

Smarter Thinking



Greater Impact

ANNUAL REPORT

2018/2019



ENERGY AND WATER SECTOR EDUCATION AND TRAINING AUTHORITY

Presentation of the EWSETA Annual Report

On behalf of our Board and in terms of Section 65 of the Public Finance Management Act, 1 of 1999, I am pleased to present the Energy and Water Sector Education and Training Authority (EWSETA) Annual Report for the financial period 1 April 2018 – 31 March 2019 to the Minister of Higher Education, Science and Technology, Dr Blade Nzimande.

The report accounts for our performance overall against fulfilling the EWSETA's mandate and profiles our role in and contribution to, often in partnership with stakeholders, to skills development and training locally in the energy and water sectors.

The Auditor-General of South Africa has audited the performance information and annual financial statements in this report.

The Board has endorsed the report based on the assurance of accuracy given by the entity's management and internal audit.

In collaboration with the Department of Higher Education, Science and Technology, the EWSETA remains committed to strengthening the skills pipelines in our designated sectors so that South Africans can improve their livelihoods and help to grow the economy as we step firmly into the 4th Industrial Revolution.



Frans Baleni
Board Chairman
31 July 2019



“The education and training system should not only provide knowledge and skills required by the economy. It should also contribute to developing thinking citizens, who can function effectively, creatively and ethically as part of a democratic society. They should have an understanding of their society and participate fully in its political, social and cultural life.”

- Dr BE Nzimande, Minister of Higher Education and Training, White Paper for Post-school Education and Training, November 2013

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EWSETA INFORMATION

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RP:	RP 149/2019
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External Auditors:	Auditor-General of South Africa
Bankers:	First National Bank, Rand Merchant Bank, Standard Bank

Note to Stakeholders

The announcement of the new Cabinet in 2019 saw the combination of some government departments involved directly in EWSETA activities, namely: the Departments of Higher Education and Training (DHET) and Science and Technology (DST) as the Department of Higher Education, Science and Technology; the Departments of Water and Sanitation (DWS) and Human Settlements (DHS) as the Department of Human Settlements, Water

and Sanitation; and the Departments of Energy (DoE) and Mineral Resources as the Department of Mineral Resources and Energy.

Since this Annual Report cover the 2018/19 financial year, Departments are referred to under their names during the reporting period, before the Cabinet announcement.

The new Department names are used only in information about future activities, where relevant.

ABBREVIATIONS AND ACRONYMS

4IR	4th Industrial Revolution
AGM	Annual General Meeting
AQP	Assessment Quality Provider
ARC	Audit and Risk Committee
ATR	Annual Training Report
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
CSE	Corporate Services Executive
DG	Discretionary Grant
DHET	Department of Higher Education and Training (2019: Department of Higher Education, Science and Technology)
DWS	Department of Water and Sanitation (2019: Department of Human Settlements, Water and Sanitation)
ETQA	Education and Training Quality Assurance
EXCO	Executive Committee
FINCOM	Financial Committee
HEI	Higher Education Institution
HET	Higher Education and Training
HRRC	Human Resource and Remuneration Committee
IOPSA	The Institute of Plumbing South Africa
IPAP	Industrial Policy Action Plan
IRP	Integrated Resource Plan
LMIS	Labour Market Information System
LPC	Learning Programmes Committee
MEF	Monitoring and Evaluation Framework
MoU	Memorandum of Understanding
MIS	Management Information System
NAMB	National Artisan Moderation Body
NDP	National Development Plan
NGP	New Growth Plan
NSDS	National Skills Development Strategy
OFO	Organising Framework for Occupations
PIVOTAL	Professional, Vocational, Technical and Academic Learning
PFMA	Public Financial Management Act, 1 of 1999
QAC	Quality Assurance and Compliance

QACC	Quality Assurance and Compliance Committee
QCTO	Quality Council for Trades and Occupations
QMR	Quarterly Management Report
SAQA	South African Qualifications Authority
SDA	Skills Development Act, 97 of 1998 (as amended)
SEIFSA	Steel and Engineering Industries Federation of Southern Africa
SETA	Sector Education and Training Authority
SIP	Strategic Integrated Projects
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprises
SPC	Skills Planning Committee
SSP	Sector Skills Plan
WoL	War on Leaks
WSP	Workplace Skills Plan

PART A

General Information

“The power of education extends beyond the development of the skills we need for economic success. It can contribute to nation-building and reconciliation [... by exploiting] similarities and common goals while appreciating the strength in diversity.”

- Nelson Mandela at the launch of the Mindset Network* on 16 July 2003

* An African Educational Technology and Media non-profit NGO and free-to-air digital satellite television channel.



STRATEGIC OVERVIEW

As one of South Africa's 21 SETAs, the Energy and Water Sector Education and Training Authority (EWSETA) was established in terms of Section 9 of the Skills Development Act (SDA), 97 of 1998, as amended and reports to the Honourable Minister of Higher Education, Science and Technology.

Our **MANDATE** is derived directly from the SDA and directs us to anticipate, build and manage the skills development and training needs of the energy and water sectors through strategic skills planning within the context of the National Skills Development Strategy (NSDS III).

Our **VISION** is to be the recognised and reputable authority in skills development facilitation for the energy and water sectors.

Our **MISSION** sets the trajectory for the pursuit of our vision by:

- comprehensively researching and understanding the skills demand and supply forces in the sector
- coordinating, facilitating and quality assuring sector-relevant skills development programmes for our stakeholders in line with stated national skills development priorities
- generating, articulating and executing a sector skills pipeline that impacts positively on the government's economic growth policies to create employment and eradicate poverty.

Our **VALUES** are embedded in an organisational culture imbued with:

Visionary leadership: Keeping the EWSETA's vision, mandate and values at the forefront of associated decision-making and action.

Stakeholder orientation: Cultivating strategic stakeholder relationships and ensuring that stakeholder perspectives are the driving force behind all value-added organisational activities.

Driving for results: Setting high goals for personal and group accomplishment, monitoring progress towards goal attainment and working tenaciously to meet or exceed those goals while deriving satisfaction from the process of goal achievement and continuous improvement.

Quality orientation: Accomplishing objectives and tasks by considering all areas involved and showing concern for all activities and engagements, while accurately establishing and controlling processes and systems and being watchful over the period of our establishment.

Collaborative working relationships: Developing and using collaborative relationships to facilitate the accomplishment of business goals.

Continuous learning and research: Actively identifying new areas for organisational learning and positioning, regularly creating and taking advantage of learning

opportunities and using newly-gained knowledge to drive organisational and personal performance and delivery.

Personal integrity: Interacting with others in a way that instils confidence in the intentions of the organisation and its employees.

The **SCOPE** of our services includes the energy sub-sectors of electricity, oil and gas, nuclear and renewable energy and water sub-sectors of collection, purification and distribution, waste and sewage and refuse and sanitation.

Legislative and other mandates

Constitutional mandate

The Constitution of the Republic of South Africa forms the basis of an education system based on the values of human rights and dignity, equality, freedom, non-racism and non-sexism. Section 29 (1) of the Constitution guarantees the right to basic education (including adult basic education) and further education that the state must, progressively, make available and accessible.

Legislative mandates

EWSETA derives its mandate from the SDA, as amended. Within that mandate, our key responsibilities are to:

- Develop a Sector Skills Plan (SSP) within the framework of the National Skills Development Strategy (NSDS)
- Implement the SSP by:
 - establishing learning programmes
 - approving workplace skills plans (WSPs) and Annual Training Reports (ATRs)
 - allocating grants to employers, education and skills development providers and workers according to prescribed standards and criteria
 - monitoring the provision of education and skills development in the sector
- Promote learning programmes by:
 - identifying workplaces for practical work experience
 - supporting the development of learning materials
 - improving facilitated learning
- Conclude and register learning programme agreements as required
- Perform any functions delegated by Section 261 of the Quality Council for Trades and Occupations (QCTO).

The legislation, regulations and policies listed here informs and guides our strategy and operations:

Legislation	Purpose
Skills Development Levies Act, 1998, as amended (9 of 1999)	<ul style="list-style-type: none"> To provide for the imposition of a skills development levy
National Qualifications Framework Act, 2008 (67 of 2008)	<ul style="list-style-type: none"> To provide for the further development, organisation and governance of the NQF
Further Education and Training Act, 1998 (98 of 1998)	<ul style="list-style-type: none"> To establish a national coordinated further education and training system to promote co-operative governance and provide programme-based further education and training
Public Finance Management Act, 1999 (1 of 1999)	<ul style="list-style-type: none"> To secure transparency, accountability and sound management of the revenue, expenditure, assets and liabilities of the institutions to which the Act applies
Promotion of Access to Information Act, 2000 (2 of 2000)	<ul style="list-style-type: none"> To give effect to the constitutional right of access to state-held information
Promotion of Administrative Justice Act, 2000 (3 of 2000)	<ul style="list-style-type: none"> To give effect to administrative action that is lawful, reasonable and procedurally fair
Preferential Procurement Policy Framework Act, 2000 (5 of 2000)	<ul style="list-style-type: none"> To guide procurement in government where a preference point system must be followed
White Paper for Post-School Education and Training, 2013	<ul style="list-style-type: none"> To improve post-school education and training system capacity To set policies that guide the DHET and institutions for which it is responsible to contribute to building a developmental state with a vibrant democracy and a flourishing economy.



National strategies, policies, plans and frameworks

The following national strategies, policies and plans impact directly or indirectly on skills development in the energy and water sectors:

- **The National Skills Development Strategy III (NSDS):** National skills development framework and targets against which all SETAs must deliver.
- **The National Development Plan (NDP):** Overarching long-term plan for South Africa to eliminate poverty and reduce inequality by 2030 through faster and more inclusive economic growth.
- **The Human Resource Development Strategy for South Africa (HRDSSA):** Coherent, national human resource development framework within which all HRD-oriented policies operate.
- **The Industrial Policy Action Plan (IPAP):** Series of domestic constraints that inhibit industrialisation and economic growth in South Africa, including an overall skills deficit and mismatch in the economy and labour volatility.
- **National Infrastructure Plan, including 18 Strategic Integrated Projects (SIPs):** Plan to transform the economic landscape, create new jobs, strengthen the delivery of basic services and support the integration of African economies.
- **New Growth Path (NGP):** Series of State/private sector partnerships to enhance growth, employment creation and equity with a target of 5 million jobs by 2020.
- **White Paper on Post-School Education and Training:** Framework for the post-school system stakeholders that combines three major components – education and training, skills development and the world of work.

Sector-specific framework

The EWSETA's operations are informed and influenced by a number of sector-specific framework regulations:

- **The Strategic Framework for Water Services, 2003:** Sets out a comprehensive approach for the provision of water services.
- **The National Water Resource Strategy (NWRS):** Provides a framework for the use, development, conservation, management and control of water resources.
- **Industrial Policy Action Plans (IPAP 2):** Sets out key actions and timeframes for the implementation of industrial policy.
- **Water Services Act, 1997 (108 of 1997):** Provides for the rights-of-access to basic water supply and sanitation and sets national standards and tariffs.
- **National Water Act, 1998 (36 of 1998):** Acknowledges the National Government's overall responsibility for, authority over and use of the nation's water resources.
- **Municipal Structures Act, 1998 (117 of 1998):** Provides for the establishment of municipalities.
- **The Municipal Systems Act, 2000 (32 of 2000):** Provides for the core principles, mechanisms and processes that enable municipalities to, socially and economically, uplift local communities.
- **Municipal Finance Management Act, 2003 (56 of 2003):** Promotes good financial management to maximise service delivery.
- **Nuclear Energy Act, 1999 (46 of 1999):** Provides for the establishment of the South African Nuclear Energy Corporation Limited.
- **National Nuclear Regulator Act, 1999 (47 of 1999):** Provides for the protection of persons, property and the environment against nuclear damage through safety standards and regulatory practices.
- **National Energy Act, 2008 (34 of 2008):** Promotes the availability of diverse energy resources in sustainable quantities and at affordable prices.

“Talent, wherever it is, must be given the opportunity to flourish. [...] We know workers will have to continuously upgrade skills and learn new skills through lifelong learning. That’s why we’re investing in skills to become a learning and knowledge society.”

- Honourable Naledi Pandor, former Minister of Higher Education and Training, 2018 Budget Vote at the National Council of Provinces, 29 May 2018



“Here is a tree rooted in African soil, nourished with waters from the rivers of Africa. Come and sit under its shade and become, with us, the leaves of the same branch and the branches of the same tree.”

- Robert Sobukwe

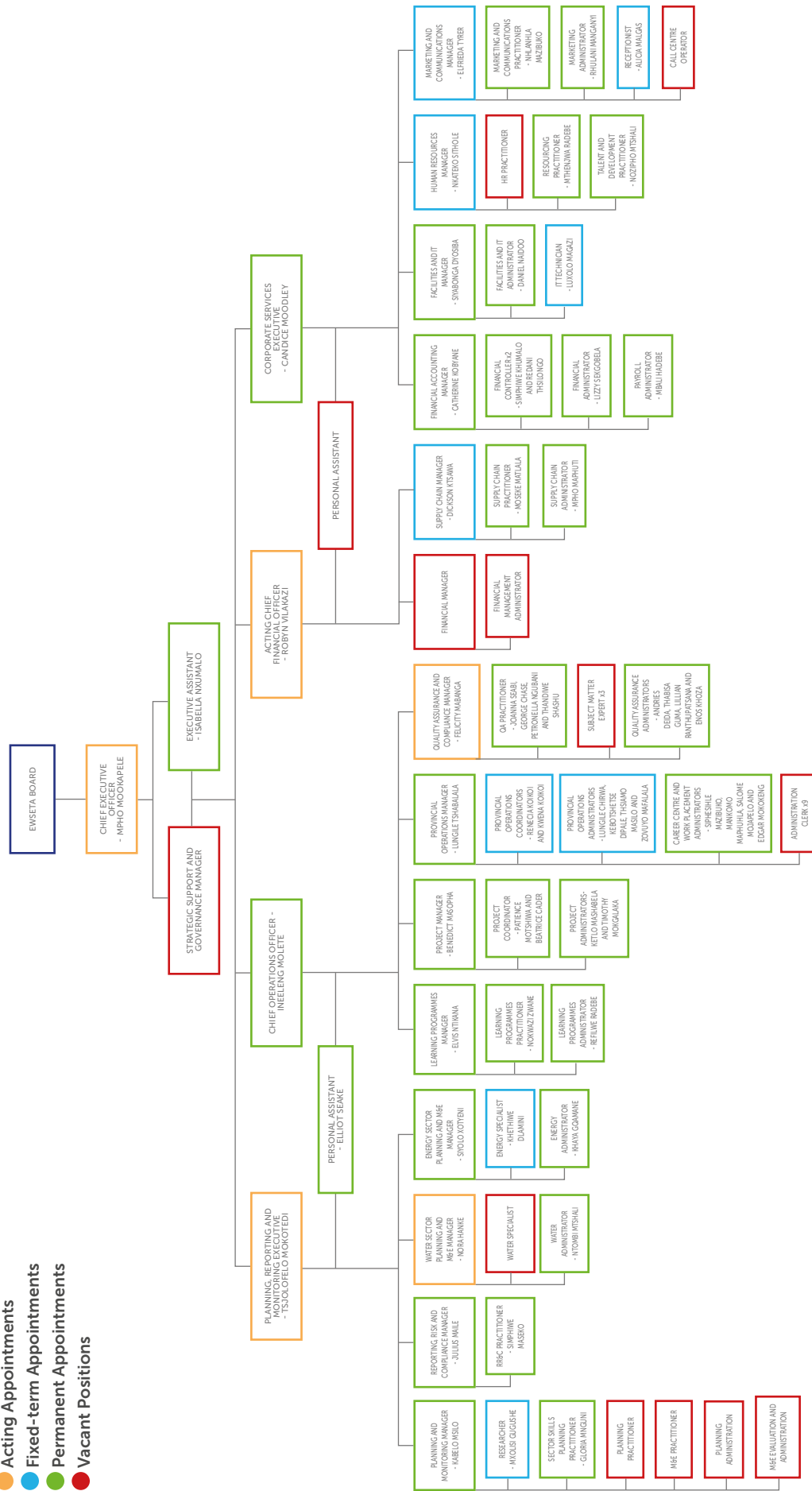
Strategic outcome-orientated goals

The strategic outcome-orientated goal for each of EWSETA's four internal programmes or key results areas are indicated here with the strategic objectives set to drive goal-achievement.

