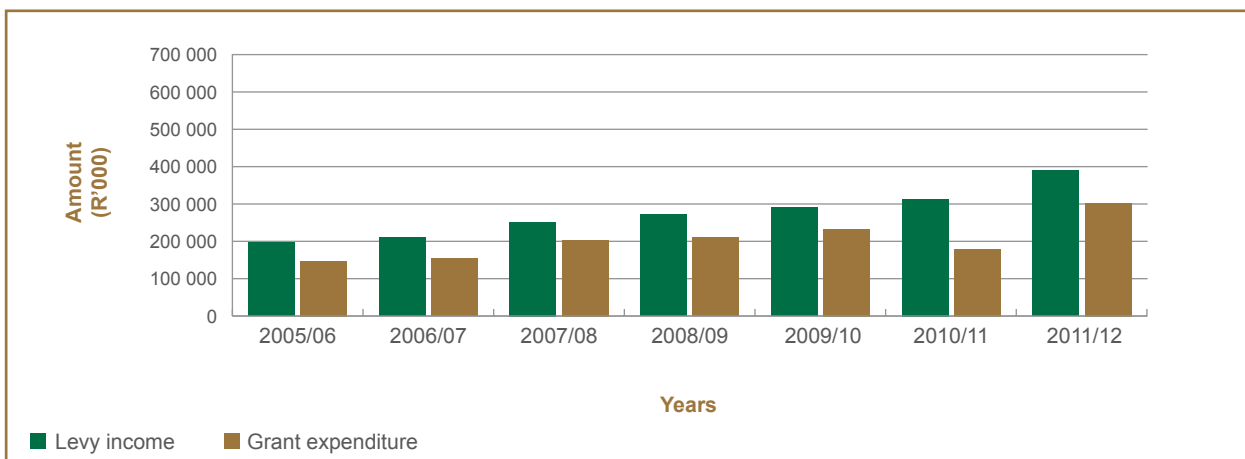
### Levies vs Grants Expenditure: Large Category

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)
Levies received	119 216	106 747	126 000	139 283	149 227	164 112	201 394
Grants expenditure	88 338	102 034	124 032	135 018	146 527	162 079	191 449
%	74.1%	95.6%	98.4%	96.9%	98.2%	98.8%	95.0%



### Total Levies vs Mandatory Grant Expenditure

	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)
Levy income	197 393	211 925	253 219	273 364	291 572	314 011	395 337
Grant expenditure	148 455	155 596	204 691	211 040	233 687	179 173	302 783
Percentage of grant expenditure/levy income	75.2%	73.4%	80.8%	77.2%	80.1%	81.1%	77.0%
Number of registered companies	44 209	53 985	56 713	59 530	62 698	65 411	71 238





## Success Stories – Celebrating Excellence

### South African Disability Development Trust

In partnership with the South African Disability Development Trust (SADDT), the W&RSETA launched the National Disability Learnership Project in 2007, and completed the initial two phases in the 2010/11 financial year.

The next phase of this project was formally launched on 23 May 2011 at the Indaba Hotel, Johannesburg, where the Deputy Minister of Higher Education and Training, Prof. Hlengiwe Mkhize, emphasised the importance of NSDS III in creating the required skills to deal with the economic and unemployment challenges faced by the country.

Present at the launch function were the Minister of Youth, Women and People with Disabilities, Ms Lulu Xingwana

and the Deputy Minister of Public Works, Ms Henriëtte Bogopane-Zulu.

The launch event was well attended and represented by senior executives from companies that have partnered with the W&RSETA and SADDT on this project, including Mr Jan Potgieter, CEO of Mass Discounters, Mr David Smollan, CEO of the Smollan Group, Ms Elizabeth Arulappen of Waltons Stationery and Mr Kennedy Ndlovu of the Foschini Group.

Two learners, Christine Mngomezulu and Dennington Tatoba, who were part of phases 1 and 2, delivered moving testimonies about how their lives had changed as a result of being part of this programme, as they are now both permanently employed. “As a result of being part of this initiative, we are now able to provide for our families like any normal citizen of this country,” quipped Tatoba.



*Dr Hennie Zwarts, W&RSETA Chief Operating Officer, Ms Portia Noyila, Chairperson of the SADDT, Minister Lulu Xingwana and Deputy Minister Prof. Hlengiwe Mkhize*



*Prof. Hlengiwe Mkhize, Deputy Minister of Higher Education and Training*

## **BiBi Cash & Carry**



*The Bibi Cash & Carry learners*



*Tommy Makhatho, founder and owner of Bibi Cash & Carry*

During the period under review, 66 learners obtained the National Certificate in Retail Operations through the W&RSETA Learnership Programme. The learners included BiBi Cash & Carry employees as well as unemployed people from the local community, who were all appointed by BiBi Cash & Carry on completion of the course.

Speaking at the graduation ceremony that took place on 13 August 2011, BiBi Cash & Carry owner, Mr Makhatho praised the learners for their hard work.

“No one needs a medal or award to be a leader – determination and love for what you are doing will make you a leader. Every person should do what he or she loves, so you can excel in doing it. That will make you a successful person in life. I started off as a waiter, but today I am the owner of a big company and I employ many people. However, my dream now is to see BiBi

Cash & Carry grow to be one of the national wholesalers in the next ten years,” said Mokhatho.

Also in attendance was the Deputy Minister of Higher Education and Training, Prof. Hlengiwe Mkhize. During her speech, she stressed the importance of continuous learning and the desire to succeed. “To the graduates, I would like to say, we do not expect you to have a positive attitude but we expect you to be driven by a desire to win. The qualifications you receive today mark the beginning of a journey. We see you as a transformation hub, which will steer the ship forward within this critical sector, in terms of our endeavours to absorb the masses into the Economic Growth Path. You are ambassadors of the 3 million sitting along the streets with no purpose in life.” Concluded the Deputy Ministers.

## **Clothing, Textile, Footwear and Leather Sector**



*W&RSETA CEO Joel Dikgole, one of the graduates and FP&M SETA COO PK Naicker*



*Some of the Gauteng-based graduates*

The CTFL sector is not only faced with an aging workforce, which might lead to the loss of key skills in



the future, but also with competition from cheap imports from the rest of the world.

To address this challenge, industry stakeholders agreed that new, more effective manufacturing processes and better trained employees are needed to ensure that the sector provides world-class products. They realised that they will need to capacitate employees at entry level and provide for career progression.

This ground-breaking pilot collaboration between the CTFL sector and the W&RSETA benefited existing employees of compliant companies in the manufacturing sector of the industry, as well as unemployed people in the particular region. Learners could enter the NQF level 2 learning programme, while existing and potential team leaders entered the NQF level 3 Leadership Programme.

The project focused on leadership, workforce development, technical skills and the philosophy of world-class manufacturing in order to improve the skills of employees and benefit both the CTFL and W&R sectors as part of the value chain.

Of the 300 learners, 296 graduated through the project, which meant a 98% return on investment for the W&RSETA. 80% of the learners that graduated are currently employed in the clothing and textile manufacturing industry, while the other 20% are working in the value chain of this industry.

### Grassroots

Two hundred learners from Cape Town, Johannesburg and the Free State participated in the Grassroots

Project, which was initiated as part of the W&RSETA's strategic objective to assist young people in acquiring scarce skills and enable them to enter the labour market. Grassroots addressed the first goal of the NSDS III, and was in line with the objectives of the New Growth Path.

This initiative focussed on developing the learners' commitment, work ethic, sense of purpose, awareness of long-term goals and integrity, enabling them to deal with the demands of learnerships and increasing their chances of making an impact with prospective employers.

The W&RSETA secured the commitment of both EDCON and Shoprite to place all successful learners in their branches.

By year-end, 126 learners had successfully completed the programme at an overall completion rate of 84.4%. The total project budget was R10 020 000.



*The Free State Grassroots graduates*



*The Gauteng Grassroots graduates*

### P&L Hardware

The W&RSETA enrolled 55 employed learners from P&L Hardware, one of the key players in skills development in the Limpopo province, to complete their FET Certificate in Generic Management (NQF level 4). Of the 55 learners, 47 graduated. Ten were subsequently promoted to branch manager positions and two to regional manager positions. The remainder of the graduates are permanently employed as assistant managers. The project was sponsored by W&RSETA to the value of R990 000.

A graduation ceremony was held by the Limpopo regional office and P&L Hardware on 26 August 2011 for 33 learners who completed their National Certificates in W&R Operations (NQF level 2). These learners had been among the many unemployed people in the Limpopo province, but are now, through the W&RSETA learnership, employed by P&L Hardware.

During the graduation ceremony, the representative of the MEC of Education in Limpopo, Mr Nephawe, expressed his recognition and appreciation of the role the W&RSETA is playing in supporting skills development through investing in the young people of the province. The same sentiments were expressed by the CEO of P&L Hardware, Mr Andrea Prinsloo, who emphasised that without the help of the W&RSETA, his efforts in creating employment, fighting poverty and developing the economy of the province would have been futile.



*From left to right:  
Dr Mandlenkosi Buthelezi, Registrar of private FET colleges,  
Mr Joel Dikgole, W&RSETA CEO, Ms Maria Mashamba,  
one of the graduating learners and Mr Andre Prinsloo,  
P&L Hardware's CEO*

### International Leadership Development Programme

This W&RSETA-funded programme is proving to be a huge success and continues to grow in leaps and bounds. In 2011, 38 senior managers from the retail sector took part in the four-month programme and visited Canada, the United States and Europe.

The programme serves as a critical intervention that improves the W&R sector's employment equity ratings. Learners can return to their respective companies and apply what they have learnt from the experience, building a network of empowered executives who are able to benefit from one another's experiences for the enhancement of their own organisation's strategic and operational sustainability, as well as that of the sector as a whole.



*The 38 ILDP participants*





## Unemployed Youth Assistance Programme



*From left to right:  
Honourable Grizelda Cjiekella, Acting Northern Cape Premier,  
Mr Cornelius Mohapi, one of the Northern Cape's UYAP  
learners and the W&RSETA CEO, Mr Joel Dikgole*

Through the W&RSETA and Retail Relate, 4 500 young people from around the country had the opportunity to change their lives from being unemployed and untrained, to obtaining critical skills and a career in the W&R sector through the Unemployed Youth Assistance Programme (UYAP).

Retail Relate selected learners in line with the scarce and critical skills as identified by the W&RSETA, in this case retail managers. Learners had to have passed Matric, or have qualified for tertiary training to be eligible.

168 learners successfully completed their NQF level 5 theoretical course while doing their internships with participating retail partners. The retail partners included Essential Tool and Hardware, Autozone, Hoxies Food, CN Furnishers, Bedson Timbers, Redgwoods, as well as many other regional participants.

Nation-wide graduation ceremonies themed Evening of the Stars, will take place in the first half of 2012.



*Some of the UYAP learners*



## **Rural Youth Project**

In January 2012, the W&RSETA, in partnership with Retail Relate (a SETA-accredited training institution) launched the Rural Youth Project in Mankweng, Polokwane.

The project aims to recruit 502 unemployed young matriculants from rural communities in the Free State, KwaZulu-Natal, Limpopo, Mpumalanga, the North West and the Northern Cape and give them full, SETA-accredited, retail sector training. The W&RSETA specifically focuses on these rural youth, whose great potential to make a good living for themselves and a meaningful contribution to the country's economy is being stifled due to extreme poverty.

In order to ensure the optimum co-operation of the communities in which this project will be operational, Retail Relate made every effort to obtain buy-in from the tribal chiefs of each village, the headmasters and the community at large. Moreover, the areas in which the training will be executed are close to local corporate retailers that have agreed to provide workplace experience for the learners.

The aim of the Rural Youth Project is to adequately equip these learners to be quality retail managers and store owners through interactive theoretical training funded by the W&RSETA and on the job training supplied by the managers of the participating stores.

Once the 12-month programme has been successfully completed, the learners will qualify for an NQF level 5 Management Certificate and will have a full year's working experience. The programme could even facilitate entrepreneurial opportunities, as the training and experience will equip the learners to start their own business ventures.





## Changing Lives – Learner Perspectives on W&RSETA Initiatives

### W&RSETA Bursary Helps Learner Create a Better Life for Himself



**Samkelo Madlanga:**  
*Career Wise bursary  
holder, Eastern Cape*

"I was raised in Matatiele in a very poor family. Life was very hard for our family – during my school years my father was working in Durban, while my mother was left to provide for us by doing casual jobs and taking part in local projects. We often had to survive on pap and pig's fat since my mother could not afford other food.

In an effort to assist my mother financially, I enrolled in a no-fee school, and every day I walked the three kilometres to Manguzela Junior Secondary School. I did not allow these problems to get the better of me, however, and kept my goal in mind – creating a better life for my mother and I.

When researching possible careers, I decided that I needed to find something marketable, and what is more marketable than food? I finally decided on pursuing a diploma in Consumer Science: Food and Nutrition at the Walter Sisulu University of Science and Technology.

After a year of studying, my promised financial aid through the NSFAS fell through, and I was faced with the harsh reality of leaving university without even writing my final exams.

I was then told that the W&RSETA has a bursary fund for students at universities or FET colleges. I visited the Career Wise website and immediately downloaded the bursary forms. About two weeks after the closing date, I received a phone call inviting me for an interview.

I found Career Wise very efficient – I got to complete the bursary contract immediately after my interview, and my outstanding fees were paid in no time, allowing me to write my exams with total peace of mind.

The bursary not only covers my full tuition, it also covers my meals and books, as long as I continue to perform well and complete my studies. As if that is not enough, the W&RSETA will also be giving me workplace experience training and will assist me in getting a job once I have completed my studies."

### **Amazing Experience at Shoprite**



**Xsaan Sias:**  
**WEEG for FET**  
**Project, Western**  
**Cape**

“Thanks to the W&RSETA Placement Programme, I started my marketing internship at the Shoprite Head Office on 14 December 2010. If anybody told me beforehand that I would be interviewed for a position at Shoprite, I would have laughed at them. It was one of the most exciting and yet terrifying days of my life, as I had just completed my studies and had no working experience. The only way to describe what I felt when walking into the biggest retailer in Africa for the first time is “amazed”!

Nothing could prepare me for what was about to come. Meeting the marketing director really inspired me, I mean he’s 30 years old and he’s the “boss” of the entire group’s marketing department – that’s just crazy!

Meeting the team was an amazing experience too; all of them are so young and they immediately made me feel welcome. I was fortunate enough to be a part of the “upstairs marketing team”, which consisted of the Shoprite and Checkers strategic projects manager, complementary business marketing co-ordinator and the collaborative marketing manager. I can’t stress enough how much I have learned from the discussions and debates we had in the office. It played a big part in my development – the support, guidance and encouragement I received will always be remembered and appreciated.

The biggest highlight was probably meeting my line manager, Francois Hanekom, Head of Non-food Marketing. We could not have been any more different – him a big sport fanatic and me a big nerd. However I can truly say that if it wasn’t for him, I would not be here today. He not only helped me on a professional level, as I was permanently employed in November 2011, but also personally, which has helped me to grow so much as person over the last 14 months.”

### **Following His Dreams Despite His Physical Disability**



**Khayaletu Lose:**  
**New Venture**  
**Creation**  
**Project,**  
**Western Cape**

“Walking four kilometres to attend a class is not easy, especially with a disability. But my disability was not going to keep me from realising my dreams of owning a successful business.

I was one of 25 people who registered for a W&RSETA learnership in the Western Cape in 2010. It is in my nature to motivate people, and this led to the rest of the class giving me the nickname ‘Castrol’ for making the wheels go round! As if this was not praise enough, they also made me class leader.

At the end of my learnership I summoned up the courage to submit a tender to the George Municipality for cleaning services. I not only got the tender, but am now able to apply my newly acquired skills!”

## Opening the Window of Opportunity



**Cassius Olyn:**  
**W&RSETA**  
**Learnership,**  
**Northern Cape**

"When I passed Matric a year ago, I had no hope of ever furthering my studies, never mind getting a decent job. That is until the W&RSETA and my local Pick n Pay here in Geleshewe, Kimberley, opened the window of opportunity by offering learnerships to unemployed young people like myself.

I was sitting at home doing nothing when I decided to apply for the W&R sector learnership offered at the Pick n Pay. I was so excited when they phoned me to tell me that I was one of the ten selected learners. This was an opportunity I had to grab with both hands because it would open a lot of doors for me. It would ensure that I make something of my life, not only for myself, but for my family as well.

I started working at the receiving end of the business and ended up at the frontline in point of sale. The experience has been a challenging one, but in life you have to face all challenges and because of that I now have the skills, knowledge and positive attitude required to meet the organisation's objectives. My positive attitude and the fact that I believe in always going the extra mile ensured that I was chosen as the top learner.

I am now the frontline supervisor, but I am ready for even more challenges and I know that I am going somewhere in life. I want to extend my gratitude to the management and staff of Pick n Pay for welcoming us to their team and for their efforts to help us become the leaders we can be."

## Loving the Whole Retail Experience



**Proficience Khumalo:**  
**Unemployed Youth Assistance Programme,**  
**Gauteng**

"Early in 2011 I was selected as one of more than 300 potential trainees to be interviewed for the UYAP programme in Gauteng. I only have Matric and did not have a job, so I really hoped that I would qualify for the programme. In May I was selected to participate in this exciting learnership and training programme which is run by Retail Relate and backed by the W&RSETA.

I absolutely loved the whole retail experience and seeing how the different departments and functions interact. I have learnt that retail is all about the customer experience, which means that you have to give your best all the time!

My biggest challenge was that I was not computer literate and had to obtain this skill very quickly, but in hindsight I realise that those skills will stand me in good stead in my career.

I am currently in the final stages of my internship with the Essential Hardware Group in Booyens, where I have been exposed to various positions within the company, from receptionist, product picker and sales co-ordinator through to a stint in the marketing department.

Now the sky is the limit, and once I have completed the internship, I hope to complete a degree in commerce and then open my own wholesale business."





## Flagship Projects

To address the critical need for economic growth and sector development, the W&RSETA has initiated five flagship projects over the years to increase access to occupationally directed programmes in partnership with institutions of higher learning. These projects are informed by the Sector Skills Plan (SSP) research, which identified a number of scarce skills that are in great demand in the sector.

The anchor projects are specifically designed to increase access to occupationally directed programmes as envisaged in the NSDS III. The projects aim to strategically and programmatically support the production of priority skills in the high-level occupationally directed programmes in the entire skills development pipeline, from universities and colleges to the workplace.

### International Leadership Development Programme

The ILDP is an intensive NQF level 7 learning programme that exposes potential senior managers from across the W&R sector to international co-learning opportunities.

In partnership with GIBS, the W&RSETA recruited 38 candidates from member companies across the sector to take part in this highly intensive learning programme during the review period. The learners visited South Africa, the United States, Canada and Europe.

