

# ANNUAL REPORT 2021 | 22



higher education  
& training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA







PRESENTATION OF THE  
2021/2022 W&RSETA ANNUAL  
REPORT TO THE MINISTER  
OF HIGHER EDUCATION,  
SCIENCE AND INNOVATION,  
**HONOURABLE  
DR B.E. NZIMANDE**

The Board and Management of the W&RSETA take pleasure in presenting this Annual Report for the 2021/22 financial year, as prescribed by Section 55 of the Public Finance Management Act No 1 of 1995, Chapter 28 of Treasury Regulations and Skills Development Act No 97 of 1998. This legislation requires that a public entity submits an annual report to the Executive Authority, National Treasury and Auditor-General South Africa for tabling to the Parliament of South Africa.

The W&RSETA entered into a Service Level Agreement with the Department of Higher Education and Training on priorities to be implemented through the Annual Performance Plan (APP) for 2021/22, which would allow the SETA to perform its statutory mandate and meet the objectives of the National Skills Development Plan (NSDP). The NSDP outcomes were translated into seven key skills priorities and translated into 69 performance targets for the year under review.

**Mr Reggie Sibiya**

Chairperson

We are pleased to report that we achieved 56 of 69 targets, translating to an achievement of 81.16%.

The W&RSETA remains focused on its mission to develop a skilled, capable, competent and professional workforce to transform the wholesale and retail sector of South Africa. We firmly believe that education and training will unlock the country's economy and transform the lives of its people. As we enter the third year of the NSDP, we reiterate our commitment to contributing to our government's aspirations for economic growth, employment creation and social development in South Africa.

Yours in skills development,

**Mr Tom Mkhwanazi**

Chief Executive Officer

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## PART A GENERAL INFORMATION



# 1. GENERAL INFORMATION

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

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**REGISTRATION NUMBER** 27/W&RSETA/1/04/11

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**REGISTERED OFFICE ADDRESS** 1303 Heuwel Avenue  
Riverside Office Park  
Corner Lenchen South and Heuwel Avenue  
Centurion, Pretoria  
Republic of South Africa, 0167

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**POSTAL ADDRESS** Private Bag X106  
Centurion 0046

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**CONTACT TELEPHONE NUMBER** 012 622 9500

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**WEBSITE** [www.wrseta.org.za](http://www.wrseta.org.za)

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**EXTERNAL AUDITOR** Auditor-General South Africa (AGSA)  
4 Davenport Street  
Lynnwood Bridge Office Park  
Lynnwood Manor  
Pretoria, SA

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**BANKERS** Absa: PO Box 7725, Johannesburg  
Rand Merchant Bank: PO Box 786273, Sandton  
Nedbank: PO Box 1007, Johannesburg  
Standard Bank: PO Box 61344, Marshalltown  
First National Bank: PO Box 1153, Johannesburg, 2000

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**SECRETARY OF THE ACCOUNTING AUTHORITY** Lorraine Mtsweni

## 2. ACRONYMS AND ABBREVIATIONS

<b>4IR</b>	Fourth Industrial Revolution
<b>AET</b>	Adult Education and Training
<b>AFS</b>	Annual Financial Statements
<b>AGSA</b>	Auditor-General South Africa
<b>APP</b>	Annual Performance Plan
<b>ATR</b>	Annual Training Report
<b>BBBEE</b>	Broad-Based Black Economic Empowerment Act, No 53 of 2003
<b>CBO</b>	Community-Based Organisation
<b>CEO</b>	Chief Executive Officer
<b>CET</b>	Community Education and Training
<b>CIPC</b>	Companies and Intellectual Property Commission
<b>DHET</b>	Department of Higher Education and Training
<b>HEI</b>	Higher Education Institution
<b>HETI</b>	Higher Education and Training Institution
<b>HR</b>	Human Resources
<b>HTFV</b>	Hard-To-Fill Vacancy
<b>ICT</b>	Information Communication Technology
<b>IDP</b>	Integrated Development Plan
<b>IPAP</b>	Industrial Policy Action Plan
<b>NCV</b>	National Certificate Vocational
<b>NDP</b>	National Development Plan
<b>NGO</b>	Non-governmental organisation
<b>NGP</b>	New Growth Path
<b>NPO</b>	Non-Profit Organisation
<b>NQF</b>	National Qualifications Framework
<b>NSDP</b>	National Skills Development Plan
<b>NYDA</b>	National Youth Development Agency
<b>OHS</b>	Occupational Health and Safety
<b>PFMA</b>	Public Finance Management Act of South Africa
<b>PIVOTAL</b>	Professional Vocational Technical and Academic Learning
<b>QCTO</b>	Quality Council for Trades and Occupations
<b>RPL</b>	Recognition of Prior Learning
<b>SA GRAP</b>	South African Standards of Generally Recognised Accounting Practice
<b>SARS</b>	South African Revenue Service
<b>SCM</b>	Supply Chain Management
<b>SDA</b>	Skills Development Act
<b>SDL</b>	Skills Development Levy
<b>SDLA</b>	Skills Development Levies Act
<b>SETA</b>	Sector Education and Training Authority
<b>SHEQ</b>	Safety, Health, Environment and Quality
<b>SIC</b>	Standard Industrial Classification
<b>SLA</b>	Service Level Agreement
<b>SMME</b>	Small, Medium and Micro Enterprise
<b>SSP</b>	Sector Skills Plan
<b>TVET</b>	Technical and Vocational Education and Training
<b>W&amp;R</b>	Wholesale and Retail
<b>W&amp;RSETA</b>	Wholesale and Retail Sector Education and Training Authority
<b>WPPSET</b>	White Paper for Post-School Education and Training
<b>WSP</b>	Workplace Skills Plan



### 3. FOREWORD BY THE CHAIRPERSON

MR REGGIE SIBIYA  
CHAIRPERSON

Following the devastating effects on retailers' normal business operations from the COVID-19 pandemic, when trading was curtailed and sales of certain goods halted for weeks at a time during 2020, the beleaguered industry was hit again during 2021/22 when riots broke out in KwaZulu-Natal and Gauteng. The incidents claimed more than 350 lives and damaged thousands of businesses, pushing many – particularly smaller operators, to the point of no return.

Reports point to more than 200 malls having been targeted, 100 of them set alight. As many as 40 000 businesses and 50 000 informal traders were affected, with 150 000 jobs jeopardised. The cost of the damage, the South African Property Owners Association estimated, was R50 billion, with KwaZulu-Natal losing R20 billion and Durban businesses alone forfeiting R1.5 billion of stock. The unrest, the likes of which had not been seen since before the advent of democracy, prompted government agencies and private businesses to intervene to assist those in need. Pay-outs by the South African Special Risks Insurance Association – with the assistance of National Treasury – were a lifeline for those with insurance cover. By end-March 2022, R21 billion had been distributed of a total estimated R34 billion to enable business owners to rebuild their stores, replenish their stocks and regain their livelihoods.

Several government initiatives came to the rescue of smaller, uninsured businesses. These included multimillion rand recovery packages from the Department of Small Business Development, including individual R3 000 grants each for informal traders. The restoration is well underway.

Looking back on the events of recent years, it is clear that in every desperate situation – whether it be a pandemic or civil unrest - South Africans are prepared to roll up their sleeves and rebuild, recover lost time and resources, and look for the positives, turning adversity into opportunity.

#### PERFORMANCE HIGHLIGHTS

To ensure that the SETA progressed purposely along the journey set in its Five-year Strategic Plan for 2020/21 to 2024/25, the team tackled the year's targets with renewed vigour as the initial COVID-19 shock started to wear off.

I am pleased to announce that once again the W&R SETA maintained a high performance achievement of 81.16% against its Annual Performance Plan for 2021/22 period.

The focus was strongly on supporting the government's Economic Reconstruction and Recovery Plan to assist it to bring its vision of creating a more sustainable, resilient and inclusive economy to fruition.

Key to this is youth development. Enrolment on and completion of learning programmes by unemployed youngsters were overachieved. These interventions provide access to the job market by making beneficiaries more employable. They also prepare beneficiaries to tap into their entrepreneurial leanings and start their own businesses, which may make them the employers of the future. In a country in which unemployment rose to almost 35% by the end of the review year, with youth unemployment reaching 66.5%, the value of such undertakings cannot be overstated. They will continue to be essential for South Africa's economic recovery.

## *The year's highlight was the breaking of ground in Limpopo, where the R131 million W&RSETA Skills Development Centre will rise from the earth alongside Sekhukhune TVET College*

Disappointingly, the Auditor-General South Africa (AGSA) issued a qualified audit report on the W&RSETA's Annual Financial Statements for 2021/22. The findings on the financials emanates from material misstatements as a result of the auditor being unable to obtain sufficient evidence to conclude that specific amounts included in the statements were materially misstated. In the ensuing financial year, the Board will continue to provide oversight and monitor management's actions to rectify identified areas that require attention to address this finding.

### **STRATEGIC OVERVIEW**

The 2021/22 review of the Sector Skills Plan included wide stakeholder consultation on skills priorities. Transformation emerged as the priority, heavily dependent on the aforementioned development of young people and including the development of women in the sector and training and employment of people with disabilities. Programmes addressing this objective include:

- Priority skills plans tailored to provinces
- Development of SMMEs, cooperatives and informal traders
- Hard-to-fill vacancies and skills gaps
- Continued stakeholder engagement and sustained partnerships with key strategic partners.

### **STRATEGIC RELATIONSHIPS**

Skills development success depends on partnerships – with employers, providers and, most importantly, institutions that share the vision of skills development as the tonic for many of society's ills.

The W&RSETA made significant progress in the review year in reinforcing existing partnerships and forging new ones to further its programmes and interventions. It exceeded almost all targets, including capacitation workshops for technical and vocational education and training (TVET) colleges. Colleges were supported to become assessment centres for retail occupational programmes.

Capacity building lecturers is a strong and long-established focus and the SETA acquitted itself well, with 35 public TVET and 18 community education and training (CET) lecturers registered on development programmes to assist them to offer retail qualifications. Furthermore, 32 public TVET lecturers were certificated to deliver retail qualifications. Also exceeded was the target for partnerships formed with emerging historically disadvantaged skills development providers.

The year's highlight, though, was the breaking of ground in Limpopo, where the R131 million W&RSETA Skills Development Centre will rise from the earth alongside Sekhukhune TVET College. It will equip youngsters with artisan training in different economic sectors to enhance their employability, while developing small, medium and micro enterprises through an incubation programme. The centre will support the objectives of the National Skills Development Plan (NSDP) to provide infrastructure support to TVET colleges and the goal of the National Development Plan (NDP) to produce 30 000 artisans annually by 2030. When construction is completed in 2023, the project will be the epitome of the power of partnerships, with many fellow SETAs to be brought on board to ensure multisectoral training and agreements to be secured with retailers in the community to sell goods produced by the students.

The impact of W&RSETA interventions on ordinary lives was brought home to the Board during a series of project oversight visits in Gauteng, Western Cape, Limpopo and KwaZulu-Natal during 2021/22. We interacted with companies, training providers and learners to assess the progress and return on investment of our endeavours. The focus of the visits was on special partnerships, people with disabilities and rural development. Beneficiaries shared their appreciation for how our development opportunities have enhanced their lives. It is truly gratifying to learn that we are making the difference so often talked about. And the annual general meeting, always an opportunity to network and renew relationships, was the perfect platform to share such experiences with stakeholders and to heighten awareness of our role of the SETA and its

performance and activities during the year past. The meeting took place in Gqeberha in November 2021.

### EVENTS AFTER YEAR-END

Catastrophe was heaped on adversity for KwaZulu-Natal just after year-end, when the worst floods in history held the province in its grip. More than 800 businesses were destroyed or severely damaged, which will cost R7 billion to restore according to the Department of Trade, Industry and Competition. The impact on water, transport and sanitation infrastructure will be felt for some time to come. It is estimated that the total cost of the natural disaster will run to more than R25-billion. Again, the effects were felt by the most marginalised, including the small, informal traders that constitute a major part of our audience and beneficiary pool.

### ACKNOWLEDGEMENTS

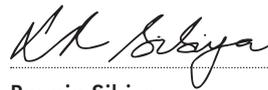
The Board's appreciation goes firstly to Minister of Higher Education, Science and Innovation, Dr Blade Nzimande, and his team for their continued support and guidance in the implementation of the NDSP.

Chief Executive Officer Tom Mkhwanazi, his management team and staff acquitted themselves admirably during the year under review, enabling the SETA to return a commendable

performance against demanding targets. We appreciate their dedication and tireless efforts.

Our stakeholders are the backbone of our efforts to promote greater professionalism through skills. They not only keep the wheels of development turning through their levies, but offer invaluable practical experience to our beneficiaries as, together, we build a labour force with the knowledge and ability to carry the sector forward and elevate professionalism to a new level. Our thanks go to them for constantly meaningful contribution.

The doors to much of life's opportunity are opened by skills development and training. They allow the country to forge ahead and strive for global competitiveness. And they are why the W&RSETA – and its fellow authorities - remain as relevant today as ever, perhaps more so.



**Reggie Sibiya**  
Chairperson



## 4. OVERVIEW OF THE CHIEF EXECUTIVE OFFICER

**Mr Tom Mkhwanazi**  
CHIEF EXECUTIVE OFFICER

Working under the cloud of COVID-19 during 2020/21 has taught us the importance of sound business continuity plans for an unpredictable future. However, we adapted swiftly and efficiently to the new reality and were able to maintain many of our activities through remote platforms. Our actions prepared us well for the year under review and the lingering effects of the pandemic, with successive waves breaking, necessitating altered lockdown levels, and the emergence of variants such as Omicron during 2021/22 causing concern about a possible reinstatement of strict lockdown measures.

Businesses in our sector remained focused on compensating for the year gone by, many reinventing themselves to take advantage of newly identified opportunities.

Then, in July 2021, the sector and the country faced another test of its resolve and resilience with the devastating riots in KwaZulu-Natal and Gauteng, which came at a time when the economy was struggling to regain pre-COVID growth levels.

### PERFORMANCE AND PROJECT HIGHLIGHTS

Following the deferment of certain targets amid the previous year's focus on the pandemic, the SETA resumed most of its deferred activities. We took on a challenging 69 targets compared to the 45 of 2020/21, and achieved or exceeded a commendable 56, an 81.16% performance, only slightly down from the 86.6% for the previous truncated targets.

We became more inclusive in our planning, prioritising women, youth, people with disabilities and rural communities. We registered 339 unemployed youth with disabilities for various learning programmes, translating to 4.06% of the

total number of learners who were registered on learning programmes during the financial year. A total of 152 learners completed the 12-month programme by the end of March 2022, despite the challenges and interruptions associated with the COVID-19 pandemic.

The W&RSETA's transformation agenda implementation resulted in finalisation of partnerships with 45 historically disadvantaged skills development providers, who will receive training during the 2022/23 financial year, for accreditation purposes. The training will be focused on providing them with the necessary skills to manage their business, and also provide them with support that will enable them to access business opportunities.

With digital technology having advanced during the lockdown to become the backbone of the hybrid work approach, initiatives responding to the Fourth Industrial Revolution were heightened and we focused on advocating these crucial skills particularly among small businesses, cooperatives and the informal sector.

Our support for the government's Economic Reconstruction and Recovery Plan, which took on even greater importance with the events of July 2021, focusing on expanded provision of skills programmes and workplace-based learning opportunities, more enrolments on qualifications-based programmes, and review of qualifications, programmes and curricula to respond to occupational shortages.

Curbing youth unemployment is essential to South Africa's economic health. Thus, we concentrated on interventions

## *Other notable activities during 2021/22 included the enrolment of 21 934 employed and unemployed learners on qualifications for vacancies deemed hard to fill within the sector*

providing access to the job market and making beneficiaries more employable. These undertakings cannot be overstated amid the concerning and unyielding unemployment rates.

Post the July 2021 unrests, we empowered 795 unemployed youth and traders in outlying areas of KwaZulu-Natal through the Thanda uVikele iRetail Mhlali project. The programme featured a strong advocacy component to heighten awareness of the vital role of retail in creating employment and offering convenient and quick access to foodstuffs and other goods.

These individuals were among 17 198 unemployed persons, 96% of whom were youth, registered for learnerships, occupational qualifications and skills programmes during the year and placed with wholesale and retail companies or placed for workplace experience.

Other notable activities during 2021/22 included the enrolment of 21 934 employed and unemployed learners on qualifications for vacancies deemed hard to fill within the sector.

In addition, 177 emerging entrepreneurs and small businesses participated in entrepreneurship development programmes, which included training, business start-up and viability support. Support was also extended to 31 cooperatives who participated in programmes aimed at enabling business sustainability. A total of 2 401 informal traders who participated in programmes aimed at supporting their growth as well as 2 508 small, medium and micro enterprises (SMMEs) were funded for skills development initiatives.

The CEO's stakeholder engagement programme has become an important feature of the annual calendar as we seek to strengthen relationships and establish new partnerships with our sector and like-minded organisations. At 10 sessions held during the year, we encouraged interest and participation in the achievement of our strategic priorities among employers, institutions of learning and training providers. This year, the programme yielded a key partnership between the W&RSETA and Pepkor group to implement the Graduate Incubator Programme.

### **FINANCIAL REVIEW**

Following the payment holiday of the previous year, which decreased levy contributions by R377 million (31%) to R834 million in 2020/21, income rebounded in 2021/22, increasing to R1.3 billion. In addition, the W&RSETA earned R106 million in interests relating to investing of surplus funds which brought the total income for the 2021/22 financial year to R1.431 billion. Total expenditure reached R1.402 billion from R1.126 billion in the previous year, attributable mainly to increases in Mandatory Grant payments, from R139 million to R219 million, and Discretionary Grant disbursements, up from R746 million to R941 million. Employee-related costs also contributed, as bonuses were paid in 2021/22 for achievement of performance targets the previous year, and provision was made for bonuses for the year under review.

Cash and cash equivalents at year-end were R2.8 billion, a 2.5% increase over the R2.7 billion of 2020/21.

A surplus of R29 million at year-end kept accumulated reserves on a par with those of 2020/21, at about R2.4 billion. Accumulated reserve surpluses will be committed to programmes to be implemented over the Medium-Term Expenditure Framework period.

### **NEW OR PROPOSED KEY ACTIVITIES**

During the year under review, the SETA began implementation of its three-year Human Resources Management and Development Strategy. Activities included placement of all employees on the new key salary scale to address salary disparities, and recruitment and placement of individuals for new positions in the revised structure. Internships were rolled out for young graduates to prepare them for the world of work. Individual performance management tools were introduced, and employee performance aligned to the Annual Performance Plan and Annual Operational Plan.

The Human Resources Department continued and concluded the human resources policy development programme by developing four policies, and these are Retention and

Succession Policy, Job Evaluation Policy, Integrated Employee Wellness Policy, and Bereavement Policy. This completed the unbundling process of the HR Policy Document resulting in the W&RSETA Board approving a total of 18 standalone HR Policies.

### REQUESTS TO ROLL OVER FUNDS

The SETA applied to the National Treasury to retain the surplus of R2.385 billion for the 2020/21 financial year in terms of Section 53(3) of the PFMA and National Treasury Instruction Note 12 of 2020/21. National Treasury granted the retention of surplus on 25 October 2021.

### SUPPLY CHAIN MANAGEMENT

No unsolicited bid proposals were concluded in the year under review.

Although supply chain management processes and systems are continually monitored and optimised, R1.5 million (2021: R2.5 million) in fruitless and wasteful expenditure was incurred in the year under review. This was through interest levied on late payments.

Irregular expenditure incurred in the 2021/22 financial year amounted to R16.2 million compared to the previous year's irregular expenditure of R10.6 million. Of the R16.2 million, R1.6 million was incurred in the prior year. The amount was incurred through a variance in contract scope and bid specification, and a contract extension not approved by National Treasury. No disciplinary action was taken in the year under review and matters will be investigated in 2022/23.

### INFORMATION AND COMMUNICATIONS TECHNOLOGY

We continue to increase accountability through improving the governance of information and communications technology (ICT), guaranteeing anywhere, anytime access to the SETA business services. This includes deploying safe and secure systems and ICT infrastructure, while improving stakeholder experience, operational efficiencies and service excellence, and reducing risk and the cost of doing business.

### AUDIT MATTERS

The W&RSETA received a qualified audit opinion from the Auditor-General of South Africa (AGSA) for the 2021/22 financial year.

The basis for the opinion was that the organisation was unable to provide sufficient appropriate audit evidence to the AGSA for a material balance relating to trade and

other receivables from exchange transactions and that the organisation did not account correctly for payables from non-exchange transactions in accordance with requirements of the applicable General Recognised Accounting Practice (GRAP) standards.

We are committed to addressing the internal control deficiencies relating to the qualification in the 2022/23 financial year and look forward to reclaiming our previously obtained unqualified audit opinion status.

The report, however, does not detract from the encouraging achievement of 81.16% against performance targets, which compared extremely favourably with the previous year's 86.6% against far fewer targets. This reflects the team's determination to tackle the year's activities with renewed vigour as the shock of COVID-19 started to recede.

### EVENTS AFTER THE REPORTING DATE

Included in the commitment register are contracts that expired after 31 March 2022. These contracts amount to R5 million (31 March 2021: R270 million) and have subsequently expired.

### ECONOMIC VIABILITY

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The Minister of Higher Education and Training has approved a Government Gazette to extend the W&RSETA licence to operate is in effect until 31 March 2030.

### OUTLOOK

Implementing an action plan to address the findings of the AGSA during the 2021/22 audit will be our most urgent priority going into the new financial year. A new Chief Operations Officer will be appointed early in 2022/23 to complete the executive team while recruitment for other vacant positions in other occupational categories will continue to fully capacitate the W&RSETA.

We will also focus on improving our performance in the few areas in which targets were not met such as bursary programme for employed learners and expanding partnerships with professional bodies that implement candidacy programmes to align our implementation model

to theirs for greater project success. Our well-established and regarded International Leadership Development Programme will continue in 2022/23 with an intake of 60 senior managers and executives. The programme has proved itself over many years to have prepared key talent for decision-making positions thus addressing transformation in the sector.

Overall, the W&RSETA will continue to invest in the development of all manner of skills, from elementary to executive levels, to equip the sector for the workplace of tomorrow, which is with us today. As the late Richard Maponya, a legend in our sector, once remarked: 'Without knowledge, results cannot be produced.' We have a widely diverse wholesale and retail sector staffed by tremendous people and we enjoy the services of highly experienced training providers who specialise in imparting skills and knowledge. This is the recipe we need to position the South African retail environment among the best in the world.

#### **ACKNOWLEDGEMENTS**

Throughout a year in which we needed to make up ground lost in 2020/21 and adapt to emerging factors weighing on our plans, while finalising and maximising our new organisational design, I was extremely humbled by the devotion and determination of the W&RSETA team. We had proved that we would not wilt under COVID-19 conditions and, as the pandemic continued to influence our work and the events of July 2021 reared their unfortunate head, we

demonstrated again that we were equal to the task. My thanks go to all my W&RSETA colleagues for a job well done under the leadership of my management team.

That said, we could never hope to achieve our great results without the contribution of a host of role-players. First is the Board, which holds us to account in every aspect of our business, ensuring that our operational structures are sound and our business dealings beyond reproach. We are grateful to our many stakeholders, from wholesale and retail companies, providers and institutions of learning to strategic partners, for their invaluable support of and involvement in our efforts to strive for professionalism, productivity and competitiveness through skills development.

Finally, the W&RSETA team's appreciation goes to all beneficiaries who have worked and studied hard throughout the year. We provided them with the means to enhance their skills and prospects, which they have turned into personal and professional success.



**Tom Mkhwanazi**  
Chief Executive Officer

# 5. STATEMENT OF RESPONSIBILITY

## STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2022

We confirm that, to the best of our knowledge and belief:

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

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

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

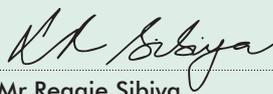
The Annual Financial Statements (Part E) have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA GRAP), the requirements of the Public Finance Management Act of South Africa, 1999 (PFMA) and Skills Development Act, 1998 (SDA). The

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

The Accounting Authority is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resource information and financial affairs of the entity for the financial year ended 31 March 2022.



Mr Reggie Sibiyi

Chairperson



Mr Tom Mkhwanazi

Chief Executive Officer

# 6. STRATEGIC OVERVIEW

## VISION

To be the leader in skills development in the country.

## MISSION

To develop a skilled, capable, competent and professional workforce to transform the wholesale and retail sector.

## VALUES

### ACCOUNTABILITY

- We take responsibility for decisions, actions, and results at both organisational and employee levels
- We take ownership of our endeavours
- We are committed to a client-centric work ethic

### AGILITY

- We are responsive to the ever-changing needs and trends of industry
- We are demand-driven
- We maintain an innovative work ethic within the prescripts of the regulatory environment
- We work with foresight
- We strive to be proactive through leadership

### INTEGRITY AND TRUSTWORTHINESS

We believe in:

- Keeping our word
- Behaving in an ethical manner
- Consistency
- Compliance

### MUTUAL RESPECT

We believe in:

- Appreciation of others
- Active listening
- Kicking the ball, not the player
- Acknowledgement
- Acceptance
- Embracing diversity

### QUALITY SERVICES

We are committed to:

- Professionalism
- Being orientated towards service fulfilment
- Exceeding expectations
- Meticulousness
- Adhering to standards
- Consistency
- Living the Batho Pele Principles

### IMPACT OF THE W&RSETA

The impact of the W&RSETA is assessed according to the following impact statements:

- An efficiently run organisation that effectively responds to the skills demand and supply of the Wholesale and Retail Sector
- Skills development interventions informed by comprehensive research
- A wholesale and retail workforce equipped with relevant skills required by the sector
- A curriculum that is relevant to the sector and is updated

## 7. LEGISLATIVE AND OTHER MANDATES

The W&RSETA is a Schedule 3A Public Entity and derives its mandate from the Constitution of the Republic of South Africa, 1996 and the Skills Development Act, No 97 of 1998 (as amended). The SETA supports skills development in the Wholesale and Retail Sector in South Africa through the implementation of learning programmes, disbursement of grants and monitoring of education and training as outlined in the Act, accompanying regulations and the National Skills Development Plan (NSDP) 2030.