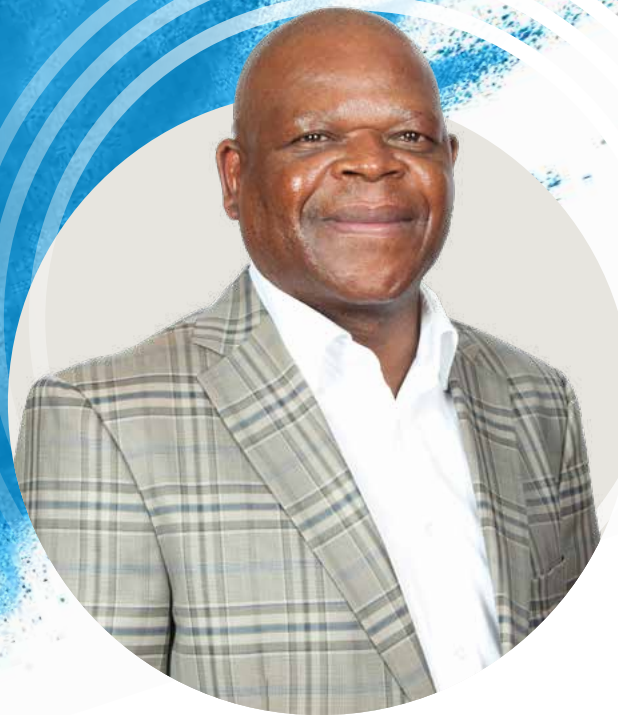
Key Result Area (Programme)	Strategic Outcome-orientated Goal	Goal Statement	Strategic Objectives
1. Administration	An effective and efficient Sector Education and Training Authority that complies with legislation, policy and good corporate governance principles	<ol style="list-style-type: none"> 1. Exercise oversight responsibility for financial, performance reporting, compliance and related internal controls 2. Promote good corporate governance and practices 3. Implement effective human resources management practices to ensure that adequate and appropriately skilled resources are in place 4. Provide Information and Communications Technology (ICT) for the authority to fulfil its mandate 5. Promote EWSETA's reputation and visibility among stakeholders 	<ol style="list-style-type: none"> 1.1 Coordinate the development, monitoring and implementation of EWSETA Strategic and Annual Performance Plans and report progress 1.2 Promote good corporate governance practices and management 1.3 Attract, develop and retain the right people, in the right positions for EWSETA throughout the planning period 1.4 Utilise ICT optimally for EWSETA to fulfil its mandate 1.5 Market and promote the work of EWSETA to stakeholders through internal and external communication
2. Skills Planning	Improve sector skills planning	<ol style="list-style-type: none"> 1. Establish two Research Chairs to produce regular research that informs skills planning, qualification development and learning intervention development for the energy and water sectors 2. Review and update the Sector Skills Plan (SSP) annually 	<ol style="list-style-type: none"> 2.1 Catalyse the production of masters and doctoral graduates in the energy and water sectors 2.1 Conduct research for planning of skills development in the energy and water sectors
3. Learning Programmes and Projects	Enhance skills for the workers, the unemployed and the informal sector	<ol style="list-style-type: none"> 1. Promote and support artisan and other middle- and high-level programmes 2. Create partnerships to lead and manage agreed projects and programmes 3. Promote scarce skills occupational learning pathways through career guidance initiatives 	<ol style="list-style-type: none"> 3.1 Increase workplace learning through discretionary grants 3.1 Implement special projects with strategic partners to drive strategic sector goals 3.1 Ensure quality implementation and timeous completion of all projects through continuous monitoring 3.1 Increase awareness of energy and water occupations among the youth
4. Quality Assurance	Build skills development provision capacity	<ol style="list-style-type: none"> 1. Identify appropriate qualifications for each occupation and where there are gaps develop and register occupational qualifications 	<ol style="list-style-type: none"> 4.1 Increase the number of accredited providers 4.2 Increase the number of implementation systems for lacking occupational qualifications 4.3 Increase efficacy in the discharge of Quality Assurance functions 4.4 Develop qualifications informed by demand

ORGANISATIONAL STRUCTURE

- Acting Appointments
- Fixed-term Appointments
- Permanent Appointments
- Vacant Positions



Foreword by the Chairman



Compared internationally, South Africa has made significant gains in skills development and, importantly, has the resources, including its 21 Sector Education and Training Authorities (SETAs), to respond meaningfully to this need across all sectors in the country.

I have no doubt that the forthcoming changes to the SETA landscape that has been on the cards since 2015 and are now imminent, will be aligned with government's forward focus on building a demand-led skills development system with an emphasis on inclusive economic growth. The current uncertainties about the potentially disruptive changes for SETAs should, however, not detract from the criticality of continuing to give effect to our mandates: that of developing scarce and hard-to-fill skills for our sectors, as well as responding to the skills needs of a dynamic digital age.

Certainly, EWSETA's commitment to its role as the skills development enabler and facilitator for the energy and water sectors, as two of the most challenged resources in the country and key enablers of growth and development, remains robust.

A rewarding achievement

An exciting and mutually rewarding initiative is our alliance with the Chinese Culture and International Education Exchange Centre that has seen 150 learners from South Africa spend a year in China on electrical and water qualification internships. Our learners were exposed to world-class technologies and organisations and given a global perspective on the key technological challenges and opportunities of the 4th Industrial Revolution.

Overall, the feedback from the group during their sojourn in China indicated high levels of excitement and satisfaction with the skills they acquired, as well as a deep appreciation for the opportunity to have participated in such a unique experience. The intention is to see how EWSETA can further support the group's development when they are back in the country through, inter alia, funding those interested in starting SMMEs, assisting those who want to further their academic studies locally or even return to China to complete a qualification, as well as encourage the entire group to share their knowledge and experience with learners at TVET Colleges.

In pursuit of good governance

As a Board, we are intent on embedding a 'disruptive' business ethic of embracing new technologies and thinking smarter to create a greater and more sustained impact wherever we pursue our mandate. I am encouraged by the visible improvements in this regard within the management team and among employees generally, under the leadership of the acting Chief Executive Officer who took up office in October 2018.

I am also pleased to report that our continued pursuit of good governance, including the induction and training of all Board members on King IV and the Companies Act, 2008 (17 of 2008), in cooperation with the Institute of Directors of South Africa (IoDSA), has resulted in improved governance practices and a decrease in the number of audit findings.

“As a SETA, we must graduate trainees as knowledgeable, skillful and competent entrants into the digital future that is already upon us. For this, we need to think smarter and increase the relevance and impact of the skills we develop in our sectors.”

A strategic perspective

Creating the skills to manage our sector resources effectively is aligned with government's National Development Plan (NDP) that targets, inter alia, the creation of 11 million jobs by 2030. Our job is to develop and facilitate the transfer of skills that will help realise this target and spur a growth economy. From a strategic perspective, I am confident that the Board and our sub-committees are on the right track in guiding EWSETA's support for the effective implementation of the NDP.

A focus area in this regard has been water wastage and spillage through the Department of Human Settlements, Water and Sanitation -led 'War on Leaks' project to empower individuals with skills in the water sector and create artisanal skills in rural communities and townships to help improve livelihoods more sustainably.

As a Board, we appreciated the support from our shareholder representatives, former Minister Naledi Pandor and Deputy Minister, Buti Manamela, who spent time individually with each of the SETAs. I joined the acting CEO in the meeting with EWSETA, where we shared our activities, challenges and plans for improvement with the Minister, who was impressed with our accomplishments and progress to date.

The Minister emphasised two areas that EWSETA will take forward: firstly, the need to continue supporting and working with TVET Colleges and, secondly, to plan according to our capacity rather than setting unrealistic targets, which is a viewpoint that EWSETA has been raising for some time on various engagement platforms. Going forward, our strategic emphasis will be on using

our limited resources to achieve realistic targets that will mitigate the impression of underperformance among some stakeholders when insufficient resources hinder the achievement of set targets.

A brief glance at performance

During our Annual General Meeting (AGM) in 2018, we made a commitment to stakeholders to improve turnaround times and communication efficiencies. Our employees rallied to the call and, while there is still scope for further improvement, we have taken important strides forward. This initiative will remain integral to continued service delivery improvement in the year ahead.

Our 2018/19 Annual Performance Report (pp 18 to 27) reflects improvements in our performance in a number of areas, compared to the previous year. This is a result of working diligently to instil a high-performance delivery culture where smart planning, coordinated efforts and a results-orientated approach enabled us to meet, and in some instances, exceed set targets. We will start the new financial year with the same diligence and work hard to maintain the level of high-performance impact throughout the year.

Uncertainty about the future of SETAs affected our ability to recruit employees on long-term contracts. This has cost us critical skills, which will affect EWSETA's ability to service its long-term plan beyond 2020. We have submitted our views on and recommendations for a new, more sustainable SETA landscape to our Executive Authority and, along with the other SETAs, look forward to clarity in this regard in the near future.

Stakeholders and partnerships

We value the interaction with stakeholders, such as at our AGM, and take their feedback seriously. Our partners play a pivotal role in our ability to fulfil our mandate and we appreciate their commitment, cooperation and contributions to delivering skills development and training in the energy and water sectors.

Challenges

The Board's concern about EWSETA's long overdue move to Cape House in Marshalltown, Johannesburg is finally at a point where we look forward to taking occupation of the building in the new financial year. I am sure that this will contribute to a more stable work environment.

The expected impact of our participation as the training partner in the DWS-led War on Leaks programme, launched in 2015 to train and develop 15 000 unemployed youth as water agents, artisans and plumbers to address water wastage and loss has, disappointingly, not yet been realised.

The outcomes of our participation in the flagship Rural and Township Economies Revitalisation Programme (RATERP) has also not moved at the expected pace, given our lack of resources and the need to source external support. This is an important programme with potentially significant dividends for rural areas where the successful training of workers to undertake maintenance in townships will undoubtedly help to create jobs.

The EWSETA remains committed to working with identified stakeholders to ensure that the project momentum is increased so that impact of this project on rural and township economies is realised.

Acknowledgements

I have been impressed by and am grateful to the Chairs and members of the Board sub-committees for their hands-on leadership and hard work in giving effect to their delegated tasks. We are also greatly appreciative of the support from our former and new Minister, Deputy Minister and Department representatives, as well as the continued support and encouragement from our stakeholders and partners.

I would like to thank the former CEO, Mr Errol Gradwell, for the important role he played at EWSETA during his tenure and we wish him well in his future endeavours. And on behalf of the Board, I express my appreciation to the management team and employees for their continued commitment and dedication to ensuring that we fulfil our mandate.

The road ahead

I look forward to a final push towards the end of this term to firmly embed the foundation for the continuity of EWSETA as a confident and valued contributor to skills development in the new SETA landscape and the dynamic and disruptive digital era that lies ahead.

Smart thinking for greater impact will enable EWSETA to see beyond the immediate to the potential on the horizon that will take EWSETA forward along its trajectory of creating a meaningful future for all.



Frans Baleni
Chairman
31 July 2019

“Africa has an abundance of renewable energy resources, such as sunlight, wind, tides, waves and geothermal heat. As we step into the digital era, I think it is important for us as South Africans not to depend on others but take the lead in developing new skills for electricity generation, transportation and even rural (off-grid) energy services. It is an exciting space in which EWSETA has a critical role in helping to take the country forward”

Overview by the Acting Chief Executive Officer



“Currently, more than 600 million people in Africa do not have access to energy or water. The brunt of this plight often rests on the shoulders of women and young girls, who have to leave their homes and classrooms to collect water and firewood for cooking and heating. As a woman, I believe firmly in the pivotal role we can, and should, play in righting these injustices.”

I am honoured by the opportunity to present this overview of EWSETA's activities for the past financial year as Acting CEO, a baton that I took up on 1 October 2018. The opportunity to lead a committed team dedicated to creating a sustainable impact in skills development and training in the energy and water sectors is a role that I will fulfil with pride and passion.

The past financial year, the fourth year of our five-year strategic planning period, was a time of for extensive reflection of how far we have travelled against our set destination. This has allowed us to identify pockets of excellence in the organisation and highlighted areas that need more work for us to reach our destination. A positive impacting on the utility sector through skills development is our reason for existence. The realisation that our modus operandi may not fully be creating the impact we envisaged, gave rise to a review of our business practices to assess what we have done well, while critically also identifying areas for improvement and, where necessary, implementing disruptive changes to meet our performance targets.

This self-assessment focused on what has changed within the South African environment, as well as within the skills development space and in the energy and water sectors to determine our ability to respond effectively and efficiently to current and future skills needs. A realisation that the tendency to be internally focused due mainly to

past uncertainties about job security and role clarification – has detracted from our readiness to deliver high-performance outcomes with high impact.

In order to focus and drive operational excellence, we reviewed EWSETA's operating model to eliminate internal silos, increase synergy and tap more gainfully into EWSETA's diverse range of talents and reviving our external focus. I am confident that, going forward, our business practices will respond optimally to shareholder expectations, as well as stakeholder and sector needs. The results are already evident – for the first time we are reporting an above 70% overall performance against set targets.

The 2018/19 financial year provided us with the opportunity to also strengthen our efforts to position EWSETA's mandated role as a skills development authority and utility.

While there are more than 2 000 employers in the energy and water sectors who should be contributing to and participating in skills development in the energy and water sector, only a small percentage is actively involved. We have approached the sectors to clarify the critical role the employers in the sector play in informing skills development direction in the country. We are already reaping the benefits through wider interest and increased response and participation from employers.

Financial analysis and spending trends

The economic situation within the country affects the entity's revenue as income depends on skills development levies paid by the utility sector. The slow economic growth and job losses in the utility sector are an indication of the difficult times we face. Potential retrenchments in the utility sector that could affect our larger levy payers, call for the entity to identify alternative funding models for the much-needed skills development in the sector.

During the financial period, we identified strategic partners with whom funding can be leveraged to ensure that amidst the economic challenges the SETA will continue to meet the skills needs in the sector, as agreed with our Executive Authority.

Due to an improved operating model, we have entered into key partnerships with stakeholders with similar objectives as EWSETA and have achieved a higher percentage of the targets without putting pressure on the entity's going concern ability. This approach enabled EWSETA to partially fund interventions, still achieve our targets and further assist in consolidating the fragmented skills development initiatives in the energy and water sectors.

Total revenue for the year increased significantly compared to that of the prior year. The significant increase is due to the War on Leaks projects that advanced faster when compared to the previous financial year. War on Leaks is fully funded by the DWS.

Levy income noted a slight 7.5% increase when compared to the prior year. This slight increase reflects the slow or no growth of labour demands in the sectors. A number of factors, such as low economic growth, shrinking labour force in the utility sector, low salary increases and lower bonus payments have collectively contributed to the noted insignificant increase.

National Treasury approved an application to retain the surplus for the 2017/18 financial period and the surplus funds are committed to SETA projects aligned to approved.

We continued to improve the effectiveness of the supply chain management processes to ensure that procurement is fair, equitable, transparent, competitive and cost-effective. The appointment of the Supply Chain Manager contributed to effecting these improvements. We reviewed a number of standard operating procedures and conducted robust workshops to ensure the smooth implementation of the procedures.