The number of learners has doubled compared to the previous reporting period when 22 learners enrolled for the programme. The aim is to send 40 learners to visit Canada, the United States, the United Kingdom, China and India in 2012. The inclusion of China and India is in line with the Brazil, Russia, India, China and South Africa (BRICS) agenda to advance co-operation between its economies.

Participants are required to apply their learning to specific sectoral challenges within the domestic retail sector.

### Retail Management Development Programme

The W&RSETA SSP Report identified the fact that although there are a number of programmes addressing training needs at staff level, and the ILDP which addresses senior manager training, there is no programme addressing middle management needs.

In response the RMDP was launched, in partnership with the University of Pretoria, to address this critical skills gap. This NQF level 6 programme aims to equip current middle managers with the required skills to become effective senior managers.

The RMDP also seeks to set learners on a career growth path that will ultimately create candidates for the ILDP.

Over 200 candidates with retail management development potential are taking part in the programme, including small business employees who want to grow their businesses, employees from medium and large retailers who require middle managers and W&RSETA personnel in management positions who need this programme. Graduations are expected to take place in August 2012. In future, members of the public who would like to pursue a career in retail management will also be able to enrol in the programme.

### **Bursary Scheme**

To address some of the skills shortages identified in the SSP Report, the W&RSETA launched a country-wide pilot of its Bursary Scheme which is managed by CareerWise and is aimed at needy students in the process of obtaining their retail-related qualifications.

Some of the scarce skills identified in the SSP Report include, but are not limited to, accounting, credit management, logistics, operations management, supply chain management, food technology, purchasing management, information technology, industrial relations and marketing.

One of the most exciting and innovative aspects of the scheme is its inclusiveness. While bursary schemes are typically only open to learners who want to study at universities or universities of technology, students who want to further their studies through FET colleges in disciplines related to the W&R sector may also apply for one of these W&RSETA bursaries. The W&RSETA is very cognisant of the fact that FET colleges are strategically positioned to tackle skills shortages within the country and realises the importance of tapping into this skills pool.

Working in partnership with public and private higher education institutions, the W&RSETA plans to support 3 000 learners over the three-year period, which commenced in 2011. The W&RSETA Board set aside R456 million in funding for this flagship project: R77 million was allocated for 2011 to initiate the scheme, R135 million for 2012, R138 million for 2013 and R106 million for the 2014 academic year.

The Bursary Scheme will enable the W&RSETA to increase its rural footprint as it also targets learners from the rural parts of the country who do not have access to financial assistance. This is an area which, from the W&R sector's perspective, is largely untapped.

### **Financial Assistance**

In response to the Minister of Higher Education and Training, Dr Blade Nzimande's call to SETAs, other public entities and social partners to help needy students, the W&RSETA has entered into a landmark agreement with the NSFAS to provide financial assistance to final-year students who are unable to settle their university bills, thus hampering their chances of graduating and gaining employment.

The W&RSETA has set aside R185 million as a form of financial assistance for students with an existing NSFAS loan. This financial assistance will assist the W&R sector by providing a pool of potential employees with critical skills, thus narrowing the gap between supply and demand. It will further promote and position retail as a career of choice.

This project is linked to the WEEG project that will enable these students to be placed in the W&R sector for at least 12 months while receiving monthly stipends from the W&RSETA.





## Career Guidance Initiatives

### Nelson Mandela Career Festival

As part of the national 67 Minutes to Change Lives Initiative, the Ministry of Higher Education and Training hosted the annual Mandela Day Career Festival from 18-20 July 2011 at the Ingwe FET College's Lusikisiki Campus. This year's festival was aptly themed "Khetha" which means "choose for yourself", and was co-ordinated by the South African Qualifications Authority (SAQA).

Approximately 2 000 high school learners, teachers and community organisations attended the festival. The Eastern Cape Regional Manager, Joyce Mpongoshe, and her team took 350 learners through career guidance sessions talking to them about careers in the sector, bursaries and various learnership programmes.

The W&RSETA is very proud to have been involved in this festival for the second consecutive year.



*Eastern Cape Regional Manager, Joyce Mpongoshe, with the learners*



*Learners at the W&RSETA exhibition stand*

### College of Cape Town Open Day



*A W&RSETA employee, Phumla Jali, shares valuable information with a student at the College of Cape Town Open Day*

Held on 29 and 30 July at its City Campus, the College of Cape Town Open Day was devised to provide matriculants, current FET students, learners and parents with career guidance and information about the various opportunities available within public FET colleges and alternative programmes, such as learnerships, offered by the various SETAs.

About 100 people visited the stand during the two-day event, and were very interested in learning how the W&RSETA could assist them. Visitors enquired about bursaries as well as the developmental and learnership programmes. W&RSETA employees provided visitors with career guidance material and other pertinent information that will assist them to make the correct career choices.

## Ekurhuleni Youth Career Expo

The Ekurhuleni Youth Career Expo, which was held from 6 to 8 July 2011 at the Birchwood Conference Centre in Boksburg, provided the W&RSETA with another opportunity to collaborate with social partners in order to share career advice and vocational information with young South Africans.

This year's expo was themed Together Building Better Youth through Access to Economic Opportunities, and the Ekurhuleni Executive Mayor, Councillor Mondli Gungubele, attended the official opening.

Approximately 1 000 learners arrived by bus each day from areas such as Vosloorus, Thembisa, Springs, Daveyton, Benoni and Kempton Park and were met by various SETAs and other organisations. The learners were able to enquire about learning opportunities, scarce and critical skills, learnerships and bursaries that are available within the various sectors of the economy, including W&R.



*Learners at the Ekurhuleni Youth Careers Expo*

## Thembisa Career Day Expo

On 23 July 2011, the W&RSETA participated in the Thembisa Career Day Expo which aimed to provide career guidance to Grade 12 learners from Thembisa.

Around 3 000 learners attended the event and visited exhibitions by various SETAs, as well as SAQA. They received information on a variety of career options within different sectors of the economy. It was clear, however, that the learners had a very limited knowledge of the careers they could pursue in the W&R sector, and W&RSETA personnel were glad to be able to expose

them to the vast opportunities that await them in the sector.

'Goodie bags' were distributed that included branded school bags, torches and the W&RSETA Career Guidance Booklet. Learners were also encouraged to take the Career Guidance Booklet to their life orientation teachers for a class discussion on some of the careers in the W&R sector. In all, the event was a resounding success.



*Learners from various schools at the Thembisa Career Day Expo*

## UMgungundlovu Career Awareness Road Show

As a National Youth Development Agency initiative, this year's UMgungundlovu Careers Awareness Road Show was hosted in the Pietermaritzburg City Centre, Vulindlela and Richmond, and sought to empower rural young people by providing them with more information on possible careers.

The road show hosted approximately 300 Grade 10-12 learners from Georgetown High School, Edendale Technical College, Nyonithwele, Bongudunga High School, Amakhomula High School, Pata High School, Siyahlomula High School and Smero High School in KwaZulu-Natal.

The W&RSETA provided visitors to its stand with information about the various careers and opportunities within the W&R sector and handed out the Career Guidance Brochure and other relevant material for the learners to take home for further reading.

The W&RSETA is confident that its participation in this road show has opened doors for the many young people

who attended, and that the information that was shared with them will allow them to make sound decisions about their futures.



*Some of the learners who attended the road show*

### Youth Empowerment Expo

From 8 to 10 July 2011, the W&RSETA was one of a number of exhibitors at Eldorado Park High School's first ever Career Exhibition. Other exhibitors included the merSETA, Health and Welfare SETA, Centre for Educational Technology, Department of Health and Rosebank College.

Grade 9-12 learners from the community were exposed to career opportunities, bursaries and learnerships on the first day and presentations on the second day of the event.

Approximately 100 enthusiastic learners visited the W&RSETA stand to enquire about careers in the sector, bursaries, employment- and learnerships opportunities. Most of the matriculants were unsure about their career choices, but thanks to the guidance of the W&RSETA, many left with more certainty about the careers they would like to pursue. After engaging with learners, learning materials were distributed to the pupils as gifts.

It was important that the W&RSETA took part in this event and interacted with the pupils while they are still young, since very few knew anything about the role of the SETAs, and even fewer had heard about the learnerships and other programmes the W&RSETA has to offer. The expo provided the perfect opportunity to empower these learners with information that will help them to make sound decisions about their futures.

### Take a Girl Child to Work Initiative

On 26 May 2011, the W&RSETA hosted 120 Grade 10 – 12 girls as part of the national Take a Girl Child to Work Initiative. Girls from Soshanguve South Secondary School, Seshegong Secondary School and Philadelphia High School, a school for disabled children, participated. They visited the W&RSETA where they were motivated and inspired by the various career opportunities within the W&R sector.

The girls were taken on guided tours of Makro, Centurion and the Woolworths, Midrand Warehouse where they obtained first-hand experience of what the W&R sector is about and how these outlets function.

After the tour, the girls attended talks by various key W&RSETA staff members who gave them further career advice and information and distributed learning materials such as school bags, highlighters, branded wristbands and torches.



*W&RSETA employees, Mike Mokgomo and Ingrid Sikhwetha*



*Some of the learners who attended the Take a Girl Child to Work event*



## SMME Support

### eThekwini BEE Informal Traders



*W&RSETA Regional Manager, Declan Lawson (front right) with some of the eThekwini informal traders*

This new project, rolled out in February 2012, is aimed at developing the basic business management skills of 1 000 eThekwini informal traders in order to increase their revenue. The project is a collaboration between the W&RSETA, the eThekwini Municipality and three FET colleges in the area.

The learners who are participating in the project were identified by the municipality, which is also assisting in providing training venues for the course. Three FET colleges are giving training on conflict management, customer care, financial management, merchandising, productivity and waste management. The total value for the project is R7 790 000.

### Just On Cosmetics NVC Project

Fifty unemployed young people from rural villages, townships and towns throughout the province were given the opportunity to obtain their Services SETA (SSETA) New Venture Creation Qualification thanks to a partnership between the Eastern Cape office, Just On Cosmetics, Eastcape Midlands Public FET College and the Small Enterprise Development Agency (Seda).

After successfully completing their formal training, Just On Cosmetics assisted the learners to open business bank accounts, and their own hair and beauty salons, and provided them with start-up stock and product training. Just On Cosmetics also assisted these future business owners in marketing and branding their salons.

The W&RSETA sponsored the management and delivery contract and stipends, and will ensure that at least 70% of the new ventures are sustainable and in operation 12 months after obtaining the qualification. On completion of the course, 94% of the learners were retained and the SSETA is in the process of certifying 47 learners.

### Mitchells Plain Festival

The Cycle of Life/Mitchells Plain Festival is a community-based event aimed at heightening awareness around issues affecting residents in Mitchells Plain and surrounds. In 2010, the W&RSETA became the main sponsor



of the event, on condition that the organisers provide W&RSETA-accredited training for 300 local SMMEs through the University of Cape Town Business School.

The festival not only created part-time employment opportunities for various small businesses from the area, but also provided local NGOs, non-profit organisations and CBOs with an outlet to showcase their services to the broader community.

This year the W&RSETA sponsored 50 SMMEs to exhibit at the festival and promote their businesses to the approximately 30 000 visitors, including President Jacob Zuma.

Rural penetration and SMME development are two critical pivots of the W&RSETA strategy, and taking part in such social community projects affords the organisation the opportunity to achieve this goal.

### Soweto Festival

The Soweto Festival, an event co-owned and managed by Adele Lucas Promotions and the Greater Soweto Business Forum, took place from 23 – 25 September

2011 at Nasrec in Johannesburg. This was the second consecutive year that the W&RSETA, as the platinum sponsor, held the naming rights to the event.

In terms of its sponsorship agreement, the W&RSETA had to train 400 Soweto-based SMMEs and sponsor their exhibitions at the event. 367 SMMEs, half of whom were also involved in the 2010 festival, participated in the expo and were not only exposed to best practices in W&R, but also received assistance in the buying of exhibition collateral and with marketing support.

The objective of this project is to achieve the NSDS III target focussing on the development of SMMEs in order to provide growth and enhance future employment opportunities in the sector.

The festival was attended by thousands of visitors from Soweto and surrounding areas. Most visitors, however, attended the festival for entertainment purposes rather than buying products and the W&RSETA has urged the organisers to make a concerted effort to get the public to visit the exhibitions in future. Although this was a concern for many of the SMMEs, they indicated that the Soweto Festival should be kept as an annual event.



*W&RSETA employees manning the stand at the Soweto Festival*



## Sector Skills Plan (SSP) Research

### Introduction

One of the core and principal mandates of SETAs is to develop a credible and professionally researched sector skills plan (SSP) and to give effect to the Skills Development Act, No. 97 of 1998, as amended, by ensuring that the skills development interventions translate into real opportunities for all South Africans. The Research Business Unit conducts and commissions research projects to enhance and inform the strategic goals and direction of the W&RSETA. In the 2011/12 financial year, the Research Unit conducted research on a five-year SSP to be updated annually, which identified, through stakeholder consultation processes, the scarce and critical skills in the W&R sector.

### Sector Skills Plan (SSP)

SETAs are required to develop and annually update the SSP in line with the NSDS III. The W&RSETA SSP has five chapters (i.e. chapter 1: Profile of the W&R sector, chapter 2: The drivers of change, chapter 3: The supply & demand of labour to the W&R sector, chapter 4: Scarce and critical skills in the sector and chapter 5: Skills Development Strategy of the W&RSETA). The SSP is a very critical and strategic document that informs all the W&RSETA's skills programmes and interventions in terms of scarce and critical skills being identified such as retail buyer and planner, bakers, food technologist, retail managers, etc.

Scarce skills refers to occupations in which there is "a scarcity of qualified and experienced people, currently or anticipated in the future, either (a) because such

skilled people are not available, or (b) because they are available, but do not meet employment criteria". Absolute scarce skills means that there are few suitable people or suitable people with the requisite skills, education and training are not available, while relatively scarce skills means that skilled people are available, but can't be considered because of equity considerations, geographic location, education and training pipeline delays. Critical skills refers to specific skills within an occupation such as numerical skills, problem solving and communication skills.

### Job Opportunity Index (JOI)

The Job Opportunity Index (JOI) is an internal pilot project that has been implemented to enhance labour market information of the SSP by monitoring and analysing job opportunities within the Fast-moving Consumer Goods (FMCG) and W&R sector in the South African labour market. The main areas of emphasis include tracking types of job opportunities that are available (i.e. permanent, part-time, contract and casual jobs); the occupational fields most in demand as advertised in the W&R sector against the W&RSETA's scarce skills profile; regional trends; and the scale of salaries/wages index in the sector.

The JOI report is generated on a monthly basis. Monitoring and evaluation tools include newspapers such as the Jobmail, Sunday Times, Citizen, Star, Business Day, Pretoria News, Herald, Volksblad, New Age and the Mail and Guardian. Internet-based research is also undertaken and resources such as the Career Junction, Indeed Jobs, Careers24 and Careerjet websites are used.





## Provincial Overview

### Eastern Cape

#### **Partnership to Improve the Rural Skills Development System**

During the reporting period, the Eastern Cape regional office partnered with stakeholders to address the transformation and development of low-level youth and adult language and numeracy skills, and to enable additional training.

During visits to rural areas in the Eastern Cape, the W&RSETA shared information on how various groups within the community can participate in the skills development initiatives which are aligned with the NSDS III. Information was shared about the W&RSETA's initiatives in the retail environment, while legally registered co-operatives had the opportunity to enrol in the Co-operatives Project through which they can acquire business management and food handling skills.

#### **Voucher Project**

Through the Voucher Project, ten Qumanco SMMEs (consisting of 40 beneficiaries) attended various courses during the period under review. The courses included basic and intermediate computer skills, projects management skills and business and entrepreneurship skills, all of which were presented by a Media, Information, Communication and Technology (MICT)

SETA-accredited training provider. The training provider sponsored five new computers with licensed software, a colour printer and free training for two unemployed youth who will later facilitate computer training in their communities.

#### **Workplace Skills Plan and Annual Training Reports**

The number of companies participating in the Workplace Skills Plan and Annual Training Reports (WSP/ATR) was 351 small-, 83 medium- and 22 large companies in the province.

#### **Association of Accounting Technicians Project**

As one of the first joint initiatives between the W&RSETA and a professional body, the Association of Accounting Technicians (AAT(SA)) Project supported the efforts of the W&RSETA in the up-skilling of finance-related employees.

The objectives were to:

- Roll out the programme to all participating W&RSETA employers in the Eastern Cape;
- Recruit 50 learners, all funded by the W&RSETA;
- Train finance department employees through the AAT(SA) diploma course and attain ATT(SA) membership;
- Have at least 50% of learners complete the full programme; and
- Promote quality training in the workplace.

Thirty-five learners from the following companies completed the programme: Shoprite Port Elizabeth, Just On Cosmetics, MW Nelson, Vetserv, PE Bolt & Nut, FurnCity, Colatmse, Business Doctor, Midas, Spar Brighton, Spar Zonke, Yellow Zebra, Aloe Office, Apex, Spar Ashmel, Abbotsford Service Station and Shoprite East London.

77% of the learners were found competent in NQF level 3, and 70% received statements of results in NQF level 4.

#### ***Just On Cosmetics New Venture Creation Project***

The W&RSETA sponsored the management and delivery contract and stipends for 50 unemployed young people to gain their New Venture Creation qualification, and will ensure that at least 70% of the new ventures are sustainable and in operation 12 months after obtaining the qualification. At completion of the course, 94% of the learners were retained; and the SSETA is in the process of certifying 47 learners. Just On Cosmetics will assist these young entrepreneurs in opening their own salons.



*Just On Cosmetics learners*

#### ***Scarce Skills Sponsorship Unemployed Graduates Project***

Three East London and two Port Elizabeth-based employers are assisting 25 unemployed graduates with exposure to the retail environment in the following areas: marketing; stock; buying and planning; human resources; administration and finance; general management and supervision. The W&RSETA is funding the students' stipends, while the regional office is monitoring the work exposure and experience.

#### ***Unemployed Youth Assistance Programme***

Three East London and 11 Port Elizabeth-based companies are assisting 124 unemployed matriculants in entering the W&RSETA Retail Operations and Retail Distribution Learnerships. The learners completed their training and assessments and are currently being exposed to different retail areas.

#### ***EE-BEE Co-operatives Project***

The Eastern Cape region is embarking on a project to assist 58 legally registered and active co-operatives from the Ciskei and Transkei rural areas. 200 beneficiaries will complete their Accredited Business Management Course, with 100 of them furthering their training through the Food Handling Skills Course.

### **Free State**

#### ***Learnership and Skills Programmes***

The Free State regional office has experienced steady growth in the uptake of its programmes. During the period under review, the Free State supported various national learnerships and skills programmes with approximately 250 learners from all over the province participating. The wide-spread participation reflects well on the Free State office's ability to reach out to the entire province.