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

- Skills Development Act, No 97 of 1998 (as amended)
- Skills Development Levies Act, No 9 of 1999 (as amended)
- National Qualifications Framework Act, No 67 of 2008
- Workplace-based Learning Programmes Regulations
- SETA Grant Regulations, 3 December 2012, Vol 570, 35940
- Public Finance Management Act, No 29 of 1999, read together with National Treasury Regulations
- Broad-based Black Economic Empowerment (B-BBEE) Act, No 53 of 2003.

The following national strategies and policies guide the W&RSETA's strategy and operations:

- National Skills Accord
- New Growth Path (NGP)
- National Development Plan 2030 (NDP)
- National Skills Development Plan (NSDP)
- White Paper for Post-school Education and Training (WPPSET).

## 8. SCOPE OF COVERAGE

The W&RSETA operates across the wholesale trade sector and the retail trade sector. Wholesale trade is bulk buying of goods from various manufacturers and breaking these down into smaller quantities for sale to retailers. Retail trade is buying of

goods from wholesalers for sale to consumers. The detailed activities that fall within the scope of the wholesale and retail sector are demarcated according to Standard Industrial Classification (SIC) codes, as shown in the following table:

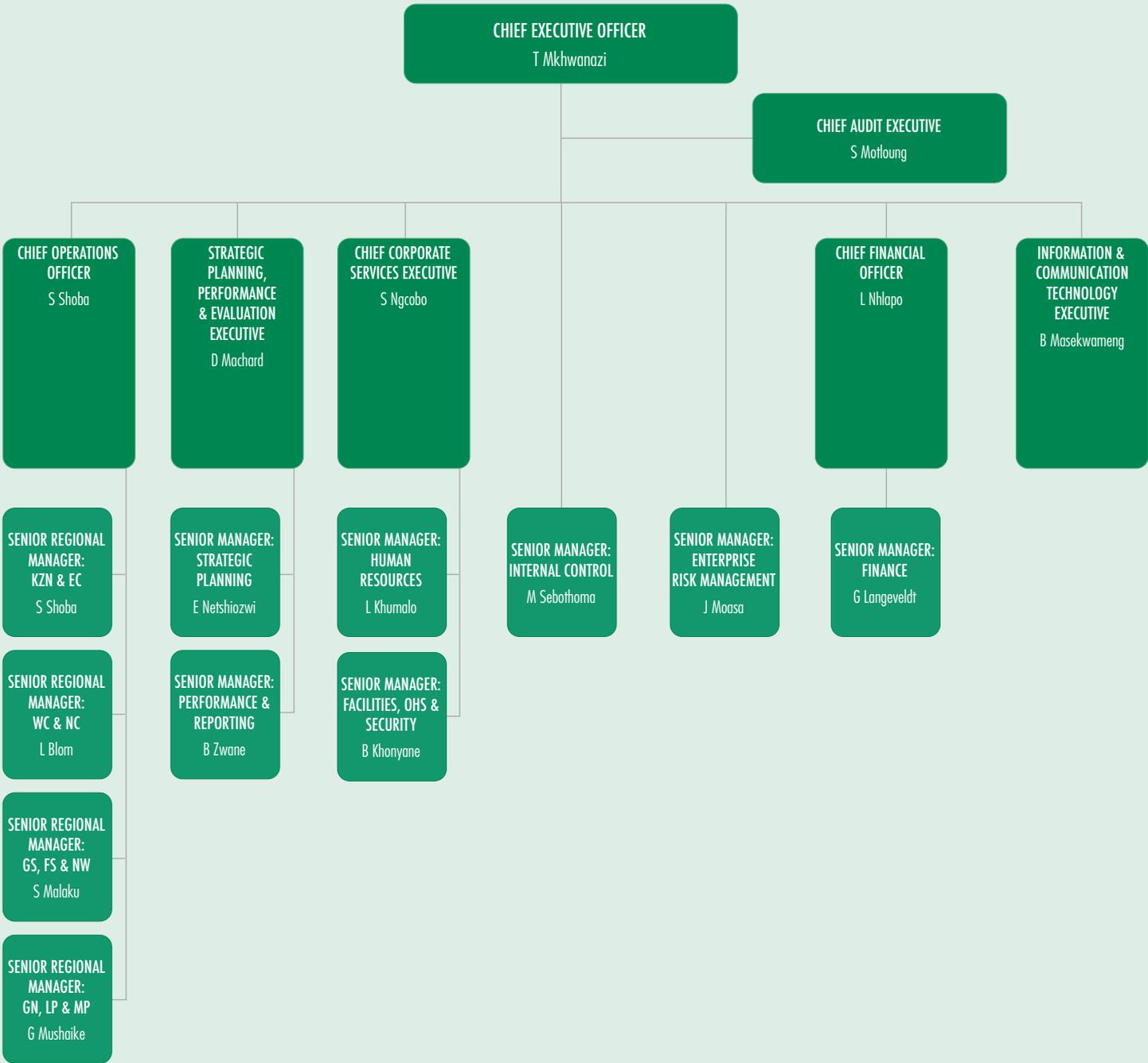
SIC CODE	TRADE CATEGORY
<b>WHOLESALE</b>	
61000	Wholesale and commission trade, except for motor vehicles and motorcycles
61100	Wholesale trade on a fee or contract basis
61220	Wholesale trade in food, beverages and tobacco
61310	Wholesale trade in textiles, clothing and footwear
61391	Wholesale trade in household furniture requisites and appliances
61392	Wholesale trade in books and stationery
61393	Wholesale trade in precious stones, jewellery and silverware
61394	Wholesale trade in pharmaceuticals, toiletries and medical equipment
61420	Wholesale trade in metal and metal ores
61430	Wholesale trade in construction materials, hardware, plumbing and heating equipment
61501	Office machinery and equipment, including computers
61509	Other machinery
61901	General wholesale trade
61909	Other wholesale trade not elsewhere classified (*NEC)
<b>RETAIL</b>	
62000	Retail trade, except for motor vehicles and motorcycles; repair of personal and household goods
62110	Retail trade in non-specialised stores, with food, beverages and tobacco dominating
62190	Other retail trade non-specialised stores
62201	Retail trade in fresh fruit and vegetables
62202	Retail trade in meat and meat products
62203	Retail trade in bakery products
62204	Retail trade in beverages (bottle stores)
62209	Other retail trade in food, beverages and tobacco (*NEC)
62311	Retail of non-prescribed medicine and pharmaceutical products other than by pharmacists
62321	Retail trade in men's and boy's clothing
62322	Retail trade in ladies' and girls' clothing
62323	Retail trade by general outfitters and by dealers in piece goods, textiles, leather and travel accessories
62324	Retail trade in shoes
62330	Retail trade in household furniture appliances, articles and equipment
62340	Retail trade in hardware, paints and glass
62391	Retail trade in reading matter and stationery
62392	Retail trade in jewellery, watches and clocks
62393	Retail trade in sports goods and entertainment requisites
62399	Retail trade by other specified stores
62400	Retail trade in second-hand goods in stores
63122	Retail sale of used motor vehicles
63311	Sale of tyres
63500	Retail sale of automotive fuel

\* NEC = Not elsewhere classified

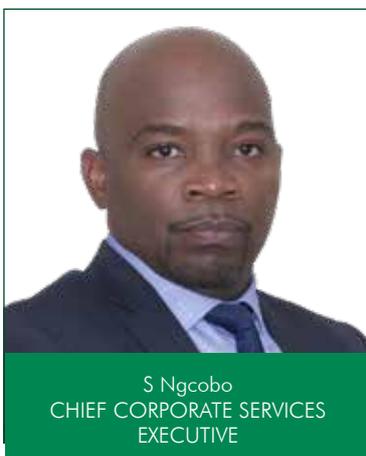
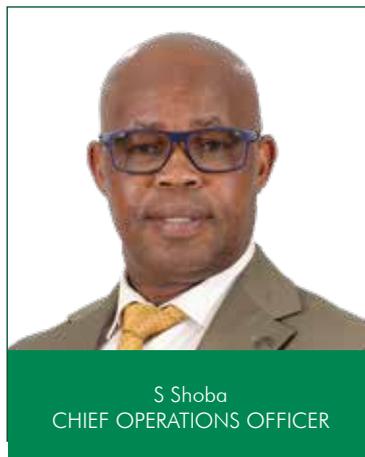
# 9. ORGANISATIONAL STRUCTURE

The organisational restructure initiated in 2018/19 was completed in the year under review, having already proved its worth in integration of functions and quality at the coalface of our service delivery. Two key positions – Senior Manager: Finance and Senior Manager: Strategic Planning – were filled during the year, while the Chief Operations Officer post became vacant.

## EXECUTIVE & SENIOR MANAGEMENT



## EXECUTIVE MANAGEMENT





## PART B PERFORMANCE INFORMATION



# 1. AUDITOR-GENERAL'S REPORT ON PREDETERMINED OBJECTIVES

The Auditor-General South Africa (AGSA) currently performs the audit procedures on performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in this Report

to Management, with material findings being reported under the Predetermined Objectives heading in the Report on Other Legal and Regulatory Requirements section of the AGSA's report in Part E of this report.

## 2. OVERVIEW OF PERFORMANCE

### 2.1 SERVICE DELIVERY ENVIRONMENT

The Wholesale and Retail Sector accounts for 12.5% of the country's gross domestic product (GDP), making it the third largest contributor. National Treasury notes that the economy grew by about 4.8% in 2021 against the projected 5.1%, the result of a new COVID-19 wave, the violence of July 2021, increased global uncertainty and modest growth expectations following renewed power cuts. Real GDP growth of 2.15% is projected for 2022.

COVID-19's impact on the sector, which employs 21% of the South African labour force, was felt in business activity slowdown, increased demand for e-commerce, reinforcement of reskilling and retraining to minimise job losses, and higher health and safety risk for customers, employers, employees and partners. Following the four-month skills development 'holiday' instituted in response to COVID-19 and the deferment of certain targets amid the focus on the pandemic, the SETA resumed full operations in 2021/22, addressing the deferred targets despite the drop in levy income. The SETA set 69 targets during 2021/22, compared to the 45 of the previous year.

Still the trading environment during the year under review remained heavily influenced by impact of Covid-19, with businesses having had to double their efforts to compensate for the shortfall. With many of its primary beneficiaries, small businesses, having had to reinvent themselves and others having closed, the W&RSETA adopted a more inclusive approach in its planning, which prioritised women, rural communities, youth and people with disabilities. Digital technology having come to the fore during the lockdowns and enduring as the primary tool for the new hybrid work approach, the W&RSETA focused on empowering small, medium and micro enterprises (SMMEs), cooperatives and the informal sector with fourth industrial revolution skills and enabling technologies.

In July 2021, the sector experienced a new and equally unexpected crisis, with the riots and unrest in KwaZulu-Natal and parts of Gauteng. If the opportune timing and urgency of the Economic Reconstruction and Recovery Plan (ERRP) launched by President Cyril Ramaphosa in October 2020 had not been fully recognised as COVID-19 took hold, it acquired new meaning with these incidents.

The W&RSETA turned its attention to projects and interventions that would support the ERRP, which has as its goal a more sustainable, resilient and inclusive economy. Identified initiatives included expanded provision of skills programmes

and workplace-based learning opportunities, more enrolments on qualifications-based programmes, and review of qualifications, programmes and curricula to respond to occupational shortages. Also flagged were an update of the critical skills list, strengthening entrepreneurship development programmes, and embedding skills planning into economic planning processes and vice versa. Enrolment on and completion of learning programmes by the unemployed were largely achieved. These interventions seek to provide not only access to the job market for the unemployed, but make youngsters more employable, thus addressing the scourge of unemployment, which rose to almost 35% by the end of the year under review, with youth unemployment reaching 66.5%. Programmes such as these will continue to be essential for South Africa's economic health.

The 2021/22 review of the Five-year Strategic Plan 2020/21 to 2024/25 included wide stakeholder consultation on skills priorities to uncover new imperatives and confirm those already identified.

The exercise supported the relevance of the SETA's primary focus for 2021/22, namely transformation, including training and employment of people with disabilities. Other programmes addressing the objectives of the W&RSETA that have been identified as key skills priorities for 2021/22 include:

- Priority skills plan – economic transformation and job creation
- SMME, informal trader and cooperative development
- Youth unemployment
- Hard-to-fill vacancies (HTFVs) and skills gaps
- Stakeholder engagement
- Training and employment of people with disabilities
- Sector transformation.

Apart from the continuing COVID-19 factor - which has created a new normal with significant skills implications - new or expanding priorities influencing skills supply and demand emerged during discussions and research for the strategic plan review, among them:

- The need for data privacy manifested by implementation of the Protection of Personal Information Act. The requirement to appoint an information officer puts added pressure on struggling SMMEs and the Act will require a fundamental shift in how businesses process data and market themselves. Cybersecurity and information technology literacy skills are the new essentials.

- Technology advancements such as mobile apps, online shopping, big data and social media, which require modern skills, while heightening the threat of cybercrime.
- The need for newly revised W&RSETA organisational structure to respond to the increasing need for skills and support for SMMEs, with the accent on sustainability, the vulnerability of hawkers, casualisation of labour with none of the traditional employment benefits, and partnerships between small, township-based businesses with established retailers that have set up operations in these areas to allow the former to access the supply chain, which itself will require skills upgrades.
- Changing expectations of sector stakeholders, as consumers demand not only quick and efficient service, but retailers and suppliers that demonstrate sound social, environmental, cultural and ethical credentials.

## 2.2 ORGANISATIONAL ENVIRONMENT

The W&RSETA continues to offer stakeholders countrywide coverage, with 10 offices, two in Gauteng (southern and northern regions) and one in each province. The regional centres are integral to the SETA's quality assurance efforts, ensuring standards are upheld in the implementation of learning programmes through assessments, moderation and learner certification. These offices not only take W&RSETA services and projects to the wholesale and retail firms and communities it seeks to serve through skills development, but enables the SETA to consult with the sector both nationally and provincially, responding to unique needs in each of South Africa's nine provinces.

Extending its provincial activities further, the SETA continued during the year to partner with technical and vocational education and training (TVET) colleges in rural and township communities, facilitating skills development in remote areas.

The decentralisation of all W&RSETA operations planned for April 2020 is in place and promises heightened responsiveness to provincial needs and greater implementation efficiency.

The organisational design process initiated in 2019/20 continued to be implemented in the year under review. Its goal was to create an operating model that would optimise human resources processes, including structural realignment, skills audit and remuneration; policies, procedures and systems, and review of the delivery model.

## 2.3 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

The National State of Disaster instituted in March 2020 by the Disaster Management Act continued throughout 2021/22. The W&RSETA adhered to requirements at all its offices, prioritising staff and stakeholder safety. The SETA supported the sector through reasonable accommodation, provision of personal protective equipment for all unemployed learners and facilitating e-learning.

## 2.4 2021/22 KEY SKILLS PRIORITIES

The W&RSETA has eight outcomes for implementation and achievement within the period of its Five-year Strategic Plan 2020/21 to 2024/25. These are:

- Outcome 1: An efficient and effective organisation with good corporate governance
- Outcome 2: An integrated career guidance programme
- Outcome 3: Growth focused programmes for the development and support of Training Providers and the Higher Education, TVET and CET sectors to enable their responsiveness to changing occupations and technological advances
- Outcome 4: A sector responsive Research Agenda that supports and informs the establishment of impact geared W&R skills development programmes
- Outcome 5: Increased access to wholesale and retail occupationally directed programmes
- Outcome 6: Growth focused skills development and entrepreneurship development support for emerging entrepreneurs, cooperative sector and small, medium and informal business enterprises to enhance their participation in the mainstream economy
- Outcome 7: Capacitated Trade Unions within the W&R sector
- Outcome 8: An appropriately skilled, agile and responsive workforce and skills pool able to meet the W&R sector current and emerging skills needs

These outcomes are collectively geared to enable the W&RSETA to make meaningful contributions to economic growth, employment creation and social development in the W&R sector, resulting in a wholesale and retail workforce equipped with the skills required by the sector.

The W&RSETA further set seven key skills priorities for the 2021/22 financial year. These priorities emanated from the W&RSETA's research as part of the development of the

Sector Skills Plan (SSP) and addressed the key change drivers in the sector, which included COVID-19, the expansion of retail chains into townships, technology advancements and increased access to information, youth unemployment, and SMME development. The skills priorities set out to enable achievement of responsive and meaningful outputs that address the current and dynamic demands of the sector and the intermediate outcomes of the Strategic Plan.

The key skills priorities for 2021/22 are listed below:

- Priority skills plan – economic transformation and job creation
- SMME, informal trader and cooperative development
- Youth unemployment
- Hard-to-fill vacancies (HTFVs) and skills gaps
- Stakeholder engagement
- Training and employment of people with disabilities
- Sector transformation.

The following diverse groups participated in and/or benefitted from programmes structured to address the key priorities:

#### **PRIORITY 1: PRIORITY SKILLS PLAN – ECONOMIC TRANSFORMATION AND JOB CREATION**

The priority skills plan is intended to ensure that skills gaps are not a hindrance to economic growth and job creation. To address this, the W&RSETA identifies key skills and occupations to support and allocates funding to assist the labour market in the short- and medium term. Stakeholder consultation forms part of the skills identification process.

Through the Provincial Skills Plan, skills per province are identified to address gaps in particular provinces and sub-sectors. The SETA has also implemented a decentralised model, which ensures that service delivery is optimal and provincial sector needs are met.

The SETA is driving the Fourth Industrial Revolution transition in the sector and assists businesses, especially SMMEs, to adapt. It conducted a study in 2020/21 on implications of the Fourth Industrial Revolution on new jobs in ecommerce, digitisation and innovation. In addition, phase II of the Zimele Traders programme in KwaZulu-Natal was implemented. The programme provided funding for digital ecosystem infrastructure equipment to allow small and medium enterprises to trade, scan, count and order stock from the

wholesale hub set up by the KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs and its partners.

ICT skills are required to make the sector agile, competitive and sustainable and, thus, equipped to operate in the digital economy. During 2020/21 – 2021/22 the SETA awarded bursaries to 270 learners enrolled for information technology qualifications to create a pool of skills that will benefit the sector and the country.

#### **PRIORITY 2: SMME, INFORMAL TRADER AND COOPERATIVE DEVELOPMENT**

During the year under review, 177 emerging entrepreneurs and small businesses participated in entrepreneurship development programmes, which included training, business startup and viability support. 2 508 SMMEs were funded for skills development initiatives, 2 401 informal traders participated in W&RSETA capacitation workshops and 31 cooperatives participated in skills development programmes to improve their operational efficiency, thereby ensuring the sustainability of their businesses.

#### **PRIORITY 3: YOUTH UNEMPLOYMENT**

In 2021/22, the W&RSETA, through the Discretionary Grant programme, funded 17 198 unemployed persons for participation in learnerships, occupational qualifications, skills programmes and occupationally directed programmes at TVETs and higher education institutions. 96% (16 491) of the unemployed persons funded for participation in occupationally directed programmes were unemployed youth.

#### **PRIORITY 4: HARD-TO-FILL VACANCIES AND SKILLS GAPS**

The SETA facilitates training aligned to sector needs to narrow the gap between demand and supply of skills in the sector. However, some skills are deemed hard-to-fill due to high employee turnover.

The partnerships involving the SETA, employers, academic institutions and qualification bodies have generated qualifications that are needed by the sector and have ensured agile response to developing such skills when needed. The 10 hard-to-fill vacancies in 2021/22 were identified and 21 934 SETA funded learners were enrolled on qualifications that respond to hard to fill vacancies:

## **PRIORITY 5: STAKEHOLDER ENGAGEMENT**

Through the CEO's stakeholder engagement programme, the W&RSETA convened 10 sessions during the year under review to acquaint companies, institutions of learning and private training providers with its strategic priorities to encourage buy-in and stakeholder participation in achieving these priorities. A significant outcome of the programme was the partnership between the W&RSETA and Pepkor group to implement the Graduate Incubator Programme. Sector feedback on skills demand forms part of the Sector Skills Plan, thus stakeholder sessions are conducted every year to update the SSP.

Stakeholder engagement through expos and conferences allows the W&RSETA to facilitate discussions on topical issues facing the sector and to create awareness on the mandate of the SETA and opportunities available to companies, particularly small businesses.

## **PRIORITY 6: TRAINING AND EMPLOYMENT OF PEOPLE WITH DISABILITIES**

Access to wholesale and retail occupationally directed programmes was provided to 339 (4.06%) people with disabilities in 2021/22, compared to 159 (4.45%) in 2020/21. The W&RSETA People with Disabilities Impact Study, 2021 was conducted to assess the effectiveness of W&RSETA programmes for people with disabilities. It analysed the outcomes and successes in promoting employment and career progression for beneficiaries through improved access to learning programmes that meet their skills development needs. 18% of the participants indicated that there had been a significant contribution to their increased representation as people with disabilities in the sector at senior levels; and 36% cited a significant contribution from the learning programmes in enabling them to obtain jobs in the sector at entry level.

## **PRIORITY 7: SECTOR TRANSFORMATION**

In 2021/22, to address the issue of slow transformation of the Wholesale and Retail sector in terms of representation of Black, Indian and Coloured individuals in top and senior management structures, the W&RSETA enrolled 283 employed learners on the Retail Management Development Programme and 90 on the International Leadership Development Programme. Fifteen Masters and PhD learners were awarded bursaries.

Through the implementation of the targets set for its skills priorities in the Annual Performance Plan, the W&RSETA achieved 56 of the 69 output indicator targets set for achievement in 2021/22 (81.16%). In total, the SETA enabled access to learning programmes for 31 031 employed and unemployed learners in 2021/22 inclusive of learners from multi-year projects whose registration took place in 2021/22 financial year. A further 6 771 employed and unemployed learners participated in sector-funded skills development initiatives and were registered for W&RSETA qualifications or part-qualifications (learnerships, occupational qualifications and skills programmes) during the year.

## **2.5 PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES**

Eight strategic outcomes were set for achievement from 2020 to 2025, with 18 outcome indicators to be achieved. Highlights of progress made towards these five-year targets during 2020/21 are provided per outcome below.

### **OUTCOME 1: AN EFFICIENT AND EFFECTIVE ORGANISATION WITH GOOD CORPORATE GOVERNANCE**

The five-year target requires a clean audit opinion in 2024/25. The SETA obtained an unqualified audit opinion in 2020/21 and a qualified audit opinion in 2021/22.

The second target was a reduction in manual processes by 90%. To this end, 47 manual processes were identified in 2020/21, thirty eight of which were automated in that year (80%) and the remaining nine (20%) in 2021/22. Thus the target of 90% was overachieved as all manual processes identified in 2020/21 were automated between 2020/21 and 2021/22.

## **OUTCOME 2: AN INTEGRATED CAREER GUIDANCE PROGRAMME**

The five year target of the development and implementation of a career guidance and career development strategy had been set against outcome 2 of the W&RSETA strategy. The Strategy which will guide the W&RSETA's interventions from 2020/21 to 2024/25 was developed and approved in December 2020.

The strategy is being implemented in phases with the following activities having been implemented in the year under review:

- A total of 307 career guidance events held in urban and rural areas
- Training of 25 people on a 12 month career guidance information officer qualification will be completed in November 2022
- 618 life orientation educators capacitated in use of the career guide

## **OUTCOME 3: DEVELOPMENT AND SUPPORT OF TRAINING PROVIDERS AND THE HIGHER EDUCATION, TVET AND CET SECTORS TO ENABLE THEIR RESPONSIVENESS TO CHANGING OCCUPATIONS AND TECHNOLOGICAL ADVANCE**

The five-year target specifies a 10% increase from a baseline of eight in the number of partnerships with TVET, HETs and CETs aimed at enabling their growth was exceeded in the year under review, with 38 partnerships forged, bringing the total number of partnerships formed with TVETs, HETs and CETs between 2020 and 2021 to 58. These partnerships are based in all 10 regions, including in townships and rural areas. The support provided in 2021/22 included:

- Workplace opportunities provided for 2 438 learners from TVETs & HETs
- Two partnerships with higher education institutions that offer retail programmes to strengthen partnerships with sector and academic institutions
- Three CET Colleges supported with infrastructural development

In response to the second indicator under this outcome for increasing the number of education and training institutions and training providers offering W&R occupationally directed programmes, the W&RSETA registered 45 Training Providers from Historically Disadvantaged Groups in skills development programmes aimed at ensuring their full accreditation to provide training in Wholesale and Retail training programmes.