There were no unsolicited bids during this reporting period. We continue to address internal control matters identified during the external audit performed by the Auditor-General of South Africa to enhance the SETA's internal control environment.

Some highlights

International internships

Our international internship programme supported 150 students on a year-long internship at universities, water institutions and large corporates in China. During a visit, it was impressive to see the technologies, processes and systems in energy and water space that our young people were being exposed to. The learners returned to the country with invaluable experience and skills that the African energy and water sector will benefit from. We envisage incorporating some of the learners in TVET colleges to further their studies, participate as tutors and as potential TVET lecturers.

Skills development for a competitive edge

Our aim as EWSETA is to develop skills that are benchmarked against and on par with international qualifications to enable our graduates to compete at a global level. Research that informs relevant skills planning is therefore critical.

Africa has an abundance of renewable energy resources, such as sunlight, wind, tides, waves and geothermal heat. As we step into the digital era, I think it is important for us as South Africans to not depend on others but take the lead in developing new skills for electricity generation, transportation and even rural (off-grid) energy services. It is an exciting space in which EWSETA has a critical role in helping to take the country forward.

Resources invested in research and related services through collaborating with industry and academic players resulted in an improved Sector Skills Plan (SSP) that now reflects, more accurately, the country's scarce-and-hard-to-fill skills needs in the relevant sectors.

Performance overview

Our focus during the past year on smarter thinking for greater impact saw our employees working smartly, with greater insights and an innovative mindset, with our training providers, which I believe contributed to our overall improved performance against set performance targets.

Other factors contributing to our improved performance are better due diligence and project management, regular visits to sites to monitor progress and being proactive rather than reactive in meeting challenges.

We are seeing value for money from our funding, not only through achieved targets but also through greater impact. We completed an impact study for the first time during the reporting period that focussed mainly on SETA work-integrated learning (WIL) related interventions. This highlighted our impact in this specific area and will inform our skills planning going forward.

A key finding from the impact study was the high percentage of trained learners who are currently employed. This indicates that our training interventions are responding to sector needs. Given that the national unemployment rate remains high at around 27%, with youth unemployment even higher at just under 55%, there is still much for EWSETA to do in this regard but the finding bodes well for the future.

We are intent on creating sustainable impact based on high performance to create a lasting legacy in the communities in which we interact through rural strategies that respond to training needs. Our focus is on bursary funding and economic development in areas such as supporting SMMEs and enterprise development.

Partnering within our sector

We rely on partnerships to realise our mandate and consolidate the fragmented efforts in skills development in the energy and water sectors. These include research and development partnerships with universities and TVET Colleges locally and liaison with and study tours to universities and research institutes abroad. Our partnership with the Italian authorities, for instance, has created a Green Action Platform locally to cooperatively plan, design and implement 'green' projects, while a strategic partnership with the Southern African Netherlands Chamber of Commerce (SANEC) is facilitating work with Dutch companies in oil and gas skills training and optimising cooperation in research and development in the energy and water sectors.

Through our qualification and programme development partnerships, we work with 38 TVET Colleges to accelerate access to occupationally-directed qualifications and support their skills development and training needs. We have collaborated with higher institutions, established energy and Water Research Chairs. This will facilitate improved quality in skill planning.

Our transformation and change partnerships include major players in the nuclear and oil and gas subsectors. These include the South African Oil and Gas Alliance

(SAOGA), to pursue our participation in Operation Phakisa and the National Nuclear Regulator (NNR), to support the skills development strategy for the Nuclear Industry Associations of South Africa (NIASA).

Our main focus for the next few years will be to consolidate and strengthen partnerships and drive skills development through universities and TVET Colleges, community colleges and working with other SETAs in the energy and water sectors and with provinces to ensure that skills development in our sectors are aligned with provincial plans.

Appreciation

I would like to thank Errol Gradwell, our previous CEO, whose tenure came to an end during this reporting period, for the decisive leadership, authority and humility with which he led EWSETA. I am also grateful to the Board for trusting me to lead the organisation in this acting capacity. Their insights, wisdom and guidance have been invaluable.

On behalf of the SETA, I thank our shareholder and stakeholders for their continued and mindful support. And to our employees, thank you for your commitment and taking pride in your contributions to our achievements. Our success depends on smarter thinking and greater impact by working together and benefitting from the richness of our combined knowledge and diverse experience.

On behalf of the EWSETA team, we look forward to the new SETA landscape with zeal and determination to make an impact in the sectors in which we operate.

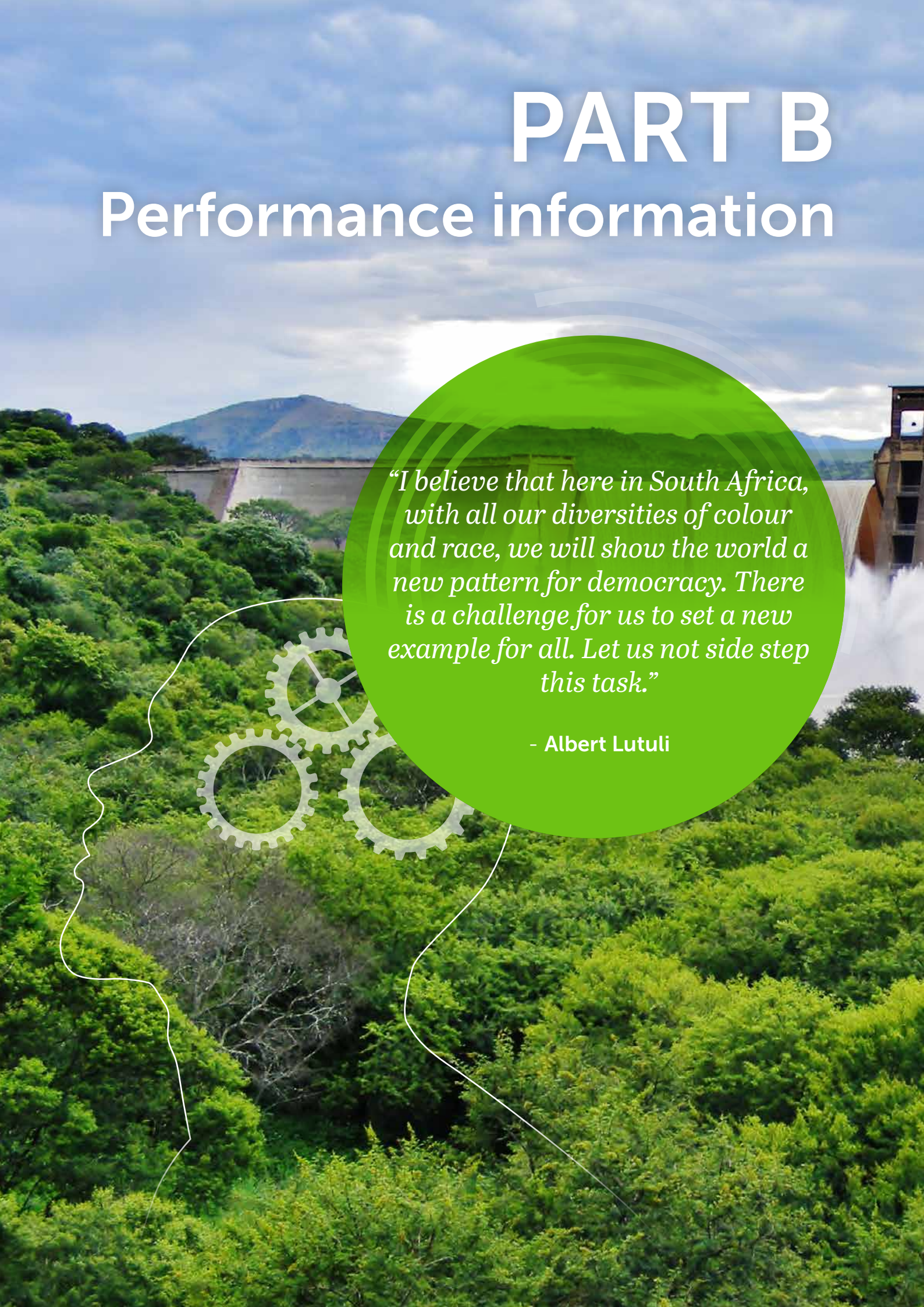
The future beckons and we look forward to contributing to an improved South Africa and a better life for all its people.



Mpho Mookapele
Acting Chief Executive Officer
31 July 2019

PART B

Performance information



“I believe that here in South Africa, with all our diversities of colour and race, we will show the world a new pattern for democracy. There is a challenge for us to set a new example for all. Let us not side step this task.”

- Albert Lutuli



STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

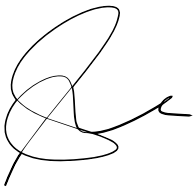
The Chief Executive Officer of the EWSETA is responsible for the preparation of the public entity's performance information and the judgements made in this information.

I am also responsible for establishing and implementing internal controls to provide reasonable assurance about the integrity and reliability of performance information.

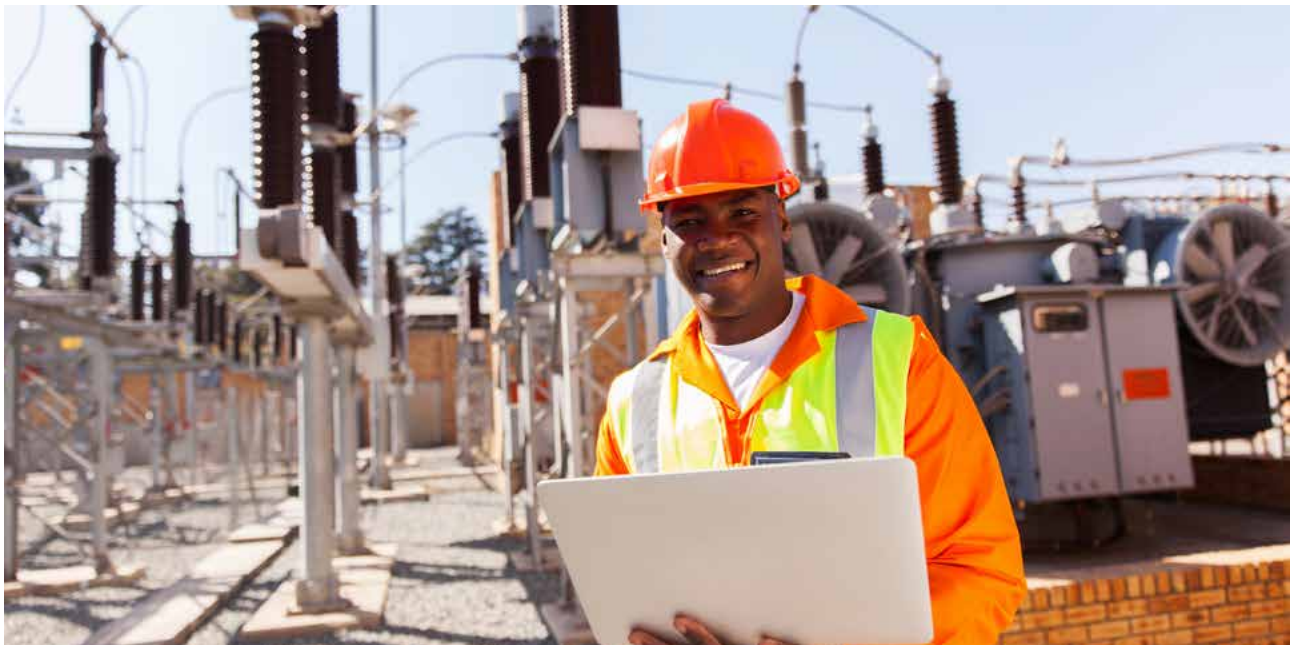
In my opinion, the performance information contained in this annual report reflects fairly achievements against planned objectives, indicators and targets contained in the EWSETA Strategic and Annual Performance Plan for the financial year ended March 2019.

The EWSETA's performance information for the 2018/2019 financial year has been examined by the external auditors as reflected in their report on pages 83-86 of this report.

The EWSETA Accounting Authority approved the entity's performance information as set out in this document.



Mpho Mookapele
Acting Chief Executive Officer
31 July 2019



“Knowledge has a beginning but no end.”
- Geeta S. Iyengar

Strategic objectives	Performance indicators	Planned annual targets	Achievement milestones	Variance	Reasons for variance
PROGRAMME 1: ADMINISTRATION					
1.1 Coordinate the development, monitoring and implementation of EWSETA strategic and annual performance plans and report progress	1.1.1 Development and approval of strategic and annual performance plan	Approval of final Strategic Plan (SP) and Annual Performance Plan (APP)	Final SP and APP tabled in Parliament by due date and approved by the Executive Authority	-	Target achieved
1.2 Promote good corporate governance practices and management	1.1.2 Submit quarterly monitoring reports on time	Submission of quarterly reports to the relevant authorities within the prescribed period	Quarterly monitoring reports submitted to the relevant authorities within the prescribed period	-	Target achieved
	1.2.1 Outcome of the Auditor-General of South Africa (AGSA) audit for 2017/18	Unqualified audit opinion for the 2017/18 reporting period	Received an unqualified audit opinion for the 2017/18 financial period	-	Target achieved
	1.2.2 Approved annual Risk Management Plan	Approval of annual Risk Management Plan by Accounting Authority	Risk Management Plan approved	-	Target achieved
	1.2.3 Submission of quarterly Internal Audit Reports to ARC	Submission of quarterly Internal Audit Report to Audit and Risk Committee (ARC)	Internal audit work for Quarters 1-3 performed in Quarter 4	-	Target not met due to delays in procurement process of internal auditors
	1.2.4 Annual performance evaluation of Board and Board subcommittees conducted	Evaluation of annual performance of Board and Board subcommittees conducted with an evaluation report	Performance of Board subcommittees evaluated but not performance of Board members	-	Target not met - delays in full appointment of Board members contributed to delayed assessment of Board member performance SETA's plan to achieve this target in 4th quarter of 2018/19 not realised due to continued vacancy at the time of four Board member positions
	1.2.5 Number of Governance Charter reports submitted	Submission of 4 reports	EWSETA submitted 4 Governance Charter Reports	-	Target achieved
1.3 Attract, develop and retain the right people in the right positions for the Authority throughout the planning period	1.3.1 Approval and implementation of Human Resources (HR) Strategy	Approve and implement HR Strategy	HR Strategy approved and Implemented	-	Target achieved
	1.3.2 Approved Employment Equity (EE) Plan	Achieve targets in approved EE Plan	Targets in approved EE Plan achieved	-	Targets achieved

Strategic objectives	Performance indicators	Planned annual targets	Achievement milestones	Variance	Reasons for variance
1.3 Attract, develop and retain the right people in the right positions for the Authority throughout the planning period (continued)	1.3.3 Implementation of performance management system	All relevant staff to sign performance agreements	Performance agreements signed by all relevant staff	-	Target achieved
	1.3.4 Submission and approval of annual WSP and ATR	Conduct performance evaluations of all relevant staff	Performance evaluations conducted of all relevant staff	-	Target achieved
		EWSETA WSP and ATR approved and submitted to relevant SETA	Approved WSP and ATR submitted to relevant SETA	-	Target achieved
1.4 Optimise use of ICT to enable the Authority to fulfil its mandate	1.4.1 Approval and implementation of ICT Strategy	Accounting Authority approves ICT Strategy	ICT Strategy approved by Accounting Authority	-	Target achieved
	1.4.2 % of systems available	Achieve a systems availability of 90%	Achieved a systems availability of 98%	-	Target exceeded
1.5 Market and promote the work of the Authority to stakeholders through internal and external communication	1.5.1 Approval and implementation of Marketing and Communication Strategy	Implementation of Marketing and Communication Strategy	Achieved Marketing and Communication Strategy milestones	-	Target achieved
	1.5.2 Approval and implementation of Stakeholder Engagement Strategy	Implementation of Stakeholder Engagement Strategy	Implemented Stakeholder Engagement Strategy	-	Targets achieved
	1.5.3 Customer satisfaction index % achieved	Achieve <70% customer satisfaction rating overall	81% customer satisfaction rating overall achieved	-	Target achieved
	1.5.4 Number of publications (online and print)	Produce four publications per year	Produced eight publications (quarterly stakeholder newsletter, mandatory publications and publications to meet specific stakeholder communication needs)	-	Target exceeded due to additional events and initiatives that required development of specific publications
PROGRAMME 2: SKILLS PLANNING					
2.1 Catalyse the production of masters and doctoral graduates in the energy and water sectors	2.1.1 Number of Research Chairs appointed	Appointment of two Research Chairs	Two Research Chairs appointed	-	Target achieved
	2.1.2 Number of commissioned research projects	Commissioning of 2 research projects	Two research projects commissioned	-	Target achieved
	2.1.3 Number of impact assessments conducted.	Conduct two impact/tracer studies	Two impact/tracer studies conducted	-	Target achieved
2.2 Conduct research for planning skills development in the energy and water sectors	2.2.1 Annual updated Sector Skills Plan (SSP)	Submission of revised SSP to the DHET and approval	Final SSP submitted to DHET by due date and approved by Executing Authority	-	Target achieved