#### ***Workplace Skills Plan and Annual Training Reports***

The number of companies participating in the WSP/ATR Project in the region increased from 350 to 445 in the period under review. This increase can be attributed to the a number of factors, including the transfer of fuel retailers from the Manufacturing, Engineering and Related Services SETA (merSETA) to the W&RSETA and the region's outreach programmes and stakeholder engagement initiatives.

The W&RSETA recently introduced new funding windows, and a number of stakeholders have already expressed interest by applying for grant funding. These funding windows will provide the office with the opportunity to increase its footprint in the province.

The partnership between the W&RSETA and government is growing from strength to strength, a fact attested to

by the presence of a representative from the premiere's office and the Maluti a Phofung councillor at the BiBi Cash & Carry graduation ceremony in August 2011.

The Free State regional office will continue to hold regular meetings with representatives of local and provincial government, other SETAs and FET colleges in order to improve the impact of SETAs in the province, and address scarce and critical skills in the area. Small levy-paying and non-levy paying companies, including the recently acquired fuel retailers, will remain a priority.

### **Voucher Project**

Through the Voucher Project, The W&RSETA gives training to non-levy paying companies in rural areas. The initial target of 1 000 companies for the period under review was exceeded, with a total of 1 093 companies and 3 705 learners being trained. The project also supported 12 accredited providers, mostly based in the Free State.

## **Gauteng North**

### **EDCON Learnerships**

This project addressed the first goal of NSDS III, namely to increase access to occupationally-directed programmes. The developmental impact of the initiative was also in keeping with the New Growth Path to create jobs in the retail sector.

The EDCON Learnerships Project was launched in Cape Town, Durban, Pretoria and Johannesburg. Participants in the learnership included 320 unemployed young people, 20 of whom were disabled, with 257 successfully completing their qualification and 231 being offered employment at various EDCON stores. The total project budget was R11 300 000.

### **Grassroots**

The programme was successfully completed by 126 learners with the overall completion rate being 84.4%. The total project budget was R10 020 000.

The W&RSETA secured the commitment of both EDCON and Shoprite to place all successful learners in their branches.

## **Gauteng South**

### **Makro/e-Deaf Project**

This W&RSETA project was facilitated by e-Deaf and co-ordinated by Makro GLD and aimed to up-skill 32 Makro employees living with a hearing disability. These learners had a basic literacy and numeracy level of Adult Basic Education and Training (ABET) 1 – 4, and the e-Deaf project helped to create a more skilled, motivated workforce within Makro.

Since these learners have special communication needs, the training officers and Makro line managers had to be trained in sign language. Special software by Media Works was also installed on all PCs, while Skype was used for distance communication between learners and facilitators.

The W&RSETA conducted quarterly visits to ensure that the programme ran as per the implementation plan, and was impressed by the fact that certain learning interventions were actually ahead of schedule. A total of 26 learners successfully completed the programme.

## **KwaZulu-Natal**

### **Career Exhibitions**

The KwaZulu-Natal regional office participated in a number of outreach campaigns interacting with learners about various opportunities and offerings in the W&RSETA and the sector in general.

During these campaigns, the regional office interacted with over 22 000 learners and over 200 schools.

### **KwaZulu-Natal Inter-SETA Cluster**

The KwaZulu-Natal inter-SETA Cluster was launched on 3 August 2011 at the Durban City Hall. The launch was attended by the National Minister of Higher Education, Dr Blade Nzimande, the Ethekwini Municipality deputy mayor, as well as various SETA chief executives and FET rectors.

### **Workshops and Stakeholder Forums**

The KwaZulu-Natal office held various workshops during the period under review. The regional office held Scarce and Critical Skills Workshops at the Inkandla Community Hall on 10 March 2011 and at the Empangeni Protea Hotel on 30 March 2011. A total of 44 and 66 life orientation educators were trained at each event respectively. The office also held a Consultation Workshop at the Suncoast Casino on 7 September 2011, which was attended by 60 stakeholders. Three Stakeholder Forums were held during the year and were attended by 80 stakeholders.

### **Durban University of Technology, FET and W&RSETA Joint Project**

The Durban University of Technology is exploring the possibility of partnering with the provincial public FETs to jointly manage and deliver on the W&RSETA New Venture Creation Project. The idea is for the FETs to roll out training, while the Durban University of Technology manages the business support side of the project.

### **Clothing, Textile, Footwear and Leather Sector and W&RSETA Joint Project**

Of the 300 participating learners, 296 graduated through the CTFL Project, which represented a 98% return on investment for the W&RSETA. Of the learners that graduated, 80% are currently employed within the clothing and textile manufacturing industry, while the other 20% are working within the value chain of this industry.

### **Unemployed Youth Assistance Programme**

This project aims to assist 5 000 unemployed young people in gaining 12 months' working experience, coupled with a recognised qualification in the W&R sector.

At the time of reporting, 1 114 learners were registered for learnerships, while 32 had graduated from skills programmes held in the province. 83 companies throughout KwaZulu-Natal participated in UYAP.

### **Workplace Skills Plan and Annual Training Reports**

Reports were received from 885 small, 134 medium and 85 large companies.

A total of 161 WSPs were received from fuel retailers, and 130 fuel retailers were captured and processed in the province. The remaining 31 fuel retailer WSPs were not captured as they are not on the W&RSETA SMS. The W&RSETA is, however, conducting discussions with all stakeholders in order to facilitate the smooth transition of these retailers.

### **Scarce Skills Sponsorship Programme**

As part of the national Work Experience and Employment Grant Project, 71 graduates from Newcastle, Ladysmith, Pietermaritzburg, Durban and surrounding areas were identified for this programme, and the first monitoring session will be conducted in the new reporting period. Most learners started the programme on 1 July 2011, and will be completing it on 30 June 2012.

### **Voucher Project**

The project was aimed at supporting small, levy-paying companies who had submitted WSPs/ATRs for the 2010/11 skills year, through a training voucher valued between R5 000 and R40 000. The project was later opened up to non-levy paying W&R organisations with training vouchers of up to R5 000.

	Total amount	No. of rural companies supported	No. of rural learners trained	No. of urban companies supported	BEE status	No. of urban learners trained
Levy-paying	3 349 428	81	531	334	231	1 637
Non-levy paying	1 605 950	202	508	137	-	421
<b>Total</b>	<b>4 955 378</b>	<b>283</b>	<b>1 039</b>	<b>471</b>	<b>231</b>	<b>2 058</b>

### **Rural Youth Project**

As part of the National Work Experience and Employment Grant Project, 47 KwaZulu-Natal learners from Pongola, Vryheid and Empangeni were linked to W&RSETA stakeholder employers in the area after attending an induction session in Ermelo.

### **Recognition of Prior Learning**

15 learners were chosen to participate in the pilot phase of this exciting new partnership between Spar Mtuba, Ubuhle Training and the W&RSETA. The team ensured that every detail was attended to right from the start of the project, including an analysis of unit standards and the development of assessment tools and information sheets.

Thus far the project has progressed smoothly and has been a strengthening experience for the entire team in terms of the possibilities of teamwork; the opportunities offered by Recognition of Prior Learning (RPL) and the clarification and demystification of the RPL processes and procedures for both the providers and implementers involved. At the time of reporting the project was in the final stage of assessment. It was clear, however that this partnership will prove beneficial to future RPL projects.

### **eThekweni BEE Informal Traders**

This project is a collaboration between the W&RSETA, the eThekweni Municipality and three FET colleges in the city. Learners participating in the project were identified by the municipality, which is also assisting in providing training venues for the course. The total value of the project is R7 790 000.

### **Non-sponsored Programmes**

Over and above W&RSETA funded learnerships and skills programmes, W&R companies also implement their own training programmes.

During the year under review, 29 companies sponsored 235 learners on learnerships, while seven companies sponsored 86 learners on skills programmes.

### **Key Initiatives and Focus Areas for the Year Ahead**

The KwaZulu-Natal regional office plans to develop

a skilled, capable workforce in the province through collaboration with other stakeholders in the skills development arena. Projects will focus on the value chains of specific industries and promoting sustainable businesses in rural areas, with the aim of contributing to sustainable socio-economic development and growth in the country. The regional office will forge partnerships with local municipalities, FET colleges, universities of technology and higher education institutions throughout KwaZulu-Natal.

## **Limpopo**

### **Workplace Skills Plan and Annual Training Reports**

The number of participating companies in Limpopo increased by 13% during the period under review. Of the 300 reports, 297 were approved. This increase is attributed to a number of factors, including regional outreach programmes and stakeholder engagement initiatives.

The W&RSETA recently introduced new funding windows, and a number of stakeholders have already applied for grant funding. These funding windows will provide the office with the opportunity to increase its footprint in the province.

The Limpopo regional office will continue to hold regular meetings with representatives of local and provincial government and other SETAs in order to improve the impact of SETAs in the province and address scarce and critical skills in the area.

### **LP 10/11 – P&L Hardware Project**

55 employed learners were enrolled to complete their Further Education and Training Certificate in Generic Management (NQF level 4). Of these, 47 learners graduated, after which ten were promoted to branch managers and two to regional managers. The remainder of the graduates are permanently employed as assistant managers. The project was sponsored by W&RSETA to the value of R990 000.

### **Rural Youth Project**

The aim of the Rural Youth Project is to adequately equip



learners to become quality retail managers and store owners through interactive theoretical training, funded by the W&RSETA.

The programme will be rolled out in the Free State, KwaZulu-Natal, Limpopo, Mpumalanga, the North West and the Northern Cape, where a total of 502 rural youth will receive training in 2012. The recruitment of matriculants into the project has been completed, and once they have successfully completed the 12-month programme, the learners will not only have their NQF level 5 Management Certificate, but will also have a full year's working experience at one of the participating stores.

#### **Key Initiatives and Focus Areas for the Year Ahead**

- Increase the participation of W&R organisations in the region;
- Address the skills gap in the supply and distribution of sales, retail store operations and food technology;
- Increase working relations with the seven public FETs in the region by providing support in obtaining programme approval for W&RSETA-related learning programmes;
- Increase the intake and placement of unemployed learners and graduates with employers in the sector.

## **Mpumalanga**

#### **Mpumalanga FET Colleges and SETA Forum**

The Mpumalanga regional office has played a remarkable role in establishing the Mpumalanga FET Colleges and SETA Forum, of which its manager is the deputy chairperson.

The chief executive officers of the SETAs involved will be signing the Memorandum of Understanding for this forum in the presence of the minister of higher education and training in the foreseeable future.

#### **Workplace Skills Plan and Annual Training Reports**

The number of small companies participating in the WSP/ATR Project increased from 157 to 340 during the period under review. This increase is attributed to the regional outreach programmes and stakeholder engagement initiatives held during the review period. The regional

office hopes that this increase will encourage medium-sized companies to submit their training plans and reports.

New funding windows, recently introduced, resulted in a number of stakeholders already expressed interest by applying for grant funding. These funding windows will provide the office with the opportunity to increase its footprint in the province.

#### **SPAR Lowveld Distribution Centre Learnership**

The SPAR Lowveld Distribution Centre (DC), situated in the Ehlanzeni District of the Mbombela Municipality, experienced rapid growth that led to the recruitment of 145 inexperienced young people from the local community.

The DC immediately identified a shortage of supervisors/line managers to lead the teams of new employees, and decided to provide managerial training to 20 employees who will then serve as line managers.

Mergo Learning was selected to present its SSETA-accredited Management Learnership Programme (NQF level 3) to sharpen the managerial skills of these learners and prepare them for management positions in the company. The department heads of the DC will serve as mentors to these learners. The project is valued at R330 000.

#### **Key Initiatives and Focus Areas for the Year Ahead**

Mpumalanga is one of the provinces with the highest rate of illiteracy and unemployment. The regional office will be focusing on a number of projects to assist in improving this state of affairs, including AET, NVC, WEEG and the training of unemployed young people as artisans and empowering them with business acumen so that they can soundly manage and sustain their businesses. The regional office aims to achieve this in partnership with different stakeholders, including the FET colleges in the area.

The provincial office also has a responsibility to facilitate learning in the workplace. The main focus will be on the development of employees within the fuel retailing sub-industry, as well as the development of leadership and management within the region.



### North West

#### Provincial Partnerships

The North West regional office initiated a working relationship with other SETAs through the formation of the North West SETA Cluster. Having been tasked with chairing the cluster, the regional office also engaged with local FET colleges, and subsequently signed a MoU with these colleges.

Attempts are well underway to resuscitate the Provincial Skills Development Forum (PSDF) and we are hopeful that it will take shape in the new financial year.

#### Scarce and Critical Skills Workshop

A good working relationship was established with the district offices of the Department of Education in the Kenneth Kaunda (Potchefstroom) and Bojanala (Rustenburg) districts. Thanks to this relationship, the W&RSETA conducted its Scarce and Critical Skills Workshop for life orientation educators in the first quarter of 2011.

#### SMME Expo

The region participated in an SMME Expo in late 2011, attended by about 500 SMMEs from across the province. This provided with a good opportunity to engage with key stakeholders, particularly since the W&RSETA was the only SETA invited to the event.

#### Stakeholder Participation

The regional office established district-based Stakeholder Forums in order to minimise the amount of time that stakeholders spend on the road to attend meetings held at a central point.

#### Workplace Skills Plan and Annual Training Reports

In this, the first year of operation, the North West office achieved an overall performance in WSP/ATR submissions of 83.3%. 226 out of 271 companies submitted their WSP/ATRs.

#### Voucher Project

A total of 264 employees from 73 non-levy paying companies received training through the Voucher Project, while 1 602 employees from 94 levy paying companies also benefited.

#### SMME Development

The region held preliminary discussions with Seda, the Bojanala and Ngaka-Modiri district municipalities and the North West African Chamber of Commerce regarding SMME development. Seda is tasked by the Department of Economic Development to spearhead the development of SMMEs and it is hoped that a joint project with Seda will give the regional office some good provincial mileage.

The regional office is exploring a possible model for spaza shop development with Seda, which will be initiated in the Bojanala district. It also envisages collaboration on the development of co-operatives with the Bojanala and Ngaka-Modiri districts.

### Northern Cape

#### Overview

The Northern Cape regional office opened its doors in January of 2011, thus becoming one of only three SETAs to have a physical presence in the Northern Cape. During the 2011/12 review period, the office has participated in various career exhibition functions throughout province, in collaboration with the Department of Education and the Department of Labour.

#### Workplace Skills Plan and Annual Training Reports

WSP/ATR participation increased by 39%, with a noticeable increase among SMME sector participants due to concerted efforts to closely monitor the appointed Independent Skills Development Facilitators (ISDFs).

#### Voucher Project

The region reached over 125 SMMEs and non-levy paying stakeholders and over 1 000 employees through the voucher project.

#### Inter-SETA Forum

The region played a pivotal role in establishing the inter-SETA Forum in the province and hosted its inaugural meeting.

#### Unemployed Youth Assistance Programme

The UYAP was implemented with a total of 11 participating employers from all over the province. This was the first time that any of these employers had been involved with

a W&RSETA project, and 111 learners were registered. Overall, the UYAP has been a success in the Northern Cape and has improved the socio-economic status of a number of learners. A graduation ceremony is scheduled to take place in May 2012 to celebrate the success of the project.

#### **Pick n Pay Geleshewe UYAP Project**

The owners of the Pick n Pay franchise in Geleshewe, Kimberley, saw the opportunity to empower unemployed young people in their community through the W&RSETA Learnership Project. Almost 60% of the learners will be permanently employed by the company should they continue their hard work, and the company has applied for an additional 40 learners for the next financial year.

#### **Rural Development Project**

In January 2012, the Northern Cape regional office embarked on a Rural Development Project in partnership with Retail Relate. 70 learners were placed with AutoZone, Essential Hardware, Pep Stores and the Foschini Group.

#### **Key Initiatives and Focus Areas for the Year Ahead**

The Northern Cape region is rural by nature and a considerable amount of time and resources need to be allocated to developing and implementing more rural development projects. It is envisaged that partnerships will be established with key rural development role players from the provincial government, with the sole aim of ensuring that the regional office contributes to the Comprehensive Rural Development Programme of the province.

### **Western Cape**

#### **Regional Forum & Western Cape SETA Cluster**

Relationships with local FET colleges, provincial government and CBOs were strengthened during the period under review. The Western Cape regional office boasts a very active Regional Forum, facilitating ever-growing stakeholder participation. Forum members include representatives from small, medium and large companies, service providers (private and FET colleges), as well as provincial government.

The regional office is an active participant in the Western Cape SETA Cluster and the regional manager represents the cluster as chairperson of the Learning Cape Initiative Board, while three staff members are actively involved in the workgroups of the newly launched Western Cape PSDF.

The Western Cape SETA Cluster has grown from strength to strength under the guidance of the Department of Economic Development and the Learning Cape Initiative, and now boasts the participation of 20 SETAs. The cluster has established relationships with various provincial and national government departments and professional bodies, including the Department of Higher Education's FET College Division, the Department of Economic Development and Tourism (DEDaT), the Cape Chamber of Commerce and the Department of Rural Development and Land Reform.

#### **Work Placement Project and Mentor Development Programme**

The collaboration between the DEDaT, FET colleges and the W&RSETA culminated in the very successful Work Placement Project for college graduates. This project led to a further collaboration between the W&RSETA and DEDaT, resulting in 25 mentors being trained in a Mentor Development Programme.

#### **Hanover Park Business Forum**

Members of the Hanover Park Business Forum were successfully trained as part of the Voucher Project for non-levy paying companies. The project not only honed the learners' business skills, but also emphasised that learning can be fun, no matter what age you are.

#### **BASF Artisan Development Programme**

A highlight of 2011 was the BASF Artisan Development Programme for ladies. BASF has built on its 2010 programme, and 20 female artisans will complete their first year of spray-painting training during 2012.

#### **Discretionary Grant Project**

The new Discretionary Grant Project will be implemented during 2012 and will include learning programmes, workplace experience, SMME development, HIV/AIDS training and projects for people living with disabilities.

### **Non-funded Learning Programme**

An ongoing initiative is the managing of non-funded learning programme implementation. The dedication of the regional office is evident in the fact that it annually sponsors the training of between 2 000 and 3 500 learners.

### **Workplace Skills Plan and Annual Training Reports**

The region's WSP/ATR Project stakeholders keep growing year-on-year, and currently exceed 88% of stakeholder companies in the Western Cape. 1 467 small companies (including fuel retailers), 210 medium companies and 90 large companies submitted WSP/ATR reports in 2011.

### **Africa Skills Village New Venture Project (Persons with Disabilities)**



The Employment and Skills Development Agency's Africa Skills Village based in George, was awarded R1.2 million in the DG 09/10 funding window to train 25 learners with various disabilities through the New Venture Creation NQF level 2 programme.

The training programme aimed to provide them with the skills to establish and run small businesses within a co-operative environment, as aligned with the NSDS III Indicator 4.3 in order to become self-sustaining individuals.

All 25 learners obtained their SSETA National Certificates in New Venture Creation (SMME), a NQF level 2 qualification, and are now operating their own micro-enterprises within a co-operative.