## **OUTCOME 4: SECTOR RESPONSIVE RESEARCH AGENDA THAT SUPPORTS AND INFORMS THE ESTABLISHMENT OF IMPACT GEARED W&R SKILLS DEVELOPMENT PROGRAMME**

The SETA is on track to meet its five-year target of 20 research and five (5) impact assessments reports, in line with the approved Research Agenda which sets out the research needs of the W&RSETA for five years and was developed to:

- Inform sector planning processes within the W&RSETA and the sector
- Inform stakeholders of research priorities
- Inform the budget to be allocated to research
- Guide sectoral research undertaken by academics and independent research institutes and organisations in the Wholesale and Retail Sector
- Optimise the use of research resources by avoiding unnecessary duplication of research

The outcome of the approved research agenda is eight research studies that were conducted (reports completed) on sector needs and six impact studies conducted from 2020/21 to 2021/22. The following were among the focuses of the studies:

- Assessment of skills development interventions to support graduates with access to sector employment and entrepreneurship opportunities
- Evaluation of blended learning and training interventions
- Implications of the Fourth Industrial Revolution on new jobs in ecommerce, digitisation and innovation
- Impact of pivotal programmes toward the implementation of transformational imperatives 2017/18, including disabled, youth and women: (Gauteng, Western Cape, KwaZulu-Natal, Free State and Limpopo participation)
- Economic and social impact of COVID-19 on the Wholesale and Retail Sector

The SETA is using the results of the reports in its planning and implementation strategies to be developed in 2022/23 financial year. This includes the bursary model, strategy and policies being formulated from the findings and recommendations of the Impact study on the bursary and placements funding model/grant. The completed research reports are also used for the update and development of the SSP.

#### **OUTCOME 5: INCREASED ACCESS TO WHOLESALE AND RETAIL OCCUPATIONALLY DIRECTED PROGRAMMES**

The W&RSETA has overachieved its five-year target of 7 000 learners who participated in occupationally directed programmes, with 4% representation of people with disabilities, 12.5% comprising of learners from rural areas and 50% comprised of female learners. In the first year of the five-year plan, access to wholesale and retail occupationally directed programmes was provided to 3 595 unemployed learners who were enrolled in workplace based learning programmes – 4.45% for people with disabilities and 26.2% for learners from rural areas. During 2021/22, there were 8 350 unemployed learners who were enrolled in learnership or occupational qualifications – 4.06% (339) people with disabilities and 31% (2 605) learners from rural areas. Two rural projects were implemented by the W&RSETA in 2021/22 in response to needs of the communities wherein they were implemented. The first one was Thanda Uvikele Iretail Mhlali implemented in KwaZulu-Natal and the second one was the Rural SMME Development Supplier Project implemented in Mpumalanga, Free State and Limpopo.

#### **OUTCOME 6: GROWTH FOCUSED SKILLS DEVELOPMENT AND ENTREPRENEURSHIP DEVELOPMENT SUPPORT FOR EMERGING ENTREPRENEURS, COOPERATIVE SECTOR AND SMALL, MEDIUM AND INFORMAL BUSINESS ENTERPRISES TO ENHANCE THEIR PARTICIPATION IN THE MAINSTREAM ECONOMY**

The SETA's five-year target is to have 1 000 informal businesses registered with registration bodies and for 500 small and medium enterprises to have participated in supplier development programmes registered with the Central Supplier Database.

During 2020/21, 2 426 informal traders participated in the Informal Traders and Micro-enterprises Development Programme, and in the year under review, 2 401 informal traders participated in the programme. The traders were taught how to register companies and were given a voucher worth R3 000 to buy stock.

A total of 2 446 SMMEs participated in skill development in 2020/21 and 2 508 SMMEs participated in skills development in 2021/22.

Thirty-one cooperatives participated in skills development in 2021/22 in Limpopo, Eastern Cape, Mpumalanga, North West and Free State provinces. The community-based cooperatives are in rural areas with socio-economic constraints.

#### **OUTCOME 7: CAPACITATED TRADE UNIONS WITHIN THE WHOLESALE AND RETAIL SECTOR**

Against a five-year target of 15 interventions to capacitate trade union members, a total of ten interventions to capacitate trade unions have been achieved to date. In 2020/21, five trade unions were capacitated on occupational health and safety, COVID-19 basics, labour law and ICT, Understanding of Trade Union Movement & Framework of Trade Union Movement, and Leadership Training. 1095 Trade union members benefited from the capacitation intervention. In the year under review, four trade unions were capacitated on Disciplinary Hearing & Practical Labour Training, Case/Grievance Handling, Shop Stewards Induction and Handling of Unfair Dismissal (HUD). 1010 trade union members benefited from the capacitation intervention.

#### **OUTCOME 8: AN APPROPRIATELY SKILLED, AGILE AND RESPONSIVE WORKFORCE AND SKILLS POOL ABLE TO MEET THE W&R SECTOR CURRENT AND EMERGING SKILLS NEEDS**

With a five-year target of 10 000 workers registered in SSP-identified programmes addressing hard-to-fill vacancies, the SETA registered 7 452 in 2020/21 and 10 399 in 2021/22. The total number of workers registered amounts to 17 851. The programmes included learnerships, skills programmes and bursaries. The continuous skilling of the workforce will transform the sector and alleviate the skills shortages identified in the SSP.

# 3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

## 3.1 PROGRAMME 1: ADMINISTRATION

### DESCRIPTION OF THE PROGRAMME

This programme ensures that effective and efficient support functions are provided in the organisation to support the implementation of the W&RSETA's mandate. The programme creates an enabling environment for the SETA to deliver its outcomes and outputs. This includes ensuring the organisational capacity and capability for a culture of high-performance and productivity, the deployment of robust business processes and systems, embedding effective corporate governance, strengthening oversight and compliance, and enhancing monitoring and evaluation

capabilities to measure the impact of skills development interventions across the sector.

Interventions in Programme 1 address outcome 1 - 'An efficient and effective organisation with good corporate governance'.

### PERFORMANCE RESULTS

Programme 1 achieved a performance result of 33,33%, with one of the three performance targets set for the 2021/22 financial year being achieved.

### OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT FOR PROGRAMME 1

PROGRAMME 1: ADMINISTRATION								
PURPOSE: TO PROVIDE EFFECTIVE AND EFFICIENT SUPPORT FUNCTIONS WITHIN THE ORGANISATION.								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/2020	AUDITED ACTUAL PERFORMANCE 2020/2021	PLANNED ANNUAL TARGET 2021/2022	**ACTUAL ACHIEVEMENT 2021/2022	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2021/2022	REASONS FOR DEVIATIONS
Outcome 1: An efficient and effective organisation with good corporate governance	Output 12: Efficient and effective use of resources to ensure good governance, compliance with laws and regulations and excellent service delivery	[1.1] % Implementation of approved structure	N/A	80.31%	90%	79,40%	-10,6%	Target not achieved as a result of the moratorium placed on new vacancies.
		[1.2] Percentage reduction of manual processes resulting in the efficient and optimised W&RSETA business operational and transactional processes	N/A	94%	20%	21,00%	+1%	Target was exceeded. An agile approach was utilised for the implementation of the project thereby enabling the organisation to exceed the target set for this indicator.
		[1.3] Improved audit opinion annually	Unqualified audit opinion with findings	Unqualified audit opinion	Unqualified	Qualified audit opinion	-1	Target not achieved due to unresolved material misstatements.

### STRATEGY TO OVERCOME UNDERPERFORMANCE

Two targets were not achieved during the 2021/22 implementation period. The targets that were not achieved include:

- [1.1] % Implementation of approved structure
- [1.3] Improved audit opinion annually

The SETA has adopted the following strategy to address underperformance:

90% implementation of approved structure was not achieved during the implementation period. The strategy or intervention that will be adopted to address the achievement of the 90% implementation of the approved structure will include making provision for the medium term budget to fill additional prioritised positions over the period in order to achieve 90% implementation of the approved structure, and beyond.

### 3.2 PROGRAMME 2: RESEARCH AND SKILLS PLANNING

#### DESCRIPTION OF THE PROGRAMME

Programme 2 advances skills development in the sector through skills planning, monitoring, evaluation, reporting and research.

It also tracks performance progress against targets set and conducts impact assessments of the W&RSETA's skills development interventions. The programme implements its mandate through robust planning, improving the quality and quantity of research outputs, and strengthening the integrity of monitoring, evaluation and reporting on performance information.

Programme 2 outputs enable the achievement of outcome 2 - 'A sector-responsive research agenda that supports and informs the establishment of impact-gearred W&R skills development programmes'.

#### PERFORMANCE RESULTS

Programme 2 achieved a 100% performance result, with all six (6) of the targets set for the 2021/22 financial year being achieved.

#### OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT FOR PROGRAMME 2

PROGRAMME 2: SKILLS PLANNING AND RESEARCH								
PURPOSE: PROGRAMME 2 IMPLEMENTS ITS MANDATE THROUGH ROBUST PLANNING, IMPROVING THE QUALITY AND QUANTITY OF RESEARCH OUTPUTS, AS WELL AS STRENGTHENING THE INTEGRITY OF MONITORING, EVALUATION AND REPORTING ON PERFORMANCE INFORMATION.								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/2020	AUDITED ACTUAL PERFORMANCE 2020/2021	PLANNED ANNUAL TARGET 2021/2022	**ACTUAL ACHIEVEMENT 2021/2022	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2021/2022	REASON FOR DEVIATIONS
Outcome 4: A sector responsive Research Agenda that supports and informs the establishment of impact geared W&R skills development programmes	Output 1: Research and develop a Sector Skills Plan (SSP) in reply to the sector skills demand and supply	[2.1] Board approved SSP annually	1	1	1	1	0	Target achieved
		[2.2] Board approved SP / APP annually	1	1	1	1	0	Target achieved
	Output 3: Identify, prioritise and form partnerships to address priority occupations	[2.3] Number of Memorandums of Understanding signed with strategic partners addressing sector needs, annually	4	5	2	3	+1	Target exceeded. The organisation prioritised collaborative partnership agreements with public entities under the Department of Higher Education and Training to ensure effective implementation of occupationally directed programmes
		[2.4] Number of research interventions responding to strategic partnerships with National and International institutions annually	N/A	2	2	2	0	Target achieved
	Output 6: Facilitate access and provide support for interventions towards occupationally directed learning programmes	[2.5] Number of research reports completed annually	12	2	2	2	0	Target achieved
		[2.6] 2 sector directed tracer, evaluation and impact study reports completed annually	4	2	2	4	+2	Target exceeded to obtain insight on the effectiveness of W&RSETA workplace-based programmes. Studies conducted assessed the impact of various W&RSETA programmes. These included impact studies on learnership, internship and bursary programmes as well as programmes for people with disabilities

### 3.3 PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS

#### DESCRIPTION OF THE PROGRAMME

This programme addresses scarce and critical skills and hard-to-fill vacancies in the wholesale and retail sector through high-quality learning programmes. Functions of this programme include career guidance and the implementation of learnerships, apprenticeships, skills programmes, internships, work-integrated learning and bursaries for students at TVET colleges and higher education institutions (HEIs).

Programme 3 seeks the following outcomes:

- Outcome 2: An integrated career guidance programme
- Outcome 5: Increased access to wholesale and retail occupationally directed programmes

- Outcome 6: Growth focused skills development and entrepreneurship development support for emerging entrepreneurs, cooperative sector and small, medium and informal business enterprises to enhance their participation in the mainstream economy.
- Outcome 7: Capacitated wholesale and retail sector trade unions
- Outcome 8: An appropriately skilled, agile and responsive workforce and skills pool able to meet the W&R sector current and emerging skills needs

#### PERFORMANCE RESULTS

75,56% performance results were attained in Programme 3, with 34 of the 45 performance targets set for the 2021/22 financial year being achieved.

#### OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT FOR PROGRAMME 3

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS									
PURPOSE: TO CONTRIBUTE TO ADDRESSING THE SCARCE AND CRITICAL SKILLS IDENTIFIED AND REDUCE HARD-TO-FILL VACANCIES IN THE WHOLESALE AND RETAIL SECTOR THROUGH THE PROVISIONING OF QUALITY LEARNING PROGRAMMES									
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/2020	AUDITED ACTUAL PERFORMANCE 2020/2021	PLANNED ANNUAL TARGET 2021/2022	**ACTUAL ACHIEVEMENT 2021/2022	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2021/2022	REASON FOR DEVIATIONS	
Outcome 8: An appropriately skilled, agile and responsive workforce and skills pool able to meet the W&R sector current and emerging skills needs	Output 1: Research and develop a Sector Skills Plan (SSP) in reply to the sector skills demand and supply	[3.1] Number of WSPs and ATRs approved for small firms per annum	5331	81%	70%	90,25% (3488 WSPs and ATRs approved out of 3865 submitted)	+20,25%	Target exceeded due to the high number of compliant submissions	
		[3.2] Number of WSPs and ATRs approved for medium firms per annum	1331	82%	70%	86,41% (960 WSPs and ATRs approved out of 1111 submitted)	+16,41%	Target exceeded due to the high number of compliant submissions	
		[3.3] Number of WSPs and ATRs approved for large firms per annum	570 out of 570	85%	70%	90,68% (496 WSPs and ATRs approved out of 547 submitted)	+20,68%	Target exceeded due to the high number of compliant submissions	
	Output 13: A skilled, competent and professional workforce in the wholesale and retail sector through provision of Bursaries to W&RSETA employed and unemployed beneficiaries	[3.4] Number of employed and unemployed persons awarded bursaries annually for studies in priority occupations resulting in demand driven qualifications		3354	756 (Public 374) (Private 382)	Unemployed new entries: 2000	2129	+129	Target exceeded as a result of the positive outputs of W&RSETA partnerships with tertiary institutions, which enabled institutions to identify and address the funding needs of the missing-middle students.
				438	1 414	Continuing: 1000	34	-966	Target not achieved due to the delayed submission of student results, which affected the number of eligible continuing learners to be funded in the 2021/22 financial year
				28	Target deferred	Masters/PHD: 15	15	0	Target achieved

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/2020	AUDITED ACTUAL PERFORMANCE 2020/2021	PLANNED ANNUAL TARGET 2021/2022	**ACTUAL ACHIEVEMENT 2021/2022	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2021/2022	REASON FOR DEVIATIONS
Outcome 8: An appropriately skilled, agile and responsive workforce and skills pool able to meet the W&R sector's current and emerging skills needs (continued)	Output 13: A skilled, competent and professional workforce in the wholesale and retail sector through provision of Bursaries to W&RSETA employed and unemployed beneficiaries (continued)	[3.4] Number of employed and unemployed persons awarded bursaries annually for studies in priority occupations resulting in demand driven qualifications (continued)	N/A	Target deferred	RMDP: 320	283	-37	Target not achieved due to withdrawal of several candidates who could not be replaced timeously
			N/A	Target deferred	ILDp: 90	90	0	Target achieved
			397	Target deferred	Employed (NQF 5-8): 1250	553	-697	Target not achieved due to low uptake of bursary funding by the sector. The W&RSETA aims to increase its advocacy efforts for employed bursary programmes
		[3.5] Number of W&RSETA bursars completing priority occupation qualifications annually	418	101	Completing: 100	106	+6	Target exceeded due to improved monitoring and reporting processes that were direct outputs of W&RSETA partnerships with tertiary institutions
Outcome 5: Increased access to wholesale and retail occupationally directed programmes	Output 4: Facilitate innovative workplace-based learning opportunities within the sector	[3.6] Number of unemployed learners registered in NQF 2-5 learnerships or occupational programmes addressing Wholesale and Retail HTFVs as identified in the SSP annually	7 902 4% (282) of which are learners with disabilities and 16.3% (1 286) rural learners; Including 1 569 learners from TVET colleges)	3 595 4.45% (160) persons with disabilities; 26.2% (945) persons from rural areas; 58.78% (2 113) female learners)	7500	8 350 339 (4.06%) Persons with disabilities; 2605 (31%) Persons from rural areas; 5052 (60,50%) females	+850	Target exceeded to address youth unemployment through programmes that provide access to workplace-based learning opportunities in the sector
		[3.7] Number of unemployed learners completing NQF 2-5 learnerships or occupational programmes addressing wholesale and retail HTFVs as identified in the SSP annually	2 291 4% (83) of which are learners with disabilities and 32% (734) rural learners	1 973	1500	1845	+345	Target exceeded. Improved monitoring of projects resulted in increased completions improving the throughput rate on these programmes.
		[3.8] Number of unemployed learners registered on NQF 2 to 5 skills programmes or part qualifications addressing wholesale and retail HTFVs as identified in the SSP annually	1711	1 069	800	1958	+1158	Target exceeded to address youth unemployment through programmes that provide access to workplace-based learning opportunities in the sector
		[3.9] Number of unemployed learners complete NQF 2 to 5 skills Programmes or part qualifications addressing wholesale and retail HTFVs as identified in the SSP annually	419	462	400	1720	+1320	Target exceeded. Improved monitoring of projects increased completions, improving the throughput rate on these programmes
		[3.11a] Number of unemployed learners enrolled and completing candidacy programmes annually	N/A	Target deferred	Enrolled: 50	27	-23	Target not achieved due to the misalignment of W&RSETA implementation model. The W&RSETA will expand partnerships with other professional bodies that run candidacy programmes. The SETA will engage professional bodies to align its implementation model to the candidacy implementation model

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/2020	AUDITED ACTUAL PERFORMANCE 2020/2021	PLANNED ANNUAL TARGET 2021/2022	**ACTUAL ACHIEVEMENT 2021/2022	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2021/2022	REASON FOR DEVIATIONS
Outcome 5: Increased access to wholesale and retail occupationally directed programmes (continued)	Output 4: Facilitate innovative workplace-based learning opportunities within the sector (continued)	[3.12] Number of learners from TVET colleges and HETs are placed in workplace-based learning, annually	1746	1 388 (Degrees 656) (Diplomas 732)	1200	1211	+11	Target exceeded to address youth unemployment through programmes that provide access to workplace-based learning opportunities in the sector
		[3.13] Number of partnerships with TVET colleges and HETs for workplace opportunities, annually	4	11	10	10	0	Target achieved
		[3.14] Number of enrolments and completions in workplace-based learning programmes for graduate internships addressing wholesale and retail HTFVs as identified in the SSP annually	665	728	Enrolled: 1200	1227	+27	Target exceeded to address youth unemployment through programmes that provide access to workplace-based learning opportunities
			69	230	Completed: 350	352	+2	Target exceeded. Improved monitoring of projects resulted in increased completions improving the throughput rate on these programmes.
	Output 5: Facilitate and create opportunities for skills development for the employed	[3.15] Number of employed learners registered in NQF 2-5 learnerships or occupational programme addressing wholesale and retail HTFVs as identified in the SSP annually	3990	Target deferred	5750	6131	+381	Target exceeded. Increased stakeholder engagement and support increased participation of stakeholders in programmes for employed learners
		[3.16] Number of employed learners completing NQF 2-5 learnerships or occupational programmes addressing wholesale and retail HTFVs as identified in the SSP annually	1569	638	500	928	+428	Target exceeded. Improved monitoring of projects resulted in increased completions improving the throughput rate on these programmes.
		[3.17] Number of employed learners registered on NQF 2 - 5 skills programmes or part qualifications addressing wholesale and retail HTFVs as identified in the SSP annually	3227	7 452	6000	4268	-1732	Target not achieved due to low uptake from the sector.  An analysis to be done to establish the competing variables between the industry funded and Seta funded needs and formulate fit for purpose allocations strategy.
		[3.18] Number of employed learners complete NQF 2 - 5 skills programmes or part qualifications addressing wholesale and retail HTFVs as identified in the SSP annually	1999	1 038	3250	1050	-2200	Target not achieved due to less registrations from previous financial years.
		[3.19] Number of employed learners registered on RPL learning programmes annually	345	Target deferred	300	368	+68	Target exceeded due to high interest shown by the sector

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/2020	AUDITED ACTUAL PERFORMANCE 2020/2021	PLANNED ANNUAL TARGET 2021/2022	**ACTUAL ACHIEVEMENT 2021/2022	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2021/2022	REASON FOR DEVIATIONS	
Outcome 5: Increased access to wholesale and retail occupationally directed programmes (continued)	Output 5: Facilitate and create opportunities for skills development for the employed (continued)	[3.20] Number of employed learners completing their RPL programmes annually	165	59	100	114	+14	Target was exceeded. Improved monitoring of projects resulted in increased completions improving the throughput rate on these programmes.	
		[3.21] Number of employed learners registered on NQF 1 learnership (AET) annually.	N/A	Target deferred	1500	4	-1496	Target not achieved. The qualification was deregistered by SAQA at the end-September 2021. Qualification reregistered and confirmed by SAQA again in May 2022.	
Outcome 8: An appropriately skilled, agile and responsive workforce and skills pool able to meet the W&R sector current and emerging skills needs	Output 5: Facilitate and create opportunities for skills development for the employed.	[3.23] Number of artisans/ technicians enrolled annually.	103	Target deferred	300	323	+23	Target exceeded. Increased stakeholder engagement and support increased participation of stakeholders in artisan development programmes.	
		[3.24] Number of artisans/ technicians completing annually	206	0	30	0	-30	This target was not achieved due to the deferment of the Artisan Registration target in 2020/21. Learners enrolled in 2021/22 will complete in 2022/23.	
Outcome 5: Increased access to wholesale and retail occupationally directed programmes	Output 8: Assist CET colleges to increase capacity to offer retail and related Programmes.	[3.25] Number of unemployed persons assisted to participate in skills development initiatives in CET colleges annually.	N/A	Target deferred	1000	1004	+4	Target exceeded. Increased stakeholder engagement and support increased participation of SMMEs in W&RSETA skills development programmes.	
Outcome 6: Growth focused skills development and entrepreneurship development support for emerging entrepreneurs, cooperative sector and small, medium and informal business enterprises to enhance their participation in the mainstream economy	Output 9: Provide skills development support to SMMEs, cooperatives and informal traders to enable them to participate in the mainstream economy.	[3.26] Number of small and medium enterprises supported to participate in W&RSETA skills development interventions annually	3608	2 446	2400	2508	+108	Target exceeded. Increased stakeholder engagement and support increased participation of SMMEs in W&RSETA skills development programmes	
		[3.27] Number of Informal traders and micro enterprises participating in W&RSETA capacitation workshops annually	1600	2 426	2400	2401	+1	Target Exceeded	
		[3.28] Number of people trained on entrepreneurship development programmes to enable them to start their own businesses or grow their existing businesses	N/A	303	100	177	+77	Target exceeded to respond to the need for programmes that support the viability of small businesses	
		[3.29] Number of cooperatives supported to participate in W&RSETA initiatives annually	20 Cooperatives 220 Unemployed Members	20	20	20	31	+11	Target exceeded to expand the reach of SETA's programmes to vulnerable communities
		[3.30] Number of CBOs, NGOs, and NPOs supported to participate in W&RSETA initiatives annually	93	100	100	107	+7	Target exceeded to expand the reach of SETA's programmes to vulnerable communities	

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/2020	AUDITED ACTUAL PERFORMANCE 2020/2021	PLANNED ANNUAL TARGET 2021/2022	**ACTUAL ACHIEVEMENT 2021/2022	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2021/2022	REASON FOR DEVIATIONS
Outcome 7: Capacitated trade unions within the W&R sector	Output 10: Facilitate and create the potential for collaborations in support of worker-initiated programmes at retail workplaces	[3.31] Number of trade union beneficiaries supported to enter and complete trade union capacitation programmes annually	442	1 095	960	1010	+50	Target exceeded due to the high interest indicated by trade unions in capacity programmes
Outcome 2: An integrated career guidance programme	Output 11: Develop and support an integrated career guidance and development strategy	[3.32] Number of career development initiatives annually in urban areas on occupations in high demand	259	Target deferred	150	137	-13	Target not achieved. Although 137 events were staged, there was confusion about the distinction between rural and urban, hence there was an urban shortfall and rural overachievement
		[3.33] Number of career development initiatives annually in rural areas on occupations in high demand		Target deferred	150	170	+20	Target exceeded in response to the high number of invitations received
		[3.34] Number of people trained as career development practitioners annually	N/A	Target deferred	15	25	+10	Target exceeded to accommodate participants from all nine provinces and expand the career guidance practitioner base of the country
		[3.35] Life orientation educators capacitated in use of the career guide annually	512	Target deferred	600	618	+18	Target exceeded due to the high interest shown by life orientation educators in the programme
		[3.36] Learners/ unemployed persons assisted to access the W&RSETA opportunities annually	431	Target deferred	750	795	+45	Target exceeded due to adoption of an integrated Career Guidance and Support Strategy
		[3.37] Create an online career guidance development platform	N/A	n/a	1	0	-1	Target not achieved. Procurement processes need to be improved vastly as they have proven to be the main hindrance in the achievement of this target

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/2020	AUDITED ACTUAL PERFORMANCE 2020/2021	PLANNED ANNUAL TARGET 2021/2022	**ACTUAL ACHIEVEMENT 2021/2022	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2021/2022	REASON FOR DEVIATIONS
Outcome 5: Increased access to wholesale and retail occupationally directed programmes	Output 12: Efficient and effective use of resources to ensure good governance, compliance with laws and regulations and excellent service delivery	[3.38] Percentage of levy resources directed towards high level skills by 31 March 2022	N/A	47%	35%	33%	-2%	Target not achieved. Allocations were done according to the different levels' skills however late submission of results for bursary continuing learners resulted in lower commitment.
		[3.39] Percentage of levy resources directed towards intermediate level skills by 31 March 2022	N/A	10%	15%	20%	+5%	Target exceeded due to the high interest shown by stakeholders in programmes addressing intermediate skills levels
		[3.40] Percentage of levy resources directed towards elementary level skills by 31 March 2022	N/A	43%	50%	50%	0%	Target achieved
	Output 3: Identify, prioritise and form partnerships to address priority occupations	[3.41] Number of stakeholder sessions conducted annually to advocate for participation in skills development programmes	10	7	10	10	0	Target achieved

### STRATEGY TO OVERCOME UNDERPERFORMANCE

Eight targets were not achieved for the 2021/22 implementation period, namely:

- three bursary targets (Bursary programme for Continuing Learners; Bursary Programme for Workers; and the Retail Management Development Programme (RMDP));
- the Candidacy Entry
- the AET
- Skills Programmes Registration and Completion targets;
- Career Guidance target; and
- the Levy Resources directed to High Level Skills

The SETA has adopted the following strategy to address underperformance:

1. **Review of implementation strategy for bursaries and candidacy programmes** to ensure alignment of these programmes to employer bursary schemes and the candidacy funding model used by professional bodies.
2. **Stakeholder engagement and partnerships:** The objective of our stakeholder engagement and partnership engagement strategy is to enable constant flow of information between the W&RSETA and its implementing partners (professional bodies, employers, training providers and higher education institutions). This allows the W&RSETA to respond with agility to emerging or changing skills development and training needs in the wholesale and retail sector. The strategy is supported by the W&RSETA's revised discretionary grant funding model that supports agile response to changing sector

needs brought about by positive or negative economic or sector disruptions. Through this approach, the SETA will improve performance for indicators enabling entry into learning programmes, including bursaries for employed learners, skills programmes for workers, artisan completions and elementary skills for workers and youth not in employment, education or training .