Strategic objectives	Performance indicators	Planned annual targets	Achievement milestones	Variance	Reasons for variance
2.3 Increase workplace learning through mandatory grants	2.3.1 Number of firms supported with mandatory grants	Provision of mandatory grants to 121 firms consisting of: Large 26 Medium 25 Small 70	Supported 115 firms with mandatory grants consisting of: Large 12 Medium 22 Small 81	- 6 Large -14 Medium -3 Small +11	Target for overall performance not met since most companies did not meet mandatory grant applicant requirements

Strategic objectives	Performance indicators	Planned annual targets	Achievement milestones	Variance	Reasons for variance
PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS					
3.1 Increase workplace learning through discretionary grants	3.1.1 Number of learners who enter learnerships U (Unemployed) W (Workers)	SETA-funded targets U = 1500 W = 500 Sector-funded targets U = 400 W = 50 2018/19 Annual targets U = 1900 W = 550 SETA -funded U = 2 059 W = 500 Sector-funded U = 247 W = 50 2018/19 Total achieved U = 2 306 W = 550		U = +406 W = 0	U = Target exceeded due to implementation of discretionary grants and partnerships with industry; EWSETA registered more than 245 unemployed learners funded by industry. W = Target achieved
3.1.2 Number of learners who complete learnerships	U = 900 W = 1 000	U = 300 W = 25 U = 1 200 W = 1 025	U = 177 W = 582 U = 1 692 W = 1 074	U = +492 W = +49	U = Target exceeded due to learners approved in prior years completing studies W = Target exceeded due to industry-funded learners approved in 17/18 completing studies in 18/19
3.1.3 Number of learners who receive bursaries	U = 700 W = 30	U = 0 W = 0 U = 700 W = 30	U = 0 W = 0 U = 825 W = 31	U = +125 W = +1	U = Target exceeded due to high demand for free education W = Target achieved
3.1.4 Number of learners who complete bursaries	U = 350 W = 30	U = 0 W = 0 U = 350 W = 30	U = 0 W = 0 U = 159 W = 0	U = -191 W = -30	U = Target not met since bursaries are reported on at completion of 3-year programme only W = Target not met since bursaries are reported on at completion of 3-year programme only

Strategic objectives	Performance indicators	Planned annual targets		Achievement milestones		Variance	Reasons for variance
3.1 Increase workplace learning through discretionary grants (continued)	3.1.5 Number of learners who enter skills programmes	U = 1 200 W = 1 500	U = 0 W = 600	U = 307 W = 1 995	U = 0 W = 414	U = 307 W = 2 409	U = -893 W = +309 U = Target not met due to MoU with Department of Labour and Department of Energy not finalised on time W = Target exceeded due to high demand for training in energy and water sectors
	3.1.6 Number of learners who complete skills programmes	U = 400 W = 1 500	U = 0 W = 450	U = 485 W = 1 552	U = 0 W = 781	U = 485 W = 2 333	U = +85 W = +383 U = Target exceeded due to completion of discretionary grant projects approved in prior years W = Target exceeded due to completion of discretionary grant projects approved in prior years
	3.1.7 Number of learners who enter candidacy programmes	U = 50	U = 0	17	-	17	U = Target not met due to lack of positive response from two DG window cycles, including engagements with sector
	3.1.8 Number of learners who complete candidacy programmes	U = 50	U = 0	17	-	17	U = Target not met due to insufficient candidacy/ professional registrations in previous financial year
	3.1.9 Number of learners who enter Internship	U = 400	U = 400	192	-	192	U = Target not met due to lack of positive response from two discretionary grant cycles and targeted recruitment
	3.1.10 Number of learners who complete Internships	U = 130	U = 200	98	-	98	U = Target not met in fiscal 17/18 therefore 18/19 completions not achieved
	3.1.11 Number of learners who enter artisan development programmes	1 000	500	1 155	446	1 601	Target exceeded due to implementation of discretionary grants and partnerships with industry, EWSETA registered more than 400 learners funded by industry
	3.1.12 Number of learners who complete artisan development programmes	700	300	826	250	1 076	Target exceeded due to learners enrolled in War on Leaks special project (Phase 1)
	3.1.13 Number of learners who enter RPL programmes	150	0	153	23	176	Target exceeded due to discretionary grant process implementation and partnerships with industry in energy and water sectors

Strategic objectives	Performance indicators	Planned annual targets			Achievement milestones		Variance	Reasons for variance
3.2 Implement special projects with strong partnerships to drive strategic sector skills development goals	3.2.1 Number of TVET student placements entered	100	0	100	135	-	135	+35 Target exceeded due to discretionary grant process implementation and partnerships with industry in energy and water sectors
	3.2.2 Number of TVET student placements completed	20	0	20	28	-	28	+8 Target achieved
	3.2.3 Number of University student placements entered	100	0	100	80	-	80	-20 Target not met due to lack of positive response from two discretionary grant window cycles
	3.2.4 Number of University student placements completed	20	0	20	21	-	21	+1 Target achieved
	3.2.5 Number of SETA/TVET College partnerships	10	0	10	11	-	11	+1 Target achieved
	3.2.6 Number of SETA/ University partnerships	3	0	3	3	-	3	0 Target achieved
	3.2.7 No of SETA/ Employer partnerships	15	0	15	15	-	15	- Target achieved
	3.2.8 Number of TVET Lecturer Development Programmes entered	30	0	30	90	-	90	+60 Target exceeded due to discretionary grant process implementation and various stakeholders in energy and water sectors
	3.2.9 Number of Lecturer Development Programmes completed	30	0	30	50	-	50	+20 Target achieved
	3.2.10 Number of SETA offices opened in TVET Colleges	0	0	0	-	-	-	- N/A

Strategic objectives	Performance indicators	Planned annual targets			Achievement milestones		Variance	Reasons for variance
3.2 Implement special projects with strong partnerships to drive strategic sector skills development goals (continued)	3.2.11 Number of learners entered AET programmes	50	0	50	100	-	100	Target exceeded due to discretionary grant process implemented with various stakeholders in energy and water sectors
	3.2.12 Number of learners completed AET programmes	50	0	50	100	-	100	Target achieved
	3.2.13 Number of strategic partnerships in the sector	20	0	20	29	-	20	Target achieved
	3.2.14 Number of Cooperatives supported	20	0	20	8	-	8	Target not met due to lack of positive response from two discretionary grant cycles including sector engagements
	3.2.15 Number of small and medium businesses supported	20	0	20	31	-	31	Target achieved
	3.2.16 Number of not-for-profit companies supported	10	0	10	30	-	30	Target achieved
	3.2.17 Number of community-based-organisations supported	0	0	0	-	-	-	N/A
	3.2.18 Number of Trade Unions supported	3	0	3	2	-	2	Target not met due to non-implementation by Union of one preferred allocated programme that started in November 2019 only
	3.2.19 Number of provincial and rural projects planned	15	0	15	19	-	19	Target achieved
	3.2.20 Number of national sector strategies supported	3	0	3	-	-	3	Target achieved

Strategic objectives	Performance indicators	Planned annual targets	Achievement milestones	Variance	Reasons for variance
3.3 Ensure quality implementation of all projects and their timeous completion through continuous monitoring	3.3.1 % of projects monitored versus approved	50%	-	36%	-14
					Target not met due to most projects approved only late in 4th quarter of 18/19, which left insufficient time to conduct monitoring
3.4 Increase awareness of energy and water occupations among youth	3.4.1 Number of career guides distributed	12 000	-	15 800	+3 800
					Target exceeded due to capitalising on numerous career guidance opportunities during 18/19 as an important part of EWSETA's core mandate
	3.4.2 Number of career initiatives held	20	-	25	+5
					Target achieved
PROGRAMME 4: QUALITY ASSURANCE					
4.1 Increase the number of accredited providers	4.1.1 Number of providers and assessment centres accredited/re-accredited	5	-	30	+25
					Target exceeded due to volume of applications received and processed
4.2 Increase the number of implementation systems for lacking occupational qualifications	4.2.1 Number of qualification-assessment specifications, implementation frameworks developed	20	-	7	-13
					Target not met due to delay in procurement process for subject matter expert; time required for publication of qualification assessment specifications post-development; and SAQA delays with registration of qualifications
4.3 Increase efficacy in the discharge of quality assurance functions	4.3.1 % of applications received and processed within 30 days	90%	-	90%	0
					Target achieved
4.4 Develop qualifications informed by demand	4.4.1 Number of qualifications developed and reviewed	5	-	14	+9
					Target achieved

PART C

Operations Report

“I’ve learned that you shouldn’t go through life with a catcher’s mitt on both hands; you need to be able to throw something back.”

- Maya Angelou

American poet, singer, memoirist
and civil rights activist



Overview by the Chief Operations Officer



“When I joined EWSETA in 2016, the Board was concerned primarily with improving performance so that, going forward, we would belong in the premier league of SETAs”

At the time, I shared a three-year plan with the Board whose members welcomed the envisaged turnaround but saw it as ambitious. But we set to work: During the first year (2016/17), we stabilised performance after the first two quarters at a more acceptable level of 51% (35%:2015/16) against set targets; in year two (2017/18), we introduced new systems and developed and capacitated our people; and in year three, the current 2018/19 reporting period, EWSETA achieved an overall performance of 74% against set targets.

This is an increase in performance of almost 10% overall despite a number of challenges, including the effect of economic and political uncertainty on employee morale, the departure of our CEO, whose tenure ended halfway through the past financial year and the delay in finalising the SETA landscape beyond 2020.

Some highlights during the 2018/19 financial year included:

- Exceeded our bursary targets for employed and unemployed learners
- Exceeded our targets for employed and unemployed learners who entered and completed learnerships and skills programmes

- Exceeded our targets for learners who entered and completed artisan development programmes
- Exceeded our TVET placement targets for the first time
- Exceeded our target for the development of qualifications
- Met our target for the recognition of prior learning (RPL) by placing unqualified but experienced learners in certificated skills programme, such as at Eskom.

Driving performance excellence

EWSETA's new Board members set the bar high for continuous performance improvement by spurring management and employees to think smarter to create greater impact. In responding to this challenge, our focus during the reporting period was on:

- A common vision: creating a shared understanding within the Operations branch that, individually and as a team, we represent EWSETA in meeting our performance objectives
- Leadership: embedding a task oriented rather than clock-watching business ethic, which contributed significantly to improved performance

- Collaborating with other units: working with EWSETA's marketing and communication team increased our ability to communicate the availability of discretionary grants to stakeholders and application outcomes to both successful and unsuccessful applicants to help the latter group improve future applications
- Partnering: establishing public/private partnerships with, *inter alia*, Investec Bank to train 200 learners in energy and water sector trades, as well as with the Departments of Energy and Labour to train young people to install solar water geysers – a skill that will help to move the country towards a green economy.

Creating a productive work environment

Employee satisfaction comes from the ability to achieve business and personal goals in a work environment that encourages participation and acknowledges and incentivises productivity and performance excellence. In the Operations branch, team members often incentivise one another, such as contributing in cash or kind to assist a bereaved colleague or those beset by misfortune.

We also recognise and acknowledge employee competencies, skills and expertise by appointing and promoting internally to fill vacancies. This illustrates our appreciation for the value of organisational knowledge and keeps employees motivated. It is an area that will remain a priority going forward.

Creating mutual benefit for greater impact

Our bursary agreements with some universities, including Pretoria, Stellenbosch, Cape Town and North West, already promise value-added impact for all concerned. I am excited about the impact of the year-long project management programme available to young entrepreneurs through our agreement with the Regenesys Business School. Currently, 256 bursars in Mpumalanga, North West and Gauteng are learning about venture creation to develop their entrepreneurial skills.

Given the role delegated recently to SETAs as workplace approvers to ensure that interns receive the required coaching and mentorship, we reviewed industry applications for interns and undertook workplace due diligence. We are collaborating with beneficiaries, such as universities, Eskom, Rand Water, the Water Institute of Southern Africa (WISA) and local and district municipalities in a number of provinces to allocate stipend funding.

Since Eskom represents about 69% (2018/2019) of our levy-dependent revenue, the potential reconfiguration and retrenchments at the utility are concerning. In mitigation, our Board is driving the reallocation of wrongly placed employers from other SETAs to EWSETA

to decrease our dependence on a single source of levy income. Our participation in the War on Leaks programme and partnerships with, *inter alia*, Investec and the Departments of Energy and Water and Sanitation also offer alternative income streams.

Reports on our provincial, skills delivery, quality assurance and compliance, and project management activities during the reporting period can be found on the following pages.

I am proud of the resilient and robust way in which the Operations team tackled challenges and opportunities during the past year and look forward to continuing our performance improvement journey in the year ahead. Our sights are set firmly on creating greater impact and taking to the field as midfielders in the premier league of SETAs in a newly invigorated landscape.



Ineeleng Molete
Chief Operating Officer
31 July 2019

PROVINCIAL OPERATIONS

Our mandate is to decentralise EWSETA operations within provinces country-wide and manage Board-approved projects that respond to EWSETA's Annual Performance Plan (APP).

During the reporting period, the provincial offices were responsible for:

- monitoring the implementation of projects and supporting stakeholders with project-related issues, including the induction of learners, registrations, reporting on progress and receiving and reviewing payment documents to comply with service level agreement (SLA) milestones
- establishing and managing stakeholder relations by participating in Provincial Development Growth Strategy (PGDS) meetings to report on EWSETA's provincial activities
- supporting EWSETA's provincial initiatives in collaboration with other SETAs and constituency employers.

EWSETA's provincial offices are located at the:

- Taletso TVET College (Lehurutshe campus)
- Orbit TVET College (Brits campus), North West
- Motheo TVET College (Central Office), Free State
- False Bay College (Westlake campus), Western Cape
- Umfolozi TVET College (Richtek campus), KwaZulu-Natal.

Monitoring and evaluating (M&E) project implementation

At times during the past year, capacity constraints and a lack of the prerequisite M&E skills within the provincial operations team hampered our ability to monitor and evaluate shortcomings and risks during the implementation of provincial projects timeously and activate mitigation plans.

We co-opted subject matter experts from EWSETA's Quality Assurance and Compliance team as lead monitors to assist provincial teams with M&E processes. This provided significant insight into the value of monitoring and evaluating during project implementation and affirmed the need to continuously build capacity by training skills development providers in basic project/contract management processes, as well as implementing qualifications in line with SAQA/QCTO/NAMB/ DHET and EWSETA standards. These insights will also increase our ability to ensure that stakeholders file payment claims that are accurate and compliant with SLA-set milestones and decrease the current delays in finalising payments and paying interns.