This project was managed exceptionally well, achieving a 100% completion rate, and 99% of total budgeted funding was disbursed. The graduation ceremony was well attended with dignitaries included the Mayor, the Honourable Charles Standers and Deputy Mayor, Daniel Maritz.

### **Work Experience and Employment Grant Project for FET College Graduates**

This project brought together the W&RSETA, provincial government (through the Department of Economic Development), six public FET colleges and retail employers.

The project set out to train 300 graduates from the six colleges across the province and offer them placement with retail employers for a period of 13 months in order to gain valuable workplace experience. The Retail Induction Programme was attended by 392 student volunteers. Following interviews, 246 students were selected for placement with 31 employers in the retail sector.

The total budget for this project was R10 936 215, of which the W&RSETA contributed R7 336 215 and DEDaT R3 600 000.

### **PSDF Workgroups**

Special attention was given to career guidance and work placement, rural development, enterprise development and artisan development initiatives in the PSDF workgroups during the period under review.

### **FET College WEEG Programme**

25 mentors were trained as part of the FET WEEG Programme in 2011, and 2012 will see the further rollout of such mentorship training initiatives.

### **Cycle of Life/Mitchells Plain Festival**

The festival provided 200 Cape Flats-based SMMEs with the opportunity to participate in W&RSETA-accredited training, and the opportunity to sell and market their goods to the estimated 30 000 visitors attending the event.



*Community members attending the Mitchells Plain Festival*

## Statement of Responsibility

The annual financial statements for the year ended 31 March 2012, set out on pages 64 of 95, have been approved by the Accounting Authority in terms of section 51(1) (f) of the Public Finance Management Act (PFMA), No. 1 of 1999 as amended on 31 May 2009, and are signed on their behalf by:



**TJ Dikgole**  
*Chief Executive Officer*



**Dr ET Mazwai**  
*Chairperson of the Board*

# Report of the Accounting Authority

The NSDS III 2011 – 2016 commenced on the 1<sup>st</sup> of April 2011 with a very clear message of an integrated approach to skills development from the Minister of Higher Education and Training, Dr Blade Nzimande. The message clearly emphasizes the need for meaningful and effective partnerships between the relevant role players in skills development to ensure that the W&RSETA's efforts produce skills that are highly sought after and are relevant to the demands of the economy.

The NSDS III has also placed emphasis on the revival of artisans and apprenticeships, which have been neglected in recent years, thus denying the country the much needed skills.

Through consultation with its stakeholders, the W&RSETA has identified the skills gaps that should be addressed and these are reflected in the 2011 – 2016 SSP.

The W&RSETA duly complied with the requirements of the DHET and the objectives of the NSDS III for the year under review. It has also engaged with our stakeholders regarding new developments in this area.

The W&RSETA has committed to breaking new ground in terms of service delivery through innovative skills development initiatives. To this end, it has, in response to the Minister's call to assist university graduates, who are unable to complete their studies due to lack of finances, allocated an amount of R185 million towards a bursary scheme for 2 000 graduates who completed degrees in qualifications which address the scarce and critical skills identified in the SSP. Only successful final year students, whose study loans were allocated by NSFAS in the final year of study, are eligible for their loans to be converted to bursaries. In addition, the learners will be afforded the opportunity to gain workplace experience and earn a stipend in the W&R sector during their studies.

The W&RSETA has also allocated bursaries to the value of R104 million to 1 000 first year university students, 600 of whom are currently in their second year of study. The W&RSETA is very excited about this project and is encouraged by the progress the students are making. This is undoubtedly one of its most exciting new initiatives.

Partnerships with FET colleges and HET institutions have also been prioritised on the W&RSETA's agenda, and several initiatives have been identified to ensure success and an effective contribution to skills development in this regard. The W&RSETA has already initiated provincial inter-SETA forums with FETs in three provinces and it intends establishing similar forums nationally.

## The W&RSETA's Performance 2011/12

Although 2011 should be seen as the year of transition into the NSDS III, which guides the W&RSETA's core mandate for the next five years, it is important to note that the W&RSETA has duly complied with the legislative requirements and all the fundamental processes are in place to ensure that the 2012/13 strategic objectives are fully implemented.

The W&RSETA has once again performed well and has met almost all of its targets in the Performance Scorecard with the DHET.

Admittedly, it did not perform as planned during the year under review, which has resulted in the W&RSETA achieving 55% of the targets in its Annual Plan.

This was *inter alia*, as a result of the transition impact of a new Board being appointed by the Minister from 1 April 2011, new National Treasury requirements for tenders above R10 million and the late approval of the 2011/12 Strategic Plan, which impacted negatively on the W&RSETA's performance.

## Levy Income

The challenges faced regarding the receipt of levies in the previous year have been addressed and the W&RSETA received all its levies for the 2011/12 financial year. We appreciate the department's efforts in ensuring that all W&RSETA levies are now being distributed on time.

Total levies received for the year amount to R633 million. This represents a 26% increase year-on-year from the previous year (2011: R502 million). Over and above the 12% increase from the W&R levy paying organisations



(from 11 540 to 12 908), and the general average sector salary increases of 10%, the newly incorporated fuel retailers (1 070) have also contributed approximately 4.3% to this huge increase.

The W&RSETA recorded a 12% growth in the number of small organisations in the sector (excluding the fuel retailers). In sharp contrast, the number of medium and large companies has only grown at 1% and 2% respectively.

### **Mandatory Grants**

During the year under review, an amount of R303 million was spent on mandatory grants. This represents an 18% increase, compared to the previous year. This amount indicates that approximately 77% of levy paying companies claim their mandatory grants. The challenge remains the participation of small companies. The W&RSETA is yet to achieve its objective of ensuring that all levy paying small companies participate in the skills development process and redeem the 70% of their levy contribution through the mandatory and discretionary grants.

Mandatory grants were spent on training 338 240 learners, primarily in the following occupational classes (based on the DHET's Occupational Codes): clerical and administrative, community and personal service workers, elementary workers, machinery operators and drivers, managers, professionals sales workers, technician and traders.

No financial commitments were transferred from merSETA to the W&RSETA following the transfer of fuel retailers to the W&RSETA.

### **Discretionary Grants**

Expenditure of discretionary grants for the year under review is at a high of R354 million, the highest amount, since the W&RSETA's inception. This represents a 118% increase in comparison to the R158 million of the previous financial year.

Total mandatory and discretionary grant expenditure for the year under review is R657 million, a 97% increase compared to the previous year (2011: R413 million).

As a result of this increase, the W&RSETA is therefore, reporting a deficit of R32 million in this financial year. The reason for the deficit was to address the backlog in allocations of the discretionary grants from prior years. The W&RSETA intends to maintain this momentum through efficient project delivery and by allocating the funds to more urgent priorities.

### **Initiatives**

The sector is still experiencing a slow up-take of the Artisans and New Venture Creation programmes, where the cost of training is generally higher than in other learning programmes.

The launch of the sector-specific AET was welcomed by its stakeholders. The W&RSETA will endeavour to increase the enrolment of learners on AET over the NSDS III period.

The W&RSETA also plans to provide funding to at least 3 000 matriculants for each year of study towards a three- or four-year diploma/degree up to 2017. It has already allocated an amount of R269 million for bursaries which are administered externally by CareerWise (R103 million for first and second year students) and NSFAS (R166 million for first years and graduates) at an average administration fee of 6.25%.

The W&RSETA has also made a commitment to fund these learners from first year up to the completion of their three- to four-year course.

Another one of its focus areas would be on initiatives to increase participation in rural areas. The W&RSETA will also place special focus on the development of women, as well as the development of executive managers as a sequel to its acclaimed ILDP.

In an attempt to ensure an integrated approach to skills development, the W&RSETA is in the process of establishing Retail Chairs in the universities, starting with three for the 2012/13 period. The Retail Chairs will assist the W&RSETA to, among others, increase its research capacity in order to improve the SSP and implement the

research agenda approved by the Board. Furthermore, the Retail Chairs will assist in the establishment of a Retail Business School and also with the supervision of six MBA and six PhD students who qualify for the new bursary that will be launched for this category of students.

### Administration Expenses

Administration expenditure was R66.2 million compared to the statutory allocation of R81 million. The W&RSETA was therefore compliant in spending within the legislated 10% allowed for administration costs.

### Cash and Cash Equivalents

Cash and cash equivalents are at R965 million and have decreased by 7% compared to the balance of R1.042 billion at the end of the previous year. The SETA closed the previous year with a high cash balance as mandatory grants of R70 million had not been paid due to a lack of employer details.

### Corporate Governance

As the Accounting Authority, we have carried out our responsibilities to the best of our ability. We have also maintained the legacy of good corporate governance left by previous Boards, which has resulted in the W&RSETA achieving unqualified reports from the Auditor-General for 12 successive years. The Accounting Authority has complied with all relevant legislative prescripts which are attested to in the audit report.

We have noted the Auditor-General's qualified report for the year under review, which has highlighted several internal control weaknesses in relation to the accuracy and completeness of the contracts register.

Management will implement appropriate systems of internal control to address and avoid a recurrence of this finding.

In line with the requirements of the W&RSETA's Constitution and the Companies Act, all Board members were capacitated during the year with the new corporate governance requirements of King III to ensure that they are aware of the new developments it entails.

The Audit Committee met quarterly, and provided adequate oversight as required throughout the year, and kept the Board duly informed of areas that required its attention.

We would also like to take the opportunity to thank our Board members who resigned from the Board due to other commitments.

The W&RSETA is very thankful and grateful for the invaluable contributions made by Ms V Harbhajan, who was the Chairperson of the Board for the period 2009/10, the Chair of the Governance and Strategy Board Committee and a member of the Executive Board Committee.

We would also like to thank Ms N Moodley, who was a member of the Projects Board Committee. Passionate and knowledgeable about skills development issues, Ms Moodley was an asset to the W&RSETA and contributed to the development of many initiatives, including the ILDP and the RMDP.

Our appreciation also goes to Ministerial Appointee, Mrs L Berkowitz-Nchabeleng. While her stay with the SETA was brief, her contribution was noteworthy.

### Board Meetings

The Board met six (6) times during the year for four (4) ordinary and two (2) special meetings. The schedule of meetings is attached as Annexure C in this Annual Report. Most committee meetings were held quarterly as scheduled.

Travel claims are based on SARS rates.

### ***Schedule of Board Fees Paid During the 2011/2012 Financial Year***

Name of Board member		Notes	2011/12 R	2010/11 R
1.	T Mazwai, Ministerial Appointee		86 430	-
2.	I Molefe		105 326	140 851
3.	V Harbhajan	1	80 970	79 780
4.	T Skenjana, Ministerial Appointee		48 880	59 136
5.	T Zulu	3	-	57 201
6.	C Mrasi	3	-	59 459
7.	P Sito		85 540	78 463
8.	A Abrahams, SACTWU		45 825	18 063
9.	M Tau		76 816	55 373
10.	D Strydom	3	-	28 869
11.	M Wilson, Foschini	3	-	51 448
12.	N Moodley, EDCON	1	15 275	43 411
13.	N Kettlele		60 575	40 401
14.	P Pillay, SARC		52 926	6 774
15.	P Madisa		80 910	-
16.	C Strydom		42 770	-
17.	S Moloko		64 155	-
18.	M Lawrence		73 320	-
19.	L Berkowitz-Nchabeleng, Ministerial Appointee	2	12 220	-
20.	M Mentz, Shoprite		15 275	-
<b>Total meeting attendance fees</b>			<b>947 213</b>	<b>719 229</b>
<b>Total travel expenses</b>			<b>855 362</b>	<b>310 713</b>
<b>Total Board expenses</b>			<b>1 802 575</b>	<b>1 029 942</b>

***Notes:***

- Members resigned in February 2012*
- Member resigned in October 2011*
- Members from the previous Board*
- Travel and other expenses include Board refreshments, conferences and training*
- The above fees excluded the Audit Committee fees which are separately disclosed in the Audit Committee report on page 57 to 58*

## Report of the Accounting Authority (continued)

### Remuneration of the Audit Committee – External Members

Name of Committee Member		Notes	2011/12 R	2010/11 R
1	P Mokupo (Chairperson)		25 760	63 500
2	M Malope		18 480	33 000
3	P Phili		18 480	27 500
4	Y Gordhan		50 400	66 000
5	C Strydom	1		
6	P Madisa	1		
<b>Total attendance fees</b>			<b>113 120</b>	<b>190 000</b>
<b>Total travel claims</b>			<b>3 521</b>	<b>4 200</b>
<b>Total paid</b>			<b>116 641</b>	<b>194 200</b>

**Notes:**

1. The fees of the two Audit Committee members, who are also Board members, are reported in the Board schedule above

The Audit Committee met five (5) times during the year under review, two (2) of these were held jointly with the Finance and Remuneration Board Committee and the Board to consider and approve the annual financial statements.

We would like to highlight that the 2011/12 financial year was a transitional year where special meetings were held by the Board to deal with strategic issues necessitated by the new SETA landscape and the launch of NSDS III, hence the higher fees in that year.

### Remuneration of Executive Managers

	2011/12 R	2010/11 R
<b>Chief Executive Officer – TJ Dikgole</b>		
Basic salary	1 588 330	1 464 552
Bonus	130 550	283 362
Medical aid and provident fund	207 590	130 966
Travel allowance	120 000	120 000
<b>Total</b>	<b>2 046 470</b>	<b>1 998 880</b>
<b>Chief Operating Officer – JH Zwarts</b>		
Basic salary	951 324	834 707
Bonus	188 232	170 497
Medical aid and provident fund	102 213	89 878
Travel allowance	120 000	120 000
<b>Total</b>	<b>1 361 769</b>	<b>1 215 082</b>
<b>Chief Financial Officer – DM Matloa</b>		
Basic salary	960 930	853 951
Bonus	175 095	154 977
Medical aid and provident fund	90 706	67 658
Travel allowance	50 400	50 400
<b>Total</b>	<b>1 277 131</b>	<b>1 126 986</b>
<b>Chief Officer Qualifications &amp; Research – A Sipengane</b>		
Basic salary	895 507	808 098
Bonus	154 221	46 492
Medical aid	47 373	40 405
<b>Total</b>	<b>1 097 101</b>	<b>894 995</b>



### Looking Forward

We have alluded to some of the projects in the pipeline for the year ahead, as well as those that will be implemented during the five-year NSDS III period. In addition to these, the W&RSETA will re-introduce the Voucher Project for small companies. We are pleased to report that the project was successfully implemented during the year, and the impact study conducted on the project indicates positive feedback by the small organisations.

Several more innovative initiatives are planned to accelerate the W&RSETA's SMME development efforts aimed at harnessing the potential for growth and job creation. The SMME sector will be informed of these interventions during the course of the next financial year.

Funding university and FET college students who are studying in retail-related fields will also increase the impetus to narrow the skills gap within the W&R sector.

The W&RSETA has developed a Career Guidance Strategy which will guide its interventions on career guidance in schools and tertiary institutions, and which will be implemented in the new financial year. The objective of the strategy is to position W&R as a career choice among young people.

The W&RSETA is currently implementing several rural development initiatives and is committed to increasing its efforts in this area through the discretionary grant funding windows which were published during the second half of the year.

In addition, new initiatives specifically developed for the different regions will be implemented to address the specific needs of the provinces as well as the municipalities.

### Conclusion

As the Board of the W&RSETA, we have held several strategic planning sessions and developed the strategic plan for the next five years. We have also identified the

challenges facing the W&RSETA, as well as the key priorities needed to relegate these challenges. We are working closely with Management to overcome some of the obstacles and challenges that the W&RSETA is confronted with in an attempt to make skills development a reality in the W&R sector.

The induction process that we underwent ensured the clarification of our role as the Accounting Authority and we are cognisant of the legislative framework under which the W&RSETA operates.

We support the minister's vision on education and training and will contribute towards the achievement of this vision through the development and implementation of initiatives that will ensure a capable and skilled workforce.

### Events Subsequent to the Statement of Financial Performance for the Year Ended 31 March 2012

An amount of R52.8 million will be written back from projects that were closed at year end and were awaiting Board approval.

R192 million was paid for the first year students who started their academic year early in 2012, as well as the final year university and FET students who completed their studies in 2011 and had to have their loans converted to bursaries as per the minister's call.



**TJ Dikgole**  
*Chief Executive Officer*



**Dr ET Mazwai**  
*Chairperson of the Board*

# Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2012.

## Audit Committee Members and Attendance

During the year under review, the Audit Committee met five (5) times. Two (2) of these were joint sessions with the Finance Committee for purposes of the approval of the annual financial statements for the financial year ending 31 March 2012.

The Audit Committee consists of the members listed hereunder:

Name of member	Status of the member	Date of appointment	No. of meetings attended
Mr P Mokupo	Independent External Member (Chairperson)	2 July 2008	2
Mr Y Gordhan	Independent External Member	2 July 2008	5
Mrs C Strydom	Board Member	1 April 2011	5
Ms M Malope	Independent External Member	2 July 2008	3
Mr P Phili	Independent External Member	2 July 2008	3
Mr P Madisa	Board Member	1 April 2011	5

## Audit Committee Responsibility

We report that we have adopted appropriate formal terms of reference in our charter, in line with the requirements of Section 77 of the Public Finance Management Act, No. 1 of 1999 (PFMA) and Treasury Regulations 27.1.7 and 27.1.10 (b) and (c). We further report that we:

- Conducted our affairs in compliance with the charter;
- Monitored compliance to the PFMA;
- Reported deficiencies based on the internal and external auditors reports and made appropriate recommendations to the Accounting Authority; and
- Monitored the audit coverage by the internal and external auditors.

## The Effectiveness of Internal Control and Risk Management

In line with the PFMA and the King III Report on Corporate Governance requirements, the outsourced internal audit function provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, identification of corrective actions and suggestions of enhancements to the controls and processes from various reports such as the internal auditor's reports, the audit report on the annual financial statements and management report provided by the Auditor-General of South Africa.

It was noted that some matters were reported that indicated material deficiencies in the system of internal control and deviations. Accordingly we can report that the system of internal control over financial reporting for the period under review was only partially efficient and effective.

## **Evaluation of Financial Statements**

We have:

- Reviewed and discussed the audited annual financial statements as included in the annual report with the Auditor-General of South Africa and the Accounting Authority;
- Reviewed the Auditor-General of South Africa's final management report and management's response thereto;
- Reviewed and discussed the qualified audit report of the Auditor-General; and
- Reviewed the W&RSETA's compliance with legal and regulatory provisions.

## **Internal Audit**

We are satisfied that the outsourced internal audit function is operating effectively and that it has addressed the risks pertinent to the W&RSETA in its audits.

## **Auditor-General of South Africa**

We recommend and concur the adoption of the audited financial statements.