3. **Increased support to stakeholders for skills planning:** This will assist employers to align their training needs to the correct programme and will increase participation in programmes addressed by indicators 3.17 and 3.18 (worker registrations and completions of skills programmes).
4. **Improved monitoring and evaluation:** This includes effective use of monitoring and evaluation data for W&RSETA planning and improved project contract management. This is in implementation, as the W&RSETA has, in line with sector needs, revised the targets for Indicator 3.38 (percentage of levies directed to high-level skills) and Indicator 3.17 (number of employed learners registered on NQF 2 to 5 skills programmes). The SETA has also updated its project monitoring, evaluation and reporting processes to strengthen its early warning system. This will ensure agile responses to internal and external factors that may affect performance on the APP.
5. **Review of career guidance implementation strategy:** Provincial career guidance practitioners are being upskilled and capacitated to implement career guidance initiatives to address needs in their provinces.

### 3.4 PROGRAMME 4: QUALITY ASSURANCE

#### DESCRIPTION OF THE PROGRAMME

This programme implements quality-assurance functions delegated by the Quality Council for Trades and Occupations (QCTO), namely accreditation of training providers, registration of assessors, facilitators and moderators; evaluation of assessments, and facilitation of moderation, including certification of learners as proof of successful qualification completion. It also facilitates qualification development and accreditation of assessment centres.

This programme's outputs relate to outcome 4 – 'Growth-focused programmes for the development and support of training providers and the higher education, TVET and CET sectors to enable their responsiveness to changing occupations and technological advances'.

#### PERFORMANCE RESULTS

Programme 4 achieved a 100% performance result, with all fifteen targets set for the 2021/22 financial year being achieved.

#### OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT FOR PROGRAMME 3

PROGRAMME 4: QUALITY ASSURANCE								
PURPOSE: TO EXECUTE THE QCTO DELEGATED QUALITY ASSURANCE FUNCTIONS WITH REGARDS TO THE ACCREDITATION OF TRAINING PROVIDERS, REGISTRATION OF ASSESSORS, FACILITATORS AND MODERATORS, EVALUATING OF ASSESSMENTS AND FACILITATION OF MODERATION INCLUDING CERTIFICATION OF LEARNERS AS PROOF OF SUCCESSFUL COMPLETION OF THE 'HISTORICAL' UNIT STANDARD BASED QUALIFICATION								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/2020	AUDITED ACTUAL PERFORMANCE 2020/2021	PLANNED ANNUAL TARGET 2021/2022	**ACTUAL ACHIEVEMENT 2021/2022	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2021/2022	REASON FOR DEVIATIONS
Outcome 3: Growth focused programmes for the development and support of training providers and the higher education, TVET and CET sectors to enable their responsiveness to changing occupations and technological advances	Output 3: Identify, prioritise and form partnerships to address priority occupations	[4.1] Number of partnerships formed with higher education institutions offering retail qualifications annually	1	2	2	2	0	Target achieved
	Output 7: Assist public colleges to increase capacity to offer retail and related learning programmes	[4.3] Number of centres of specialisation supported annually	N/A	N/A	3	6	+3	Target exceeded to support three additional TVET college centres of specialisation for maintenance or replacement of ageing equipment and infrastructure
		[4.4] Number of TVET colleges supported through capacitation workshops and/ provision of equipment, in implementing occupationally directed programmes annually	N/A	Target deferred	Workshops: 9	9	0	Target achieved
			N/A	Target deferred	Equipment: 7	8	+1	Target exceeded due to the high interest shown by TVET colleges in the programme
		[4.6] Number of lecturers registered for capacitation to offer retail programmes annually	34	Target deferred	30	35	+5	Target exceeded due to the high interest shown by TVET colleges in the programme
		[4.7] Number of lecturers certificated for capacitation to offer retail programmes annually	34	Target deferred	27	32	+5	Target exceeded. Improved project monitoring processes resulted in high completion rates for the programme

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/2020	AUDITED ACTUAL PERFORMANCE 2020/2021	PLANNED ANNUAL TARGET 2021/2022	**ACTUAL ACHIEVEMENT 2021/2022	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2021/2022	REASON FOR DEVIATIONS	
Outcome 3: Growth focused programmes for the development and support of training providers and the higher education, TVET and CET sectors to enable their responsiveness to changing occupations and technological advances (continued)	Output 7: Assist public colleges to increase capacity to offer retail and related learning programmes (continued)	[4.8] Number of TVETs supported to become assessment centres for retail occupational programmes annually	N/A	3	3	4	+1	Target exceeded due to partnership agreements with TVET colleges	
		[4.9] Number of TVET colleges where the SETA has a presence, annually	N/A	35	32	33	+1	Target exceeded due to partnership agreements with TVET colleges.	
	Output 8: Assist CET colleges to increase capacity to offer retail and related Programmes	[4.11] Number of partnerships entered into annually with CET colleges that support the growth of the CET sector	N/A	N/A	3	3	3	0	Target achieved
		[4.12] Number of CET colleges supported annually with learning material, institutional capacitation and infrastructure development	N/A	9 colleges supported with infrastructure development	Learning materials – 3	3	0	Target achieved	
			N/A	Target deferred	Equipment – 3	3	0	Target achieved	
			N/A	Target deferred	Infrastructure – 3	3	0	Target achieved	
		[4.13] Number of CET college lecturers registered on lecturer development Programmes annually	N/A	Target deferred	3	18	+15	Target exceeded to address the needs of participating CET colleges	
	[4.14] Number of CET college managers registered on management development programmes annually	N/A	Target deferred	3	6	+3	Target exceeded to address the needs of participating CET colleges		
[4.15] Number of partnerships formed annually with emerging HDI skills development providers	N/A	N/A	40	45	+5	Target exceeded to ensure equitable participation from all nine provinces			

## LINKING PERFORMANCE WITH BUDGETS

PROGRAMME/ACTIVITY/OBJECTIVE	2020/2021			2021/2022		
	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	BUDGET R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000
Programme 1	142 302	144 360	(2 058)	139 638	135 258	4 380
Programme 2	184 773	138 512	46 261	280 766	218 566	62 200
Programme 3	895 018	674 764	220 254	1 303 775	950 579	353 196
Programme 4	50 604	168 691	(118 087)	53 641	98 547	(44 906)
<b>Total</b>	<b>1 272 697</b>	<b>1 126 327</b>	<b>146 370</b>	<b>1 777 820</b>	<b>1 402 950</b>	<b>374 870</b>

## 4. REVENUE COLLECTION

### LINKING PERFORMANCE WITH BUDGETS

SOURCES OF REVENUE	2020/2021			2021/2022		
	ESTIMATE R'000	ACTUAL AMOUNT COLLECTED R'000	(OVER)/UNDER COLLECTION R'000	ESTIMATE R'000	ACTUAL AMOUNT COLLECTED R'000	(OVER)/UNDER COLLECTION R'000
Revenue from exchange transactions	131 066	97 443	33 623	125 248	108 181	17 067
Revenue from non-exchange transactions	720 860	834 225	(113 365)	1 138 616	1 323 572	(184 956)
<b>Total</b>	<b>851 926</b>	<b>931 668</b>	<b>(79 742)</b>	<b>1 263 864</b>	<b>1 431 753</b>	<b>(167 889)</b>

### REPORTING ON THE INSTITUTIONAL RESPONSE TO COVID-19 PANDEMIC

#### PROGRESS ON INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

PROGRAMME / SUB-PROGRAMME	INTERVENTION	GEOGRAPHIC LOCATION (PROVINCE/DISTRICT/LOCAL MUNICIPALITY) (WHERE POSSIBLE)	NO. OF BENEFICIARIES (WHERE POSSIBLE)	TOTAL BUDGET ALLOCATION PER INTERVENTION (R'000)	CONTRIBUTION TO THE OUTPUTS IN THE APP (WHERE APPLICABLE)	IMMEDIATE OUTCOMES
Programme 3	Provision of Personal protective equipment for unemployed learners participating in Seta Funded programmes	All SA W&RSETA Provincial Offices	12860	R11 100 000,00	Learners who were supported were participating in the following programmes:	Access to workplace based learning opportunities.

## 5. CAPITAL INVESTMENT

For the period under review, there were no capital investments made by the W&RSETA.

# 6. PERFORMANCE HIGHLIGHTS

## ENABLING THOSE WITH DISABILITIES

In support of the NSDP objective to advance an equitable and integrated skills development system and to address its own transformation priority of training and employment of people with disabilities, the W&RSETA registered 339 unemployed youth from this designated category for various learning programmes. The sentence will read as: In support of the NSDP objective to advance an equitable and integrated skills development system and to address its own transformation priority of training and employment of people with disabilities, the W&RSETA registered 339 unemployed youth from this designated category for various learning programmes in the mainstream targets This enabled the SETA to achieve its objective of ensuring that 4% of unemployed learners who participate in learnership programmes are persons with disabilities". The initiative took the candidates through 12 months of training to prepare them for a career in the Wholesale and Retail Sector.

The nationwide programme ran the duration of the financial year, from April 2021 to March 2022, and, although COVID-19 affected the intended final numbers, 152 learners completed their programmes.

**Total funding of R18 645 000.00**

## NURTURING THE GROWTH OF SMALL BUSINESSES

In a project linked to the SETA priority of economic transformation and job creation, and SMME and cooperative development, 300 small-agribusiness owners in the Eastern Cape are being given the opportunity to gain skills leading to a business qualification through the Small-scale Farmers Project.



**Project value: R6 391 500.00**

The intervention, implemented in partnership with Boxer Superstores and Alfred Nzo Municipality, started in early-November 2021 and will run to end-December 2022. Learners will receive mentorship throughout the period and

## SPREADING THE MESSAGE TO PROTECT THE RETAIL TRADE

In line with its skills priority targeting SMMEs, informal traders and cooperatives and with the NSDP's focus on rural development, the W&RSETA accelerated its efforts aiming to empower 795 unemployed youth and traders in outlying areas of KwaZulu-Natal in the wake of the looting and destruction of retail outlets during the July 2021 unrest.

Beneficiaries of Thanda uVikele iRetail Mhlali project, which loosely translated means 'love and protect retail', were taken through an integrated support programme that covered career guidance sessions, accompanied by an advocacy campaign to educate communities about the importance of the retail sector. This component of the initiative created awareness of the vital role of retail in creating jobs and employment, and offering convenient and quick access to foodstuffs and other goods. It emphasised the need to protect the sector as a key economic driver in rural towns and to support the SETA to strengthen it for greater socio-economic prosperity for the citizens of the province and the country.

Learners visited taxi ranks, shopping centres and communities to spread the message that looting is counterproductive and that it should never happen again because of its devastating impact on jobs and infrastructure.

Candidates exited the programme with a better understanding of community activism and a greater appreciation for the importance of the retail sector, having completed the credit-bearing unit standard programme titled 'maintain a safe and secure wholesale and retail environment'.

**Project value: R9 994 000.00**

will learn about Boxer Superstores's business requirements and quality standards so that they are able to supply their fresh produce to the retail chain's stores in Amathole, Buffalo City, OR Tambo, Alfred Nzo and Chris Hani districts. The participants, mainly rural women and youth, will, thus formally enter the wholesale and retail value chain.

The project will also train and certificate 300 unemployed individual on the National Certificate: Informal Small Business Practice at NQF level 3.

The project advances the W&RSETA's quest for innovative strategies to unlock value chain opportunities through skills development, while helping the sector address hard-to-fill vacancies by training emerging retail managers. It is fulfilling the strategic plan target to open the economy to previously disadvantaged groups to further sector transformation and it responds to outcome 6 of the NSDP, which seeks increased skills levels and access to the economy for cooperatives and small, medium, and informal business enterprises.

## PARTNERSHIP FOR ARTISAN DEVELOPMENT AND ENTREPRENEURSHIP

In a partnership with Hugo's Panel Shop in KwaZulu-Natal, the W&RSETA seeks to reduce unemployment by hosting 300 youth and unemployed persons over the age of 35 with artisanal skills that will equip them with spray painting and automotive repair expertise.

The structured programme, which will run over three years to 31 January 2026, will culminate in a trade test to enable the learners to qualify as artisans. From the intake, a group of 60 identified as learners with potential to open their own repair businesses will be assigned to an incubation programme focused on entrepreneurship and will receive practical experience to complement the theoretical aspects of their tuition.

All 300 participants will learn new, modern technologies that will make them more competitive and enhance their potential for long-term success. Mentorship and coaching are important elements of the programme, as is exposure to the world of work.

The programme responds to the priorities of youth unemployment, and economic transformation and job creation.



**Project value: R64 740 000.00**

## DIGITAL ADVANCEMENT FOR ZIMELE PARTICIPANTS

Also in KwaZulu-Natal, the W&RSETA is working collaboratively with the provincial Department of Economic Development, Tourism and Environmental Affairs to take Zimele traders to new business heights.

Zimele Traders Phase II will equip tuckshops for 560 small and medium Zimele entrepreneurs with digital ecosystem infrastructure to conduct general trading, stock counting, scanning, sales and stock ordering. The beneficiaries are based at the wholesale hub set up by the department and its partners.

The one-year programme, which was launched in March 2022, intends to create an enabling environment for growth, alleviate poverty, build a sustainable business model and give emerging businesses access to technology advancements. It ties in with the W&RSETA's commitment to develop SMMEs, informal traders and cooperatives, which echoes the NSDP requirement for skills development support for entrepreneurship and cooperative development.

**Project value: R5 700 000.00**

## CREATING A POOL OF PROVIDERS FOR TRANSFORMATION

In a 12-month programme that runs to March 2023, the W&RSETA will train and accredit 45 historically disadvantaged skills development providers, not only giving emerging entrepreneurs a helping hand, but building the pool of accredited black trainers in the interest of sector transformation. In the year under review the SETA entered into a partnership with 45 Training Providers from historically disadvantaged groups for participation in the programme.

The project earmarked discretionary grant funding to bring new players into the wholesale and retail fold – 60% women, 20% youth and 20% from rural areas, including 5% people with disabilities. The beneficiaries will complete a Small Business Manager/Owner (Operations) Level 3 unit standard to ensure their sustainability.

An initial target was set of 40 participants, but the overwhelming response to the call for expressions of interest prompted the SETA to award five extra opportunities. Two of the work skills development providers are people with disabilities.

Each learner will receive tools to ensure their success throughout the programme, and a monthly stipend. Those who successfully complete the programme will be provided with an allowance to establish an office and be allocated a number of learners to train as a first entrepreneurial endeavour.

# PART C GOVERNANCE



Mr R Sibiya - Chairperson



Mr L Ramathlodi



Mr D Makuwa



Mr T Mthembu



Ms M Bango



Ms N Bogopa



Ms T Ntshangase



Mr R Rayners



Ms S Rasebitse



Ms Z Tyikwe



Mr S Busane



Mr M Silimandlela



Mr Z Sokabo



Ms L Mokhitli

## BOARD MEMBERS

## 1. INTRODUCTION

Corporate governance is a set of rules, policies, laws and processes that controls and governs an organisation. The W&RSETA remains committed to the highest standards of governance, espousing fundamentals such as accountability, transparency, leadership and responsibility. These values ensure that appropriate decision-making processes and controls are in place for the SETA to achieve its strategic objectives and enable it to serve the interests of its stakeholders.

As a Schedule 3A public entity, the W&RSETA is governed by the Skills Development Act, the Skills Levies Act and the Public Finance Management Act (PFMA), Act No 1 of 1999, and is aligned with the King Report on Corporate Governance.

## 2. PORTFOLIO COMMITTEES

The Portfolio Committee on Higher Education and Innovation exercises oversight over all SETA governance processes, including budgetary processes and delivery of mandate. The committee has the prerogative to invite a SETA to present the financial and non-financial information contained in its annual report as well as any matters of interest. The W&RSETA was not required to appear before the committee in 2021/22.

## 3. EXECUTIVE AUTHORITY

The Minister of Higher Education, Science and Innovation is the Executive Authority. The Department of Higher Education and Training (DHET) monitors the W&RSETA's performance through quarterly reports. The SETA must review and submit reports to the Minister in line with the Skills Development Act, PFMA and other legislative frameworks. The following reports were submitted and approved where relevant:

- Five-year Strategic Plan 2020/21 - 2025/26,
- Annual Performance Plan and budget 2021/22
- Sector Skills Plan 2021/22
- Materiality Framework 2021/22
- Annual Report 2021/22
- Quarterly Performance Reports 2021/22.

## 4. THE BOARD/ACCOUNTING AUTHORITY

### INTRODUCTION

The Board is the W&RSETA's highest decision-making structure. It provides leadership and upholds principles of good corporate governance. The Board is ultimately accountable for monitoring performance against the predetermined targets set out in the Annual Performance Plan and Service Level Agreement that is entered into with DHET. The Board provides strategic direction supported by a sound policy framework. Furthermore, it establishes an environment in which adequate risk management and internal control measures exist and are actively administered.

### BOARD CHARTER

The Board Charter is a cornerstone of W&RSETA's governance system. It defines the governance parameters within which the Board exists, sets out the respective roles, functions and responsibilities discharged by the Board and members collectively and management in setting the direction, and the control of the organisation.

The Board Charter in line with the provisions of the Constitution, sets out the composition of the Board to ensure that there is quorum at all meetings. It also outlines the powers of the Board and delegate powers to the Board Committees.

During the 2021/22 financial year, the Board Charter also assisted in improving Board processes relating to management of the meetings, reporting procedures, meeting agenda, minutes and resolutions and remuneration of the Board members. The Board Charter is treated as a living document, closely aligned with the strategic direction. It is imperative to note that there were no issues of non-compliance with the Board Charter that were reported during this period.

## THE ROLE OF THE ACCOUNTING AUTHORITY

The role and functions of the Board are described in the Constitution and will include, but are not limited to the following:

- retain full and effective control over the W&RSETA and monitor management's implementation of the strategic plans and financial objectives as defined by the Board.
- ensure that the W&RSETA achieves the objectives contemplated in item 5 of the Constitution and performs the functions contemplated in item 6 of the Constitution.
- define levels of materiality, reserving specific powers to itself and delegating other matters, with the necessary written authority, to management.
- ensure that a comprehensive system of policies and procedures is in place and that appropriate governance structures comprising a balance of the skills, experience, diversity, independence, and knowledge exist to ensure the smooth, efficient, and prudent stewardship of the W&RSETA.
- provide effective leadership and ensure that the W&RSETA implements the goals of the NSDS and the Service Level Agreement with the Minister.
- regularly review and evaluate the risks to the business of the W&RSETA, including technology and information risks, protect and enhance same, and ensure the existence of comprehensive, appropriate internal controls to mitigate against such risks, as well as ensure that there is an effective risk-based internal audit.
- ensure that the W&RSETA complies with all relevant statutory requirements and the requirements of the Constitution, audit, and accounting principles, the W&RSETA's codes of ethics and conduct, and such other principles as may be established by the Board from time to time.

- identify and monitor non-financial aspects relevant to the business of the W&RSETA and ensure that the W&RSETA acts responsibly towards all relevant stakeholders having a legitimate interest in its affairs.
- monitor the performance of the SETA and ensure that the performance evaluations of the Board and its governing structures result in continued improved performance and effectiveness.

## GOVERNANCE FRAMEWORK

A governance framework sets the parameters within which the Board and its committees exercise their fiduciary responsibilities. The framework distinguishes among the strategic, operational and administrative roles of the Board, management and secretariat, while promoting the interests of all stakeholders.

## COMPOSITION OF THE BOARD

Fourteen W&RSETA Board members were appointed by the Minister, through Cabinet approval, for a five-year term having started in April 2020. These members are non-executive and were nominated from constituent employer, labour and community organisations. At the helm is the Board Chairperson. The CEO is an executive, ex-officio member.

Board members are listed below.

NAME	DESIGNATION	DATE APPOINTED	DATE TERM ENDED/RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	OTHER BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS	NO. OF BOARD MEETINGS ATTENDED OUT OF EIGHT
Reggie Sibiya	Board Chairperson	April 2020	April 2025	<ul style="list-style-type: none"> <li>Bachelor's Degree in Science (Botany and Genetics);</li> <li>Bachelor's Degree in Science Honours (Genetics)</li> </ul>	<ul style="list-style-type: none"> <li>Fuel retailing;</li> <li>Fast-moving consumer goods sales and marketing;</li> <li>Business management</li> <li>Regulatory compliance</li> <li>Bargaining council</li> </ul>	<ul style="list-style-type: none"> <li>Fuel Retailers Association — director;</li> <li>Motor Industry Bargaining Council — board member;</li> <li>Motor Industry Fund Administrators — trustee/director;</li> <li>Motor Industry Retirement Funds — trustee/director</li> </ul>	<ul style="list-style-type: none"> <li>Executive Committee Chairperson</li> </ul>	8
Sibusiso Busane	Board member	April 2020	April 2025	<ul style="list-style-type: none"> <li>Bachelor's Degree in Business Administration</li> </ul>	<ul style="list-style-type: none"> <li>Entrepreneurship;</li> <li>Project management</li> </ul>	<ul style="list-style-type: none"> <li>Ntolwane Trading Enterprise — director</li> </ul>	<ul style="list-style-type: none"> <li>Executive Committee member;</li> <li>Remuneration Committee member;</li> <li>Projects Committee Member</li> </ul>	8
Thandeka Ntshangase	Board member	April 2020	April 2025	<ul style="list-style-type: none"> <li>Bachelor's Degree in Economics and SCM;</li> <li>Postgraduate Degree in Project Management</li> </ul>	<ul style="list-style-type: none"> <li>Financial management;</li> <li>Project management;</li> <li>Governance</li> </ul>	<ul style="list-style-type: none"> <li>Ezemvelo Wildlife;</li> <li>Agri-Business Development Agency</li> </ul>	<ul style="list-style-type: none"> <li>Finance Committee member;</li> <li>Governance and Strategy Committee member</li> </ul>	7
Mzimaseki Silimandlela	Board member	April 2020	April 2025	<ul style="list-style-type: none"> <li>Worker Education Programme;</li> <li>Recognition of Prior Learning;</li> <li>Cross-examination;</li> <li>Labour Arbitration;</li> <li>Practical Labour Law</li> </ul>	<ul style="list-style-type: none"> <li>Training and development;</li> <li>Worker representation (Council for Conciliation);</li> <li>Mediation and Arbitration - labour court and bargaining council)</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>Finance Committee member</li> </ul>	8
David Makuwa	Board member	April 2020	April 2025	<ul style="list-style-type: none"> <li>Bachelor's Degree of Administration (in progress)</li> </ul>	<ul style="list-style-type: none"> <li>Trade union leadership</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>Projects Committee Chairperson;</li> <li>Executive Committee member;</li> <li>Remuneration Committee member</li> </ul>	8
Themba Mthembu	Board member	April 2020	April 2025	<ul style="list-style-type: none"> <li>Labour Dispute Practice;</li> <li>Trade Union Practice</li> </ul>	<ul style="list-style-type: none"> <li>Labour dispute resolution;</li> <li>Bargaining council</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>Audit Committee member;</li> <li>Projects Committee member</li> </ul>	8
Ross Rayners	Board member	April 2020	April 2025	<ul style="list-style-type: none"> <li>Human Resources Management;</li> <li>Certificate in Labour Law</li> </ul>	<ul style="list-style-type: none"> <li>Researcher: Government tenders and procurement;</li> <li>COVID-19 Temporary Employer/Employee Relief Scheme</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>Remuneration Committee member;</li> <li>Governance and Strategy Committee member</li> </ul>	8