Going forward, we will update and improve our implementation plan more regularly by visiting and closely monitoring projects on a quarterly basis. This will enable EWSETA to identify well-implemented projects as flagship success stories.

Engaging with provincial stakeholders

During the reporting period, we used the provincial forum database, created in 2017/18, to mobilise stakeholder participation in EWSETA's Sector Skills Plan roadshow. We also held stakeholder sessions to facilitate inter-SETA transfers and the establishment of Centres of Specialisation, which included the selection of committees and participation in workplace approval workshops. These interactions identified the need for more project implementation capacity building sessions with stakeholders, which we will action in the year ahead.

The Provincial Operations team facilitated Memoranda of Understanding (MoUs) with the following higher education institutions (HEIs) where EWSETA supports learners with bursaries:

TVET Colleges	Universities and Universities of Technology
Motheo TVET College	Vaal University of Technology
Maluti TVET College	University of the Free State
Flavius Mareka TVET College	Central University of Technology
Gert Sibande TVET College	Mangosuthu University of Technology
Taletso TVET College	
Orbit TVET College	

Going forward, our focus will be on attracting more individual learners to apply for discretionary grants. This will entail recruiting more coordinators in the provinces and strengthening the capacity of our Provincial Operations team to achieve the strategic goals and objectives of the Operations branch and fulfil EWSETA's mandate.

Implementing flagship projects

The Learning Programmes Committee (LPC) launched the 2018/19 Discretionary Grant Cycle 3 approved projects in the Eastern Cape as part of its delegated Board oversight of approved projects that respond to the APP and addresses provincial and national imperatives.

Implementing agent	Project descriptor	Project area	Number of learners	Targeted beneficiaries
CTC College	Learnership: Water and Wastewater Processes Controller NQF Level 3	Ndlambe Local Municipality (Eastern Cape)	140	Unemployed youth (18.2)

In a consultative process between the LPC, EWSETA, DHET and the Ndlambe Local Municipality and ward councillors in the Eastern Cape, we selected 140 learners from all 10 rural wards. Once graduated, these learners will increase the pool of semi-skilled workers who can assist the municipality to address water, wastewater and process control management issues and explore the development of innovative and new technologies.

EWSETA also entered into a partnership with Investec Bank and the Simtech Training Academy to train 200 previously disadvantaged black South African youth, aged between 18 and 35, from townships and the rural areas of KwaZulu-Natal and Mpumalanga in various engineering and construction-related trades.

Implementing agent	Project descriptor	Project areas	Number of learners	Targeted beneficiaries
Simtech Training Academy (Pty) Ltd	Domestic appliance repairs L3; Electrical engineering; Welding application and practice L2; Building and civil construction L2 (Bricklaying); Plumbing; New venture creation L2	KwaZulu-Natal and Mpumalanga	200	Unemployed youth (18.2)

This new venture creation programme will empower participants through experiential learning and provide them with Level 2 entrepreneurial and small business development skills.

Improving team morale and contributions

During the past year, for the first time since the establishment of the provincial operations offices, we used the AGSA audit report to review lessons learned and guide the improvement of our contributions to accurate reporting and the submission of correctly completed documentation.

We also facilitated internal capacity building workshops to coordinate the activities of the Operations departments that directly affect the work of the provincial operations team in implementing the SETA's APP. Led by the Operations branch executive, the workshops focused on increasing team involvement, self-esteem and participation and identifying problem areas that inhibit improved performance.

Skills Delivery

This Operations Department is responsible primarily for registering learners in the various learning programmes linked to the Sector Skills Plan for energy and water. We update and maintain a database of learners enrolled in learnerships, apprentice training, skills development, work integrated learning and adult education and training.

A critical role is to record and report performance against EWSETA's APP in accordance with the National Treasury framework for managing performance information and submitting quarterly performance records to the DHET and National Treasury to comply with the latter's guidelines for quarterly monitoring reports.

The unprecedented enrolment of 8 810 unemployed and employed learners in various learning interventions during the 2018/19 financial year will undoubtedly stand out as a singular achievement in skills development in the energy and water sectors. This would have not been possible without the support of our sector partners and stakeholders who heeded the call to help transform the lives of fellow South Africans through skills development and training.

In response to a Water Research Commission study that projects that South Africa could run out of water by 2030, EWSETA used 50% of its 2018/19 discretionary grants budget to develop training and learning programmes for water sector-related skills needs. The remaining 50% went to trade-related occupational training and development that included skills needs in the energy sector.

The following tables reflect the progress in learner enrolments during the 2018/19 financial year.

Table 1 Learnership enrolments of unemployed learners (youth) in 2018/19

Learnership title	NQF	Black African		Black Indian		Black Coloured		White	
		M	F	M	F	M	F	M	F
Water and Waste Water Treatment Process Operation	2	152	289	0	0	0	0	0	0
Water and Wastewater Process Control	3	178	347	0	0	3	0	0	0
Water and Wastewater Process Control Supervision	4	95	140	0	0	0	2	0	0
Community water, health and sanitation promotion	2	3	7	0	0	14	19	0	0
Community water, health and sanitation promotion	3	27	0	0	0	10	5	0	0
Community water, health and sanitation facilitation	4	0	0	0	0	0	0	0	0
Community water, health and sanitation monitoring	3	58	116	0	0	0	0	1	2
Water & Waste Water Reticulation Services	2	41	82	0	0	17	30	0	0
Water & Waste Water Reticulation Services	3	122	225	0	0	28	22	0	0
Water & Waste Water Reticulation Services	4	2		0	0	1	1	0	0
Electrical Engineering NQF Levels 2, 3 and 4	0	27	60	0	0	0	0	0	0
NC: Plumbing	4	18	23	0	0	0	0	0	0
NC: Welding	2	22	24	0	0	0	0	0	0
NC: Domestic Appliances	3	8	14	0	0	0	0	0	0
NC: Power Plant Auxiliary Systems Operations	4	7	10	0	0	0	0	0	0
National Certificate: Hot Water System Installation	2	30	24	0	0	0	0	0	0
TOTAL	45	790	1 361	0	0	73	79	1	2

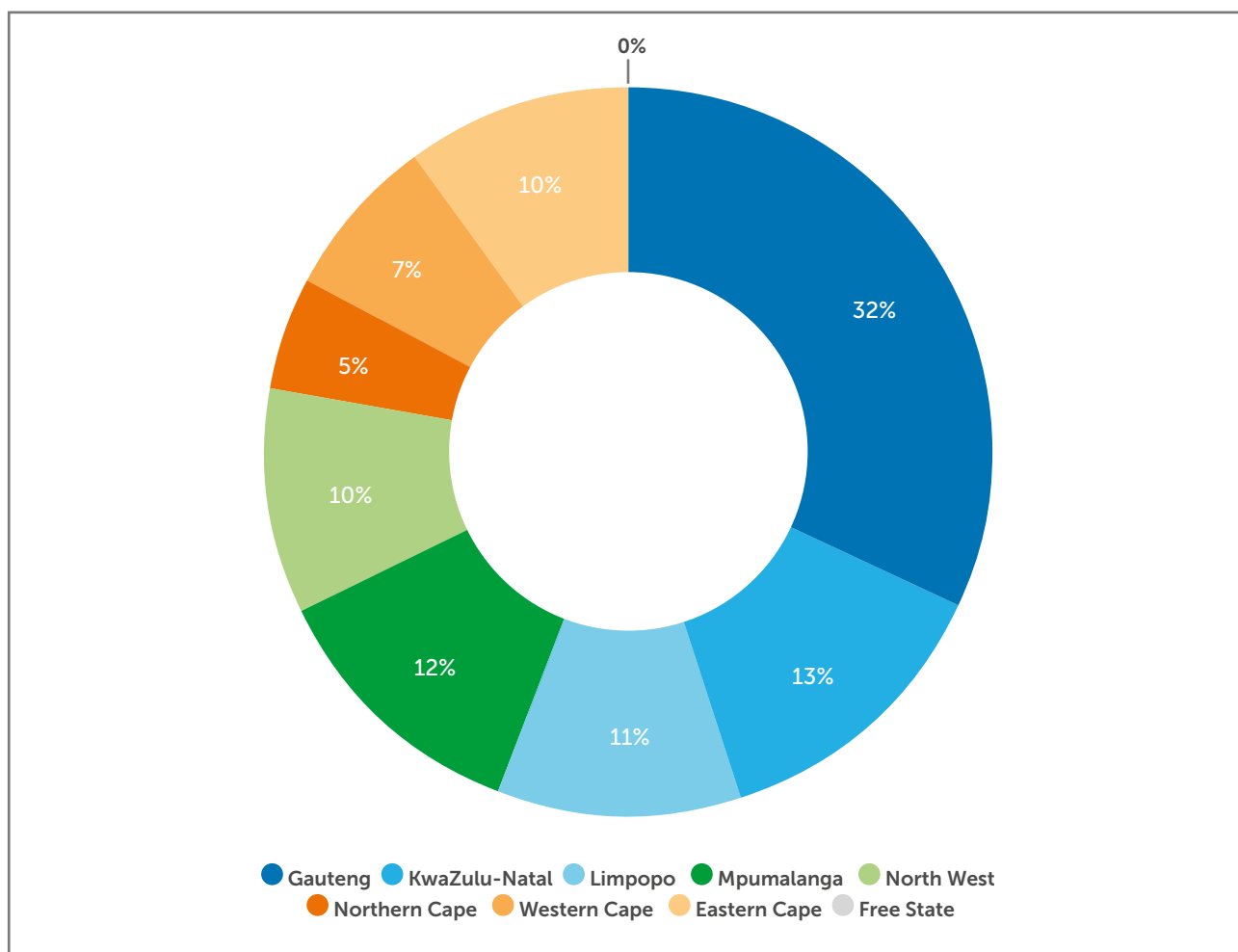


Figure 1 Learnership enrolments of unemployed learners: Provincial allocation analysis

Table 2 Learnership enrolments of employed learners in 2018/19

Learnership title	NQF	Black African		Black Indian		Black Coloured		White	
		M	F	M	F	M	F	M	F
National Certificate: Water and Wastewater Reticulation Services	3	86	218	0	0	0	0	1	0
Water and Waste Water Reticulation Services	4	8	1	0	0	0	0	0	0
Water and Waste Water Treatment Process Operations	2	29	7	0	0	16	5	1	0
National Certificate: Water Purification Processes	4	5	3	0	0	0	0	0	1
National Certificate: Sanitation Project Co-ordination	5	2	0	0	0	7	0	0	0
Water and Wastewater Process Control	3	53	60	0	0	0	0	0	0
Water and Wastewater Process Control Supervision	4	16	2	0	0	3	1	0	0
National Certificate: Generic Management for Water Services	5	5	4	0	0	1	0	0	0
National Diploma: Power Plant Process Control Operations	5	8	7	0	0	0	0	0	0
Total number of enrolled learners	35	212	302	0	0	27	6	2	1

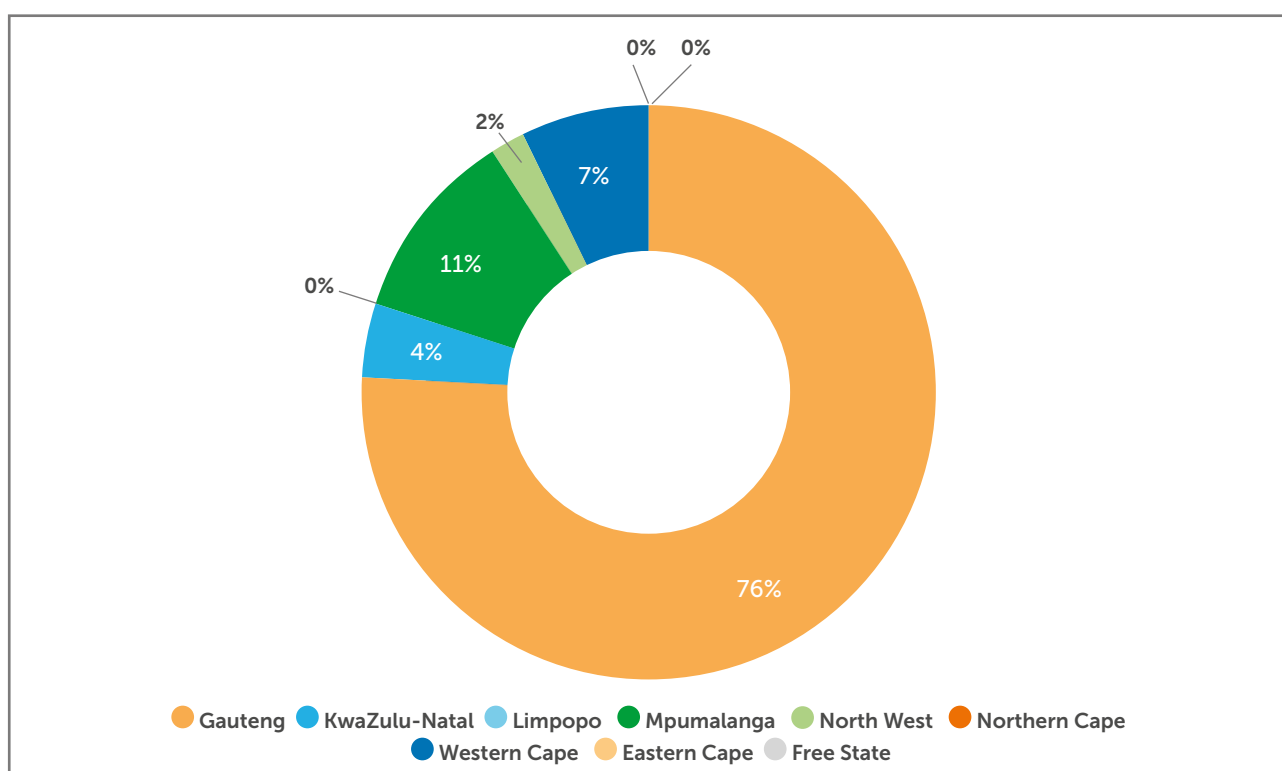


Figure 2 Learnership enrolments of employed learners: Provincial allocation analysis.