**Mr P Mokupo**

*Chairperson of the Audit Committee*

**Date: 31 July 2012**

# 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 (W&RSETA) set out on pages 64 to 95, which comprise the statement of financial position as at 31 March 2012, the statement of financial performance, the statement of changes in net assets, the cash flow statement for the year then ended and 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, No. 1 of 1999 (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor-General's Responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, No. 25 of 2004 (PAA), the *General Notice* issued in terms thereof and 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 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

##### Commitments

6. I was unable to confirm the completeness, accuracy and occurrence of the balance of contracted grant commitments amounting to R345 601 649 (2011: R143 697 381) as disclosed in note 16 to the financial statements. The W&RSETA's records did not permit the application of alternative audit procedures regarding the balance of contracted grant commitments. Consequently, I could not obtain sufficient appropriate audit evidence I considered necessary to satisfy myself as to the completeness, accuracy and occurrence of the balance of contracted grant commitments.

### Qualified Opinion

7. In my opinion, except for the 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 W&RSETA as at 31 March 2012 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA.

### Emphasis of Matters

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

### Restatement of Corresponding Figures

9. As disclosed in note 19 to the financial statements, the corresponding figures for 31 March 2011 have been restated as a result of errors discovered during the year ended 31 March 2012 in the financial statements of the W&RSETA at and for the year ended 31 March 2011.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

### Predetermined Objectives

11. I performed procedures to obtain evidence about the usefulness and reliability of the information in the W&RSETA's annual performance report as set out on pages 9 to 14 of the annual report.
12. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury's *Framework for Managing Programme Performance Information* (FMPPPI). The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

13. The material findings are as follows:

### Usefulness of Information

#### Measurability

14. The FMPPPI requires indicators or measures to have clear, unambiguous data definitions so that data can be collected consistently and is easy to understand and use. A total of 43% of the indicators relevant to the selected objectives were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to the Accounting Authority being aware of the requirements of the FMPPPI but not fully applying the principles contained in the FMPPPI.

### Additional Matters

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



#### *Achievement of Planned Targets*

16. As disclosed on pages 9 to 14 of the annual performance report, of the planned targets totalling 31, only 14 were achieved during the year under review. This means that 55% of the total planned targets were not achieved during the year under review. Refer to the annual performance report for the reasons of non-achievement.

#### *Material Adjustments to the Annual Performance Report*

17. Material audit adjustments in the annual performance report were identified during the audit due to the fact that the strategic plan did not form the basis for the annual performance report. This resulted in 100% of the reported objectives, 83% of the reported indicators and 86% of the reported targets that were not consistent with the objectives, indicators and targets as per the approved strategic plan. All of these inconsistencies were corrected by management.

#### *Compliance with Laws and Regulations*

18. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

#### *Annual Financial Statements, Performance Report and Annual Report*

19. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 55(1)(a) and (b) of the PFMA. Material misstatements relating to operating lease commitments and exchange and non-exchange payables identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements of discretionary grant commitments resulted in the financial statements receiving a qualified audit opinion.

#### *Procurement and Contract Management*

20. Goods and services with a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulation 16A6.1, as disclosed in note 17 to the financial statements.
21. Quotations were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for quotations, in contravention of Treasury Regulation 16A6.3 (b) and the Preferential Procurement Regulations, as disclosed in note 17 to the financial statements.
22. Quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, contrary to Treasury Regulation 16A8.3.

#### *Expenditure Management*

23. The accounting authority did not take effective steps to prevent irregular expenditure and fruitless and wasteful expenditure, as required by section 51 (1)(b)(ii) of the PFMA.

#### *Internal Control*

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

### Leadership

25. Lack of effective monitoring and evaluation (oversight responsibilities) by management and the accounting authority in the areas of supply chain management, compliance with laws and regulations, the implementation of effective financial policies and procedures and complete and accurate financial and performance information.

### Financial and Performance Management

26. Management did not implement proper record keeping and controls to monitor commitments and compliance with laws and regulations (supply chain management) in a timely manner. Furthermore, management did not prepare regular, accurate and complete financial and performance reports. This resulted in material adjustments identified during the audit.

## OTHER REPORTS

### Investigations

#### Investigations in Progress

27. An investigation is being conducted by the public entity into alleged irregularities by one of the contracted training providers. This is as a result of allegations that the contractor did not achieve the objectives and deliverables of the project as agreed with W&RSETA and that the W&RSETA did not get value for money from the training delivered. The amount involved is R1 680 000.

#### Investigations Completed

28. An investigation was conducted by the public entity's internal auditors on request of the entity. This was as a result of allegations that the objectives and deliverables of the project with the W&RSETA were not achieved and whether learners received payments as per the service level agreement.

The matter is currently under litigation. The full amount of R4 680 000 has been disclosed under note 17 to the financial statements.

Pretoria  
31 July 2012



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Financial Statement

for the year ended 31 March 2012

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Audited

The annual financial statements for the year ended 31 March 2012, set out on pages 64 to 95, have been approved by the Accounting Authority in terms of section 51(1) (f) of the Public Finance Management Act (PFMA), No. 1 of 1999 as amended on 31 May 2009, and are signed on their behalf by:



**TJ Dikgole**  
*Chief Executive Officer*



**Dr ET Mazwai**  
*Chairperson of the Board*

# Statement of Financial Performance

for the year ended 31 March 2012

	Note	2011/12 R'000	2010/11 R'000
<b>Revenue</b>			
Skills development levy: income	2	632 539	502 416
Skills development levy: penalties and interest		6 610	3 806
Other (losses)/income		19	-
Profit/(loss) on disposal of assets	4	(194)	(184)
<b>Total revenue</b>		<b>638 974</b>	<b>506 038</b>
<b>Expenditure</b>			
Employer and discretionary grants expenditure	5	(656 750)	(413 143)
Administration expenses	6	(66 180)	(62 898)
<b>Total expenditure</b>		<b>(722 930)</b>	<b>(476 041)</b>
<b>(Deficit)/Surplus from Operations</b>		<b>(83 956)</b>	<b>29 997</b>
Interest income	3	52 139	54 766
<b>Net (deficit)/surplus for the year</b>	1	<b>(31 817)</b>	<b>84 763</b>

# Statement of Financial Position

as at 31 March 2012

	Note	2011/12 R'000	2010/11 R'000
<b>Assets</b>			
<i>Non-current assets</i>		<b>2 203</b>	<b>2 769</b>
Property, plant and equipment	7.1	1 773	2 769
Intangible assets	7.2	295	-
Assets held for sale	7.3	135	-
<i>Current assets</i>		<b>980 125</b>	<b>1 052 849</b>
Inventory	12	44	30
Accounts receivable from exchange transactions	8	3 059	4 936
Accounts receivable from non-exchange transactions	9	11 036	5 739
Cash and cash equivalents	10	965 986	1 042 144
<i>Total assets</i>		<b>982 328</b>	<b>1 055 618</b>
<b>Liabilities</b>			
<i>Current liabilities</i>		<b>100 305</b>	<b>141 778</b>
Accounts payable from non-exchange transactions	11.1	69 445	132 777
Accounts payable from exchange transactions	11.2	28 155	6 471
Provisions	13	2 705	2 530
<i>Net assets</i>		<b>882 023</b>	<b>913 840</b>
<b>Capital and Reserves</b>		<b>882 023</b>	<b>913 840</b>
Administration reserve		2 203	2 769
Employer grant reserve		1 886	-
Discretionary reserve		877 934	911 071
<i>Total net assets and reserves</i>		<b>982 328</b>	<b>1 055 618</b>



# Statement of Changes in Net Assets

for the year ended 31 March 2012

Note	Administration reserve R'000	Employer grant reserve R'000	Discretionary reserve R'000	Unappropriated surplus R'000	Total R'000
<b>Balance at 1 April 2010</b>	3 002	1 631	824 436	-	829 069
Net surplus per statement of financial performance	-	-	-	84 884	84 884
Allocation of unappropriated surplus	(241)	(1 631)	86 756	(84 884)	-
Prior year error	8	-	(121)	-	(113)
<b>Balance at 31 March 2011</b>	2 769	-	911 071	-	-
Excess reserves transferred to discretionary reserve	-	-	-	-	-
<b>Balance at 31 March 2011 Restated</b>	2 769	-	911 071	-	913 840
Net (deficit)/surplus per statement of financial performance	-	-	-	(31 817)	(31 817)
Allocation of unappropriated surplus	(566)	1 886	(33 137)	31 817	-
<b>Balance at 31 March 2012</b>	2 203	1 886	877 934	-	882 023

Administration reserve consists of the carrying value of property, plant and equipment.

The employer grant reserve is a mandatory grant provision for newly-registered member companies participating after the legislative cut-off date.

The employer grant reserve is a contingent liability which is also disclosed in note 15 below.

# Cash Flow Statement

for the year ended 31 March 2012

	Note	2011/12 R'000	2010/11 R'000
<b>Cash Flow from Operating Activities</b>			
<i>Receipts</i>			
Cash receipts from stakeholders		697 293	568 789
Levies		636 934	511 771
Penalties and interest		6 612	3 806
Interest received from short-term investments		53 747	53 212
<i>Payments</i>		(772 684)	(429 552)
Mandatory grants		(374 229)	(179 173)
Discretionary/project payments		(334 784)	(188 487)
Compensation of employees		(37 085)	(33 739)
Suppliers and other		(26 586)	(28 153)
<i>Net cash (outflow)/inflow from operating activities</i>	14	(75 391)	139 237
<b>Cash Flow from Investing Activities</b>			
Purchase of property, plant and equipment		(767)	(1 266)
<i>Net cash outflow from investing activities</i>		(767)	(1 266)
<i>Net increase in cash and cash equivalents</i>		(76 158)	137 971
<i>Cash and cash equivalents at beginning of year</i>		1 042 144	904 173
<i>Cash and cash equivalents at end of year</i>	10	965 986	1 042 144

## Accounting Policies

for the year ended 31 March 2012

### 1. Basis of Preparation

The financial statements have been prepared on the historical cost basis, except where adjusted for fair values as required by the respective standard.

The annual financial statements have been prepared in accordance with the Statements of General Recognised Accounting Practice (GRAP) and the Public Finance Management Act (PFMA), No. 1 of 1999, as amended, including any interpretations of such statements issued by the Accounting Practices Board. The actual and budget information has been prepared on the accrual basis.

#### 1.1 Judgements Made by Management

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

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

### 2. Currency

These financial statements are presented in South African Rand, since that is the currency in which the majority of the entity's transactions are denominated.

### 3. Revenue Recognition

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

The accounting policy for the recognition and measurement of skills development levy income was amended on the basis of a revised interpretation of the Skills Development Act, No. 97 of 1998, and the Skills Development Levies Act, No. 9 of 2001 (the Levies Act).

The accounting policy now recognises revenue on the receipt of the funds from the DHET in the bank account of the W&RSETA, or upon allocation of the income, whichever comes first.

The accounting policy is consistent with previous year's policies and disclosures.

#### 3.1 Levy Income

In terms of section 3(1) and 3(4) of the Levies Act, as amended, registered member companies of the W&RSETA 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 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 the W&RSETA (net of the 20% contribution to the National Skills Fund (NSF)).

Skills development levy transfers are recognised when it is probable that future benefits will flow to the W&RSETA and these benefits can be measured reliably. This occurs when the DHET either makes a payment or an allocation, whichever comes first, as required by section 8 of the Skills Development Act, No. 9 of 1999.

Revenue is adjusted for inter-SETA transfers due to employers changing SETAs. Such adjustments are separately disclosed as inter-SETA transfers. The amount of the inter-SETA adjustment is calculated according to the most recent Standard Operating Procedure issued by the DHET.

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

### **3.2 Interest and Penalties**

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

### **3.3 Funds Allocated by the National Skills Fund for Special Projects**

Funds transferred by the NSF are accounted for in the financial statements of the SETA as a liability until the related eligible special project expenses are incurred when the liability is extinguished and revenue recognised.

### **3.4 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 income as and when the conditions are met. Unconditional grants received are recognised when the amounts have been received.

### **3.5 Investment Income**

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

### **3.6 Revenue from Exchange**

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

## **4. Grants and Project Expenditure**

### **4.1 Mandatory Grants**

A registered employer may recover a maximum of 50% of its total levy payment as a mandatory grant (excluding interest and penalties) by complying with the criteria in accordance with the Skills Development Act, No. 97 of 1998 and SETA Grant Regulations regarding monies received and related matters (the SETA Grant Regulations).

Grants equivalent to 50% of the total levies contributed by employers to the SETA are payable to the employer during the corresponding financial period, if the employer meets the criteria of the SETA Grant Regulations.

A liability is recognised for mandatory grants, once member companies comply with the specific criteria as set out in the SETA Grant Regulations and any additional criteria as approved by the SETA Board. The liability is measured at the net present value of the expected future cash outflow as determined in accordance with the Act.

This measurement involves an estimate based on the amount payable on the approved work skills plans.

### 4.2 Discretionary Grant and Project Expenditure

#### 4.2.1 Discretionary Grants Expenditure

A SETA may, out of surplus monies 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.

A SETA may allocate discretionary grants to employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period.

#### 4.2.2 Project Expenditure

Project expenditure comprises:

- Costs that relate directly to the specific project;
- Costs that are attributable to 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 contract.

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

#### 4.2.3 Commitments on Discretionary Grants

Commitments on projects are separately disclosed under “approved and contracted for”.

### 4.3 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 at the amount of such grant overpayment, net of bad debts and provision for irrecoverable amounts.

## 5. Irregular and Fruitless and Wasteful Expenditure

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

- The PFMA, as amended; and
- The Skills Development Act, No. 97 of 1998, as amended.

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

All irregular, fruitless and wasteful expenditure is charged against the respective class of expense in the period in which it is incurred.



## 6. Property, Plant and Equipment

Property, plant and equipment is stated at cost less any subsequent accumulated depreciation and adjusted for any impairments. Depreciation is charged so as to write-off the cost of assets over their estimated useful lives, using the straight-line method. Useful lives are reviewed annually as required.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The gain or loss on disposal of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining operating surplus.

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

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

Item	Range
IT equipment	3 – 6 years
Office furniture and equipment	10 years
Office equipment	5 years
Leasehold improvements	Depreciated over the period of the leasehold property

### 6.1 Intangible Assets

Intangible assets are stated at cost less any subsequent accumulated depreciation and adjusted for any impairment. Depreciation is charged so as to write-off the cost of assets over their estimated useful lives, using the straight-line method. Useful lives are reviewed annually as required.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The gain or loss on disposal of intangible assets is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining operating surplus.

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

The following rates are used for the amortisation of intangible assets:

Item	Range
Intangible assets	2 years

### 7. Leasing

Finance leases consistent with the definition set out in the Treasury Regulations refer to a contract that transfers the risks, rewards, rights and obligations incident to ownership to the lessee and is recorded as a purchase of equipment by means of long-term borrowings. 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.

### 8. Provisions

Provisions are recognised when the W&RSETA has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. Long-term provisions are discounted to net present value.

#### 8.1 Provision for Employee Entitlements

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. A provision is made for the estimated liability as a result of services rendered by employees up to reporting date.

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

W&RSETA employees are members of a Defined Contribution Scheme, and thus no provision for post retirement benefits is made.

### 9. Financial Instruments

#### Recognition

Financial assets and financial liabilities are recognised on the W&RSETA's statement of financial position when it becomes a party to the contractual provisions of the instrument.

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

#### Measurement

Financial instruments are initially measured at fair value.

#### Financial Assets

The W&RSETA's principal financial assets are accounts receivable and cash and cash equivalents.

#### Other Receivables from Exchange Transactions

Accounts and other receivables are measured at amortised cost using the effective interest rate method. Impairment losses are recognised in an allowance account where the carrying value exceeds the present value of estimated future cash flows, discounted at the original effective interest rate.

### *Cash and Cash Equivalents*

Cash and cash equivalents are measured at fair value.

### *Financial Liabilities*

The W&RSETA's principal financial liabilities are accounts and other payables. All financial liabilities are measured at amortised cost, comprising original debts less principal payments and amortisations.

Accounts and other payables do not bear interest.

### *Gains and Losses on Subsequent Measurement*

Gains and losses arising from a change in the fair value of financial instruments are included in net surplus or deficit in the period in which it arises.

### *Derecognition*

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

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

### *Fair Value Considerations*

The fair value at which financial instruments are carried at statement of financial position date have been determined using available market values. Where market values are not available, fair values have been calculated by discounting expected future cashflows at prevailing interest rates. The fair values have been estimated using available market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts the W&RSETA could realise in the normal course of business. The carrying amounts of financial assets and liabilities with a maturity of less than one year are based on fair value due to the short-term trading cycle of these items.

### *Offsetting*

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

## **10. Reserves**

Net assets are classified based on the restrictions placed on the distribution of monies received in accordance with the SETA Grant Regulations as follows:

- Administration reserve;
- Employer grant reserve; and
- Discretionary reserve.

## Accounting Policies (continued)

Employer levy payments are set aside in terms of the Act and the SETA Grant Regulations for the purpose of:

	2011/12 %	2010/11 %
Administration costs of the W&RSETA	10	10
Mandatory workplace skills grant	50	50
Discretionary grants and projects	20	20
<b>Received by the W&amp;RSETA</b>	<b>80</b>	<b>80</b>

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to fund the W&RSETA's administration costs.

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 reserve are moved to the discretionary fund reserve. Provision is made for mandatory grants payable to newly registered member companies participating after the legislative cut-off date. This mandatory grant provision is defined as an employer grant reserve.

### 11. Consumables

Consumables are stated as the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis.

### 12. Comparative Figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year, and restated where there is a change in accounting policy or correction of errors.

### 13. Taxation

No provision has been made for taxation as the W&RSETA is exempt from income tax in terms of section 10 of the Income Tax Act, No. 58 of 1962.