NAME	DESIGNATION	DATE APPOINTED	DATE TERM ENDED/RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS	NO. OF BOARD MEETINGS ATTENDED OUT OF EIGHT
Lucas Ramathodi	Board member	April 2020	April 2025	<ul style="list-style-type: none"> <li>Collective Bargaining and Negotiation Skills;</li> <li>National Negotiator Course</li> </ul>	<ul style="list-style-type: none"> <li>Policy development;</li> <li>Administration;</li> <li>Coordination</li> </ul>	<ul style="list-style-type: none"> <li>International Union Federation Trade Group board: Hotel, restaurant, catering and tourism sector;</li> <li>UNI Global Union – gaming sector;</li> <li>Trustee: First normally constituted board of trustees of the South African Commercial Catering and Allied Workers Union National Provident Fund/ Curatorship</li> </ul>	<ul style="list-style-type: none"> <li>Governance and Strategy Committee Chairperson</li> </ul>	8
Lerato Mokhitli	Board member	April 2020	April 2025	<ul style="list-style-type: none"> <li>Bachelor of Commerce Degree in Accounting;</li> <li>Higher Certificate in Economic Development</li> </ul>	<ul style="list-style-type: none"> <li>Accounting;</li> <li>Financial management;</li> <li>Trade union leadership</li> </ul>	<ul style="list-style-type: none"> <li>Dicomark – director</li> </ul>	<ul style="list-style-type: none"> <li>Executive Committee member;</li> <li>Financial Committee member</li> </ul>	7
Margaret Bango	Board member	April 2020	April 2025	<ul style="list-style-type: none"> <li>Diploma in General Nursing;</li> <li>Diploma in Midwifery;</li> <li>Diploma in Psychiatric Nursing;</li> <li>Louis Millennium Management</li> <li>Wealth Management</li> </ul>	<ul style="list-style-type: none"> <li>Community worker and developer;</li> <li>Women empowerment and business leadership;</li> <li>Regional business leadership</li> </ul>	<ul style="list-style-type: none"> <li>Women in Logistics and Transport SA – founder and chairperson;</li> <li>National African Federated Chamber of Commerce and Industry Woman Chamber – national secretary-general</li> </ul>	<ul style="list-style-type: none"> <li>Executive Committee member;</li> <li>Governance and Strategy member;</li> <li>Financial Committee member</li> </ul>	8
Sebe Rasebitse	Board member	April 2020	April 2025	<ul style="list-style-type: none"> <li>Master of Business Administration (in progress);</li> <li>Programme for Women in Executive Positions;</li> <li>Senior Leadership Management Programme</li> </ul>	<ul style="list-style-type: none"> <li>Human resources management;</li> <li>Talent development</li> </ul>	<ul style="list-style-type: none"> <li>The Foschini Group board</li> </ul>	<ul style="list-style-type: none"> <li>Projects Committee member;</li> <li>Remuneration Committee member</li> </ul>	8
Nonkululeko Bogopa	Board member	April 2020	April 2025	<ul style="list-style-type: none"> <li>National Diploma in Architecture</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder management;</li> <li>Real estate management;</li> <li>Strategy development and implementation;</li> <li>Procurement;</li> <li>Personnel management</li> </ul>	<ul style="list-style-type: none"> <li>Broll South Africa</li> </ul>	<ul style="list-style-type: none"> <li>Financial Committee Chairperson</li> <li>Audit Committee member</li> </ul>	8
Zinhle Tyikwe	Board member	April 2020	April 2025	<ul style="list-style-type: none"> <li>Master of Business Administration;</li> <li>Bachelor of Commerce (Honours) Degree in Industry Psychology and Organisational Development</li> </ul>	<ul style="list-style-type: none"> <li>Human resources</li> <li>Organisational development;</li> <li>Strategy development, governance and compliance</li> </ul>	<ul style="list-style-type: none"> <li>Board seat: Steve Biko Academic Hospital</li> </ul>	<ul style="list-style-type: none"> <li>Remuneration Committee Chairperson;</li> <li>Executive Committee member;</li> <li>Governance and Strategy Committee member</li> </ul>	7
Zibele Sokabo	Board member	April 2020	April 2025	<ul style="list-style-type: none"> <li>Management Diploma</li> </ul>	<ul style="list-style-type: none"> <li>Fuel industry</li> </ul>	<ul style="list-style-type: none"> <li>Motor Industry Retirement Fund board – (alternate);</li> <li>Copartes Pension Fund</li> </ul>	<ul style="list-style-type: none"> <li>Project Committee member</li> </ul>	8

## AUDIT COMMITTEE

NAME	DESIGNATION	DATE APPOINTED	DATE TERM ENDED/ RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS	NO. OF BOARD MEETINGS ATTENDED OUT OF SIX
Kgoale Vincent Maja	Audit Committee Chairperson	1 May 2020	31 March 2025	<ul style="list-style-type: none"> <li>• Master of Business Leadership;</li> <li>• BCompt Honours;</li> <li>• BCom (Accounting);</li> <li>• Certified Internal Auditor;</li> <li>• Institute of Internal Audits South Africa (IIASA) Accredited Quality Assurance Assessor;</li> <li>• Registered Assessor and Moderator for Finance and Accounting Services SETA, Marketing, Information and Communications Technology SETA, Safety and Security SETA, Education, Training and Development Practitioners SETA and Services SETA</li> <li>• IIASA member</li> </ul>	<ul style="list-style-type: none"> <li>• Experience in internal auditing and external auditing, IT governance and corporate governance, risk management, forensics, compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Northern Cape Provincial Government:</li> <li>• Department of Sports, Arts and Culture;</li> <li>• Department of Agriculture;</li> <li>• Department of Cooperative Governance;</li> <li>• Department of Human Settlements and Traditional Affairs</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>	6
Mosibudi Margaret Phiri	Audit Committee member	1 May 2020	31 March 2025	<ul style="list-style-type: none"> <li>• BCom Accounting;</li> <li>• BCompt Honours</li> <li>• CA(SA)</li> </ul>	<ul style="list-style-type: none"> <li>• Experience in internal auditing and external auditing, IT governance and corporate governance, risk management, forensics, compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Commission for Rights of Cultural, Religious and Linguistic Communities;</li> <li>• Member of the audit and information and communications technology committees;</li> <li>• Department of Public Works and Infrastructure – audit committee member;</li> <li>• Council member of the University of Limpopo;</li> <li>• Department of Public Enterprises - audit committee member;</li> <li>• South African Special Risk and Insurance Association – board member;</li> <li>• Council for Mineral Technology - board member;</li> <li>• Railway Safety Regulator – chairperson of audit and risk committee;</li> <li>• Cross-border Road Transport Agency – audit committee member;</li> <li>• National Heritage Council – audit committee chairperson</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>	6

NAME	DESIGNATION	DATE APPOINTED	DATE TERM ENDED/ RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS	NO. OF BOARD MEETINGS ATTENDED OUT OF SIX
Dr Len Konar	Audit Committee member	1 May 2020	31 March 2025	<ul style="list-style-type: none"> <li>• CA (SA) ;</li> <li>• MAS (Illinois, USA) ;</li> <li>• DCom;</li> <li>• BCom</li> </ul>	<ul style="list-style-type: none"> <li>• Experience in internal auditing and external auditing, IT governance and corporate governance, strategic planning, compliance, risk management, forensics, compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Ditsong Museums of SA - deputy chairperson of board and audit committee member;</li> <li>• Guardrisk - lead independent director and chair of audit and risk committee;</li> <li>• South African Broadcasting Corporation (SABC) Medical Fund - chair of audit committee and member of investment committee;</li> <li>• SABC Retirement Fund - member of investment committee and chair of audit committee;</li> <li>• Council for Built Environment - member of audit and risk committee;</li> <li>• Department of Science and Technology- member of audit committee;</li> <li>• LKA Advisory and Assurance Services – director and shareholder</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>	6
Adv Thato Goodness Moeeng	Audit Committee member	1 May 2020	31 March 2025	<ul style="list-style-type: none"> <li>• Master of Business Leadership;</li> <li>• LLB Degree;</li> <li>• Postgraduate Executive Development Programme;</li> <li>• Advanced Management Development Programme;</li> <li>• Bluris Degree (Cum Laude)</li> </ul>	<ul style="list-style-type: none"> <li>• Proven experience in legal knowledge, civil and labour litigation, audit and risk management, investigation, compliance, strategic planning</li> </ul>	<ul style="list-style-type: none"> <li>• Chairperson of Performing Arts Centre of the Free State Council;</li> <li>• Deputy chairperson of Council: Further Education and Training College: Free State;</li> <li>• Chairperson of audit and risk committee – Education Labour Relations Council</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>	6

## MEETINGS OF THE BOARD

The Board convened eight meetings to consider and approve performance reports and statutory compliance reports. It held its annual strategic planning session to review the Five-year Strategic Plan and develop the Annual Performance Plan as part of its fiduciary responsibility. This session was followed by a Board strategic risk management workshop, which resulted in the Board-approved Strategic Risk Register. The Board convened the annual general meeting in Gqeberha, at which the 2020/21 Annual Report and Annual Financial Statements were tabled and adopted. Special Board meetings were convened in accordance with the standard constitution to consider crucial and urgent matters.

## COMMITTEES OF THE BOARD

The Board established six committees whose members were selected for their knowledge and skills. Executive Committee members were nominated by the Board and their appointment confirmed by the Minister. The Audit Committee is an independent committee of the Board established in accordance with Section 77 of the PFMA. It comprises four independent members and two non-executive Board members.

COMMITTEE	NUMBER OF MEETINGS HELD	NUMBER OF MEMBERS	NAME OF MEMBERS
Audit Committee	Six meetings	Six members	Kgoale Vincent Maja: Chairperson
			Mosibudi Margaret Phiri
			Dr Len Konar
			Adv Thato Goodness Moeeng
			Nonkululeko Bogopa
			Themba Mthembu
Executive Committee*	Seven meetings	Six members	Reggie Sibiya: Board Chairperson
			Sibusiso Busane
			David Makuwa
			Lerato Mokhitli
			Margaret Bango
			Zinhle Tyikwe
Projects Committee	Four meetings	Five members	David Makuwa: Chairperson
			Sibusiso Busane
			Sebe Rasebitse
			Zibele Sokabo
			Themba Mthembu
Finance Committee	Five meetings	Five members	Nonkululeko Bogopa: Chairperson
			Margaret Bango
			Thandeka Ntshangase
			Mzimaseki Silimandlela
			Lerato Mokhitli
Governance and Strategy Committee	Eight meetings	Five members	Lucas Ramatlhodi: Chairperson
			Zinhle Tyikwe
			Margaret Bango
			Ross Rayners
			Thandeka Ntshangase
Remuneration Committee	Six meetings	Five members	Zinhle Tyikwe: Chairperson
			Sebe Rasebitse
			Ross Rayners
			David Makuwa
			Sibusiso Busane

\* Exco meetings are convened bimonthly

## REMUNERATION OF BOARD MEMBERS

NAME	REMUNERATION	OTHER ALLOWANCE	OTHER REIMBURSEMENTS	TOTAL
Mr R Sibiya - Chairperson	R376 050	R 4950		R381 000
Ms Z Tyikwe	R317 578	R 4950		R322 528
Mr KD Makuwa	R301 562	R 4950		R306 512
Ms M Bango	R302 923			R302 923
Mr S Busane	R334 883			R334 883
Mr T Mthembu	R211 500			R211 500
Ms T Ntshangase	R161 109			R161 109
Mr Z Silimandlela	R173 410			R173 410
Ms L Mokhiti	R193 105			R193 105
Mr L Ramathodi	R195 375	R 4950		R200 325
Ms R Rayners	R244 696			R244 696
Ms N Bogopa	R248 372	R 4950		R253 322
Mr Z Sokabo	R185 931			R185 931
Mr S Rasebitse	R225 407			R225 407
Mr KV Maja - Audit Committee	R130 750			R130 750
Ms M Phiri - Audit Committee	R60 122			R60 122
Dr L Konar - Audit Committee	R60 122			R60 122
Adv T Moeeng - Audit Committee	R64 755			R64 755
<b>TOTAL</b>	<b>R3 787 650</b>	<b>R24 750</b>		<b>R3 812 400</b>

## 5. RISK MANAGEMENT

The W&RSETA's risk management is founded on the Risk Management Policy and Strategy aligned to the PFMA. The Board identifies strategic risks and determines annually the risk appetite and tolerance levels against the Five-year Strategic Plan. The Audit Committee advises and reports to the Board on risk management matters. Management, through the CEO's leadership and the expertise of the Senior Manager: Enterprise Risk Management, develops strategies to mitigate threats that might prevent the SETA from achieving its strategic objectives. Accordingly, management continuously analyses and implements mitigation measures.

## 6. INTERNAL CONTROL

The Board has overall responsibility for establishing and maintaining the W&RSETA's internal controls and reviewing their effectiveness. The SETA's Internal Control Business Unit identifies control deficiencies and recommends corrective measures to improve controls. The unit coordinates and facilitates non-compliance matters relating to irregular, fruitless and wasteful expenditure, and tracks the implementation of audit recommendations through an audit action plan.

## 7. INTERNAL AUDIT

The Internal Audit Unit is an integral part of the W&RSETA's governance system. It provides an independent, objective assurance and advisory function mandated by the internal audit charter approved by the Audit Committee. The charter defines the role, organisational status authority, responsibilities and scope of internal audit activity. The unit assists the W&RSETA to accomplish its strategic objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance.

Key objectives of the internal audit function include:

- Reviewing the adequacy and effectiveness of internal controls, risk management and governance processes
- Safeguarding the W&RSETA's assets
- Providing reasonable assurance on the integrity and reliability of financial and non-financial information
- Reviewing compliance with laws, regulations, policies and procedures.

The Audit Committee approves internal audit plans and reviews work quarterly. A risk-based internal audit plan was approved by the Audit Committee for implementation in 2021/22. The table below shows the results of completed audits for the review and previous years:

IMPLEMENTATION OF THE INTERNAL AUDIT PLAN	2020/21	2021/22
Planned audits finalised and reports issued	18	23
Ad-hoc audits finalised and reports issued	6	8
Number of internal audit reports issued	24	31

## 8. COMPLIANCE WITH LAWS AND REGULATIONS

The Board oversees development and review of policies according to legislation. Although it delegates the monitoring of the compliance universe to its committees, it holds management accountable for implementing programmes and managing financial affairs in line with approved policies. Management submits quarterly governance PFMA and National Treasury Regulations compliance reports, while ensuring adherence to human resources management and information technology and communication regulations.

## 9. FRAUD AND CORRUPTION

The W&RSETA has a Fraud Prevention Policy that prevents, detects, investigates and addresses fraud. The SETA has an established confidential and independent reporting fraud hotline through which employees, customers, suppliers and stakeholders may raise suspicions of corrupt activities or concerns about conduct that transgresses SETA values.

Fifty-two incidents were reported in the year under review, 83% of which related to unpaid stipends. All hotline cases are investigated and reported to the Audit Committee, which oversees corrective actions.

## 10. MINIMISING CONFLICT OF INTEREST

Transparency and integrity are pillars of good corporate governance. Thus, the W&RSETA requires its Board members to declare conflicts of interest. DHESI requires that nominated Board candidates disclose their business interests. The standard constitution prescribes that all Board members, at any time during Board proceedings, disclose the nature of any conflict of interest on the matter being discussed, which disclosures are recorded in the minutes and may require members to recuse themselves from part of the meeting.

Board members complete an annual declaration of interest at the start of each financial year. While the Board fully appreciates its fiduciary duties, it is, from time to time, reminded of how to treat conflicts of interest.

## 11. CODE OF CONDUCT

The W&RSETA complies with the Code of Conduct, as prescribed in the W&RSETA Constitution. Thus, members of the Accounting Authority execute the mandate and their

duties and their functions fairly, honestly and in good faith, giving full effect to the obligations and spirit of the Code, as contained in the Constitution.

The Accounting Authority protects and promotes the reputation of the SETA and promote goodwill towards the Code of Conduct and performs their duties conscientiously and in the best interest of the SETA; and conduct themselves ethically and in accordance with the principles of good governance.

The Accounting Authority ensures that the staff of the SETA adheres to the code of the conduct and have approved the Code of Ethics and Conduct Policy that regulates the behaviour and conduct of to all W&RSETA employees.

The W&RSETA recognises its accountability to all its stakeholders under the legal and regulatory requirements applicable to its business and is committed to high standards of integrity and fair dealing in the conduct of its business.

## 12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

During the year under review, the W&RSETA entered into new lease agreements for the remaining two provincial offices that were not concluded in the initial phase of the procurement of new office accommodation. As with the other offices, this procurement was conducted through supply chain management processes taking into account all necessary health, safety, security and accessibility considerations.

During the year, the following initiatives were implemented:

- Appointments in terms of Section 16.1 and Section 16.2 of the Occupational Health and Safety Act (No 85 of 1993)
- Appointments in terms of Section 8.2 of the Occupational Health and Safety Act (No 85 of 1993)
- Training on the roles and responsibilities of the 16.1 and 16.2 appointees
- Training and appointment of health and safety representatives, first aiders, firefighters and emergency evacuators across all provincial offices and head office
- Building and occupational health and safety compliance audits were conducted on all W&RSETA offices across provinces and at head office as per the Occupational Health and Safety Act (No 85 of 1993).

Following the building and compliance audit exercise, an Audit Action Plan was compiled to address gaps and findings identified. The plan will be implemented during 2022/23. In addition, health and safety committees for each provincial office and for head office are scheduled to convene quarterly. A corporate health and safety committee comprising all 16.2 appointees will provide oversight over these committees.

### 13. SECRETARY OF THE ACCOUNTING AUTHORITY

The Secretary of the Accounting Authority is responsible for, *inter alia*, providing guidance and advice to the Board and its committees, primarily on procedural and compliance issues, including compliance with statutory regulations and King IV.

The Secretary works closely with the Chairperson and the CEO to ensure proper and effective functioning of the Board and integrity of the governance processes.

The Secretary is closely involved in preparing the schedule of Board and committee meetings for the year, and, with chairpersons and key executives, prepares the agendas for these meetings.

The Secretary ensures that information is despatched timeously to all Board members to enable them to prepare adequately for these meetings and that the minutes of these meetings are recorded and distributed as soon as possible thereafter to aid Board members in implementing the decisions.

In addition to her statutory duties, the Secretary provides the Board as a whole and the members individually with detailed guidance on how their responsibilities should be properly discharged in the best interests of the W&RSETA.

The Secretary ensures that Board procedures prescribed in the Act, the PFMA, the W&RSETA Constitution and Board and Committee Charters are followed and reviewed regularly.

### 14. SOCIAL RESPONSIBILITY

Human Resources and Marketing and Communications units are the custodian of the social responsibility initiatives, which enables the W&RSETA to assist disadvantaged members of society through social initiatives to making an impact in the lives of vulnerable people, thus creating long-term benefits to the communities without expecting any direct financial returns.

W&RSETA social responsibility programmes promote volunteerism/community activism, which includes the donation programme. The units refine programmes into projects and coordinate meetings to discuss the projects for each financial year. This is done through the governance structure (committee) with representation in all provincial offices.

The W&RSETA head office has adopted the Steve Tshwete Secondary School and the provincial offices are encouraged to do likewise, as adoption of a nearby centre or institution helps to ensure that the impact is meaningful.

The units coordinate initiatives such as Take a Girl Child to Work Day, Mandela Day and Youth Day.

In compliance with COVID-19 protocols, the W&RSETA put on hold projects for 2020/21 and 2021/22. There were, however, both women's and men's days held, through which staff visited nearby venues and were addressed by external speakers on topical issues such as financial and mental wellness.

The SETA will reintroduce during 2022/23 projects put on hold during 2020/1 and 2021/2.

## 15. REPORT OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

### BACKGROUND

The Audit Committee is a statutory committee of the W&RSETA Board in respect of its statutory duties and also a sub-committee of the Board in respect of all other duties assigned to it by the Board. It consists of six (6) members, four (4) of whom are independent non- executive members and two (2) member representatives from the Board of WRSETA.

The purpose of the Audit Committee is to assist the W&RSETA Board in fulfilling its oversight responsibilities for the financial reporting process, ensuring that adequate systems and internal controls are in place, ensuring that the audit processes and the WRSETA's process for monitoring compliance with the laws, regulations and the code, assessing the going- concern status, and reviewing the Annual Financial Statements.

The Audit Committee also assists the W&RSETA in fulfilling its responsibility of risk management, fraud prevention, compliance with laws, codes and regulations and business continuity by ensuring that management identifies significant risks associated with the environment within which the W&RSETA operates and develops a framework for managing these risks.

The Audit Committee has complied with its responsibilities as stipulated under Section 51 of the Public Finance Management Act, Act No.1 of 1999, as amended. Furthermore, it has regulated its affairs and discharged its responsibilities in accordance with its approved Charter.

### REPORT ON THE OPERATIONS OF THE AUDIT COMMITTEE

During the period under review, the following activities were undertaken and evidence the commitment of the Audit Committee to achieve its mandate:

- Updated the Audit Committee Charter and Workplan.
- Considered and approved the Internal Audit Charter and Strategy.
- Considered and approved the Internal Audit Plans and monitored implementation thereof through the quarterly reports and made recommendations as appropriate.
- Reviewed the effectiveness of the internal audit function, through the assessment of quarterly reports submitted to the committee; ensured that the internal auditors are independent and objective and have ensured that

the unit is adequately resourced to discharge its duties, without any scope limitations.

- Considered strategic and operational risk registers as part of the risk management process.
- Considered performance information and financial reports and made recommendations, as appropriate.
- Considered ICT governance issues and alignment thereof to applicable legislation.
- Monitored compliance with policies and applicable legislation.
- Reviewed the going concern status of WRSETA.
- Conducted separate confidential and in-committee meetings with management, internal and external audit; and
- Reviewed external audit plans, fees, independence and reports and management's follow- up of matters requiring attention.

### EFFECTIVENESS OF INTERNAL CONTROLS

The control system provides reasonable, but not absolute assurance that the entity's assets are safeguarded, that transactions are authorised and recorded properly, and that material errors and irregularities are either prevented, detected or corrected on time. These controls are monitored throughout the organisation by management and employees, with the necessary delegation of authority and segregation of duties to do so.

From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the AGSA, various internal control deficiencies were noted indicating material misstatements on the financial statements and annual performance report submitted for audit. Internal control deficiencies in relation to compliance with applicable laws and regulations, and implementation of proper records management to support the reported performance information and financial statements were reported.

Accordingly, we have to report that the system of internal control over financial and performance reporting for the period under review was not efficient and effective. The quality monthly and quarterly reports submitted in terms of the PFMA requires significant changes in order to address all material matters identified and reported by the external and internal auditors

## INTERNAL AUDIT

The Audit Committee is satisfied that internal audit provided assurance on governance, risk management and control processes as per the approved risk-based internal audit plan. The Internal Audit Unit completed 96% of the planned audits for the financial year 2021/22.

The completed reviews covered the following areas:

- Quarterly performance information
- Draft annual financial statements and draft annual performance report
- Internal Financial Controls
- Commitments Register
- Supply Chain Management
- Discretionary & Mandatory Grants Processes
- Monitoring and Evaluations' Processes
- Accreditation Processes
- Strategic Plan and draft Annual Performance Plan
- Quality Management System
- Risk Management
- Facilities Management
- IT General Controls and Security Audits
- Follow up of internal audit and AGSA findings

## FINANCE DIVISION

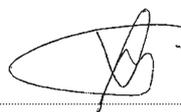
The Committee reviewed and recommended the quarterly financial and SCM reports. The Audit Committee further considered the budget and recommended same to the Board for approval.

## EVALUATIONS OF FINANCIAL STATEMENTS AND ANNUAL PERFORMANCE REPORT

The Audit Committee has:

- Reviewed and discussed with the AGSA the audited financial statements to be included in the Annual Report.
- Reviewed the accounting policies and practices as reported in the Annual Financial Statements and confirmed that these were appropriate.
- Reviewed compliance of the annual financial statements with the accounting standards and legal requirements.
- Reviewed the annual performance report.
- Reviewed the material adjustments resulting from the audit.
- Reviewed the AGSA's management report and management's responses thereto.
- Reviewed and discussed the AGSA's opinion, and
- Reviewed and confirmed the independence of the external auditors with respect to non-audit services.

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



**Kgoale Maja**

Chairperson: Audit Committee

30 July 2022

## 16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

<b>HAS THE DEPARTMENT / PUBLIC ENTITY APPLIED ANY RELEVANT CODE OF GOOD PRACTICE (B-BBEE CERTIFICATE LEVELS 1 – 8) WITH REGARDS TO THE FOLLOWING:</b>		
<b>CRITERIA</b>	<b>RESPONSE YES / NO</b>	<b>DISCUSSION (INCLUDE A DISCUSSION ON YOUR RESPONSE AND INDICATE WHAT MEASURES HAVE BEEN TAKEN TO COMPLY)</b>
Determining qualification criteria for the issuing of licenses concessions or other authorisations in respect of economic activity in terms of any law?	No	It is not applicable to W&RSETA
Developing and implementing a preferential procurement policy?	Yes	The SCM policy has considered the provisions of the Preferential Procurement Policy Framework Act
Determining qualification criteria for the sale of state-owned enterprises?	No	It is not applicable to W&RSETA
Developing criteria for entering into partnerships with the private sector?	Yes	A policy has been developed to establish an accountable, fair and transparent framework for the approval and management of programmes, projects, special projects and partnerships funded through discretionary grants.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	It is not applicable to W&RSETA



# PART D HUMAN RESOURCE MANAGEMENT



## 1 INTRODUCTION

During 2021/22, human resources management and development continued to evolve from a transaction-orientation to a strategic function and partner to line functions to ensure continuous support for the organisation to achieve its strategic objectives. In line with the revised business model, the W&RSETA is implementing the three-year Human Resources Management and Development Strategy.