Table 3 Learners enrolled in artisan development programmes

Artisan trade description	Black African		Black Indian		Black Coloured		White	
	M	F	M	F	M	F	M	F
Occupational Certificate: ELECTRICIAN	377	441	5	1	6	0	12	0
Occupational Certificate: Mechanical Fitter	12	4	0	0	0	0	0	0
Occupational Certificate: Plumber	241	287	1	0	4	0	3	0
Occupational Certificate: Diesel Mechanic	55	6	0	0	0	0	0	0
Occupational Certificate: Motor Mechanic	34	10	1	0	0	0	0	0
Occupational Certificate: Welder	27	17	0	0	15	0	2	0
Occupational Certificate: Instrument Mechanic	16	13	6	1	1	3	0	0
Total number of enrolled learners	762	778	13	2	26	3	17	0

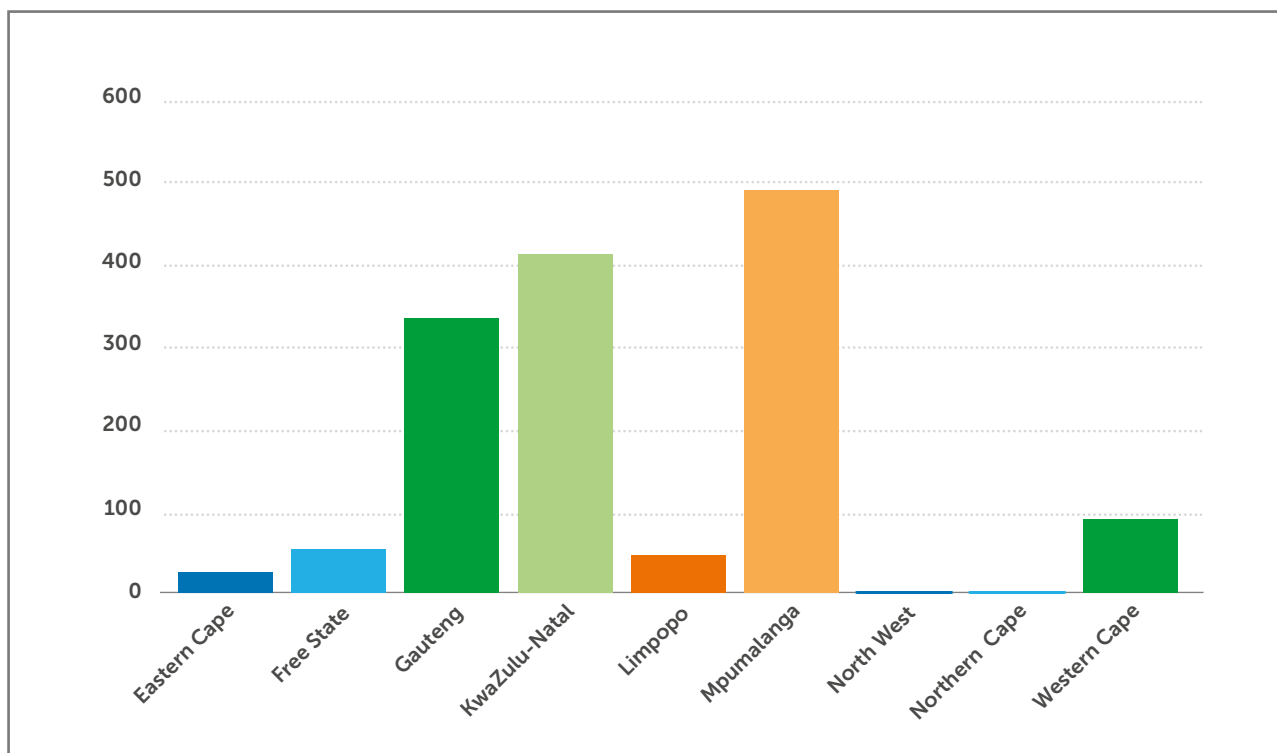


Figure 3 Enrolment of artisan learners: Provincial allocation analysis

Table 4 Employed learners enrolled in skills programmes

Skills Programme	Black African		Black Indian		Black Coloured		White	
	M	F	M	F	M	F	M	F
Basic Electrical Safety	152	23	0	0	0	0	0	0
Electrical Engineering	203	75	0	0	0	0	1	0
Hot Water System Installation [Plumbing]	351	367	0	0	0	0	0	0
Community Water, Health and Sanitation Facilitation	0	26	0	0	0	0	0	0
Environmental Practice	51	87	0	0	5	7	0	0
Supervise & Optimise the Operation of Separation Process	63	15	0	0	0	0	0	0
Water and waste water reticulation services -	137	67	0	0	5	1	0	0
Water and Waste Water Treatment Process Operations	105	162	0	0	0	0	0	0
Basic Arc Welding and Gas Welding	54	4	0	0	0	0	0	0
Water and Wastewater Process Control	9	17	0	0	0	0	0	0
New Venture Creation [Entrepreneurs and Cooperatives]	58	75	0	0	0	2	0	0
Cable Puller	141	10	0	0	0	0	0	0
Occupational Health and Safety (OHS)/HIV	61	69	0	0	4	2	0	0
Total	1 385	997	0	0	14	12	1	0

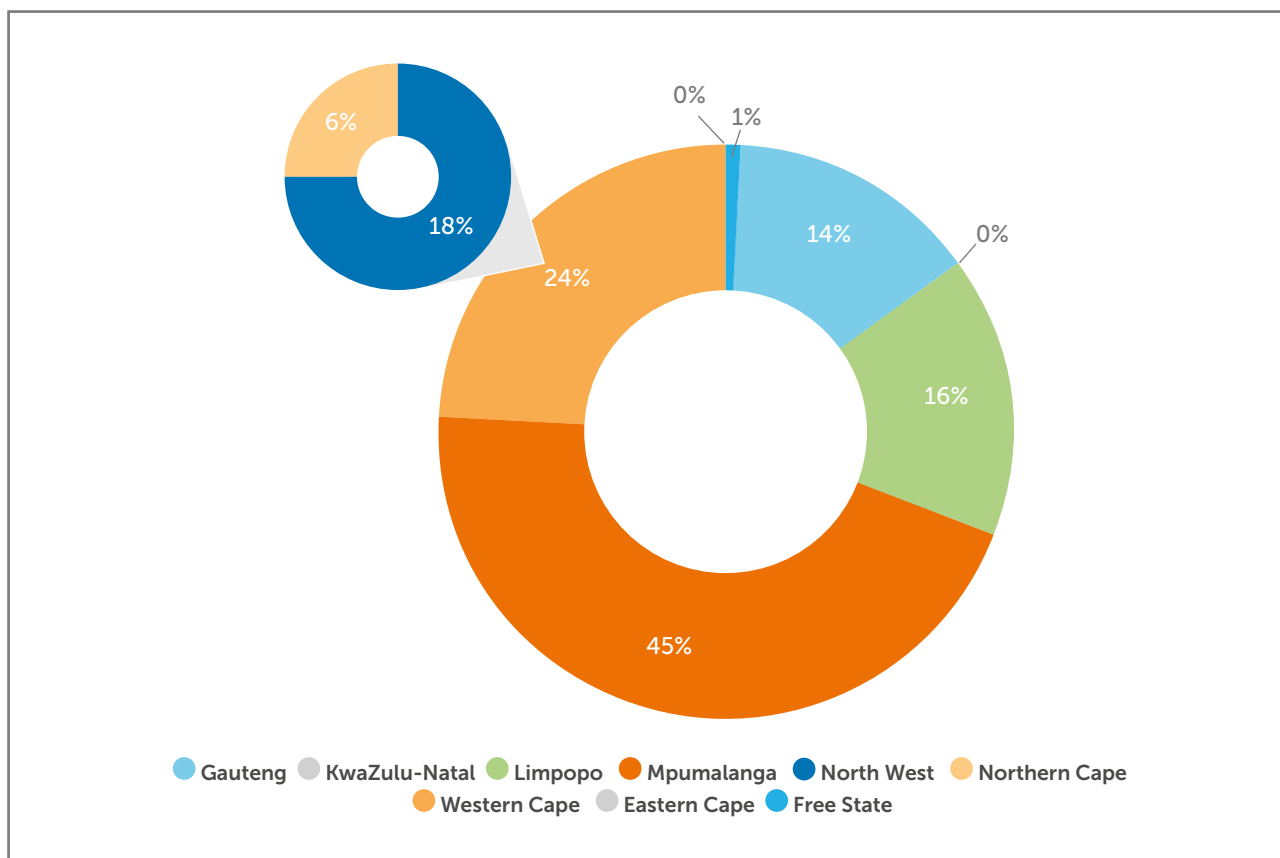


Figure 4 Employed learners (SP): Provincial allocation analysis.

Table 5 Unemployed Learners

Skills programme	Black African		Black Indian		Black Coloured		White	
	M	F	M	F	M	F	M	F
Basic Electrical Safety	28	58	0	0	0	0	0	0
Electrical Engineering	26	65	0	0	0	0	0	0
New Venture Creation (Entrepreneurs & Cooperatives)	11	21	0	0	0	0	0	0
Access Technology Training (disabled learners)	42	48	0	0	7	1	0	0
Total	107	192	0	0	7	1	0	0

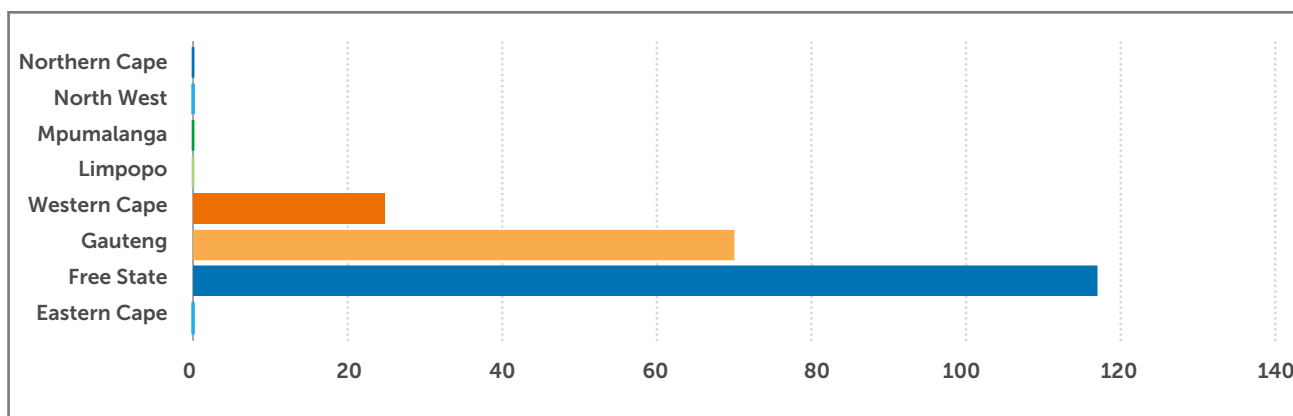


Figure 5 Unemployed learners (SP): Provincial allocation analysis

Table 6 Learners enrolled in Work Integrated Learning (WIL)

Work Integrated Learning (WIL)	Black African		Black Indian		Black Coloured		White	
	M	F	M	F	M	F	M	F
TVET learner placements	63	74	0	0	0	0	0	0
HET learner placements	55	24	0	0	0	1	0	0
Internships	69	123	0	0	0	0	0	0
Total number of enrolled learners	187	221	0	0	0	1	0	0

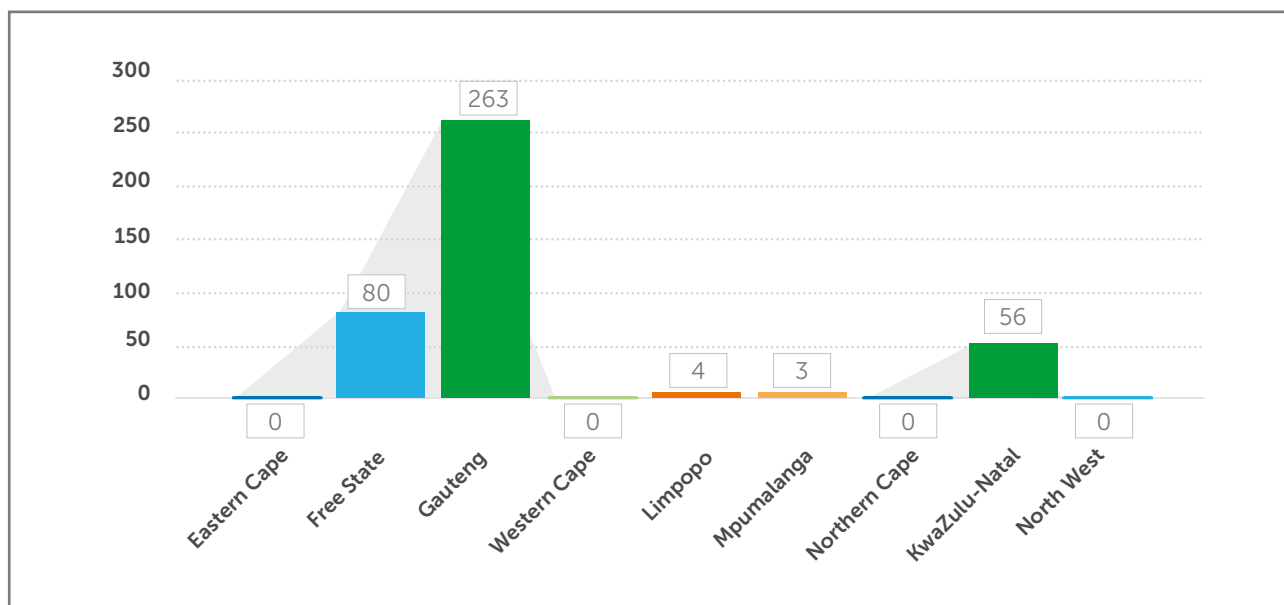


Figure 6 Work Integrated Learning: Provincial allocation analysis

Table 7 Learners enrolled in Adult Education and Training (AET)

Adult Education and Training (AET)	Black African		Black Indian		Black Coloured		White	
	M	F	M	F	M	F	M	F
AET Level 1	0	0	0	0	0	0	0	0
AET Level 2	26	74	0	0	0	0	0	0
Total number of enrolled learners	26	74	0	0	0	0	0	0

WAR ON LEAKS (WOL) PROGRAMME

In August 2015, EWSETA entered into a Protocol Agreement with the Department of Water and Sanitation and Rand Water to, among others, take responsibility for:

- Facilitating training to ensure EWSETA quality assurance standards are understood and implemented
- Monitoring and evaluating the roll out of training and providing a clear skills development framework for EW SETA's scope of coverage sector development and training
- Registering all WoL learners on EWSETA's MIS and providing certificates on completion
- Reporting on the training progress of the programme.

The programme focus is on training unemployed youth as artisans and water agents with a phased training intake of 3 000 in Phase 1, 7 000 in Phase 2 and 5 000 in Phase 3. Entrepreneurship skills and water conservation (WC) and water demand management (WDM) were introduced as additional programmes to:

- Empower the youth as employers who can establish and manage their own businesses
- Encourage and inspire young people to use opportunities in the business world within their areas of expertise
- Encourage young people to become successful business owners
- Enable programme graduates to assist communities with water conservation, conduct neighbourhood outreach and reduce water wastage.

High level project planning

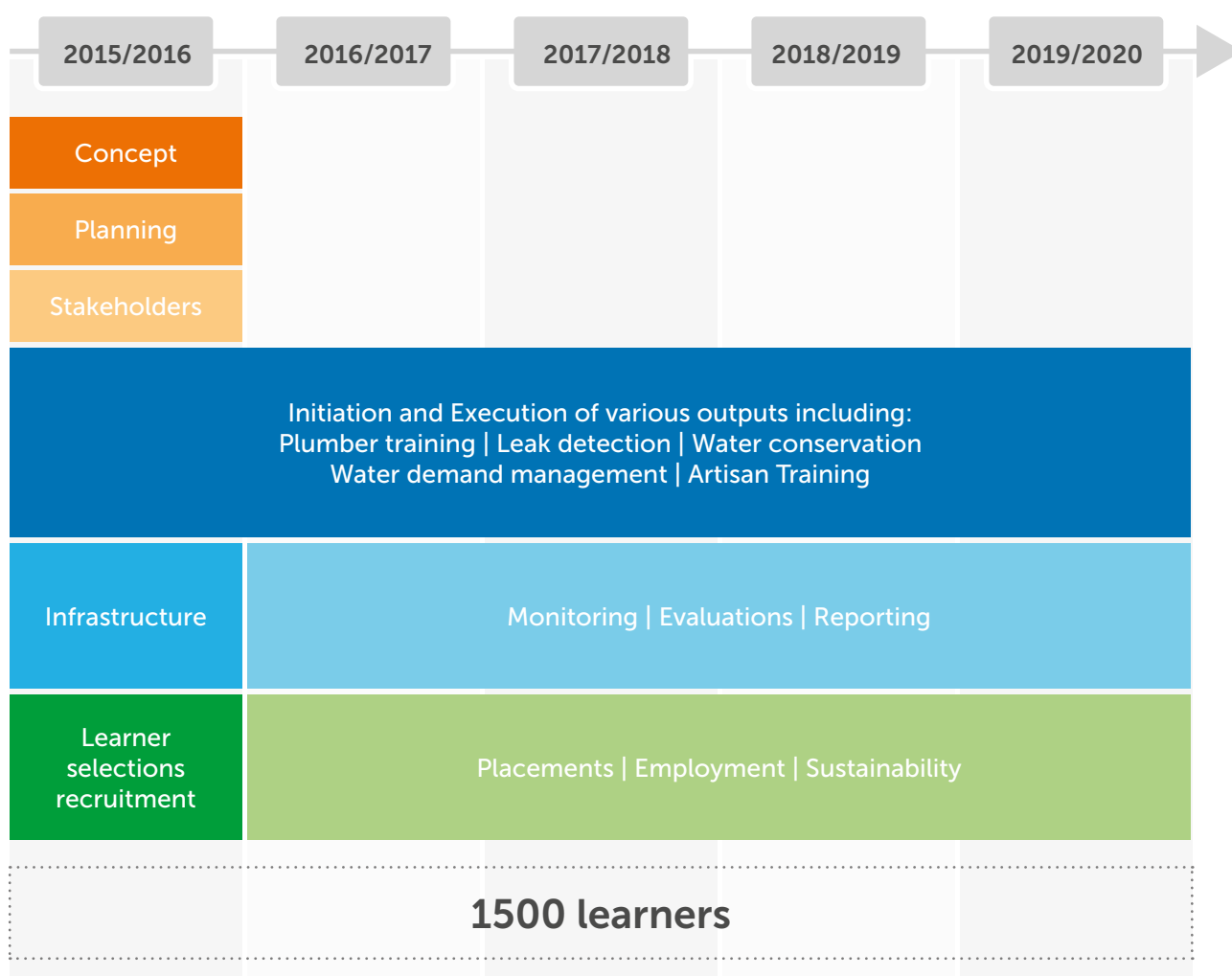


Figure 7 WoL project summary overview (3 to 5 years)

War on Leaks Team

The WoL team consists of a project manager, artisan training specialist and project administrators, all of whom are enthusiastic and dynamic individuals who ensure that the programme achieves the set results. They understand the purpose of the programme and work tirelessly to ensure that EWSETA fulfils its mandated role in the programme.