# Notes to the Annual Financial Statements

for the year ended 31 March 2012

## 1. Allocation of Net Surplus for the Year to Reserves

For the year ended 31 March 2012

			Administra- tion reserve	Employer grants	Discretionary reserve		
	Restated Total per statement of financial performance 2010/11 R'000	Total per statement of financial performance 2011/12 R'000	Administra- tion reserve R'000	Mandatory skills grant R'000	Discretion- ary grants R'000	Other dis- cretionary income R'000	Total discretion- ary R'000
<b>Total Revenue</b>	<b>560 804</b>	<b>691 113</b>	<b>80 926</b>	<b>396 522</b>	<b>154 916</b>	<b>58 749</b>	<b>213 665</b>
<i>Skills development levy: income</i>							
Admin levy income (10%)	63 147	81 101	81 101	-	-	-	-
Grant levy income (70%)	439 269	551 438	-	396 522	154 916	-	154 916
<i>Skills development levy: penalties and interest</i>	3 806	6 610	-	-	-	6 610	6 610
Investment income	54 766	52 139	-	-	-	52 139	52 139
Impairment loss	(184)	(175)	(175)	-	-	-	-
<b>Total Expenses</b>	<b>476 041</b>	<b>722 930</b>	<b>66 180</b>	<b>302 783</b>	<b>353 967</b>	<b>-</b>	<b>353 967</b>
Administration expenses	62 898	66 180	66 180	-	-	-	-
Employer grants and project expenses	413 143	656 750	-	302 783	353 967	-	353 967
<i>Net surplus/(deficit) allocated to discretionary reserve</i>	<b>84 763</b>	<b>(31 817)</b>	<b>14 746</b>	<b>93 739</b>	<b>(199 051)</b>	<b>58 749</b>	<b>(140 302)</b>

## Notes to the Annual Financial Statements (continued)

For the year ended 31 March 2011

			Administra- tion reserve	Employer grants	Discretionary reserve		
	Total per statement of financial performance 2009/10 R'000	Restated Total per statement of financial performance 2010/11 R'000	Administra- tion reserve R'000	Mandatory skills grant R'000	Discretion- ary grants R'000	Other dis- cretionary income R'000	Total discretion- ary R'000
<b>Total Revenue</b>	<b>531 288</b>	<b>560 804</b>	<b>62 963</b>	<b>312 686</b>	<b>126 583</b>	<b>58 572</b>	<b>185 155</b>
<i>Skills development levy: income</i>							
Admin levy income (10%)	57 873	63 147	63 147	-	-	-	-
Grant levy income (70%)	408 642	439 269	-	312 686	126 583	-	126 583
<i>Skills development levy: penalties and interest from non-exchange</i>							
	4 132	3 806	-	-	-	3 806	3 806
Investment income	60 854	54 766	-	-	-	54 766	54 766
Impairment loss	(213)	(184)	(184)	-	-	-	-
<b>Total Expenses</b>	<b>433 782</b>	<b>476 041</b>	<b>62 898</b>	<b>254 716</b>	<b>-</b>	<b>-</b>	<b>-</b>
Administration expenses	52 308	62 898	62 898	-	-	-	-
Employer grants and project expenses	381 474	413 143	-	254 716	158 427	-	158 427
<i>Net surplus/(deficit) allocated to discretionary reserve</i>	<b>97 506</b>	<b>84 763</b>	<b>65</b>	<b>57 970</b>	<b>126 583</b>	<b>58 572</b>	<b>185 155</b>



	Notes	2011/12 R'000	2010/11 R'000
<b>2. Skills Development Levy Income</b>			
The total levy income per the statement of financial performance is as follows:			
<i>Levy income: administration</i>		<b>81 101</b>	<b>63 147</b>
Levies received		81 101	63 147
Levies received from SARS		80 945	63 036
Inter-SETA transfers in		156	170
Inter-SETA transfers out		-	(59)
<i>Levy income: employer grants</i>		<b>396 522</b>	<b>312 686</b>
Levies received		396 522	312 686
Levies received from SARS		396 097	312 702
Inter-SETA transfers in		1 377	889
Inter-SETA transfers out		(952)	(905)
<i>Levy income: discretionary grants</i>		<b>154 916</b>	<b>126 583</b>
Levies received		154 916	126 583
Levies received from SARS		154 605	126 557
Inter-SETA transfers in		541	75
Inter-SETA transfers out		(230)	(49)
		<b>632 539</b>	<b>502 416</b>
<b>3. Interest Income</b>			
Interest income		<b>52 139</b>	<b>54 766</b>
Accrued		2 379	3 987
Received		49 760	50 779
		<b>52 139</b>	<b>54 766</b>
<b>4. Other (Losses)/Income</b>			
Profit/(loss) on disposal of assets		(194)	(184)
		<b>(194)</b>	<b>(184)</b>
<b>5. Employer Grant and Project Expenses</b>			
Mandatory grant expenditure		302 783	254 716
Discretionary grant expenditure	16.1	353 967	158 427
		<b>656 750</b>	<b>413 143</b>

## Notes to the Annual Financial Statements (continued)

	Notes	2011/12 R'000	2010/11 R'000
<b>6. Administration Expenses</b>			
Depreciation and amortisation		1 135	1 324
Operating lease rentals		8 342	5 738
Buildings		8 342	5 738
Plant, machinery and equipment		-	-
Maintenance, repairs and running costs		165	114
Property and buildings		165	114
Advertising, marketing and promotions, communication		2 072	1 601
Consultancy and service provider fees		5 850	5 736
Legal fees		216	119
Cost of employment	6.1	36 572	33 704
Travel and subsistence		1 797	2 716
Staff training and development		369	213
Remuneration to members of the Accounting Authority		1 916	1 298
External auditor's remuneration		1 894	1 414
Audit fees		1 894	1 414
Bad debts written off		3	-
Allowance for doubtful debts	6.2	1 192	1 813
Other		4 657	7 108
Other expenses		1 725	5 206
Telephone and data lines		1 300	929
Insurance premiums		1 228	405
Postage and couriers		244	363
Cleaning contract and services		160	156
Workshops		-	49
		<b>66 180</b>	<b>62 898</b>

	2011/12 R'000	2010/11 R'000
<b>6.1 Cost of employment</b>		
Salaries and wages	33 267	30 650
Basic salaries	27 917	25 561
Performance bonus	4 792	4 864
Leave	558	225
Social contributions	3 305	3 054
Medical aid contributions	1 007	913
Provident fund contributions	1 149	1 060
UIF	124	112
Insurance	592	543
SDL	433	426
	<b>36 572</b>	<b>33 704</b>
Average number of employees	117	119

The report on emoluments of the members of the Accounting Authority and Executive Management is contained in the Accounting Authority's report.

**6.2 The allowance for doubtful debts decreased significantly due to the decrease in number of employers that owed the W&RSETA, who were deregistered or stopped trading during the year.**

## 7. Property, Plant and Equipment

### 7.1 At cost

	Cost R'000	Accumulated depreciation/ impairment R'000	Closing carrying amount R'000
<b>Year ended 31 March 2012</b>			
Leasehold improvements	278	(103)	175
Computer equipment	2 587	(2 273)	314
Office furniture and fittings	2 238	(1 345)	893
Office equipment	889	(498)	391
<b>Balance at end of period</b>	<b>5 992</b>	<b>(4 219)</b>	<b>1 773</b>
Made up as follows:			
– Owned assets	5 992	(4 219)	1 773

## Notes to the Annual Financial Statements (continued)

	Cost R'000	Accumulated depreciation/ impairment R'000	Closing carrying amount R'000
<b>Year ended 31 March 2011</b>			
Leasehold improvements	1 494	(1 307)	187
Computer equipment	3 480	(2 563)	917
Office furniture and fittings	2 968	(1 778)	1 190
Office equipment	863	(388)	475
<b>Balance at end of period</b>	<b>8 805</b>	<b>(6 036)</b>	<b>2 769</b>
Made up as follows:			
– Owned assets	8 805	(6 036)	2 769

Property, plant and equipment of R1 773 000 (2011: R2 769 000 restated) at 31 March 2012 is stated at cost less accumulated depreciation and impairment losses. Estimates are used in the determination of the useful lives, residual values and the expected pattern of consumption of the future economic benefits embodied in the assets.

<b>Movement summary 2012</b>	Carrying amount 2011 R'000	Additions R'000	Transfer to assets held for sale of cost R'000	Disposals at cost R'000	Deprecia- tion charge R'000	Accumu- lated depre- ciation on disposals R'000	Depre- ciation on transfers on assets held for sale R'000	Carrying amount 2012 R'000
Leasehold improvements	187	189	-	(1 404)	(89)	1 292	-	175
Computer equipment	917	71	(160)	(645)	(617)	588	160	314
Office furniture and fittings	1 190	100	(830)	-	(293)	28	698	893
Office equipment	475	113	(19)	(49)	(173)	28	16	391
<b>Balance at end of period</b>	<b>2 769</b>	<b>473</b>	<b>(1 009)</b>	<b>(2 098)</b>	<b>(1 172)</b>	<b>1 936</b>	<b>874</b>	<b>1 773</b>

<b>Movement summary 2011</b>	Carrying amount 2010 R'000	Additions R'000	Prior year adjustment R'000	Disposals at cost R'000	Deprecia- tion charge R'000	Accumu- lated depre- ciation on disposals R'000	<b>Restated</b> Accumu- lated depre- ciation on prior year adjustment R'000	<b>Restated</b> Carrying amount 2011 R'000
Leasehold improvements	41	244	-	-	(98)	-	-	187
Computer equipment	1 277	376	133	(581)	(693)	416	(11)	917
Office furniture and fittings	1 172	321	-	(45)	(288)	30	-	1 190
Office equipment	463	172	-	(46)	(156)	42	-	475
<b>Balance at end of period</b>	<b>2 953</b>	<b>1 113</b>	<b>113</b>	<b>(672)</b>	<b>(1 235)</b>	<b>488</b>	<b>(11)</b>	<b>2 769</b>

## 7.2 Intangible assets

	Cost R'000	Accumulated amortisation/ impairment R'000	Closing carrying amount R'000
<b>Year ended 31 March 2012</b>			
Intangible assets	<b>833</b>	<b>(538)</b>	<b>295</b>

<b>Year ended 31 March 2011</b>			
Intangible assets	<b>546</b>	<b>(546)</b>	<b>-</b>

	Carrying amount 2011 R'000	Additions R'000	Prior year adjustment at cost R'000	Disposals R'000	Amortisa- tion charge R'000	Impairment losses (rec- ognised)/ reversed R'000	Carrying amount 2012 R'000
<b>Movement summary 2012</b>							
Year ended 31 March 2012							
Intangible assets	-	<b>287</b>	-	-	<b>8</b>	-	<b>295</b>

	Carrying amount 2010 R'000	Additions R'000	Prior year adjustment at cost R'000	Disposals R'000	Amortisa- tion charge R'000	Deprecia- tion/amor- tisation charge R'000	Carrying amount 2011 R'000
<b>Movement summary 2011</b>							
Year ended 31 March 2011							
Intangible assets	<b>49</b>	<b>154</b>	<b>(133)</b>	-	<b>(89)</b>	<b>19</b>	<b>-</b>

## 7.3 Assets held for sale

### Year ended 31 March 2011

	Cost R'000	Accumulated depreciation R'000	Impairment R'000	Closing carrying amount R'000
Computer equipment	160	(160)	-	-
Office equipment	19	(16)	-	3
Furniture and fittings	830	(698)	-	132
<b>Balance at end of period</b>	<b>1 009</b>	<b>(874)</b>	<b>-</b>	<b>135</b>

There were no assets held for sale in the financial year ended 31 March 2010/11.

## Notes to the Annual Financial Statements (continued)

	Note	2011/12 R'000	2010/11 R'000
<b>8. Accounts Receivable from Exchange Transactions</b>			
Deposits		382	443
Interest receivable		2 379	3 987
Staff debtors		66	85
Other debtors		232	421
		<b>3 059</b>	<b>4 936</b>
<b>9. Accounts Receivable from Non-exchange Transactions</b>			
Inter-SETA debtors		4 035	2 857
Employer receivable		7 989	5 063
Allowance for doubtful debts		(988)	(2 181)
		<b>11 036</b>	<b>5 739</b>
<b>10. Cash and Cash Equivalents</b>			
Cash at bank and in hand		63 455	111 977
Cash at bank		63 432	111 956
Cash in hand		23	21
Short-term investments/instruments		902 531	930 167
<b>Cash and cash equivalents at end of year</b>		<b>965 986</b>	<b>1 042 144</b>

As required by Treasury Regulation 31.2, the National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short-term bank deposits was 5.20% (2010: 6.50%).

The Skills Development Act Regulations state that a SETA may, if not otherwise specified by the PFMA, invest the moneys in accordance with the investment policy approved by the relevant SETA.

Treasury Regulation 31.3 requires that, unless exempted by the National Treasury, the SETA, as a public entity listed as a Schedule 3A public entity, must invest surplus funds with the Corporation for Public Deposits.

An amount of R694 050 was deposited with Absa Bank as a guarantee for the lease of the head office premises.

As the W&RSETA was exempted by the National Treasury from the requirement 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.

In terms of the PFMA, all surplus funds as at year end may be forfeited to the National Treasury should an application for retention of surplus funds be denied. On 31 May 2012, an application was submitted to the DHET for the retention of surplus funds.



	Note	2011/12 R'000	Restated 2010/11 R'000
<b>11. Accounts Payable</b>			
<b>11.1 From non-exchange transactions</b>			
Skills development grants payable – mandatory		26 062	95 462
Levy creditors		6 169	7 791
Inter-SETA payables		208	967
Amounts payable to small companies and SARS	11.3	33 945	27 612
Employer payable		3 061	945
		<b>69 445</b>	<b>132 777</b>
<b>11.2 From exchange transactions</b>			
Sundry payables		28 155	6 471
Trade creditors		72	1 801
Other – accrued expenses		28 083	4 670
		<b>28 155</b>	<b>6 471</b>
<b>11.3 Amounts owed to SARS</b>			
<i>11.3.1 Amounts payable to small companies</i>			
Opening carrying amount		27 612	17 040
Change in estimate		3 462	10 572
Prior period error		-	-
<b>Closing carrying amount</b>		<b>31 074</b>	<b>27 612</b>
<i>11.3.2 Amount payable to SARS</i>			
		2 871	-
		<b>33 945</b>	<b>27 612</b>
The amount of R2.871 million was deposited in the W&RSETA's account by SARS in error.			
	Note	2011/12 R'000	2010/11 R'000
<b>12. Inventory</b>			
Consumables		44	30
		<b>44</b>	<b>30</b>
<b>13. Employee Bonus Provision</b>			
Open carrying amount		2 530	2 225
Amounts utilised		(4 932)	(4 470)
Change in estimate		5 108	4 775
<b>Closing carrying amount – current</b>		<b>2 705</b>	<b>2 530</b>

The bonus provision is calculated using the cost of employment and is based on individual performance.

## Notes to the Annual Financial Statements (continued)

Note	2011/12 R'000	2010/11 R'000
<b>14. Reconciliation of Net Cash Flow from Operating Activities to Net Surplus/(Deficit)</b>		
Net (deficit)/surplus as per statement of financial performance	(31 817)	84 763
<i>Adjusted for non-cash movements:</i>		
Depreciation and amortisation	1 135	1 324
(Profit)/loss on disposal of property, plant and equipment	194	184
Bad debts written off	3	-
Increase/(decrease) in provision for doubtful debts	(1 193)	1 813
Bonus provision	176	305
(Increase)/decrease on inventories	(14)	(10)
Increase/(decrease) on payables from non-exchange transaction	(63 332)	84 140
Increase/(decrease) on payables from exchange transaction	21 684	(27 129)
(Increase)/decrease on receivables from non-exchange transactions	(4 104)	(4 247)
(Increase)/decrease on receivables from exchange transaction	1 877	(1 906)
<b>Cash generated from/(utilised in) operations</b>	<b>(75 391)</b>	<b>139 237</b>

## 15. Contingent Liabilities

There is an employer grant reserve of R1.886 million in the current year (2010/11: R nil) which is a mandatory grant provision for newly registered member companies participating after the legislative cut-off.

## 16. Discretionary Grants Expenditure and Commitments

### 16.1 Commitments contracted for on approved projects

	Contracted 2010/11 R'000	Contracted 2010/11 restated R'000	Contracted 2011/12 R'000
Contractual commitments	725 220	143 697	345 602

Contractual commitments arise from contracts entered into with suppliers for delivery of education, training and skills development projects. Prior year figures were restated.

### 16.2 Non-contracted for amounts on approved projects

	Non-contracted 2010/11 R'000	Non-contracted 2010/11 restated R'000	Non-contracted 2011/12 R'000
Non-contracted amounts	-	581 523	457 470

These amounts arise from the total approved amount less the contracted for amounts noted in note 16.3 below.

## Notes to the Annual Financial Statements (continued)

### 16.3 Discretionary grants expenditure and movements on approved projects

	Note	Opening balance 2010/11 R'000	Approved by Accounting Authority 2010/11 R'000
JIP		6 043	-
QMS		451	-
Learning Programmes 2008/09 (LP0809) (2)		36 744	-
Thabo Mbeki Development Programme Phase 2		2 750	-
New Venture Creation 2009/10		4 051	-
Scarce and Critical Skills Guide Project Update 2009/10		2 196	-
SMME Voucher Training System		48 372	-
Triple L Academy ABET		11 437	-
AAT Project		3 410	-
Non-sponsored Learnership		88	-
Shoprite Retail Skills Project 2009		10 262	-
eDeaf Skills Programme Project 2		2 348	-
Free State DPW New Venture Creation		4 037	-
W&RSETA Training Layoff Scheme		99 547	-
CTFL Training Layoff Scheme		20 000	-
W&RSETA and CTFL		3 000	500
Learning Programme 2010/11		100 591	-
WSP/ATR 2011/12 Project		-	11 748
P&L Hardware		-	990
SSP 2011/16		-	3 014
SSP Update 2010/11		-	524
SSP 2010/15		-	2 841
Development of W&R qualification		-	5 663
Scarce and Critical UP update		-	4 009
W&R Scarce Skills Sponsorship Programme		-	50 200
Project management account		-	929
Unemployment Youth Assistance Programme		-	253 152
EDCON Funding Window Learning Programme		-	17 900
5-year WSP impact study		-	729
Research into casualisation		-	500
Research into skills committees		-	500
Job Opportunity Index Project		-	258
Makro ABET		-	210
Training provider capacity building		-	7 147
RPL pilot		-	2 780
National African Federation Chamber of Commerce SMME		-	422
Project management system		-	950
RMDP		-	5 617
SMME development approach		-	226
ILDLP 3		-	13 900
Siyaphambili Project		-	3 880
SADDT Disability Project		-	37 300
Rural Development Strategy		-	226
Makro Cadetship		-	2 600
BASF – Spray Painter Project		-	1 500
Metcash Management Development Programme (Unsolicited)		-	11 500

Adjustment	Utilised	Opening balance 2011/12	Approved by Accounting Authority	Writebacks/other adjustments 2011/12	Utilised	Closing balance 2011/12
R'000	R'000	R'000	R'000	R'000	R'000	R'000
(5 451)	592	-	-	6	6	-
-	2	449	-	(449)	-	-
(37 822)	(1 078)	-	-	116	116	-
-	1 460	1 290	-	(1 016)	274	-
-	448	3 603	-	(1 849)	1 754	-
-	514	1 682	-	(1 682)	-	-
-	10 561	37 812	-	(14 000)	22 084	1 725
-	5 991	5 446	-	(1 171)	4 275	-
(1 153)	898	1 359	-	337	1 346	350
625	219	494	-	-	415	79
(5 744)	4 518	-	-	158	158	-
-	1 756	592	-	(592)	-	-
-	808	3 229	-	(3 215)	14	-
(90 000)	1	9 546	-	(6 000)	2 245	1 301
-	2 454	17 546	-	(12 000)	1 181	4 365
-	2 021	1 479	-	(476)	1 003	-
-	39 879	60 712	-	(4 000)	46 943	9 769
-	174	11 574	-	(4 295)	7 279	-
-	550	440	-	108	548	-
-	1 569	1 445	-	(832)	613	-
-	-	524	-	(524)	-	-
-	1	2 840	-	(2 840)	-	-
-	776	4 887	-	-	1 814	3 073
-	483	3 526	-	(3 320)	206	-
-	393	49 807	-	(35 300)	4 047	10 460
-	398	531	-	-	116	415
-	1 346	251 806	-	(36 300)	124 521	90 985
-	5 294	12 606	-	(8 269)	4 337	-
-	515	214	-	(214)	-	-
-	434	66	-	(66)	-	-
-	239	261	-	(224)	37	-
-	-	258	-	177	214	221
-	-	210	-	(210)	-	-
-	38	7 109	-	-	-	7 109
-	28	2 752	-	-	300	2 452
-	138	284	-	(284)	-	-
-	621	329	-	45	374	-
-	71	5 546	-	-	2 525	3 021
-	105	121	-	(121)	-	-
-	1	13 899	-	(3 387)	10 512	-
-	3	3 877	-	(3 874)	3	-
-	8 189	29 111	-	-	8 697	20 414
-	105	121	-	(121)	-	-
-	-	2 600	-	(52)	2 429	119
-	-	1 500	-	235	300	1 435
-	-	11 500	-	(11 500)	-	-