For the review period, the human resources function focused on the implementation of key programmes of the strategy, which seeks to integrate a human resources value proposition throughout the organisation. The following objectives were prioritised:

- Placement of employees still in the 'pool' to finalise positions in the revised organisational structure
  - Placement of all employees on the new key salary scale to address salary disparities in the medium- to long term
  - Recruitment and placement of competent employees to new positions in the revised structure
  - Rollout of internships for youth graduates for different qualifications in line with the government priority
  - Continued unbundling of the human resources policy document through the development of detailed, standalone policies
  - Initiation of the skills and qualifications audit programme, which will be concluded in the second quarter of 2022/23
- Capacity building, training and development for employees, including study assistance
  - Creation of an enabling environment that supports occupational health and welfare of employees, particularly with the continuing threat of COVID-19. This was done through the employee assistance programme and internal structures
  - Promotion of labour peace and stability through structured engagement with organised labour (union) in the bargaining forum
  - Introduction of new, individual performance management tools and alignment of employee performance to the Annual Performance Plan and Annual Operational Plan.

### POLICY DEVELOPMENT

The human resources policy review and development will shape the culture of the organisation, promoting good governance and ensuring transparency and fairness in the management and administration of human resources matters. The following human resources policies were developed during the financial year:

- Retention and Succession Policy
- Job Evaluation Policy
- Integrated Employee Wellness
- Bereavement Policy.

## 2 HUMAN RESOURCES OVERSIGHT STATISTICS

During the year under review, the W&RSETA had 272 employees excluding graduates in the internship programme. However, by year-end, terminations had reduced the complement to 252.

### PERSONNEL-RELATED EXPENDITURE

#### PERSONNEL COST BY PROGRAMME/ACTIVITY/OBJECTIVE

PROGRAMME/ACTIVITY/OBJECTIVE	PERSONNEL EXPENDITURE R	PERSONNEL EXPENDITURE AS A % OF TOTAL EXPENDITURE	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE R
Programme 1 - CEO (Including Internal Control, Risk) Corporate Services, IT, Finance and SCM, Internal Audit	57 144 225	34.75%	81	705 484
Programme 2 - Sector Skills Planning and Research	1 208 760	0.73%	1	1 208 760
Programme 3 - Operations and Regions	90 597 794	55.10%	174	520 676
Programme 4 - SPPE	15 460 221	9.40%	16	966 263
<b>TOTAL</b>	<b>164 411 000</b>		<b>272</b>	

#### PERSONNEL COST BY SALARY BAND

LEVEL	PERSONNEL EXPENDITURE R	% OF PERSONNEL EXPENDITURE TO TOTAL PERSONNEL COST	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE R
Executive Management	12 959 327	7.8%	8	1 619 915
Senior Management	14 084 063	8.5%	10	1 408 406
Professional Qualified	45 910 225	27.92%	43	1 067 679
Skilled	75 585 896	45.97%	143	528 572
Semi-skilled	13 865 730	8.43%	59	235 012
Unskilled	2 005 757	1.21%	9	222 861
<b>TOTAL</b>	<b>164 411 000</b>	<b>100%</b>	<b>272</b>	<b>604 452</b>

#### PERFORMANCE REWARDS

LEVEL	PERFORMANCE REWARDS R	PERSONNEL EXPENDITURE R	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST
Executive Management	599 567	12 959 327	0.36%
Senior Management	491 045	14 084 063	0.29%
Professional Qualified	1 750 688	45 910 225	1.06%
Skilled	2 831 357	75 585 896	1.72%
Semi-skilled	549 285	13 865 730	0.33%
Unskilled	81 645	2 005 757	0.04%
<b>TOTAL</b>	<b>6 303 587</b>	<b>164 411 000</b>	<b>3.83%</b>

## TRAINING COSTS

PROGRAMME/ACTIVITY/OBJECTIVE	PERSONNEL EXPENDITURE R	TRAINING EXPENDITURE R	TRAINING EXPENDITURE AS A % OF PERSONNEL COST	NUMBER OF EMPLOYEES TRAINED	AVERAGE TRAINING COST PER EMPLOYEE
Head Office	56 732 000	709 276	0.43%	131	5414
Regions	107 679 000	1 288 608	0.78%	238	5414
<b>Total</b>	<b>164 411 000</b>	<b>1 997 884</b>	<b>1.21%</b>	<b>369</b>	<b>10 828</b>

## EMPLOYMENT AND VACANCIES

LEVEL	2020/21 NUMBER OF EMPLOYEES	2021/22 APPROVED POSTS	2021/22 NUMBER OF EMPLOYEES	2021/22 VACANCIES	% OF VACANCIES
Executive Management	7	7	6	1	14.28%
Senior management	9	10	10	-	-
Professionally qualified	24	45	40	5	11.11%
Skilled	93	190	133	57	29.62%
Semi-skilled	122	57	55	2	3.50%
Unskilled	9	16	8	8	50%
<b>TOTAL</b>	<b>264</b>	<b>325</b>	<b>252</b>	<b>73</b>	<b>22.46%</b>

Two executive management resigned and the position of Chief Financial Officer was filled. Recruitment of the Chief Operations Officer started in the last quarter of the year, with the appointment anticipated in the first quarter of 2022/23.

Vacancies in other occupational categories are a result of new positions created during the organisational structure review. Eighteen positions were prioritised in 2021/22, with recruitment for most finalised in the last quarter and employment scheduled to start in the first quarter of 2022/23.

## EMPLOYMENT CHANGES

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Executive Management	7	1	2	6
Senior management	9	2	-	11
Professionally qualified	24	3	3	*40
Skilled	93	2	10	*133
Semi-skilled	122	-	4	*55
Unskilled	9	-	1	8
<b>TOTAL</b>	<b>264</b>	<b>8</b>	<b>20</b>	<b>252</b>

\* Variances and changes in the occupational categories resulted from corrections made to positions that were classified incorrectly in 2020/21

There were 20 terminations during the year, most in the first and second quarters. Recruitment to fill these positions and new positions created took place in the third and fourth quarters.

#### REASONS FOR STAFF LEAVING

REASON	NUMBER	% OF TOTAL NUMBER OF STAFF LEAVING
Death	2	10%
Resignation	10	50%
Dismissal	1	5%
Retirement	1	5%
Ill health	1	5%
Expiry of contract	5	25%
<b>Total</b>	<b>20</b>	<b>100%</b>

#### LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal warning	-
Written warning	-
Final written warning	1
Dismissal	1

#### EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

LEVELS	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Executive Management	3	4	-	-	-	-	-	-
Senior Management	4	5	1	1	-	-	-	-
Professionally Qualified	16	11	3	2	2	1	1	1
Skilled	41	44	-	5	1	3	1	4
Semi-skilled	7	58	-	5	-	2	-	1
Unskilled	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>71</b>	<b>122</b>	<b>4</b>	<b>13</b>	<b>3</b>	<b>6</b>	<b>2</b>	<b>6</b>

LEVELS	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Executive Management	2	2	-	-	-	-	1	1
Senior Management	3	3	-	1	-	-	1	1
Professionally Qualified	18	6	1	2	-	-	-	1
Skilled	79	44	4	5	4	3	1	4
Semi-skilled	49	56	1	10	-	3	-	2
Unskilled	7	10	1	3	-	1	-	1
<b>TOTAL</b>	<b>158</b>	<b>121</b>	<b>7</b>	<b>21</b>	<b>4</b>	<b>7</b>	<b>3</b>	<b>10</b>

LEVELS	DISABLED STAFF			
	MALE		FEMALE	
	CURRENT	TARGET	CURRENT	TARGET
Executive Management	-	-	-	-
Senior Management	-	-	-	-
Professionally Qualified	-	-	-	-
Skilled	-	1	-	1
Semi-skilled	-	1	1	1
Unskilled	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>2</b>	<b>1</b>	<b>2</b>



## PART E ANNUAL FINANCIAL STATEMENTS



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# Statement of Responsibilities and Approval by the Accounting Authority

The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999) (PFMA), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The Accounting Authority has reviewed the entity's cash flow forecast for the year to 31 March 2023 and, in the light of this review and the current financial position, it is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the Accounting Authority is primarily responsible for the financial affairs of the entity, it is supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 62.

The annual financial statements set out on page 67 - 108, which have been prepared on the going concern basis, were approved by the Accounting Authority on 29 July 2022 and were signed on its behalf by:



**Mr R Sibiya**  
Accounting Authority Chairperson

# Report of the Auditor-General to Parliament on the Wholesale and Retail Sector Education and Training Authority

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### QUALIFIED OPINION

1. I have audited the financial statements of the Wholesale and Retail Sector Education and Training Authority set out on pages 67 to 108, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Wholesale and Retail Sector Education and Training Authority (WRSETA) as at 31 March 2022, and financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

### BASIS FOR QUALIFIED OPINION

#### TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

3. I was unable to obtain sufficient appropriate audit evidence for other receivable as management did not maintain adequate records to support the figures disclosed. I was unable to confirm the balance by alternative means as the public entity's records did not permit. Consequently, I was unable to determine whether any adjustment were necessary to other receivables as stated at R43 378 000 in note 7 of the financial statements.

#### PAYABLES FROM NON-EXCHANGE TRANSACTIONS

4. The public entity did not correctly account for payables from non-exchange transactions in accordance with GRAP 1, Presentation of financial statements. The payables from non-exchange transactions included suppliers balances already paid for, which resulted in discretionary grants trade payables disclosed in note 14 to the financial statements being overstated. I was unable to determine the full extent of the misstatement

of discretionary grant trade payables as it was impracticable to do so.

### CONTEXT FOR THE OPINION

5. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
6. I am independent of the -public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### EMPHASIS OF 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 28 to the financial statements, the corresponding figures for 31 March 2021 were restated as a result of an error in the financial statements of the entity, at and for the year ended, 31 March 2022.

### IRREGULAR EXPENDITURE CONDONED

10. As disclosed in note 33 to the financial statements, irregular expenditure of R352 028 000 was condoned by the accounting authority. The instances of condoned irregular expenditure related to flouting of public entity's policy framework.

### RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

11. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA and the SDA, and for such internal control as the accounting authority determines is necessary to enable the preparation

of financial statements that are free from material misstatement, whether due to fraud or error.

12. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

#### **AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

#### **REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT**

##### **INTRODUCTION AND SCOPE**

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
16. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My

procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the public entity's annual performance report for the year ended 31 March 2022:

Programmes	Pages in the annual performance report
Programme 3: learning programmes and projects	29 – 34

18. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
19. The material findings on the usefulness of the performance information of the selected programmes are as follows:

##### **PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS**

##### **Various indicators**

20. The planned targets for the indicators listed below were not well defined. This was because the output indicator is not measurable as it refers to numbers and the target refers to percentages.

Indicator number	Indicator description	Initial target
Indicator 3.1	Number of WSPs and ATRs approved for small firms annually	70%
Indicator 3.2	Number of WSPs and ATRs approved for medium firms annually	70%
Indicator 3.3	Number of WSPs and ATRs approved for large firms annually	70%

## OTHER MATTERS

21. I draw attention to the matters below.

### ACHIEVEMENT OF PLANNED TARGETS

22. Refer to the annual performance report on pages 29 to 34 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets. This information should be considered in the context of the material findings on the usefulness of the reported performance information in paragraph 20 of this report.

### ADJUSTMENT OF MATERIAL MISSTATEMENTS

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 3: learning programmes and projects. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

## REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

### INTRODUCTION AND SCOPE

24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
25. The material findings on compliance with specific matters in key legislation are as follows:

### ANNUAL FINANCIAL STATEMENTS

26. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 55 (1) (a) and (b) of the PFMA.
27. Material misstatements of receivables from exchange transactions; receivables from non-exchange transactions disclosure note; trade and payables from non-exchange; project expenditure; mandatory grant expenditure; provisions disclosure note; financial instruments disclosure; prior-year adjustments; irregular expenditure; related parties; commitments and risk management identified by the auditors in the submitted financial statement were corrected, but the uncorrected

material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

### PROCUREMENT AND CONTRACT MANAGEMENT

28. Some of the contracts were extended or modified without the approval of a properly delegated official as required by section 56 of the PFMA and treasury regulations 8.1 and 8.2. Similar non-compliance was also reported in the prior year.
29. Some of the quotations were accepted from prospective suppliers who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by Treasury Regulation 16A8.4 and paragraph 4.1.2 of Practice Note 7 of 2009/2010.

### CONSEQUENCE MANAGEMENT

30. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1) (e) (iii) of the PFMA. This was because investigations into irregular expenditure were not performed.
31. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 51(1) (e) (iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not performed.

### EXPENDITURE MANAGEMENT

32. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R16 271 000 as disclosed in note 33 to the annual financial statements, in contravention of section 51(1) (b) (ii) of the PFMA. The majority of the irregular expenditure disclosed in the financial statements was caused by non-compliance with Seta grant regulation General Notice R.990 (6) (9) (iii) on exceeding the 7, 5% administration expenditure as percentage of discretionary grant expenditure.

### OTHER INFORMATION

33. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report and, the audit committee's report. The other information does not include the the financial statements, the auditor's report and those selected programmes presented in the

annual performance report that have been specifically reported on in the auditor's report.

34. Our opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.
35. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or our knowledge obtained during the audit or otherwise appears to be materially misstated.
36. The following paragraphs will be included in the auditor's report to highlight to the users whether any inconsistencies in the other information exist:
37. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.
38. I have nothing to report in this regard.

#### INTERNAL CONTROL DEFICIENCIES

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

the findings on the annual report and the findings on compliance with legislation included in this report.

40. Effective controls were not implemented over financial reporting resulting in material misstatements being identified during the audit process. These misstatements were not prevented and detected by the entity due to lack of daily and monthly processing and reconciling controls as well as deficient control over regular reporting, specifically relating to payables
41. Management did not implement proper record management systems to ensure that the financial statements are supported by complete and accurate listings that are readily available.
42. Management did not adequately monitor controls with regard to compliance areas this resulted in non-compliance not being detected.

Auditor – General

Pretoria

31 July 2022



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure – Auditor-general’s responsibility for the audit

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

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity’s internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority
  - Conclude on the appropriateness of the accounting authority use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to

events or conditions that may cast significant doubt on the ability of the Wholesale and Retail Sector Education and Training Authority to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a public entity to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

### Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

# Statement of FINANCIAL POSITION

AS AT 31 MARCH 2022

	NOTES	2022 R'000	2021 R'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Inventories	6	400	67
Receivables from exchange transactions	7	65 466	37 664
Receivables from non-exchange transactions	8	6 049	16 915
Cash and cash equivalents	9	2 807 987	2 737 528
		<b>2 879 902</b>	<b>2 792 174</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	5 661	5 958
Intangible assets	4	10 731	18 282
		<b>16 392</b>	<b>24 240</b>
<b>Total Assets</b>		<b>2 896 294</b>	<b>2 816 414</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Operating lease liability	5	1 783	875
Payables from exchange transactions	13	20 833	31 159
Trade and payables from non-exchange	14	374 248	322 974
Unspent conditional grants and receipts	11	5 214	5 214
Provisions	12	55 337	45 971
Bank Card	9	798	943
		<b>458 213</b>	<b>407 136</b>
<b>Total Liabilities</b>		<b>458 213</b>	<b>407 136</b>
<b>Net Assets</b>		<b>2 438 081</b>	<b>2 409 278</b>
<b>RESERVES</b>			
Administration reserves		16 392	24 240
Discretionary grant reserve		2 421 689	2 385 038
<b>Total Net Assets</b>		<b>2 438 081</b>	<b>2 409 278</b>

# Statement of FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2022

	NOTES	2022 R'000	2021 R'000
<b>REVENUE</b>			
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>			
Other income		1 746	1 572
Interest received - investment	17	106 435	95 871
<b>Total revenue from exchange transactions</b>		<b>108 181</b>	<b>97 443</b>
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>			
<b>TRANSFER REVENUE</b>			
Levies	19	1 323 572	834 225
<b>Total revenue</b>	15	<b>1 431 753</b>	<b>931 668</b>
<b>EXPENDITURE</b>			
Employee related costs	20	(164 411)	(140 194)
Depreciation and amortisation	3	(10 783)	(6 879)
Employer grants	18	(1 160 002)	(884 701)
Loss on disposal of assets	3	(11)	(82)
General Expenses	21	(67 743)	(94 472)
<b>Total expenditure</b>		<b>(1 402 950)</b>	<b>(1 126 328)</b>
<b>Surplus (deficit) for the year</b>		<b>28 803</b>	<b>(194 660)</b>

## Statement of Changes in Net Assets

AS AT 31 MARCH 2022

	EMPLOYER GRANT RESERVE	ADMINISTRATION RESERVE	DISCRETIONARY GRANT RESERVE	TOTAL RESERVES	ACCUMULATED DEFICIT	TOTAL NET ASSETS
	R	R	R	R	R	R
<b>Balance at 01 April 2020</b>	-	18 253	2 585 683	2 603 936	-	2 603 936
<b>CHANGES IN NET ASSETS</b>						
Allocation of accumulated surplus	62 402	(37 275)	(219 787)	(194 660)	194 660	-
Excess reserves transferred to discretionary reserves	(62 402)	43 262	19 140	-	-	-
Net income (losses) recognised directly in net assets	-	5 987	(200 647)	(194 660)	194 660	-
Surplus for the year	-	-	-	-	(194 660)	(194 660)
Total recognised income and expenses for the year	-	5 987	(200 647)	(194 660)	-	(194 660)
Total changes	-	5 987	(200 647)	(194 660)	-	(194 660)
<b>Balance at 01 April 2021</b>	-	24 240	2 385 038	2 409 278	-	2 409 278
<b>CHANGES IN NET ASSETS</b>						
Allocation of accumulated surplus/(deficit)	107 228	33 507	(111 932)	28 803	(28 803)	-
Excess reserves transferred to discretionary reserves	(107 228)	(41 355)	148 583	-	-	-
Net income (losses) recognised directly in net assets	-	(7 848)	36 651	28 803	(28 803)	-
Surplus for the year	-	-	-	-	28 803	28 803
Total recognised income and expenses for the year	-	(7 848)	36 651	28 803	-	28 803
Total changes	-	(7 848)	36 651	28 803	-	28 803
<b>Balance at 31 March 2022</b>	-	16 392	2 421 689	2 438 081	-	2 438 081

The accounting policies on pages 72 to 85 and the notes on pages 86 to 108 form an integral part of the annual financial statements.

# Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2022

	NOTES	2022 R'000	2021 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Levies		1 301 299	803 912
Penalties and interest		22 273	30 313
Interest income		127 387	76 616
Other Income		1 746	1 572
		<b>1 452 705</b>	<b>912 413</b>
<b>PAYMENTS</b>			
Mandatory grants		(105 357)	(68 319)
Discretionary grants		(998 426)	(774 275)
Compensation to employees		(152 186)	(146 764)
Suppliers and others		(123 186)	(81 641)
		(1 379 155)	(1 070 999)
<b>Net cash flows from operating activities</b>	22	<b>73 550</b>	<b>(158 586)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	3	(2 946)	(2 201)
Capitalised development costs	4	-	(10 746)
<b>Net cash flows from investing activities</b>		<b>(2 946)</b>	<b>(12 947)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>70 604</b>	<b>(171 533)</b>
Cash and cash equivalents at the beginning of the year		2 736 585	2 908 118
<b>Cash and cash equivalents at the end of the year</b>	9	<b>2 807 189</b>	<b>2 736 585</b>

# Statement of Comparison of Budget and Actual Amounts

FOR THE YEAR ENDED 31 MARCH 2022

	APPROVED BUDGET	ADJUSTMENTS	FINAL BUDGET	ACTUAL AMOUNTS ON COMPARABLE BASIS	DIFFERENCE BETWEEN FINAL BUDGET AND ACTUAL	REFERENCE
	R	R	R	R	R	
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>						
<b>REVENUE</b>						
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>						
Other income	-	-	-	1 746	1 746	
Interest received - investment	125 248	-	125 248	106 435	(18 813)	35.1
<b>Total revenue from exchange transactions</b>	<b>125 248</b>	<b>-</b>	<b>125 248</b>	<b>108 181</b>	<b>(17 067)</b>	
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>						
Administration- SDL	139 638	-	139 638	168 776	29 138	35.2
Discretionary-SDL income	659 664	-	659 664	806 729	147 065	35.2
Mandatory- SDL (20%)	264 825	-	264 825	325 794	60 969	35.2
Interest and penalties-SDL	74 489	-	74 489	22 273	(52 216)	35.2
<b>Total revenue from non-exchange transactions</b>	<b>1 138 616</b>	<b>-</b>	<b>1 138 616</b>	<b>1 323 572</b>	<b>184 956</b>	
<b>Total revenue</b>	<b>1 263 864</b>	<b>-</b>	<b>1 263 864</b>	<b>1 431 753</b>	<b>167 889</b>	
<b>EXPENDITURE</b>						
Employee cost	(65 467)	-	(65 467)	(56 732)	8 735	
Depreciation and amortisation	(3 000)	-	(3 000)	(10 783)	(7 783)	
Mandatory grant (20%)	(264 825)	-	(264 825)	(218 566)	46 259	35.4
Discretionary Grant (excl employee cost)	(1 275 156)	-	(1 275 156)	(941 436)	333 720	35.3
Employee cost (funded under 7.5%)	(98 200)	-	(98 200)	(107 679)	(9 479)	
General Expenses	(71 171)	-	(71 171)	(67 743)	3 428	
<b>Total expenditure</b>	<b>(1 777 819)</b>	<b>-</b>	<b>(1 777 819)</b>	<b>(1 402 939)</b>	<b>374 880</b>	
<b>Operating surplus</b>	<b>(513 955)</b>	<b>-</b>	<b>(513 955)</b>	<b>28 814</b>	<b>542 769</b>	
Loss on disposal of assets and liabilities	-	-	-	(11)	(11)	
<b>Surplus before taxation</b>	<b>(513 955)</b>	<b>-</b>	<b>(513 955)</b>	<b>28 803</b>	<b>542 758</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>(513 955)</b>	<b>-</b>	<b>(513 955)</b>	<b>28 803</b>	<b>542 758</b>	

The accounting policies on pages 72 to 85 and the notes on pages 86 to 108 form an integral part of the annual financial statements.

# ACCOUNTING POLICIES

## 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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

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

Amounts have been rounded off to the nearest R1 000. When the last three digits on an amount are higher than R500, the amount is rounded up to the nearest R1 000 and rounded down if it is below R500.

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

These accounting policies are consistent with the previous period

### 1.1 PRESENTATION CURRENCY

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

### 1.2 GOING CONCERN ASSUMPTION

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

### 1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

#### PROVISIONS

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 - Provisions.

#### EFFECTIVE INTEREST RATE

The W&RSETA used the prime interest rate to discount future cash flows.

#### ALLOWANCE FOR DOUBTFUL DEBTS

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

#### IMPAIRMENT OF STATUTORY RECEIVABLES

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the SETA measures an impairment loss. The impairment loss is measured as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

## ACCOUNTING POLICIES (continued)

### 1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

In estimating the future cash flows, the SETA considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the SETA discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable are revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows

### 1.4 PROPERTY, PLANT AND EQUIPMENT

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Furniture and fixtures	Straight line	10 - 15 years
Office equipment	Straight line	5 - 7 years
Computer equipment	Straight line	3 years
Leasehold improvements	Straight line	Over the lease term
Project Assets- Office equipment	Straight line	5 years
Project Assets- Computer equipment	Straight line	3 years
Office equipment-finance lease	Straight line	Over the lease term

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expects that the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

## ACCOUNTING POLICIES (continued)

### 1.4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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

The entity discloses expenditure to repair and maintain property, plant and equipment in the notes separately to the financial statements (see note 3).

### 1.5 INTANGIBLE ASSETS

An intangible asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

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

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

## ACCOUNTING POLICIES (continued)

### 1.5 INTANGIBLE ASSETS (CONTINUED)

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

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

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

ITEM	AMORTISATION METHOD	AVERAGE USEFUL LIFE
Internally generated assets	Straight-line	3 years or subject to license period
Computer software, other	Straight-line	3 years or subject to license period

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4).

### 1.6 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or a residual interest for another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Derecognition is the removal of a previously recognised financial asset or financial liability from the entity's Statement of Financial Position.

A financial asset is any asset that is a contractual obligation to:

- receive cash or another financial asset from another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by the entity in the event of not meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

## ACCOUNTING POLICIES (continued)

### 1.6 FINANCIAL INSTRUMENTS (CONTINUED)

#### FINANCIAL ASSETS

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

#### CASH AND CASH EQUIVALENTS

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

#### RECEIVABLES FROM EXCHANGE TRANSACTIONS

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

#### RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Receivables from non-exchange transactions are statutory receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

These receivables are accounted for at cost and measured at their transaction amount, plus any other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised. Mandatory grants receivables are regarded as statutory receivables. SETA is compelled by legislation to pay registered employers in the sector that comply with the requirements of Annexure II of the Grant Regulations. Mandatory grants are then paid based on previous quarter levies received, however from time to time there are reversals processed by SARS resulting in mandatory grants paid by SETA becoming receivable/recoverable. Receivables are recovered through future payments.

The W&RSETA does not charge interest on mandatory receivables because the collecting agent (SARS) charges interest on late payments of levies.