Status update overview 2018/19

Table 8 Phase 1 status update overview

Activity	Discipline	Status	Duration/Status
Printing and issuing of WC/WDM Skills Programme Statement of Results	Water Conservation Water Demand Management	Printing complete	Issuing of Statement of Results of Water Conservation Water Demand Management in progress
Printing and issuing of Water Agents Statement of Results	Water Agents	Printing to commence in May 2019 upon completion of WC/WDM Skills Programme Statement of Results	May – June 2019 Set date of issuing to be discussed at the relevant committees
Printing and issuing of Entrepreneurship Skills Programme Statement of Results	Entrepreneurship Skills Programme	In progress	To be confirmed by the Services SETA

Table 9 Entrepreneurship progress per province

Province	Assessment and moderation	LA numbers Generated by Services SETA	Project management agency booked for verification	Exit/Verification by Services SETA
Gauteng	100% complete	Done	Yes	70% complete Latest verification was in January 2019 for 49 learners
Mpumalanga	100% complete	Done	Yes	Awaiting verification date from SETA
Free State	100% complete	Not as yet	Not as yet	No request sent; waiting for SLA numbers
KwaZulu-Natal	100% complete	Done	Yes	Awaiting verification date
Limpopo	100% complete	Partly done (60%); expecting more LA numbers from Services SETA	Yes	Awaiting confirmation of dates for the outstanding learners
Northern Cape	100% complete	Done	Yes	Awaiting verification date
Northwest	100% complete	Done	Yes	Awaiting verification date
Eastern Cape	100% complete	Partly done; 50% of the portfolios has LA numbers	Yes	Awaiting verification date
Western Cape	100% done	Done	Yes	100% done

Table 10 Phase 1 Trade Test Certificates issued

Province	Trade Test Certificates issued	Trade Test preparation
Eastern Cape	6	15
Northern Cape	0	0
Western Cape	14	6
KwaZulu-Natal	124	52
Gauteng	244	115
North West	0	0
Mpumalanga	213	16
Free State	139	65
Limpopo	13	0
Total	753	269

Table 11 Phase 1 highlights, achievements and successes

Skills Programme and Training	Input	Throughput	Output	Achievements	Learner registration status
Water Conservation Water Demand Management	3 000	2 559	2 559	2 559 learners certified	2 876
Water Agents	1 000	910	910	910 learners certified	954
Artisans	2 000	1 823	1 823	756 learners certified 255 prepared for trade test	1 395

Note: In terms of the Artisan Development Programme, Phase 1 learners are on Step 6: Trade Testing. Due to artisan remedial plans and learners who had to obtain N2, the anticipated realistic completion of Phase 1 is set for the end of September 2019.

Table 12 Phase 2 status update overview

Activity	Discipline	Status	Duration
Registration of Water Conservation Water Demand Management (on MIS)	Water Agent/Artisan	Complete	February – December 2018
Printing of Water Conservation Water Demand Skills Programme Statement of Results	Water Agent/Artisans	In progress	Current – April 2019
Printing of Phase 2 Water Reticulation Services (Water Agents) Statement of Results	Water Agents	In progress	May – July 2019
Phase 2 Artisans workplace learning	Artisans (in workplace training; completion September 2019)	In progress	September – October 2019
Trade Testing	Artisans to undergo trade testing		October 2019 – May 2020 (6-8 months to allow for remedial)
Trade Test Certificate preparation	Submission of learner documentation to NAMB for trade test certificates		June 2020 – completion

Table 13 Phase 2 highlights, achievements and successes

Skills Programme and Training	Input	Through - put	Output	Achievements	Learner Registration status
Water Conservation Water Demand Management	7 000	6 948	7 004	6 688 Statement of Results	7 004
Water Agents	3 891	3891	3 891	Verification conducted, awaiting certification	3 743
Artisans	3 089	2 685	2 685	41 learners prepared for trade test 23 Trade Test Certificates 5 Employed permanently	2 676

Table 14 Artisans reported 2018/19 for Phases 1 and 2

Entered	Completions	Comment
613 (Quarter 1)	0	No completions reported to date
801 (Quarter 2)	0	No completions reported to date
261 (Quarter 3)	0	No completions reported to date
(Quarter 4)	333	Artisan completions

QUALITY ASSURANCE AND COMPLIANCE (QA&C)

QA&C is mandated to quality assure skills development providers, workplace approvals, skills programmes, certification, qualifications and assessment tools (QAS) and blueprint developments.

Quality assurance

The transfer of the QA&C-delegated function of accrediting providers to the QCTO took effect on 1 July 2018. As a result, training providers apply to the Council for accreditation and EWSETA is notified whom to accredit. The final accreditation letter is signed by the QCTO.

Table 15 Accredited as Skills Development Providers

Type of registration	Name of skills development provider	Sector
WATER		
New accreditation	Alula Water (Pty) Ltd	Water
New accreditation	Ambroser Solutions (Pty) Ltd	Water
New accreditation	Aviwe Business Development Services	Water
New accreditation	CTC College (Pty) Ltd	Water
Re-accreditation	Dinaledi Management & Services	Water
New accreditation	Envoy Planet Consulting & Projects (Pty) Ltd	Water
Re-accreditation	Ergo Water (Pty) Ltd	Water
Re-accreditation	In Touch Community Development	Water
New accreditation	Iqraam Development & Consulting (Pty) Ltd	Water
New accreditation	Jood Solutions (Pty) Ltd	Water
New accreditation	Limping Bulls (Pty) Ltd	Water
Re-Accreditation	Mahube Training Development (PTY) Ltd	Water
New accreditation	Mafohla Solutions	Water
New accreditation	Mpumamanzi Academy (Pty) Ltd	Water
Re-accreditation	Mthengeny & Associates	Water
New accreditation	Mules (Pty)Ltd	Water
New accreditation	Nkanyezi Foundation	Water
New accreditation	Nokram (Pty) Ltd	Water
New accreditation	Owethu Connections (Pty) Ltd	Water
New accreditation	Praxis Training & Consultancy (Pty) Ltd	Water
Extension	Qeqe Business Consulting	Water
New accreditation	Quality Learning Network	Water
Re-accreditation	Rand Water	Water
New accreditation	Sedibeng Management Services (Pty) Ltd	Water
New accreditation	Sisodvwa Investment	Water
New accreditation	Siwavile Trading (Pty) Ltd	Water
Re-accreditation	The Water Academy (Pty) Ltd	Water
New accreditation	Umpha Holdings (Pty) Ltd	Water
Extension	Visionary Skills	Water
ENERGY		
New accreditation	Belique Training Centre	Energy
New accreditation	Delvotage (Pty) Ltd	Energy
New accreditation	DHT Wired	Energy

Type of registration	Name of skills development provider	Sector
New accreditation	Kgugelo Kae Kae Business Enterprise (Pty) Ltd	Energy
New accreditation	Macrocomm Training Academy	Energy
New accreditation	Mbatambata Skills Development	Energy
Re-accreditation	Milnex (Pty) Ltd	Energy
New accreditation	National Metrology Institute of South Africa	Energy
New accreditation	Ndlovu Fencing (Pty) Ltd	Energy

Table 16 Workplaces approved 2018/19

Approved workplaces	Sector
4 Mzani Master Electrician	Energy
Bakone Technical Services & Supplies	Energy
Cato Ridge Electrical Construction (Pty) Ltd	Energy
Dudley Fowler Electrical CC	Energy
Eskom Arnot Power Station	Energy
Eskom Duvha Power Station	Energy
Eskom Hendrina Power Station	Energy
Eskom Kendal Power Station	Energy
Eskom Kendal Power Station	Energy
Eskom Lethabo Power Station	Energy
Eskom Majuba Power Station	Energy
Eskom Matimba Power Station	Energy
Eskom Matla Power Station	Energy
Eskom Tutuka Power Station	Energy
Gesikazi Global	Energy
Graham Clarke Electrical Trust	Energy
LPSA Systems (Pty) Ltd	Energy
MADZ Electrical Training	Energy
Malwande Construction CC	Energy
Malwande Construction Cc	Energy
OC Projects	Energy
P and T Technology Pty Ltd	Energy
PFE Extrusion (Pty) Ltd	Energy
Russell Knott Electrical	Energy
Safripol Durban	Energy
Tim Brown Electrical Works	Energy
TNJ Project Solutions	Energy
Tyreek Enterprises (Pty) Ltd T/A Tagz Electrical	Energy
UNIFRUTTI SA (Pty) Ltd	Energy
WATLECC CC T/A Kzn Electrical	Energy
Willcock 3 cc T/A CDE Supplies	Energy

Certification

Table 17 Certificates and Statements of Results (SoRs) issued in 2018/2019

Learnership certificates issued	2 681
Skills Programme SoRs issued	3 674
Artisan completion	975

Qualification development

In partnership with our stakeholders, EWSETA is currently developing the Water Data Collector, Environmental Scientist (Water Use Specialist) and Environmental Manager (Water Resource Management Practitioner) qualifications that are not yet registered. The Environmental Scientist (Water Use Specialist) and Water Works Management Practitioner qualifications have been recommended for South African Qualifications Authority (SAQA) registration.

The QCTO approved the application to develop the e-Waste skills suite that consist of Refuse Sorter, Material Recycler, Recycle or Rubbish Collector, Waste Material Sorter and Classifier, Chemical Waste Controller and Gas or Petroleum Controller qualifications. The Electrical Substation Operations Manager unit standard qualification will be realigned with occupational-based qualifications.

Assessment Quality Partner (AQP) Blueprint Qualification Assessment Specifications (QAS) addenda and assessment tools (question papers) in process of development

1. Energy Efficiency Technician (Energy Audit Technician)
2. Fossil Power Plant Process Controller
3. Hydro Power Plant Process Controller
4. Nuclear Power Plant Process Controller
5. Fossil Power Plant Process Operator
6. Hydro Power Plant Process Operator
7. Nuclear Power Plant Process Operator

Some QA&C highlights

EWSETA is the AQP for all the developed and registered occupational qualifications in the energy and water sectors. For the first time in EWSETA history, Ms Felicity Mabanga, a female acting manager, is at the QA&C helm and is supported fully by QA&C employees to ensure the delivery of quality services to our stakeholders.

The QA&C department is involved with the following committees:

Quality Council for Trades and Occupations (QCTO) (CEOs' Forum on behalf of the CEO): keeps the SETA CEOs abreast of the decisions taken at various committee meetings, while CEOs can use the platform to air their views.

National Artisan Development Quality Assurance Committee (NADQAC): responsible for accrediting Trade Test Centres and ensuring that trainers are qualified.

National Artisan Development Workplace Accreditation Coordination Committee (NADWACC): coordinates applications for the approval of workplaces; the DHET prepares a list of applicants who allocated to relevant SETAs (QAPs) and distributed at the NADWACC meeting; the SETAs visit the applicant's site to conduct an accreditation audit and tables a report at the meeting for approval.

National Learner Record Database (NLRD) forum: provides a meeting platform for all SETAs to discuss various challenges and receive regular updates on the SAQA requirements for capturing NLRD data. During the period under review, we achieved green status on NLRD with SAQA.

Delegated AQP and QAP functions

According to Circular 1 of 2017, issued in December 2017, the QCTO delegated the AQP and Quality Assurance Partner (QAP) functions to SETAs pending the finalisation of the National Skills Development Plan (NSDP), National Plan for Post-School Education and Training (NPPSET) Plan and SETA landscape. These functions focus on:

Certification of learners: QAPs remain responsible for issuing certificates for historically registered qualifications. Registered qualifications: QAPs remain responsible for the quality assurance of skills programmes and implementation of learnerships. The quality assurance of historically registered qualifications will be a collaborative effort between the QCTO and QAPs. The QCTO has recommended that SAQA re-registers all qualifications with a 30 June 2018 registration end-date for a further five years.

Accreditation of Skills Development Providers (SDP): QAPs remain responsible for the accreditation of applications and skills programmes. Accrediting SDPs for historically registered qualifications must be made directly to the QCTO with a letter of intent for which a template is available on the QCTO website.

Monitoring of Skills Development Providers (SDP): QAPs compile monitoring schedules and conduct site visits to SDPs. Monitoring schedules must be submitted to the QCTO a month ahead of site visits to enable the QCTO to select sample-monitoring visits with the QAPs.

PROJECT MANAGEMENT

The department achieved most of its targets for the 2018/19 financial year, which contributed to EWSETA's overall improvement in performance against set APP targets. In giving effect to our operations role, we provided assurance about the progress and management of projects and ensured compliance with the terms and conditions of the discretionary grant programme for seamless disbursement.

We used most of our discretionary grant funding for 2018/19 and look forward to automating the disbursement process in the year ahead to ensure that project claims can be done proactively.

The year under review also provided opportunity for employers to submit proposals for achieving project targets and for us to motivate levy-paying employers to

participate in the funding process for discretionary grants. Going forward, we urge all EWSETA levy-payers to apply for these grants.

Training levy-paying employers to use EWSETA's online grant system, which has been running for some years, was again available during our SSP roadshows, while our grant funding advertisements now contain evaluation criteria for applicants to pre-screen their suitability before applying. An analysis of the advertising and application timelines indicated that most applicants wait until the week before the deadline to apply. With continuous improvement in mind and to encourage earlier application, we sent out alert emails to registered SDFs to remind them to apply in good time.

Figure 8 reflects the increase in grant disbursements compared to previous financial years and relative to performance targets.