## Notes to the Annual Financial Statements (continued)

### 16.3 Discretionary grants expenditure and movements on approved projects (continued)

	Note	Opening balance 2010/11 R'000	Approved by Accounting Authority 2010/11 R'000
Development of the W&R BEE SMME – Ethekwini		-	7 790
Eastern Cape – BEE co-operative development		-	1 716
Development of BEE training providers		-	7 147
Development of fresh produce sales personnel		-	374
Consumer Protection Act Workshop Project		-	3 303
Career Wise		-	77 000
SSP 2011		-	760
Learner Recruitment and Selection Project		-	605
Just On Cosmetics NVC		-	1 850
Investors in People impact assessment		-	300
Impact research budget		-	10 214
Human Science Research Council FET Audit Project		-	1 080
Regional projects		11 762	-
Retail Relate		-	-
Cycle of Life		-	-
Bursary Project DHET		-	-
Discretionary grant GPN		-	-
Discretionary grant GPS		-	-
WSP/ATR 2012		-	-
NSFAS		-	-
RMDP Phase 2		-	-
Discretionary grant 2011/12 funding windows		-	-
Non-sponsored learning programmes		-	-
Sector Skills Plan 2012/13		-	-
Monitoring and evaluation		-	-
Job Opportunity Index (2)		-	-
Impact assessment of W&RSETA regional offices		-	-
The nature of existing and emerging co-operatives		-	-
Skills audit and critical review of the sub-sector skills analysis		-	-
The demand of skills in the sector versus supply of skills from FET colleges		-	-
The economic impact of the South African retail industry		-	-
e-Learning for the skills training sector		-	-
Assessment centres for W&RSETA-QCTO qualifications		-	-
Understanding the 2020 operating environment		-	-
ILDP 2013		-	-
<b>Western Cape regional projects</b>		<b>22 953</b>	<b>7 260</b>
WEEG for FET		-	-
Truworths: Learning Programme		-	-
New Clicks: Learning Programme		-	-
Pep: Learning Programme		-	-
Mason		-	-
Woolworths: Learning Programme		-	-
Africa Skills Village: Disabled		-	-
Trend Sales: Learning Programme		-	-
The Merchandising Tool: Learning Programme		-	-
Directifin		-	-



Adjustment	Utilised	Opening balance 2011/12	Approved by Accounting Authority	Writebacks/other adjustments 2011/12	Utilised	Closing balance 2011/12
R'000	R'000	R'000	R'000	R'000	R'000	R'000
-	-	7 790	-	-	34	7 756
-	-	1 716	-	-	22	1 694
-	-	7 147	-	(7 147)	-	-
-	-	374	-	(374)	-	-
-	-	3 303	-	(3 302)	1	-
-	-	77 000	26 000	-	73 135	29 865
-	-	760	-	-	440	320
-	-	605	-	-	315	290
-	-	1 850	-	-	1 533	317
-	-	300	-	(300)	-	-
-	-	10 214	-	(7 700)	270	2 244
-	-	1 080	-	(61)	1 019	-
(11 762)	-	-	-	-	-	-
-	-	-	18 223	3 300	6 851	14 672
-	-	-	1 732	-	1 704	28
-	-	-	185 000	-	-	185 000
-	-	-	672	-	672	-
-	-	-	341	-	341	-
-	-	-	12 202	-	115	12 087
-	-	-	115 000	-	-	115 000
-	-	-	10 417	-	-	10 417
-	-	-	234 000	-	1 454	232 546
-	-	-	2 362	-	258	2 104
-	-	-	500	-	-	500
-	-	-	400	-	-	400
-	-	-	450	-	-	450
-	-	-	1 000	-	-	1 000
-	-	-	1 000	-	-	1 000
-	-	-	1 000	-	-	1 000
-	-	-	1 000	-	-	1 000
-	-	-	500	-	-	500
-	-	-	500	-	-	500
-	-	-	800	-	-	800
-	-	-	800	-	-	800
-	-	-	13 800	-	34	13 766
(2 949)	13 923	13 341	-	(8 403)	4 734	203
-	-	5 202	-	(1 000)	3 999	203
-	-	1 862	-	(1 834)	28	-
-	-	97	-	(97)	-	-
-	-	1 905	-	(1 598)	307	-
-	-	3 439	-	(3 439)	-	-
-	-	236	-	(234)	2	-
-	-	600	-	(22)	577	-
-	-	-	-	1	1	-
-	-	-	-	1	1	-
-	-	-	-	(181)	(181)	-

## Notes to the Annual Financial Statements (continued)

### 16.3 Discretionary grants expenditure and movements on approved projects (continued)

	Note	Opening balance 2010/11 R'000	Approved by Accounting Authority 2010/11 R'000
<b>Mpumalanga regional projects</b>		<b>9 324</b>	<b>-</b>
Spar Lowveld Distribution Centre		-	-
Edutel Learning Programme funding window (DG 09/10)		-	-
<b>Gauteng South regional projects</b>		<b>28 008</b>	<b>-</b>
Makro e-Deaf		-	-
SMME Expo 2011		-	-
Smollan Learning Programme window (DG 09/10)		-	-
Edutel Learning Programme window (DG 09/10)		-	-
Ellerines: WEEG window (DG 09/10)		-	-
Cecil Nurse: WEEG window (DG 09/10)		-	-
Devland Cash and Carry		-	-
Gauteng Sales and Merchandising Learning Programme window (DG 09/10)		-	-
Cashbuild Learning Programme window (DG 09/10)		-	-
Grassroots		-	-
<b>Gauteng North regional projects</b>		<b>298</b>	<b>561</b>
MSC College Non-funded Learning Programme		-	-
BAC Non-funded Learning Programme		-	-
Ed Agency BEE		-	-
Phonix Non-funded Learning Programme (Gauteng)		-	-
GP Retail Non-funded Learning Programme		-	-
Ed Agency Non-funded Learning Programme		-	-
BSSA Non-funded Learning Programme window (DG 09/10)		-	-
DG 09/10 WEEG funding window		-	-
<b>Northern Cape, Free State and North West regional projects</b>		<b>3 471</b>	<b>-</b>
Bibi Cash & Carry Learning Programme		-	-
<b>Eastern Cape regional projects</b>		<b>2 027</b>	<b>-</b>
Siyaya Hygiene and Cleaning Skills		-	-
Apex Learning Programme		-	-
<b>KwaZulu-Natal regional projects</b>		<b>23 117</b>	<b>13 195</b>
Perfect Match – New Venture Creation		-	-
DG 09/10 BEE & BEE Co-operatives		-	-
DG 09/10 Learning Programmes		-	-
DG 09/10 SADDT2		-	-
SADDT – disabled learners		-	-
<b>Total</b>	<b>5</b>	<b>580 903</b>	<b>582 658</b>

A total amount of R205 million (R288 million: 2010/11) was written back during the financial year.

Of the reserve balance of R877 934 000 available in the Discretionary reserve at the end of March 2012, R803 072 000 has been allocated.

Adjustment	Utilised	Opening balance 2011/12	Approved by Accounting Authority	Writebacks/other adjustments 2011/12	Utilised	Closing balance 2011/12
R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>(5 977)</b>	<b>1 176</b>	<b>2 171</b>	<b>330</b>	<b>(2 171)</b>	<b>89</b>	<b>241</b>
-	-	-	330	-	89	241
-	-	2 171	-	(2 171)	-	-
<b>(2 510)</b>	<b>18 065</b>	<b>7 433</b>	<b>6 886</b>	<b>(4 369)</b>	<b>8 354</b>	<b>1 596</b>
-	-	(44)	257	414	627	-
-	-	-	6 629	-	5 033	<b>1 596</b>
-	-	2 632	-	(2 518)	114	-
-	-	-	-	31	31	-
-	-	-	-	21	21	-
-	-	-	-	10	10	-
-	-	-	-	10	10	-
-	-	260	-	(241)	19	-
-	-	322	-	(259)	63	-
-	-	4 263	-	(1 837)	2 426	-
<b>(299)</b>	<b>(258)</b>	<b>818</b>	-	<b>(814)</b>	<b>4</b>	-
-	-	66	-	(66)	-	-
-	-	(108)	-	108	-	-
-	-	(134)	-	134	-	-
-	-	5	-	(5)	-	-
-	-	7	-	(7)	-	-
-	-	314	-	(314)	-	-
-	-	108	-	(108)	-	-
-	-	560	-	(556)	4	-
<b>(381)</b>	<b>2 328</b>	<b>762</b>	-	<b>(438)</b>	<b>325</b>	-
-	-	762	-	(437)	325	-
<b>(117)</b>	<b>1 924</b>	<b>(14)</b>	-	<b>130</b>	<b>116</b>	-
-	-	(29)	-	145	116	-
-	-	15	-	(15)	-	-
<b>(1 409)</b>	<b>11 317</b>	<b>23 586</b>	<b>1 486</b>	<b>(15 927)</b>	<b>1 461</b>	<b>7 684</b>
-	-	772	-	(676)	96	-
-	-	10 629	-	(10 629)	-	-
-	-	4 792	-	(4 622)	170	-
-	-	7 393	-	-	485	<b>6 908</b>
-	-	-	1 486	-	710	<b>776</b>
<b>(287 922)</b>	<b>150 420</b>	<b>725 220</b>	<b>636 401</b>	<b>(204 577)</b>	<b>353 967</b>	<b>803 072</b>

## Notes to the Annual Financial Statements (continued)

### 16.4 Operating Leases

Total of future minimum lease payments under non-cancellable leases:

	2011/12 R'000	2010/11 R'000
Not later than one year	9 694	3 188
Later than one year and not later than five years	25 668	8 101
	<b>35 362</b>	<b>11 289</b>

The operating leases relate to office accommodation for the Head Office and regional offices. All lease agreements for office accommodation will expire in 2014, except for the Head Office which expires in 2016. Provision was made for an option to renew all the leases on expiry, except for the lease which expires in 2016. The rentals escalate annually by an average of 9% on the anniversary dates.

## 17. Material Losses Through Criminal Conduct, Irregular, Fruitless and Wasteful Expenditure

### 17.1 Irregular Expenditure

	2011/12 R'000	2010/11 R'000
<b>Opening balance</b>		
Add: Irregular expenditure current year	5 605	-
Less: Amounts condoned	-	-
Less: Amounts recoverable (not condoned)	-	-
Less: Amounts not recoverable (not condoned)	5 605	-
Irregular expenditure awaiting condonation	<b>5 605</b>	-
 Analysis of expenditure awaiting condonation per age classification		
Current year	5 605	-
Prior years	-	-
<b>Total</b>	<b>5 605</b>	-
<b>Details of Irregular Expenditure-Current Year</b>		
<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>	
Omission of preference point system	none	1 790
No Tax clearance certificates	none	483
Irregular photocopy lease	none	38
Property leases	none	3 294
	<b>5 605</b>	-

The W&RSETA entered into rental agreements for property leases based on a quote system instead of using the competitive bidding process. The reason for not following the competitive bidding process was due to time constraints as a result of the re-establishment of the W&RSETA which was only announced in November 2010. As most of the property leases had already expired and were renewed on a month-to-month basis, there was not sufficient time to follow the competitive bidding process.

### 17.2 Fruitless expenditure

Fruitless expenditure of R18 000 was incurred on rental for a photocopier that was not utilised.

### 17.3 Matters under investigation

An audit revealed that two suppliers contracted to deliver skills training did not match the contractual obligations as set out in the contract. An amount of R4.380 million which was paid to the first supplier and the transaction is under litigation. The second supplier also contracted to deliver skills training and was paid R1.680 million, but did not meet the contractual obligations. This is not under litigation as the supplier could not be located.

## 18. Financial Instruments

In the course of the W&RSETA's operations it is exposed to interest rate, credit, liquidity and market risk. The W&RSETA has developed a comprehensive risk strategy in terms of Treasury Regulation 28.1 in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

	Floating rate		Fixed rate		Non-interest bearing		Total
	Amount R'000	Effective interest rate	Amount R'000	Weighted average effective interest rate %	Amount R'000	Weighted average period until maturity in years	R'000

### Year Ended 31 March 2012

#### Assets

Investments	-		-		-		-
Loans	-		-		-		-
Cash	965 986	5.20%	-		-		965 986
Accounts receivable	-		-		3 059		3 059
<b>Total financial assets</b>	<b>965 986</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 059</b>	<b>-</b>	<b>969 045</b>

#### Liabilities

Borrowings	-		-		-		-
Accounts payable	-		-		(28 155)		(28 155)
Bank overdraft	-		-		-		-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(28 155)</b>	<b>-</b>	<b>(28 155)</b>

### Year Ended 31 March 2011

Total financial assets	1 042 144	6.50%	-		4 936		1 047 080
Total financial liabilities	-		-		(6 471)		(6 471)
	<b>1 042 144</b>		<b>-</b>		<b>(1 535)</b>		<b>1 040 609</b>

#### Ageing of trade and other receivables

	2012 Current R'000	2012 31 to 180 days R'000	2012 181 to 270 days R'000	2012 Over 270 days R'000	2012 Total R'000
Deposits				382	<b>382</b>
Staff debtors	12	15	8	31	<b>66</b>
Prepayments	232				<b>232</b>
Interest receivable	2 379				<b>2 379</b>
<b>Total</b>	<b>2 623</b>	<b>15</b>	<b>8</b>	<b>413</b>	<b>3 059</b>

	2011 Current R'000	2011 31 to 180 days R'000	2011 181 to 270 days R'000	2011 Over 270 days R'000	2011 Total R'000
Deposits				443	<b>443</b>
Staff debtors	18	6	-	61	<b>85</b>
Prepayments	421	-	-	-	<b>421</b>
Interest receivable	3 987				<b>3 987</b>
<b>Total</b>	<b>4 426</b>	<b>6</b>	<b>-</b>	<b>504</b>	<b>4 936</b>

## Notes to the Annual Financial Statements (continued)

Trade and other receivables are all considered for impairment. No impairment charge was raised in the current year (2011:Nil) as the management review convinced Management that the receivables were all collectible. It is the policy of the W&RSETA to raise a 100% impairment charge where management believes there is doubt about collectibility.

### *Credit risk*

Financial assets, which potentially subject the W&RSETA 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, investments and accounts receivable. The W&RSETA manages to limit its Treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury. The W&RSETA's exposure is continuously monitored by the Accounting Authority.

The W&RSETA does not have any material exposure to any individual or counter party. The W&RSETA's concentration of credit risk is limited to the W&R industry in which it operates. No events occurred in the W&R sector during the financial year that may have an impact on the accounts receivable that has not been adequately provided for.

### *Liquidity risk*

The W&RSETA manages liquidity risk through proper management of working capital, capital expenditure and cash flows. Adequate reserves and liquid resources are also maintained.

### *Market risk*

The W&RSETA 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 that the W&RSETA is aware of.

### *Fair values*

The W&RSETA's financial instruments consist mainly of cash and cash equivalents, account and other receivables and account and other payables.

No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial instruments.

The following methods and assumptions are used to determine the fair value of each class of financial instruments:

#### *Cash and cash equivalents*

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

#### *Accounts receivable*

The carrying amount of accounts receivable, net of allowance for bad debt, is amortised cost due to the relatively short-term maturity of these financial assets. Interest is levied at the prescribed rate as determined by the Act should employers pay the skills development levy late. The interest is transferred to the W&RSETA through the DHET.

#### *Accounts payable*

The carrying amount of account and other payables is at amortised cost due to the relatively short-term maturity of these financial liabilities.

## **19. Errors**

Debit balances in creditors of R1 294 000 were incorrectly classified under non-exchange transactions in the prior year. This error has been corrected. Accruals for administration expenditure of R121 000, which were omitted from the prior year's financial statements, have been adjusted for.

The error on Computer equipment with a net book value of R114 000, which was incorrectly classified as Computer software, was corrected.



The impact of the prior year's errors on the financial statements is summarised below:

	Notes	2010/11 Original R'000	Prior year error	2010/11 Restated R'000
Discretionary reserves		911 192	(113)	911 079
Accruals		5 843	121	5 964
Depreciation on Computer equipment		19	(8)	11
Other payables		5 964	(1 294)	4 670
Levy creditors		6 497	1 294	7 791
Computer software		114	(114)	-
Computer equipment		795	114	909
Commitments		<b>725 220</b>	<b>581 523</b>	<b>143 697</b>

## 20. Statement of Financial Performance – Comparison to Budget

For the year ended 31 March 2012

	Notes	Actual 2011/12 R'000	Budget 2010/11 R'000	Variance favourable/ (unfavourable) R'000
<b>Revenue</b>				
Skills development levy: income	20.1	632 539	590 000	42 539
Skills development levy: penalties and interest		6 610	-	6 610
Other income/(loss)		(175)	-	(175)
<b>Total revenue</b>		<b>638 974</b>	<b>590 000</b>	<b>48 974</b>
<b>Expenditure</b>				
Employer grant and project expenses	20.2	(656 750)	(661 000)	4 250
Administration expenses	20.4	(66 180)	(69 886)	3 706
<b>Total expenditure</b>		<b>(722 930)</b>	<b>(730 886)</b>	<b>(7 956)</b>
<b>Surplus/(Deficit) from Operations</b>				
		(83 956)	(140 886)	56 930
Interest income	20.3	52 139	54 000	(1 861)
<b>Net surplus/(deficit) for the year</b>		<b>(31 817)</b>	<b>(86 886)</b>	<b>55 069</b>

## Notes

- 20.1 Levy income had a favourable variance of 7.2%. A 3.8% variance is attributable mainly to a higher than anticipated increase in remuneration and an increase in new employers. Fuel retailers contributed 3.4% to the favourable variance.
- 20.2 Discretionary grants expenditure was 4.6% below budget, mainly due to lower than anticipated expenditure on bursaries. Mandatory grants expenditure was 2.4% above budget due to the increased levies.
- 20.3 In spite of lower interest rates, higher than budgeted cash balances resulted in higher interest income. As a result of the above, the actual outcome was a deficit of R31.550 million compared to a budgeted deficit of R86.886 million.
- 20.4 Actual administration expenditure was 5.36% below budget due to lower than budgeted increase in salary costs.