The W&RSETA assesses at each reporting date whether there is any indication that receivables from non-exchange transactions may be impaired.

#### IMPAIRMENT OF FINANCIAL ASSETS

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, an impairment loss is recognised when the following occurs:

- recovery of the receivable would be uneconomical;
- recovery of the receivable would cause undue hardship to the debtor or his/her dependant; and
- it would be to the advantage of the W&RSETA to effect a settlement of the claim or to waive the claim.

In addition, the following criteria is used to provide for impairment of outstanding receivables:

- receivables not recovered from institutions or service providers that have been liquidated and the claims against the assets finalised
- receivables not recovered from deceased employees, where their estates have been finalised, and recovery of the debts from the heirs is not possible
- receivables owed by debtors that cannot be traced
- receivables where no source documentation is available to substantiate or prove the claims, provided that the CEO must have satisfied him/herself that all reasonable steps have been taken to locate the source documents
- receivables where the debtors have emigrated without paying the debts, leaving no assets available for attachment, and

## ACCOUNTING POLICIES (continued)

### 1.6 FINANCIAL INSTRUMENTS (CONTINUED)

the debtors' whereabouts are unknown

- receivables owed by persons or institutions where the probability of recovery is remote and it is not in the W&RSETA's interest to pursue such debts.

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

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

#### TRADE AND PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables are initially recognised at fair value plus transactions costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest method. Trade payables are recognised including VAT included.

#### PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Payables from non-exchange transactions are statutory payables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

The W&RSETA is compelled by legislation to pay registered employers in the sector that comply with the requirements of Annexure II of the Grant Regulations. Mandatory grants are then paid based on previous quarter levies received.

#### FINANCIAL LIABILITIES AT FVTPL (FAIR VALUE THROUGH PROFIT AND LOSS)

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as FVTPL.

All financial liabilities of the W&RSETA were classified as other financial liabilities.

#### OTHER FINANCIAL LIABILITIES

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

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

Any liabilities that result from a transaction which an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange are accounted for in accordance with the Standard of GRAP on Revenue from Non-Exchange Transactions (Taxes and Transfers).

## ACCOUNTING POLICIES (continued)

### 1.7 TAX

#### CURRENT TAX ASSETS AND LIABILITIES

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

### 1.8 LEASES

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

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### OPERATING LEASES - LESSEE

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

### 1.9 INVENTORIES

Inventories (consumables on hand) are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Items of consumables on hand are derecognised as soon as they are utilised, put into use or consumed according to the original intent for which they were procured.

### 1.10 IMPAIRMENT OF CASH-GENERATING ASSETS

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

Carrying amount is the amount at which an asset is recognised in the Statement of Financial Position after deducting any accumulated depreciation and accumulated impairment losses thereon.

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

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

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

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

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

## ACCOUNTING POLICIES (continued)

### 1.10 IMPAIRMENT OF CASH-GENERATING ASSETS (CONTINUED)

Useful life is either:

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

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets.

### 1.11 EMPLOYEE RELATED COSTS

The cost of employee benefits is recognised during the period in which the employee renders the related service. The employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability because of services rendered by employees up to the Statement of Financial Position date. Provisions included in the Statement of Financial Position are provisions for leave (based on the current salary rates) at time of termination, workmen's compensation and bonus provision.

#### LEAVE PAY

The W&RSETA recognise a liability and an expense for accumulating leave as and when employees render services that entitle them to leave days. The amount of the liability and expense is determined as the additional amount payable because of unused leave days owed to employees at the end of the period.

#### PERFORMANCE BONUSES

The performance bonus is recognised when the entity has a constructive obligation to pay bonuses and when a reliable estimate can be made. The W&RSETA provides for the upcoming year's bonus payments, which is amortised in the following year for usage and write-off residual balance.

#### RETIREMENT BENEFIT COSTS

The W&RSETA makes monthly contributions, which includes both the employer and employee contribution, into the Momentum FundsAtWork Umbrella Provident Fund. This fund is a defined contribution plan and the assets are held in separate trustee-administered funds. Defined contribution plan are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The plan is generally funded by both employer and the employee contributions. The expense or obligation at each reporting period is determined by the amounts to be contributed for that period. Payments to the defined contribution plan are charged to the statement of financial performance in the year to which they relate. The rules of the defined contribution plan determine the following in respect of contributions:

### 1.12 PROVISIONS

A provision is a liability of uncertain timing and amounts. Provisions are recognised when:

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

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

## ACCOUNTING POLICIES (continued)

### 1.12 PROVISIONS (CONTINUED)

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 25.

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

### 1.13 COMMITMENTS

Commitments are disclosed where W&RSETA, in the normal course of operations, entered into contractual agreements with entities relating to grants or where there is a contractual letter of award. Commitments are measured at the amount the entity would pay to settle future obligations as per contractual relationship with the beneficiaries. Commitments are included in the disclosure note to the financial statements.

Commitments are derecognised when either the grant programmes are terminated through a signed termination agreement, or when the contractual obligation is fully paid.

Commitments are disclosed where the W&RSETA has, in the normal course of its operations, entered into a contractual agreement with entities related to project expenses which are yet due for payment. Commitments are accounted for as contingent liabilities in terms of GRAP 19.

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

### 1.14 REVENUE FROM EXCHANGE TRANSACTIONS

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

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

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:

- (a) The entity has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- (b) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- (c) The amount of revenue can be measured reliably.
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity.
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the rendering of services is recognised when the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the reporting date.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- (a) The amount of revenue can be measured reliably.
- (b) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity.
- (c) The stage of completion of the transaction at the reporting date can be measured reliably

## ACCOUNTING POLICIES (continued)

### 1.15 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners. Where the resources transferred to W&RSETA are subject to the fulfillment of specific conditions, it recognises an asset and a corresponding liability. As and when the conditions are fulfilled, the liability is reduced and revenue is recognised.

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

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

A present obligation arising from a non-exchange transaction that meets the definition of a liability shall be recognised as a liability when, and only when:

- (a) it is probable that an outflow of resources embodying future economic benefits or service potential will be required to settle the obligation; and
- (b) a reliable estimate can be made of the amount of the obligation

#### LEVY INCOME

The accounting policy for the recognition and measurement of skills development levy income is based on the Skills Development Act (SDA), (No 97 of 1998 as amended) and the Skills Development Levies Act (SDLA), (No 9 of 1999 as amended). Skills development levy transfers are recognised on an accrual basis when it is probable that future economic benefits will flow to the SETA and these benefits can be measured reliably. This occurs when the DHET either makes an allocation or payment, whichever ever comes first, to the SETA, as required by Section 8 of the Skills Development Levies Act (SDLA) Act no 9 of 1999 as amended. This policy is effective from 1st of April 2007.

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

80% of skills development levies are paid over to W&RSETA (net of the 20% contribution to the National Skills Fund).

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

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

#### INTEREST AND PENALTIES

Interest and penalties on SDL are recognised at the earlier of the time the DHET makes the allocation or payment of the funds in the bank account of the SETA.

#### GOVERNMENT GRANTS AND OTHER DONOR INCOME

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

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

## ACCOUNTING POLICIES (continued)

### 1.16 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised as defined in section 1 of the PFMA.

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

### 1.17 IRREGULAR EXPENDITURE

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

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

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

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

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

### 1.18 BUDGET INFORMATION

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives. As a result of the adoption of accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the Statement of Comparison of budget and actual amounts.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the year under review have been included in the Statement of comparison of budget and actual amounts. Comparative information is not required. Explanatory comments are provided in the notes to the AFS.

## ACCOUNTING POLICIES (continued)

### 1.19 RELATED PARTIES

A related party is a person or an entity with the the ability to control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity or another entity are subject to common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

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

The W&RSETA is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the SETA to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the SETA is exempt from the disclosures in accordance with the above, the SETA discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

### 1.20 EVENTS AFTER REPORTING DATE

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

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

W&RSETA will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

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

## ACCOUNTING POLICIES (continued)

### 1.21 COMPARATIVE FIGURES

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

### 1.22 EMPLOYER GRANTS AND PROJECT EXPENSES

A registered employer may recover up to a maximum of 69.5% per year of its total levy payment as a mandatory employer grant (excluding interest and penalties) and discretionary grants by complying with the grant criteria in accordance with the Skills Development Act, (Act 97 of 1998) as amended and SETA Grant Regulations regarding monies received and related matters.

#### MANDATORY GRANTS

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

#### DISCRETIONARY PROJECT EXPENDITURE

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

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

Project expenditure comprise:

- costs that relate directly to the specific project;
- costs that are attributable to the project activity in general and can be allocated to the project;
- such other costs as are specifically chargeable to the SETA under the terms of the project; and
- such costs are allocated using methods that are systematic and rational and are applied consistently to all costs having similar characteristics.

#### RETROSPECTIVE ADJUSTMENTS BY SARS

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

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

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

The TVET college infrastructure development payment is treated as a non-exchange transaction and is recognised as an expense in the period that the payment is incurred or when the funding becomes payable by the SETA as outlined in the funding agreement, whichever occurs first. A contractual obligation is triggered on the date that the funding agreement is signed and a liability is recognised to the extent of the amount outstanding.

## ACCOUNTING POLICIES (continued)

### 1.23 RESERVES

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

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

Employer levy payments are set aside in terms of the Skills Development Act and the regulations issued in terms of the Act, for the purpose of 2022:

Of the 100% receivable from the employer:

- 80% is received by the SETA
- 20% is contributed to the National Skills Fund

Of the 80% received by the SETA:

- Administration costs of the SETA 10.5%
- Employer grant fund levy 20%
- Discretionary grants and projects 49.5%

In addition, other income, interest and penalties received from SARS as well as interest received on investments is utilised for discretionary grant projects.

Surplus funds in the administration and unallocated funds in the employer grant reserves are transferred to the discretionary fund reserve.

Provision is made in the administration reserve to cover the net asset value of non-current assets. A further provision is made in the mandatory grant reserve for newly registered companies, participating after the legislative cut-off date.

# Notes to the Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2022

## 2. NEW STANDARDS AND INTERPRETATIONS

### 2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

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

<b>STANDARD/ INTERPRETATION:</b>	<b>EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER</b>	<b>EXPECTED IMPACT:</b>
Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2021	The impact of the guidelines is not material.
Directive 14: The application of Standards of GRAP by Public Entities that apply IFRS® Standards	01 April 2021	The impact of the directive is not material.

### 2.2 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2022 or later periods:

<b>STANDARD/ INTERPRETATION:</b>	<b>EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER</b>	<b>EXPECTED IMPACT:</b>
Guideline: Guideline on Accounting for Landfill Sites	Not yet determined	No impact
GRAP 25 (as revised): Employee Benefits	01 April 2023	Unlikely there will be a material impact
iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	Not yet determined	No impact
GRAP 104 (as revised): Financial Instruments	01 April 2023	Unlikely there will be a material impact
iGRAP 21: The Effect of Past Decisions on Materiality	Not yet determined	Unlikely there will be a material impact
GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements	01 April 2025	Unlikely there will be a material impact

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	2022			2021		
	COST / VALUATION R'000	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT R'000	CARRYING VALUE R'000	COST / VALUATION R'000	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT R'000	CARRYING VALUE R'000
Furniture and fixtures	2 725	(1 729)	996	2 725	(1 603)	1 122
Office equipment	1 102	(736)	366	1 012	(603)	409
Computer equipment	8 588	(7 449)	1 139	8 528	(5 471)	3 057
Project Assets -Office Equipment	19	(17)	2	19	(18)	1
Project Assets- Computer Equipment	2 005	(1 517)	488	1 925	(1 169)	756
Office Equipment finance lease	3 223	(3 223)	-	3 223	(3 223)	-
Leasehold Improvements	3 915	(1 245)	2 670	1 210	(597)	613
<b>Total</b>	<b>21 577</b>	<b>(15 916)</b>	<b>5 661</b>	<b>18 642</b>	<b>(12 684)</b>	<b>5 958</b>

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2022	OPENING BALANCE R'000	ADDITIONS R'000	DISPOSALS R'000	DEPRECIATION R'000	TOTAL R'000
Furniture and fixtures	1 122	-	-	(126)	996
Office equipment	409	90	-	(133)	366
Computer equipment	3 057	70	(11)	(1 977)	1 139
Project Assets -Office Equipment	1	1	-	-	2
Project Assets- Computer Equipment	756	80	-	(348)	488
Leasehold Improvement	613	2 705	-	(648)	2 670
	<b>5 958</b>	<b>2 946</b>	<b>(11)</b>	<b>(3 232)</b>	<b>5 661</b>

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2021	OPENING BALANCE R'000	ADDITIONS R'000	DISPOSALS R'000	DEPRECIATION R'000	TOTAL R'000
Furniture and fixtures	1 247	-	-	(125)	1 122
Office equipment	493	40	-	(124)	409
Computer equipment	3 492	1 469	(82)	(1 822)	3 057
Project Assets -Office Equipment	3	-	-	(2)	1
Project Assets- Computer Equipment	1 017	85	-	(346)	756
Leasehold improvements	200	607	-	(194)	613
	<b>6 452</b>	<b>2 201</b>	<b>(82)</b>	<b>(2 613)</b>	<b>5 958</b>

### PLEGGED AS SECURITY

None of the W&RSETA property, plant and equipment have been pledged as security for any liability or contingent liability.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	2022 R'000	2021 R'000
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### 4. INTANGIBLE ASSETS

	2022			2021		
	COST / VALUATION R'000	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT R'000	CARRYING VALUE R'000	COST / VALUATION R'000	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT R'000	CARRYING VALUE R'000
Computer software, internally generated	19 750	(9 760)	9 990	19 750	(3 197)	16 553
Computer software, other	3 763	(3 022)	741	3 763	(2 034)	1 729
<b>Total</b>	<b>23 513</b>	<b>(12 782)</b>	<b>10 731</b>	<b>23 513</b>	<b>(5 231)</b>	<b>18 282</b>

	OPENING BALANCE R'000	AMORTISATION R'000	TOTAL R'000
<b>RECONCILIATION OF INTANGIBLE ASSETS - 2022</b>			
Computer software, internally generated	16 553	(6 563)	9 990
Computer software, other	1 729	(988)	741
	<b>18 282</b>	<b>(7 551)</b>	<b>10 731</b>

	OPENING BALANCE R'000	INTERNALLY GENERATED R'000	AMORTISATION R'000	TOTAL R'000
<b>RECONCILIATION OF INTANGIBLE ASSETS - 2021</b>				
Computer software, internally generated	9 003	10 746	(3 196)	16 553
Computer software, other	2 798	-	(1 069)	1 729
	<b>11 801</b>	<b>10 746</b>	<b>(4 265)</b>	<b>18 282</b>

### PLEGGED AS SECURITY

None of the W&RSETA intangible assets have been pledged as security for any liability or contingent liability.

### 5. OPERATING LEASE LIABILITY (ACCRUAL)

	2022 R'000	2021 R'000
Current liabilities	(1 783)	(875)

The operating lease liability relates to the straightlining of the SETA's lease commitments over the contracted lease period. Minimum lease payments are disclosed in note 24.

### 6. INVENTORIES

Consumable stores	400	67
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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continue)

### 7. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2022 R'000	2021 R'000
Staff debtors	27	-
Rental deposits	5 522	4 858
Sundry receivables	35	32
Interest receivable	5 524	26 476
Prepaid expenses	10 380	5 698
Other receivable	43 378	-
Arbitration award	600	600
	<b>65 466</b>	<b>37 664</b>
<b>RENTAL DEPOSIT</b>		
Rental deposits	6 274	6 477
Provision for impairment	(752)	(1 619)
Closing balance	5 522	4 858
<b>RECONCILIATION OF PROVISION FOR IMPAIRMENT</b>		
Opening balance	1 619	-
Provision for impairment	-	1 619
Unused amounts reversed	(867)	-
	<b>752</b>	<b>1 619</b>

### 8. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Receivable-other	-	1 849
Employer receivables	4 938	4 760
Inter-SETA receivables	48	48
Unutilised bursaries	1 063	10 258
	<b>6 049</b>	<b>16 915</b>
Items included in receivables from non-exchange transactions not classified as		
Employer receivables	4 938	4 760
Inter-SETA receivables	48	48
Items included in receivables from non-exchange transactions classified as financial assets:		
	1 063	12 107
	<b>6 049</b>	<b>16 915</b>

#### RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS PAST DUE BUT NOT IMPAIRED

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 31 March 2022, R 6 049 (2021: R 16 915) were past due but not impaired.

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

3 months past due	6 049	16 915
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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

**2022**  
**R'000**                      **2021**  
**R'000**

### 8. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

#### RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS IMPAIRED

As of 31 March 2022, receivables from non-exchange transactions of R 6 379 (2021: R 6 321) were impaired and provided for.

The ageing of these loans is as follows:

Over 6 months 6 379                      6 321

#### EMPLOYER RECEIVABLES

Employer receivables	11 317	11 081
Provision for doubtful debts	(6 379)	(6 321)
	<b>4 938</b>	<b>4 760</b>

2022	Opening balance	Reversed during the year	Additions	Total
Employer receivables	11 081	-	236	11 317
Provision for doubtful debts	(6 321)	-	(58)	(6 379)
	<b>4 760</b>	<b>-</b>	<b>178</b>	<b>4 938</b>

2021	Opening balance	Reversed during the year	Additions	Total
Employer receivables	10 628	(10 628)	11 081	11 081
Provision for doubtful debts	(3 991)	3 991	(6 321)	(6 321)
	<b>6 637</b>	<b>(6 637)</b>	<b>4 760</b>	<b>4 760</b>

The W&RSETA refunds amounts to employers in the form of grants, based on information from DHET. Where information is retrospectively amended, it may result in grants that have been paid to certain employers that are in excess of the amount the W&RSETA is permitted to have granted to employers. A receivable relating to the over-payment to the employer in earlier periods is raised at the amount of such grant over-payment, net of bad debts and provision for irrecoverable amounts. Employer receivables recognised in the current year was R11.3 million (2021: R11 million).

### 8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

<b>Cash on hand</b>	9	7
Bank balances	238 418	282 310
Short-term deposits	2 569 560	2 455 211
Other cash and cash equivalents	(798)	(943)
	<b>2 807 189</b>	<b>2 736 585</b>

Current assets	2 807 987	2 737 528
Current liabilities	(798)	(943)
	<b>2 807 189</b>	<b>2 736 585</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	2022 R'000	2021 R'000
<b>10. ALLOCATION OF NET SURPLUS (DEFICIT) FOR THE CURRENT YEAR TO RESERVES</b>		
	Total per Statement of Financial Performance 31 March 2021 R'000	Total per Statement of Financial Performance 31 March 2022 R'000
	R'000	R'000
<b>Total Revenue</b>	931 668	1 431 753
Levy transfer Administration (10.5%)	105 513	168 776
Levy transfer Employer Grants (69.5%)	698 399	1 132 523
Skills Development Levy penalties and interest from non - exchange transactions	30 313	22 273
Investment Income	95 871	106 435
Other income	1 572	1 746
<b>Total Expenses</b>	(1 126 328)	(1 402 950)
Employer grants and project expenses	(981 968)	(1 267 681)
Administration expenses	(144 360)	(135 269)
<b>Net surplus (deficit) per statement of financial performance allocated</b>	(194 660)	28 803
	Administration Reserve R'000	Employer Grant reserve R'000
	R'000	R'000
	168 776	325 794
	-	-
	-	806 729
	-	-
	-	106 435
	-	1 746
	(135 269)	(218 566)
	-	(1 049 115)
	(135 269)	-
	33 507	107 228
	-	(111 932)

The conditional grant balance relates to funds that were received from the Department of Small Business Development and have been ring-fenced for the Informal Traders Upliftment Project. The remaining amount of R5,2 million continues to be accounted for as a liability until the agreed contractual conditions have been met.

### Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Unspent grants	5 214	5 214
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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2022  
R'000

2021  
R'000

### 12. PROVISIONS

#### Reconciliation of provisions - 2022

	Opening Balance	Additions	Reversed during the year	Total
Amounts Payable to Small Companies	45 971	2 150	(7 381)	40 740
Provision for workmen's compensation	-	190	-	190
Bonus provision	-	14 407	-	14 407
	<b>45 971</b>	<b>16 747</b>	<b>(7 381)</b>	<b>55 337</b>

#### Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Amounts Payable to Small Companies	32 722	17 775	-	(4 526)	45 971
Bonus provision	9 195	-	(7 836)	(1 359)	-
	<b>41 917</b>	<b>17 775</b>	<b>(7 836)</b>	<b>(5 885)</b>	<b>45 971</b>

Amounts Payable to Small Companies

During the financial year the SETA received SDL income from companies whose gross salary cost is less than R500 000. In terms of Skills Development Circular No. 09/2013, issued by DHET on 25 August 2013, SETA's are able to utilise exempted amounts contributed after the expiry date of five years as stipulated in terms of section 190 (4) of the Tax Administration Act. These amounts have been transferred to the discretionary reserves in line with the aforementioned circular.

At 31 March 2022 the amount claimable is R41 million (2021: R46 million).

#### BONUS PROVISION

The bonus provision is a constructive obligation to pay employees a performance-based bonus related to their services for the year. The bonus payments are expected to be paid within four (4) months after year-end, provided that the agreed upon performance outcome are achieved and the entity can afford the bonus payout.

### 13. PAYABLES FROM EXCHANGE TRANSACTIONS

Leave accrual	7 378	9 560
Other accrued expenses	13 455	21 599
	<b>20 833</b>	<b>31 159</b>

Leave accrual: This accrual is based on the number of leave days that are due to the employees at reporting date.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	2022 R'000	2021 R'000
<b>14. PAYABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Mandatory Grant: Levy payables *	195 772	77 943
Mandatory Grant: Employer SARS reversals**	4 455	4 409
Inter-SETA payable	2 327	894
Discretionary Grant: Trade payables	171 694	239 728
	<b>374 248</b>	<b>322 974</b>

\*Mandatory Grant: Levy payables of R195 million (2021: R77 million) represent unpaid mandatory grants to stakeholder companies due to incomplete or unavailability of banking details as well as fourth quarter mandatory grants due to stakeholder companies. These mandatory grants were paid after the reporting date where complete and accurate banking details were available to the SETA .

\*\*Mandatory Grant: Employer SARS reversals of R4.4 million (2021: R4.4 million) represent SARS retrospective amendments of information on levies collected:- it resulted in mandatory grants that have been paid to certain employers being less than what we needed to pay.

## 15. REVENUE

Other income	1 746	1 572
Interest received - investment	106 435	95 871
Levies	1 323 572	834 225
	<b>1 431 753</b>	<b>931 668</b>

The amount included in revenue arising from exchanges services are as follows:

Other income	1 746	1 572
Interest received - investment	106 435	95 871
	<b>108 181</b>	<b>97 443</b>

The amount included in revenue arising from non-exchange transactions is as follows:

<b>TRANSFER REVENUE</b>		
Levies	1 323 572	834 225

## 16. OTHER REVENUE

Other income	1 746	1 572
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## 17. INTEREST RECEIVED - INVESTMENT

<b>INTEREST RECEIVED</b>		
Bank	106 435	95 871

## 18. EMPLOYER GRANTS PAID

Mandatory Grants	218 566	138 512
Discretionary Grants	941 436	746 189
	<b>1 160 002</b>	<b>884 701</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	2022 R'000	2021 R'000
<b>19. LEVIES</b>		
Administration-SDL income	1 68 776	105 513
Discretionary-SDL income	806 729	497 485
Mandatory- SDL income	325 794	200 914
Interest and penalties-SDL income	22 273	30 313
	<b>1 323 572</b>	<b>834 225</b>

## 20. EMPLOYEE RELATED COSTS

Basic	131 636	127 232
Bonus *	20 711	(1 359)
Medical aid - company contributions	4 134	3 619
Unemployment Insurance Fund (UIF)	533	488
Workmens Compensation Fund (WCA)	190	-
Skills Development Levy (SDL)	1 419	933
Leave pay provision charge/(reversal)	(2 094)	2 589
Group life insurance	1 855	1 736
Provident Fund	6 027	4 956
	<b>164 411</b>	<b>140 194</b>

### \*Bonus Expense

The W&RSETA paid staff bonuses during the 21/22 financial year as the expected performance levels were achieved at an organisational level for the 20/21 performance cycle. The SETA has raised a provision of R14.4 million at 31 March 2022 in relation to the 21/22 financial year and performance cycle. Refer to bonus provision note number 12.