## 21. Post Balance Sheet Events

Subsequent to year end, a review of closing balances on project commitments as shown in note 16.1, which indicated that R52.8 million (2010/11: R28.97 million) will need to be written back.

## Annexure A: Learnerships Certified

Programme description	NQF level	2004	2005	2006	2007	2008	2009	2010	2011	2012	Grand total
Retail and Wholesale Processes	2	2 294	333	234	680	56	42	0	0	0	3 639
Wholesale and Retail Operations Management	5	32	8	0	15	1	0	14	0	6	76
Retail and Wholesale Sales and Service Technology	4	456	76	29	78	26	22	1	0	2	690
National Certificate: Retail Shop Floor Practices	2	0	45	149	916	260	83	6	0	132	1 591
National Certificate: Wholesale and Retail Sales Practice	3	0	7	96	38	11	102	4	0	4	262
National Certificate: Wholesale and Retail Credit Control	4	0	0	0	0	4	2	0	0	0	6
National Certificate: Wholesale and Retail Operations Supervision	4	0	6	95	291	80	445	451	25	109	1 502
National Certificate: Wholesale and Retail Distribution	2	0	0	0	72	102	101	417	74	312	1 078
National Certificate: Wholesale and Retail Merchandising Operations	2	0	0	0	0	0	157	501	170	174	1 002
National Certificate: Wholesale and Retail SME Operations	2	0	0	0	0	0	1	1	0	0	2
National Certificate: Wholesale and Retail Operations	2	0	0	0	0	0	541	639	60	221	1 461
National Certificate: Wholesale and Retail Chain Store Operations	2	0	0	0	0	75	61	793	129	274	1 332
National Certificate: Wholesale and Retail Buying and Planning	5	0	0	0	0	0	0	8	0	0	8
National Certificate: Wholesale and Retail – Retail Sales	3	0	0	0	0	0	0	63	0	128	191
Further Education and Training Certificate: Wholesale and Retail Generic Management	4	0	0	0	0	0	0	19	0	55	74
<b>Total</b>		<b>2 782</b>	<b>475</b>	<b>603</b>	<b>2 090</b>	<b>615</b>	<b>1 557</b>	<b>2 917</b>	<b>458</b>	<b>1 417</b>	<b>12 914</b>

### Employed (18.1)

Programme description	NQF level	2004	2005	2006	2007	2008	2009	2010	2011	2012	Grand total
Retail and Wholesale Processes	2	193	74	138	387	31	41	0	0	0	864
Wholesale and Retail Operations Management	5	6	8	0	15	1	0	14	0	5	49
Retail and Wholesale Sales and Service Technology	4	116	27	27	72	17	17	1	0	2	279
National Certificate: Retail Shop Floor Practices	2	0	44	98	478	217	68	6	0	131	1 042
National Certificate: Wholesale and Retail Sales Practice	3	0	7	75	14	8	72	2	0	3	181
National Certificate: Wholesale and Retail Credit Control	4	0	0	0	0	4	2	0	0	0	6
National Certificate: Wholesale and Retail Operations Supervision	4	0	6	58	196	43	299	258	0	66	926
National Certificate: Wholesale and Retail Distribution	2	0	0	0	57	74	90	297	73	225	816
National Certificate: Wholesale and Retail Merchandising Operations	2	0	0	0	0	0	9	16	0	1	26
National Certificate: Wholesale and Retail Operations	2	0	0	0	0	0	149	250	9	45	453
National Certificate: Wholesale and Retail Chain Store Operations	2	0	0	0	0	18	19	129	13	34	213
National Certificate: Wholesale and Retail Buying and Planning	5	0	0	0	0	0	0	6	0	0	6
National Certificate: Wholesale and Retail – Retail Sales	3	0	0	0	0	0	0	0	0	1	1
Further Education and Training Certificate: Wholesale and Retail Generic Management	4	0	0	0	0	0	0	19	0	51	70
<b>Total</b>		<b>315</b>	<b>166</b>	<b>396</b>	<b>1 219</b>	<b>413</b>	<b>766</b>	<b>998</b>	<b>95</b>	<b>564</b>	<b>4 932</b>

## Annexures (continued)

### Unemployed (18.2)

Programme description	NQF level	2004	2005	2006	2007	2008	2009	2010	2011	2012	Grand total
Retail and Wholesale Processes	2	2 101	259	96	293	25	1	0	0	0	2 775
Wholesale and Retail Operations Management	5	26	0	0	0	0	0	0	0	1	27
Retail and Wholesale Sales and Service Technology	4	340	49	2	6	9	5	0	0	0	411
National Certificate in Retail Shop Floor Practices	2	0	1	51	438	43	15	0	0	1	549
National Certificate: Wholesale and Retail Sales Practice	3	0	0	21	24	3	30	2	0	1	81
National Certificate: Wholesale and Retail Operations Supervision	4	0	0	37	95	37	146	193	25	43	576
National Certificate: Wholesale and Retail Distribution	2	0	0	0	15	28	11	120	1	87	262
National Certificate: Wholesale and Retail Merchandising Operations	2	0	0	0	0	0	148	485	170	173	976
National Certificate: Wholesale and Retail SME Operations	2	0	0	0	0	0	1	1	0	176	178
National Certificate: Wholesale and Retail Operations	2	0	0	0	0	0	392	389	51	51	883
National Certificate: Wholesale and Retail Chain Store Operations	2	0	0	0	0	57	42	664	116	240	1 119
National Certificate: Wholesale and Retail Buying and Planning	5	0	0	0	0	0	0	2	0	0	2
National Certificate: Wholesale and Retail – Retail Sales	3	0	0	0	0	0	0	63	0	125	188
Further Education and Training Certificate: Wholesale and Retail Generic Management	4	0	0	0	0	0	0	0	0	4	4
<b>Total</b>		<b>2 467</b>	<b>309</b>	<b>207</b>	<b>871</b>	<b>202</b>	<b>791</b>	<b>1 919</b>	<b>363</b>	<b>902</b>	<b>8 031</b>

## Annexure B: Sector Industry Codes

### Wholesale

SETA Code	SIC Code	Trade category
27	61000	Wholesale and commission trade, except for motor vehicles and motorcycles
27	61100	Wholesale trade on a fee contract basis
27	61220	Wholesale trade in food, beverages and tobacco
27	61310	Wholesale trade in textiles, clothing and footwear
27	61391	Wholesale trade in household furniture requisites and appliances
27	61392	Wholesale trade in books and stationery
27	61393	Wholesale trade in precious stones, jewellery and silverware
27	61394	Wholesale trade in pharmaceutical, toiletries and medical equipment
27	61420	Wholesale trade in metal and metal ore
27	61430	Wholesale trade in construction material, hardware, plumbing and heating equipment
27	61501	Office machinery and equipment including computers
27	61509	Other machinery
27	61901	General wholesale trade
27	61909	Other wholesale trade not elsewhere classified

### Retail

SETA Code	SIC Code	Trade category
27	62000	Retail trade, except for motor vehicles and motorcycles; repairs of personal and household goods
27	62110	Retail trade in non-specified stores with food, beverage and tobacco dominating
27	62190	Other retail trade non-specified stores
27	62201	Retail trade in fresh fruit and vegetables
27	62202	Retail trade in meat and meat products
27	62203	Retail trade in bakery products
27	62204	Retail trade in beverages (bottle stores)
27	62209	Other retail trade in food, beverages, and tobacco, not elsewhere classified
27	62311	Retail of non-prescribed medicine and pharmaceutical products other than by pharmacists
27	62321	Retail trade in men's and boys' clothing
27	62322	Retail trade in ladies' and girls' clothing
27	62323	Retail trade in general outfitters and by dealers in piece goods, textile, leather and travel accessories
27	62324	Retail trade in shoes
27	62330	Retail trade in household furniture, appliances, articles and equipment
27	62340	Retail trade in hardware, paints and glass
27	62391	Retail trade in reading matter and stationery
27	62392	Retail trade in jewellery, watches and clocks
27	62393	Retail trade in sports goods and entertainment requisites
27	62399	Retail trade by other specified stores
27	62400	Retail trade in second-hand goods in store
27	63122	Retail sale of used motor vehicles
27	63311	Sale of tyres

## Annexures (continued)

The following activities, included under wholesale and retail in the Standard Classification of All Economic Activities do not form part of the W&RSETA.

SETA Code	SIC Code	Trade category
27	6121	Wholesale trade in agriculture raw material and livestock
27	6141	Wholesale trade in solid, liquid, and gaseous fuels and related products
27	62310	Specified retail trade in prescribed pharmaceutical, medical and orthopaedic goods
27	6251	Retail trade via mail-order houses
27	6252	Retail trade via stalls and markets
27	6259	Other retail trade not in stores
27	626	Repair of personal and household goods
27	631	Sale of motor vehicles other than used motor vehicles
27	632	Maintenance and repair of motor vehicles
27	633	Sale of motor vehicle parts and accessories other than tyres
27	634	Sale, maintenance and repair of motorcycles and related parts and accessories
27	635	Retail sale of automotive fuel
27	641	Hotels, camping sites and other provision of short-stay accommodation
27	642	Restaurants, bars and canteens

## Annexure C: Schedule of Meeting Attendance

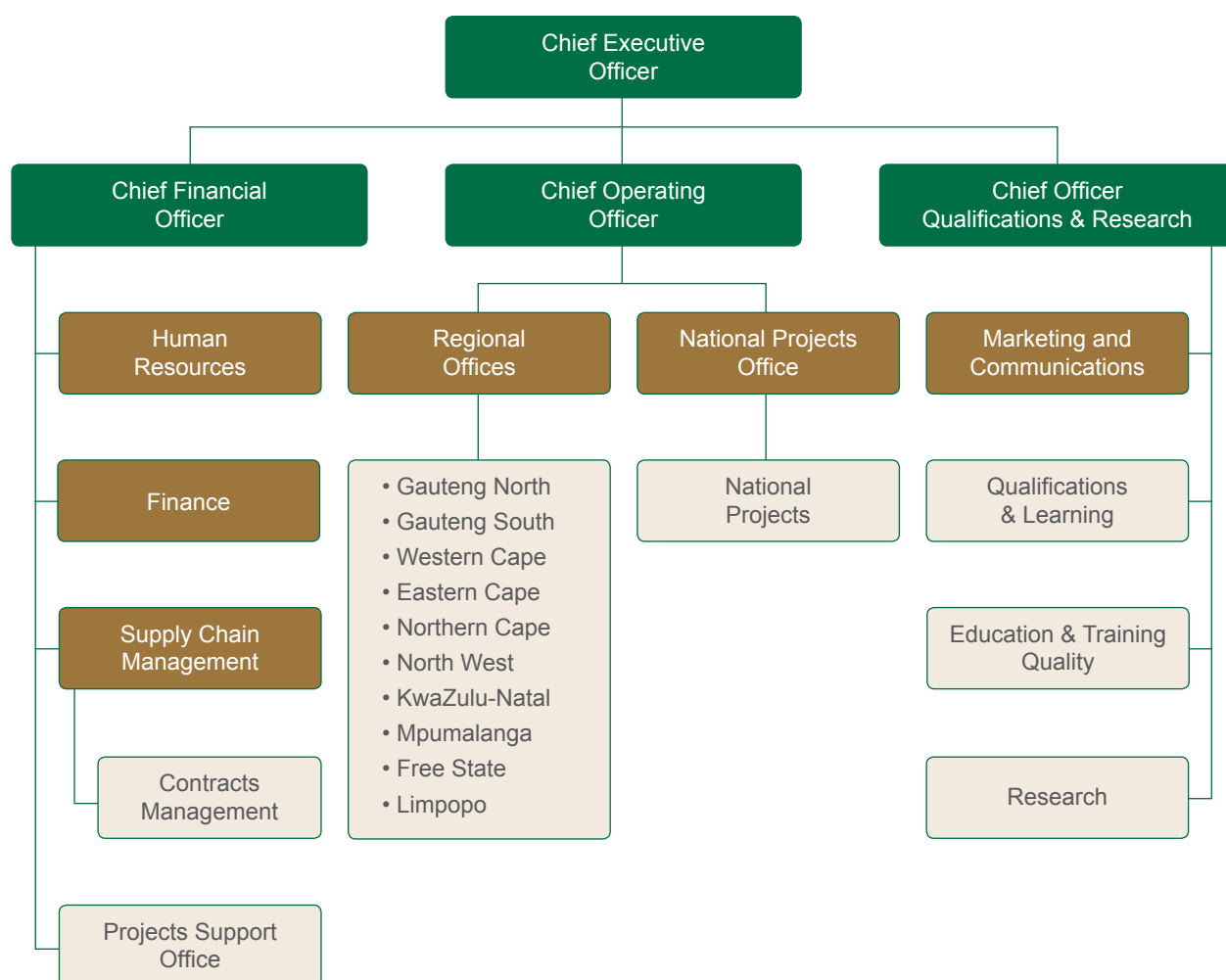
### Board/committee meetings attendance by Board members: 2011/12

Board member	Constituency	Board	Executive committee	Finance & remuneration board committee	Joint finance & remuneration / audit / interim audit committee	Audit committee of the board	Governance & strategy board committee	Projects board committee
<b>Total number of meetings</b>		<b>7</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>-</b>	<b>4</b>	<b>4</b>
TE Mazwai – Chairperson	Independent	6	4	-	1	-	-	-
T Skenjana	Ministerial Appointee	7	-	-	1	-	-	-
L Berkowitz – Nchabeleng*	Ministerial Appointee	3	-	-	1	-	-	-
I Molefe	SACCAWU – Labour	7	5	-	1	-	-	4
M Tau	SACCAWU – Labour	7	-	3	1	-	-	-
P Sito	ECCAWUSA – Labour	7	-	3	2	-	-	4
P Madisa	NUMSA – Labour	7	-	-	1	4	4	-
A Abrahams	SACTWU – Labour	6	5	-	1	-	-	-
N Kettlele	FEDCRAW – Labour	6	-	-	1	-	4	-
V Harbhajan**	HOST – Employer	5	4	-	2	-	3	-
N Moodley***	RA – Employer	1	-	-	1	-	-	2
S Moloko	EMOSA – Employer	7	-	3	1	-	-	4
P Pillay	SARC – Employer	7	-	-	1	-	2	-
M Lawrence	NCRF – Employer	7	5	3	1	-	-	-
C Strydom	FRA – Employer	6	-	-	1	4	-	-
M du Toit****	RA – Employer	3	-	-	-	-	-	2
P Mokupo – Chairperson	External Audit Committee member	-	-	-	1	1	-	-
M Malope	External Audit Committee member	-	-	-	-	3	-	-
P Philo	External Audit Committee member	-	-	-	2	1	-	-
Y Gordhan	External Audit Committee member	-	-	-	2	4	-	-

**Legend** \* Resigned from the Board in February 2012  
\*\*\* Resigned from the Board in October 2011

\*\* Resigned from the Board in February 2012  
\*\*\*\* Alternate member

## Annexure D: Organisational Structure





## Annexure E: Staff Demographics

Total number of employees (as at 01 April 2011)	Staff turnover (resignations, dismissals, deaths & incapacitations)	New employees (employed 01/04/2011-31/03/2012)	Total number of employees (as at 31 March 2012)
119	Resignations: 5	Permanent employees: 113 Contract employees: 6	117
<b>119</b>			<b>117</b>

### Staff demographics by gender

Males	41
Females	78
<b>Total</b>	<b>119</b>

### Staff demographics by disability

Males	1
Females	4
<b>Total</b>	<b>5</b>

### Staff demographics by race

Black	98
White	8
Coloured	9
Indian	4
<b>Total</b>	<b>119</b>

## Annexure F: Occupational Levels, Salary Bands and Job Titles

Occupational level	Salary bands	Job title
Senior management	R800 000 – R1 500 000	Chief executive officer Chief operations officer Chief financial officer Chief officer qualifications & research
Executive management	R600 000 – R700 000	Human resources, marketing and communications, projects support office, northern and southern regions, supply chain management, finance, and IT (outsourced)
Middle management	R450 000 – R550 000	Regional managers, research, ETQA, contracts, learning & development/IIP, qualifications and learning programmes
Team leaders	R350 000 – R450 000	Gauteng North, Gauteng South, Western Cape, KwaZulu-Natal
Co-ordinator level	R250 000 – R350 000	Regional co-ordinators, CEO relations officer qualifications specialist, quality assurer, projects specialists, learning programmes specialist and accountants, procurement, tender and PSD
Officer/PA level	R170 000 – R220 000	Human resources, procurement, personal assistants, contracts, marketing and communication, ETQA
Administration	R100 000 – R150 000	Departmental administrator, projects administrator, systems administrator, accountant assistant
Office support	Under R100 000	Office support

NB: The table above is used as a guide and therefore does not represent actual employee salaries

## Acronyms and Abbreviations

AAT(SA)	Association of Accounting Technicians South Africa
ABET	Adult Basic Education and Training
AET	Adult Education and Training
ATR	Annual Training Report
BEE	Black Economic Empowerment
BRICS	Brazil, Russia, India, China and South Africa
CBO	Community-based Organisations
CEO	Chief Executive Officer
CTFL	Clothing, Textile, Footwear and Leather
DC	Distribution Centre
DEDaT	Department of Economic Development and Tourism
DHET	Department of Higher Education and Training
DUT	Durban University of Technology
EE-BEE	Employment Equity Black Economic Empowerment
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
ISDF	Independent Skills Development Facilitator
IT	Information Technology
JOI	Job Opportunity Index
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
NSDS	National Skills Development Strategy

## Acronyms and Abbreviations (continued)

NSFAS	National Student Financial Aid Scheme
NVC	New Venture Creation
PFMA	Public Finance Management Act
PSDF	Provincial Skills Development Forum
QCTO	Quality Council for Trades and Occupations
QMB	Quality Management Body
RMDP	Retail Management Development Programme
RPL	Recognition of Prior Learning
SADDT	South African Disability Development Trust
SAQA	South African Qualifications Authority
SDF	Skills Development Forum
Seda	Small Enterprise Development Agency
SMME	Small, Medium and Micro Enterprise
SETA	Sector Education and Training Authority
SIC	Sector Industry Code
SMME	Small, Medium and Micro Enterprises
SMS	SETA Management System
SSETA	Services Sector Education and Training Authority
SSP	Sector Skills Plan
UYAP	Unemployed Youth Assistance Programme
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
WSP/ATR	Workplace Skills Plan And Annual Training Reports

## Notes

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

## Notes

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RP246/2012  
ISBN: 978-0-621-41152-2