Bonus		
Paid	6 304	7 836
Movements	14 407	(9 195)
	<b>20 711</b>	<b>(1 359)</b>

Employee Cost Allocation		
Administrative grant	56 732	60 823
Discretionary grant - Project expenses	107 679	79 371
	<b>164 411</b>	<b>140 194</b>

In line with the SETA Grant Regulations, the employee costs of the W&RSETA have been apportioned between the administrative grant and project administrative costs under the discretionary grant.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	2022 R'000	2021 R'000
<b>21. GENERAL EXPENSES</b>		
Advertising	2 792	3 403
Provision/(reversal) for bad debts- SARS Debtors	(1 207)	3 949
Minor assets	837	241
Auditors remuneration	5 389	3 300
Bank charges	620	775
Cleaning	581	898
Computer expenses	696	-
Conferences and seminars	71	26
Consulting and professional fees	8 961	3 506
Consumables	11	-
ETQA expenses	-	50
HR expenses	230	359
ICT expenses *	1 088	27 480
Insurance	1 386	1 449
Interest paid	1 311	11
Internal Audit	296	751
Licences	9	169
Offsite Storage	543	429
Operating lease rentals (Minimum payments)	19 138	19 927
Postage and courier	436	238
Printing and stationery	1 145	1 979
QCTO Funding	5 622	7 985
Recruitment fees	1 273	773
Refreshments	388	339
Relocation Costs	460	3 832
Remuneration to members of the Accounting Authority	3 812	3 686
Repairs and maintenance	600	300
Security	792	358
Training	1 101	360
Subscriptions and membership fees	121	333
Telephone and fax	1 304	1 273
Travel - local	5 771	4 082
Water and electricity	2 166	2 211
	<b>67 743</b>	<b>94 472</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	2022 R'000	2021 R'000
<b>22. CASH GENERATED FROM (USED IN) OPERATIONS</b>		
Surplus (deficit)	28 803	(194 660)
<b>Adjustments for:</b>		
Depreciation and amortisation	10 783	6 879
Loss on sale of PPE	11	82
Provision for impairment	(867)	1 620
	-	-
Movements in provisions	9 366	4 054
Provision for doubtful debts	58	2 330
Movements in operating lease liability	906	875
<b>Changes in working capital:</b>		
Inventories	(333)	121
Receivables from exchange transactions	(26 935)	(18 661)
Other receivables from non-exchange transactions	10 808	511
Payables from exchange transactions	(10 324)	12 244
Payable from non-exchange transactions	51 274	26 019
	<b>73 550</b>	<b>(158 586)</b>

## 23. FINANCIAL INSTRUMENTS DISCLOSURE

### CATEGORIES OF FINANCIAL INSTRUMENTS

2022

#### FINANCIAL ASSETS

	AT AMORTISED COST	TOTAL
Receivables from exchange transactions	65 466	65 466
Receivables from non-exchange transactions	6 049	6 049
Cash and cash equivalents	2 807 987	2 807 987
	<b>2 879 502</b>	<b>2 879 502</b>

#### FINANCIAL LIABILITIES

	AT AMORTISED COST	TOTAL
Trade and payables from exchange transactions	13 455	13 455
Payables from non-exchange transactions	171 694	171 694
	<b>185 149</b>	<b>185 149</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	2022 R'000	2021 R'000
<b>2021</b>		
<b>FINANCIAL ASSETS</b>		
	<b>AT AMORTISED COST</b>	<b>TOTAL</b>
Receivables from exchange transactions	37 664	37 664
Receivables from non-exchange transactions	16 915	16 915
Cash and cash equivalents	2 737 528	2 737 528
	<b>2 792 107</b>	<b>2 792 107</b>

### FINANCIAL LIABILITIES

	<b>AT AMORTISED COST</b>	<b>TOTAL</b>
Trade and payables from exchange transactions	21 599	21 599
Payables from non-exchange transactions	239 728	239 728
Travel card	943	943
	<b>262 270</b>	<b>262 270</b>

## 24. OPERATING LEASE EXPENDITURE

### Operating leases - as lessee (expense)

#### Minimum lease payments due

- within one year	17 736	15 530
- in second to fifth years inclusive	53 040	61 582
	<b>70 776</b>	<b>77 112</b>

Operating lease payments represent rentals payable by the W&RSETA for all of its occupied leased office properties. Leases are negotiated for an average term of five years. No contingent rent is payable.

## 25. CONTINGENCIES

### 25.1 BUSA CASE TO SET ASIDE SETA GRANT REGULATION 4(4)

In terms of the 2005 Grant Regulations regarding monies received by a SETA, an employer was entitled to claim a Mandatory Grant equal to 50% of the total Skills Development Levies paid provided that the employer complied with the eligibility criteria.

However, the 2005 Grant Regulations were repealed by the 2012 Grant Regulations and it is the 2012 Grant Regulations and the way in which it was promulgated that formed the subject matter of the review application before the Labour Court. The revision reduced the value of the Mandatory Grant from 50% to 20%.

BUSA has been contesting the changes to the Grant regulations at the Labour Court and the relief sought was for the Court to review and set aside Regulation 4(4) as well as the Minister's decision to re-promulgate it.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2022 R'000	2021 R'000
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Following various court judgements on the matter, in October 2019 the Labour Appeal Court Judgment was handed down in favour of BUSA with the effect that Regulation 4(4) was set aside.

The effect of the ruling is that the Minister would have to decide on the percentage for mandatory grants in consultation with the sector. The decision regarding the percentage was still outstanding at reporting date, therefore W&RSETA has continued to pay and accrue for mandatory grants at 20% in the year 2020/2021.

As at the reporting date, engagements with BUSA and the DHET were in progress and no further pronouncements were made.

The total W&RSETA exposure is undeterminable due to the uncertainty in timing and amount.

### 25.2 EXPIRED DISCRETIONARY GRANT CONTRACTS

The W&RSETA has identified discretionary grant commitments amounting to R190 million (2021: R 525 million) that have expired at reporting date. These contracts have been classified as contingent liabilities as the SETA has in the past renewed these arrangements in order to complete the project/training intervention subject to compliance with the W&RSETA discretionary grant policy.

### 25.3 TRAINING IN PROGRESS

In terms of the W&RSETA's discretionary grant policy, all training in progress by service providers and stakeholders must be verified by the W&RSETA officials before payment is effected. As at year end, there exists an unquantifiable contingent liability for training in progress. The amount is contingent based on the value of training conducted which will be acceptable after the verification process.

### 25.4 MATTERS UNDER INVESTIGATION AND LITIGATION

- 25.4.1 The W&RSETA has a CCMA matter not yet finalised. The nature of the matter relates to employee breach of conduct, gross dishonesty and dereliction of duty. The matter relates to irregularities in the tender that had to be cancelled. The matter was finalised internally including the appeal process, which confirmed the sanction of dismissal. The matter was referred by the former employee to the CCMA for arbitration in December 2021. This matter is yet to be finalised.
- 25.4.2 The W&RSETA has a few Labour matters before the courts which are pending and relate to former fixed term contract employees claiming unfair dismissal when the contract lapsed and also a few matters on employees claiming compensation for unfair suspension.
- 25.4.3 W&RSETA is involved in a litigation process at the North Gauteng High Court to recover funds from a landlord emanating from the breach of two lease agreements. Ancillary to the respective claims, the two deposit amounts paid to the landlord in anticipation of the occupation of the said properties is also being claimed for by W&RSETA.
- 25.4.4 W&RSETA is involved in a litigation process at the North Gauteng High Court to recover funds from an individual who received a sum of money fraudulently.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2022  
R'000

2021  
R'000

### 25.5 RETENTION OF SURPLUSES

In terms of section 53 (3) of the PFMA, public entities listed in Schedule 3A and 3C to the PFMA may not retain cash surpluses that were realised in the previous financial year without obtaining the prior written approval of National Treasury. The WRSETA has submitted an application to the National Treasury to retain the surplus amounting to R2 385 million for the 2021 financial year in terms of Section 53(3) of the PFMA and Section 6 of the National Treasury Instruction No. 6 of 2017/2018.

National Treasury Instruction Note 12 of 2020/21, that was issued on 2 September 2020, prescribes that the surplus funds be calculated annually as follows:

#### Surplus Funds or Deficit in terms of NT Circular

Cash and cash equivalents	2 807 987	2 737 528
Plus: Receivables	71 515	54 579
Less: Current liabilities	(458 213)	(407 136)
	<b>2 421 289</b>	<b>2 384 971</b>

### 26. RELATED PARTIES

#### Relationships

Accounting Authority member Refer to note below for detailed disclosure concerning emoluments of members of the Accounting Authority

Controlling entity Department of Higher Education and Training (DHET)

Entities under common control

- Other Sector Education and Training Authorities (SETAs)
- Quality Council For Trades & Occupations (QCTO) Technical and Vocational Education and Training (TVET)
- National Student Financial Aid Scheme (NSFAS) National Skills Fund (NSF)
- Higher Education and Training Institutions (HET)

Entities with a representative serving on the W&RSETA Accounting Authority

#### MEMBERS OF THE ACCOUNTING AUTHORITY

Fuel Retailers Association (FRA)	Mr Reggie Sibiya
Fuel Retailers Association (FRA)	Mr Zibele Sokabo
Retail Association and the Foshini Group (RA/TFG)	Ms Sebe Rasebitse
Consumer Goods Council of South Africa (CGCSA)	Ms Zinhle Tyikwe
Federal Council of Retail and Allied Workers (FEDCRAW )	Mr Themba Mthembu
Federal Council of Retail and Allied Workers (FEDCRAW )	Mr Mzimaseki Silimandlela
National Union of Metal Workers (NUMSA)	Ms Lerato Mokhiili
National Union of Metal Workers (NUMSA)	Mr David Makuwa
The National Federation Chamber of Commerce (NAFCOC)	Ms Margaret Bango
Southern African Clothing and Textile Workers Union (SACTWU)	Mr Ross Rayners
South African Commercial, Catering and Allied Workers Union (SACCAWU)	Mr Lucas Ramatlhodi
Black Business Council (BBC)- (tenure ended 31 Aug 2021)	Ms Nonkululeko Bogopa
Community Organisations	Mr Sibusiso Busane
Community Organisations	Ms Thandeka Ntshangase

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

The W&RSETA is exempt from disclosure of related party transactions provided that the services are received/delivered within normal supplier/client relationships, on terms and conditions that is no more nor less favourable than those that would have reasonably be expected to be adopted if dealing with that entity/person in the same circumstances. W&RSETA has, in the normal course of its operations, entered into discretionary grants transactions with entities under common control. Where there were transactions and balances arising due to the movement of funds between entities under common control of DHET, these amounts are disclosed below:

### RELATED PARTY BALANCES AND TRANSACTIONS

#### Payables from non-exchange transactions

	2022 R'000	2021 R'000
CHIETA	(45)	(5)
CETA	-	(51)
MICT SETA	(49)	(223)
FOODBEV	(53)	(59)
TETA	-	(6)
HWSETA	(728)	-
MERSETA	(24)	(507)
FASSET	-	(7)
HETI	-	(36 964)
TVET colleges	-	(12 344)
AgriSeta	(939)	-
Cathseta	(36)	-
FPMSETA	(13)	-
Total	<b>(3 774)</b>	<b>(50 166)</b>

#### Receivables from non-exchange transactions

LGSETA	-	28
HWSETA	281	-
MQA	20	20
HETI	68	68
TVET colleges	-	10 109
Total	369	10 225

#### Receivables from exchange transactions- Pre-paid expenses

QCTO	<b>8 239</b>	<b>5 622</b>
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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Stakeholder	2022		2021	
	EXPENDITURE	COMMITMENTS	EXPENDITURE	COMMITMENTS
FEDCRAW	2 233	1 774	2 558	4 067
SACTWU	1 406	1 001	192	1 007
NUMSA	2 070	1 999	330	2 570
ECCAWUSA	2 346	1 395	-	-
FRA	1 602	24 442	35 712	21 909
CGCSA	6 155	25 444	3 077	4 311
RA/ TFG	-	-	3 770	22 759
QCTO	8 241	-	7 984	-
TVET Colleges	162 156	159 761	56 068	123 968
NSFAS	-	7 805	-	-
HETI	59 117	228 065	28 615	167 929
	<b>245 326</b>	<b>451 686</b>	<b>138 306</b>	<b>348 520</b>

W&RSETA has, in the normal course of its operations, entered into discretionary grants transactions with entities which had an appointed representative serving on the W&RSETA Accounting Authority as disclosed above.

In terms of the Code of Conduct of the W&RSETA standard Constitution, every member of the Accounting Authority is required to disclose any interest. Such conflict is recorded in the minutes of the meeting in question and the member concerned is precluded from participating in the proceedings of the Accounting Authority. All the above decisions were taken in terms of this Code of Conduct in relation to the declaration of interests.

### KEY MANAGEMENT INFORMATION

CLASS	DESCRIPTION	NUMBER
Accounting Authority members	Accounting authority	14
Audit committee	External audit committee members	4
Executive management	Senior management	7

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	2022 R'000	2021 R'000	
<b>REMUNERATION OF MANAGEMENT</b>			
<b>MANAGEMENT CLASS: BOARD MEMBERS</b>			
<b>2022</b>			
NAME	BOARD FEES	ALLOWANCES	TOTAL
Mr R Sibiya- Chairperson	376	5	381
Ms Z Tyikwe	317	5	322
Mr K D Makuwa	302	5	307
Ms M Bango	303	-	303
Mr S Busane	335	-	335
Mr T Mthembu	212	-	212
Ms T Ntshangase	161	-	161
Mr M Silimandlela	173	-	173
Ms L Mokhitli	193	-	193
Mr L Ramatlhodi	195	5	200
Mr R Rayners	245	-	245
Ms N Bogopa	248	5	253
Mr Z Sokabo	186	-	186
Ms S Rasebitse	225	-	225
Mr K V Maja-Audit Committee-Chairperson	131	-	131
Ms M Phiri-Audit Committee Member	60	-	60
Dr L Konar-Audit Committee Member	60	-	60
Adv T Moeeng-Audit Committee Member	65	-	65
	<b>3 787</b>	<b>25</b>	<b>3 812</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	2022 R'000	2021 R'000	
2021			
NAME	BOARD FEES	ALLOWANCES	TOTAL
Mr R Sibiya - Chairperson	310	7	317
Ms Z Tyikwe	299	6	305
Mr KD Makuwa	265	6	271
Ms M Bango	275	1	276
Mr S Busane	234	1	235
Mr T Mthembu	189	1	190
Ms T Ntshangase	201	1	202
Mr M Silimandlela	169	2	171
Ms L Mokhitli	215	1	216
Mr L Ramatlhodi	171	7	178
Mr R Rayners	212	1	213
Ms N Bogopa	216	6	222
Mr Z Sokabo	150	2	152
Ms S Rasebitse	220	1	221
Mr K V Maja- Audit Committee Chairperson	181	-	181
Ms M Phiri - Audit Committee Member	78	-	78
Dr L Konar - Audit Committee Member	78	-	78
Adv. T Moeng - Audit Committee Member	69	-	69
	<b>3 532</b>	<b>43</b>	<b>3 575</b>

## 27. REMUNERATION OF KEY MANAGEMENT

### SENIOR MANAGEMENT

2022

	BASIC SALARY	PERFORMANCE BONUS	ALLOWANCES	CONTRIBUTIONS BY EMPLOYER	TOTAL
Mr B.C Mkhwanazi - Chief Executive Officer	2 132	113	43	181	2 469
Ms N Dlodla - Chief Operating Officer*	132	85	2	15	234
Ms L Nhlapo - Chief Financial Officer **	1 374	-	14	53	1 441
Mr L Kuse-Chief Finance Officer***	440	95	5	42	582
Ms D Machard - Executive: Strategic Planning, Performance and Reporting	1 473	79	39	117	1 708
Mr S Ngcobo - Chief Corporate Service Executive	1 602	62	39	121	1 824
Mr M B Masekwameng - Chief Information Officer	1 681	83	39	45	1 848
Ms S Motloung - Chief Audit Executive	1 579	82	39	119	1 819
Mr S. Shoba - Acting Chief Operating Officer ****	1 214	45	261	94	1 615
	<b>11 627</b>	<b>645</b>	<b>483</b>	<b>788</b>	<b>13 543</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

			2022 R'000	2021 R'000	
	BASIC SALARY	PERFORMANCE BONUS	ALLOWANCES	CONTRIBUTIONS BY EMPLOYER	TOTAL
2021					
Mr BC Mkhwanazi - Chief Executive Officer	2 047	527	29	231	2 834
Ms N Dlodla - Chief Operating Officer	1 585	234	19	137	1 975
Mr L Kuse - Chief Financial Officer	1 754	-	19	157	1 930
Ms D Machard - Executive; Strategic Planning, Performance and Reporting	1 481	216	19	110	1 826
Mr S Ngcobo - Chief Corporate Service Executive	1 174	-	17	85	1 276
Mr MB Masekwameng-Chief Information Officer	1 641	62	19	24	1 746
Ms S Motloung -Chief Audit Executive	1 502	224	19	100	1 845
	<b>11 184</b>	<b>1 263</b>	<b>141</b>	<b>844</b>	<b>13 432</b>

\* Resigned end of April 2021 therefore remuneration for one (1) month in the 2021/22 financial year.

\*\* Appointed 1 June 2021.therefore remuneration for ten (10) months in the 2021/22 financial year.

\*\*\* Resigned end of June 2021 and therefore remuneration only for three (3) months in the 2021/22 financial year.

\*\*\*\* Appointed from 1 May 2021 to 31 March 2022 and received an acting allowance during this period.

### 28. PRIOR-YEAR ADJUSTMENTS

Commitments for the 2021 financial year were understated by R79 million as a result of contracts previously not accounted for. The impact of this adjustment is as follows:

#### NOTE

2022

	NOTE	AS PREVIOUSLY REPORTED	CORRECTION OF ERROR	RESTATED
Commitments		2 447 415	79 303	2 526 718

### 29. RISK MANAGEMENT FINANCIAL RISK MANAGEMENT

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

#### LIQUIDITY RISK

The W&RSETA manages liquidity risk through proper management of working capital, capital expenditure and monitoring of actuals vs. forecasted cash flows.

In addition, W&RSETA manages liquidity risk by maintaining adequate and liquid financial reserves to cover immediate and future financial obligations.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	2022				2021
	R'000				R'000
<b>2022</b>	<b>CURRENT</b>	<b>31-90 DAYS</b>	<b>91-120 DAYS</b>	<b>121-365 DAYS</b>	<b>TOTAL 2022</b>
	<b>0-30 DAYS</b>				
Payables from exchange transactions	(20 833)	-	-	-	(20 833)
Payables from non-exchange transactions	(42 147)	(26 579)	(9 065)	(93 903)	(171 694)
	<b>(62 980)</b>	<b>(26 579)</b>	<b>(9 065)</b>	<b>(93 903)</b>	<b>(192 527)</b>
<b>2021</b>	<b>CURRENT</b>	<b>31-90 DAYS</b>	<b>91-120 DAYS</b>	<b>121-365 DAYS</b>	<b>TOTAL 2021</b>
	<b>0-30 DAYS</b>				
Payables from exchange transactions	(31 159)	-	-	-	(31 159)
Payables from non-exchange transactions	(92 572)	(57 251)	(10 702)	(79 203)	(239 728)
	<b>(123 731)</b>	<b>(57 251)</b>	<b>(10 702)</b>	<b>(79 203)</b>	<b>(270 887)</b>

### CREDIT RISK

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

Credit risk with respect to levy paying employers is limited due to the nature of the income received. W&RSETA does not have any material exposure to any individual or counter-party. W&RSETA's concentration of credit risk is limited to the wholesale and retail industry in which the SETA operates. No events occurred in the wholesale and retail industry during the financial year that may have an impact on the accounts receivable that has not been adequately provided for. Accounts receivable are presented net of allowance for doubtful debt. W&RSETA is exposed to a concentration of credit risk, as amounts are owed by the sector stakeholders. This concentration of risk is limited as these stakeholders continue to participate in grant applications and outstanding amounts are recovered from future activities.

Credit risk consists mainly of cash deposits and cash equivalents. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2022  
R'000

2021  
R'000

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

### THE AGEING OF TRADE RECEIVABLES

	CURRENT (0-30 DAYS)	31-90 DAYS	91-120 DAYS	121-365 DAYS	TOTAL 2022
Receivables from exchange transactions	15 904	-	15	49 547	65 466
Receivables from exchange non-transactions	-	-	-	1 063	1 063
	<b>15 904</b>	<b>-</b>	<b>15</b>	<b>50 610</b>	<b>66 529</b>

### THE AGEING OF TRADE RECEIVABLES

	CURRENT (0-30 DAYS)	31-60 DAYS	61-120 DAYS	121-365 DAYS	TOTAL 2021
Receivable from exchange transactions	32 174	-	-	5 490	37 664
Receivable from non-exchange transactions	-	-	-	12 107	12 107
	<b>32 174</b>	<b>-</b>	<b>-</b>	<b>17 597</b>	<b>49 771</b>

### INDUSTRY RISK

W&RSETA is exposed to fluctuations in the employment market, for example, sudden increases in unemployment and changes in the wage rates. Although the sector was faced with rampant protest-driven looting during the year, the overall impact has had minimal impact on training interventions. The W&RSETA is in constant communication with the industry to ensure that adequate support is provided.

### INTEREST RATE RISK

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

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

#### 2022

	FLOATING RATE	NON-INTEREST BEARING	TOTAL
Cash	2 807 987	-	2 807 987
Receivables from exchange transactions	5 524	59 942	65 466
Payables from exchange transactions	-	(20 833)	(20 833)
	<b>2 813 511</b>	<b>39 109</b>	<b>2 852 620</b>

#### 2021

	FLOATING RATE	NON-INTEREST BEARING	TOTAL
Cash	2 737 528	-	2 737 528
Receivables from exchange transactions	26 476	11 188	37 664
Payables from exchange transactions	-	(31 159)	(31 159)
	<b>2 764 004</b>	<b>(19 971)</b>	<b>2 744 033</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

2022  
R'000

2021  
R'000

### 30. GOING CONCERN

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

The Minister of Higher Education and Training has approved a Government Gazette, to extend the W&RSETA licence to continue operating until 31 March 2030.

### 31. EVENTS AFTER THE REPORTING DATE

Included in the commitment register are contracts that expired after the 31st of March 2022. These contracts amount to R5 million (2021: R270 million) and have subsequently expired.

### 32. FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance as previously reported	2 888	2 825
<b>Opening balance as restated</b>	<b>2 888</b>	<b>2 825</b>
Add: Expenditure identified - current	1 510	2 530
Less: Amounts recoverable - current	-	(2 467)
<b>Closing balance</b>	<b>4 398</b>	<b>2 888</b>

The R1,5 Million Fruitless and Wasteful Expenditure incurred in the current financial year relates mainly to interest and penalties for late payments to service providers and SARS on overdue accounts.

### 33. IRREGULAR EXPENDITURE

Opening balance as previously reported	432 619	422 007
<b>Opening balance as restated</b>	<b>432 619</b>	<b>422 007</b>
Add: Irregular Expenditure - current	14 579	8 671
Add: Irregular Expenditure - prior period	1 692	1 941
Less: Irregular Expenditure Condoned/Approved (Various incidents)	(352 028)	-
<b>Closing balance</b>	<b>96 862</b>	<b>432 619</b>

Incidents/cases identified in the current year include those listed below:

	DISCIPLINARY STEPS TAKEN/CRIMINAL PROCEEDINGS		
Contract scope varied in excess of bid specification (Non-compliance with SCM)	No disciplinary steps were undertaken during this year. The matter will be investigated in the next financial year	-	8 354
Contract extension not approved by National Treasury		1 387	1 941
Non-compliance with sections 11A, 11C(1), 11(4), 11(5) of the Skills Development Act in relation to appointment of an Accounting Authority member by the DHET		380	317
Discretionary grants expense above 7.5%		9 479	-
Contract extension not approved by National Treasury (Prior Year)		1 692	-
PO approved outside of correct DOA		609	-
Variation above the 15% threshold		1 032	-
		<b>14 579</b>	<b>10 612</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

**2022**  
**R'000**

**2021**  
**R'000**

### 34. BUDGET DIFFERENCES

#### MATERIAL DIFFERENCES BETWEEN BUDGET AND ACTUAL AMOUNTS

##### 35.1 Interest Income (Unfavourable R18,8 million)

Total interest received for the 2021/22 financial year amounts to R106 million while the budgeted amount was R125 million. This is mainly due to lower interest rates and the economy was still in the process of stabilizing after the COVID-19 pandemic impact. For the 2022/23 financial year and with the economy stabilising, the W&RSETA will report much higher returns on investments.

##### 35.2 Skills Development Levy Income: Revenue from non-exchange transactions (Favourable R184 million)

Total Skills Development Levy Income budget for the 2021/22 financial year amounted to R1,138 billion with actual levy income received by the end of the financial year of R1,323 billion. The budget was exceeded by R184 million (16%) and this is due to higher than anticipated SDL collections for the year. The estimated impact of the COVID-19 pandemic turned out to be lower than anticipated in the sector.

##### 35.3 Discretionary grant expenditure (Favourable R334 million)

Total discretionary grant expenditure for the 2021/22 financial year was budgeted at R1,275 billion while the actual and total discretionary grant expenditure for the year amounted to R941 million. A number of planned training interventions were faced with delays caused by interruptions from looting of several retailers in the sector.

##### 35.4 Mandatory grant expenditure (Favourable R46 million)

Mandatory grant expenditure for the 2021/22 financial year was budgeted at R264,8 million while the actual and total mandatory grant expenditure for the year amounted to R218 million. This represents a 82% expenditure against budget and is based on approval numbers to the Annexure II. In addition, there were also a lot of companies approved for mandatory grant disbursements, but actual payments were rejected due to incorrect banking details provided by the approved companies.

### 35. COMMITMENTS

#### Commitments on discretionary grants

Commitments comprise of the following

Approved and contracted for

Approved and not contracted for

-	-
2 613 794	2 526 718
26 525	-
<b>2 640 319</b>	<b>2 526 718</b>



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1303 Heuwel Avenue  
Riverside Office Park  
Corner Lenchen South and Heuwel Avenue  
Centurion, Pretoria  
Republic of South Africa, 0157  
Private Bag X106  
Centurion, 0046  
Switchboard: 012 622 9500

**[www.wrseta.org.za](http://www.wrseta.org.za)**

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