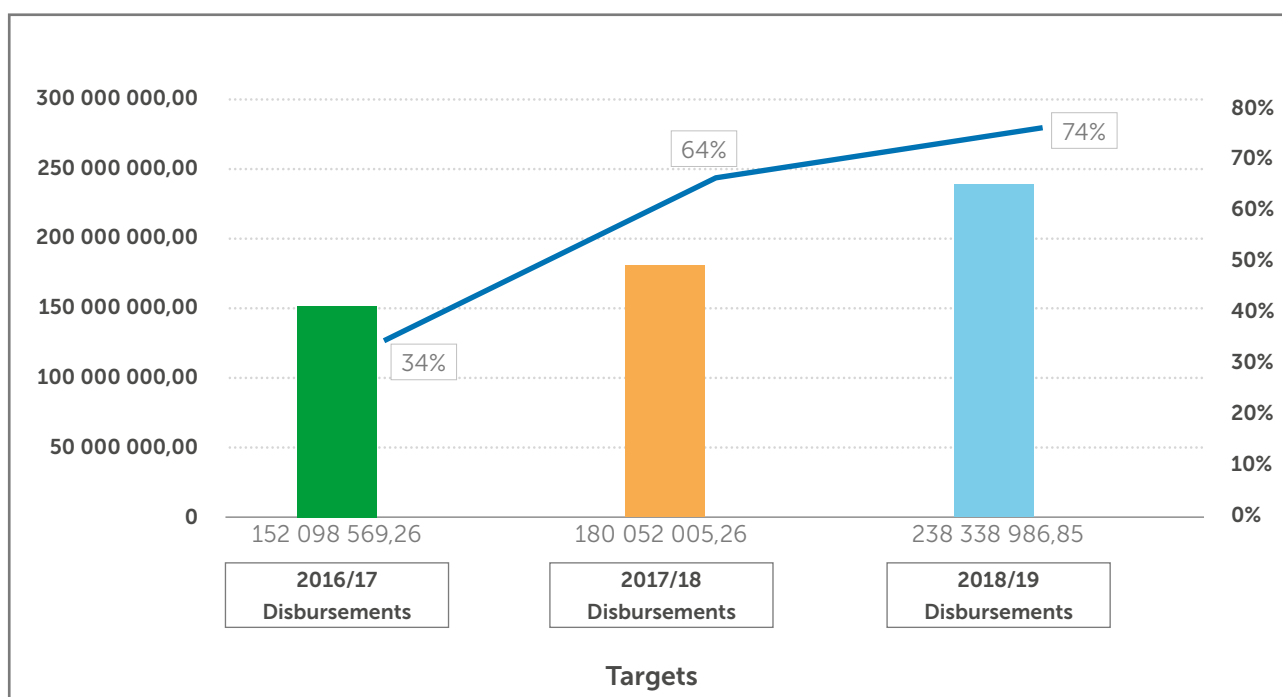


Figure 8 Grant disbursements vs performance targets for the past three financial years.

Our discretionary grant funding window always attracts valuable training providers, operating in partnership with relevant employers. The evaluation procedure is a valuable link in the discretionary grant value chain and we are grateful to the members of the Discretionary Grants Committee who ensured the approval and implementation of credible projects.

Figures 9, 10 and 11 reflect, respectively, the amounts approved for additional projects, disbursements and commitments for the 2016/17, 2017/18 and 2018/19 financial years.

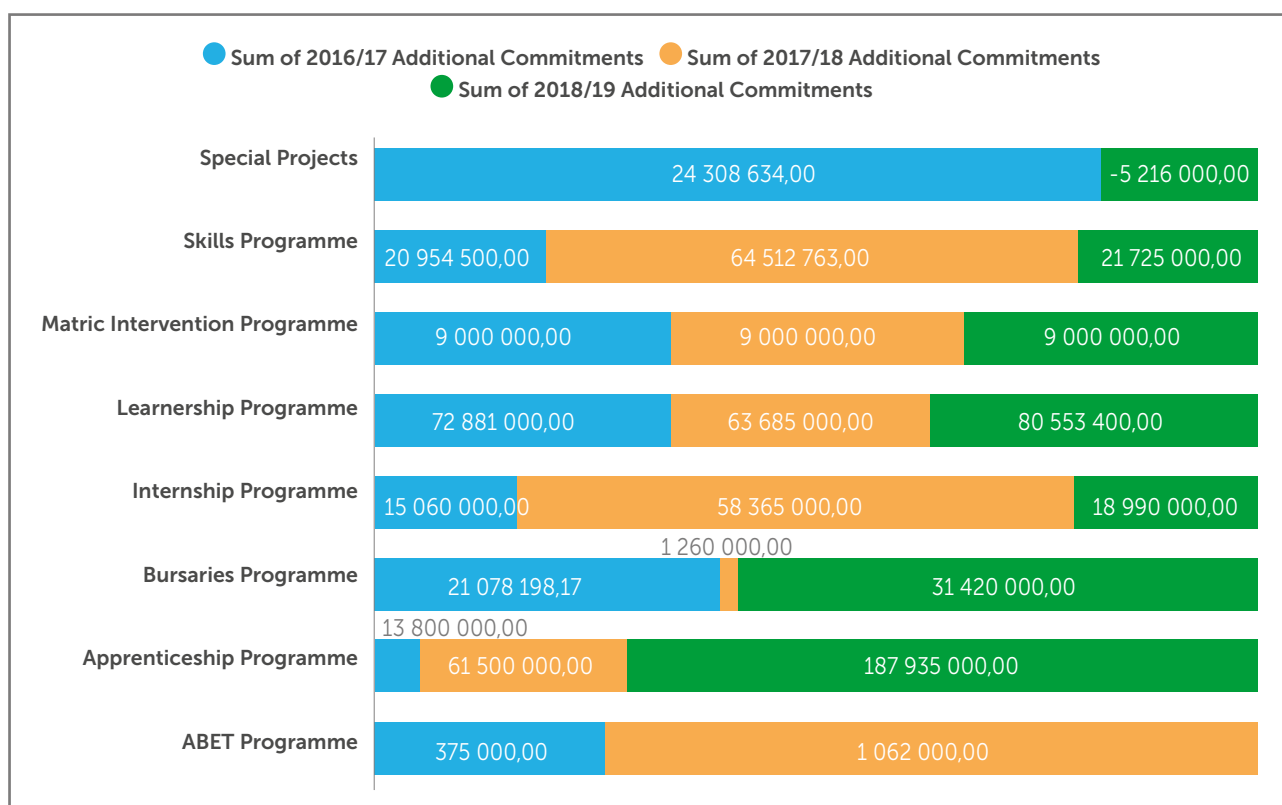


Figure 9 Amounts approved for EWSETA-committed additional projects for the past three financial years

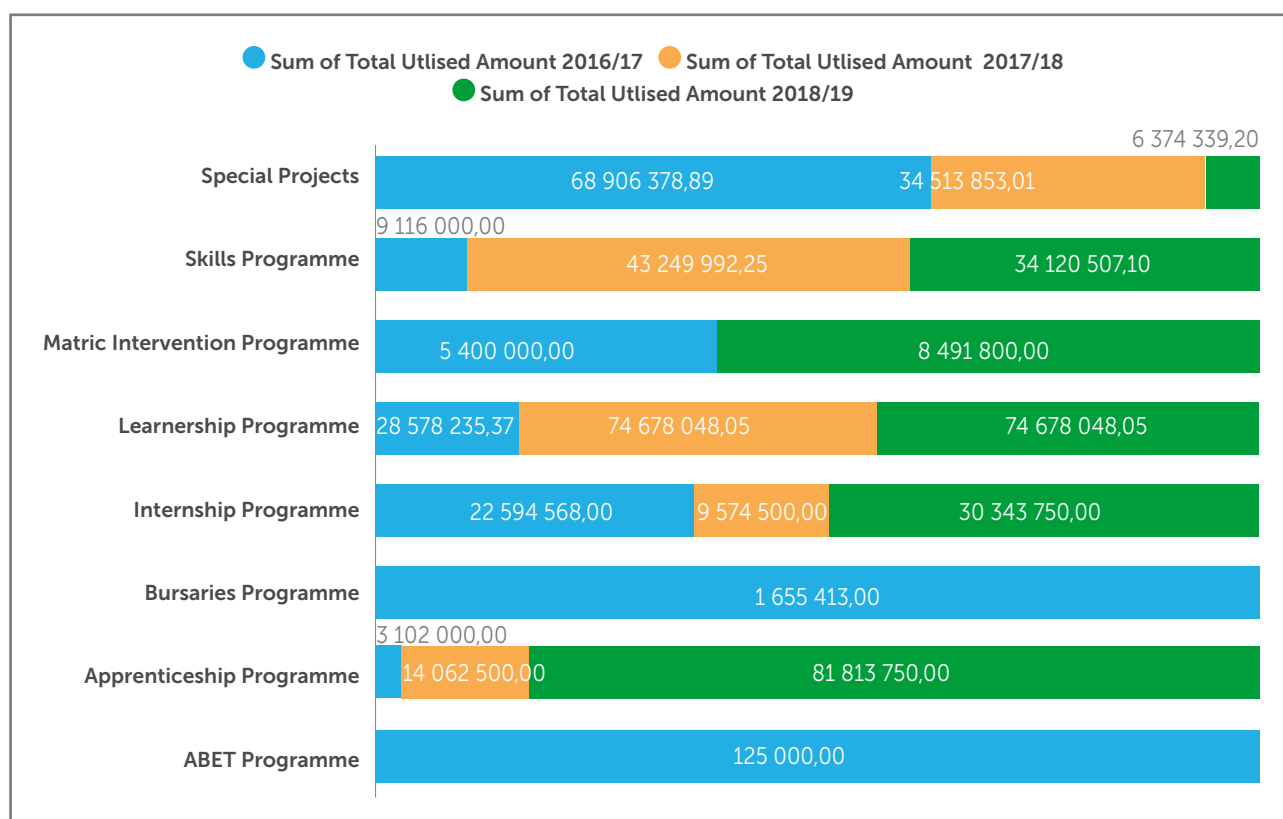


Figure 10 Amounts utilised for disbursements for the 2016/17, 2017/18 and 2018/19 financial years

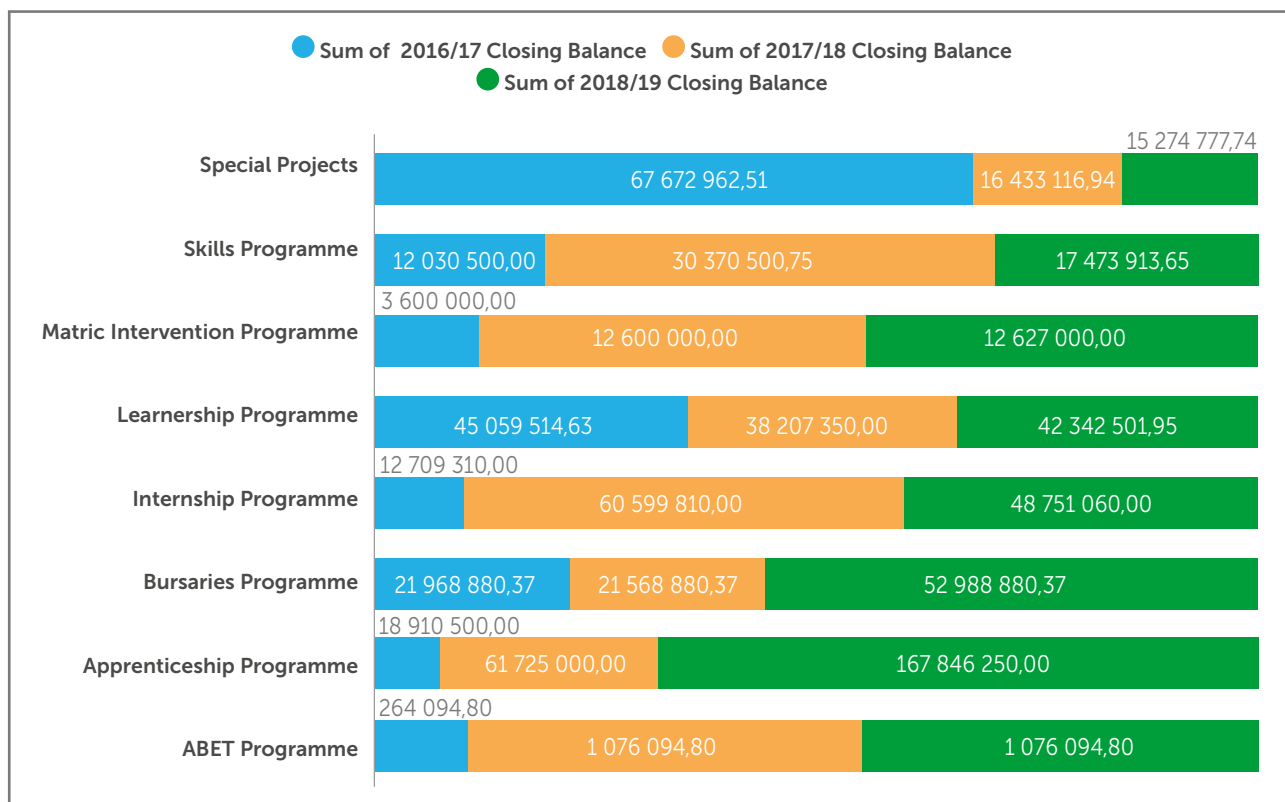


Figure 11 EWSETA commitments totals for the past three financial years.



PART D

Planning, Reporting And Monitoring

Our research agenda is geared towards continuously enriching the knowledge base of skills development and training needs for the energy and water sectors. In this spirit, it hones in on areas that define the planning, organising, implementing and reporting of strategic imperatives crafted to fulfil our mandate.

EWSETA Research Agenda
2018-2021



Overview by the Planning, Reporting and Monitoring Executive



Compared to many other countries, South Africa has invested significant resources to effect change in skills development, education and training through a wide range of education systems, such as the SETAs and tertiary education institutions. The challenge is to optimise the value from these resources. I believe we can do this by thinking smarter to create greater impact.

Our mandate as the Planning, Reporting and Monitoring (PR&M) branch is to conduct research and coordinate planning that aligns EWSETA's performance with its strategic goals and Annual Performance Plan (APP) targets, as informed by the Sector Skills Plan (SSP).

We recognise the need for a flexible and dynamic research agenda to explore new knowledge, answer new questions and respond to new skills needs in the industry 4.0 landscape, rapidly and effectively.

The past year was the first full financial year for the newly constituted PR&M branch. Despite uncertainty about the way forward for SETAs and ongoing change and challenges within our business environment, we contributed meaningfully to strategic planning for the SETA. This support included:

- establishing a credible, research-based institutional skills planning mechanism to inform policy and qualifications development for the energy and water sectors
- implementing EWSETA's research agenda

- cascading corporate strategic planning and research and skills planning outcomes into individual performance contracts to support stakeholder engagement and collaboration
- developing and coordinating the implementation of a comprehensive Monitoring and Evaluation Framework (MEF).

This support was aligned with our 2018/19 strategic objectives to:

- catalyse the production of masters and doctoral graduates in the energy and water sectors
- conduct research for skills planning and development in the energy and water sectors
- increase workplace learning through mandatory grants
- monitor all projects continuously to ensure quality implementation and completion on time
- implement special projects with strategic partners.

Some 2018/19 highlights

Undoubtedly, a highlight was the implementation of our Board-approved research agenda that was also approved by the Department of Higher Education & Training (DHET). Additional satisfying achievements included:

- Developing a first-time Research Chair Framework to guide project implementation
- Commissioning two Research Chairs in renewable energy and waste water and waste management
- Implementing an impact study and commissioning a tracer study
- Submitting, on time, an improved, research-based Sector Skills Plan (SSP) to the DHET that was approved by the Executing Authority and DHET
- Exceeding our target of supporting small enterprises with mandatory grants
- Partnering with an increased number of employers, universities and TVET Colleges
- Participating in and sponsoring local and international sector-relevant events.

Delivering impact

The commissioning of two Research Chairs, an impact study to identify performance gaps and a tracer study to find graduates and assess the impact of our skills development support in their career progress, related directly to our focus on creating greater impact.

While the tracer study had to be put on hold until the DHET finalises a standardisation process for such studies, we completed the impact study.

Importantly, we also used EWSETA's internal research capacity to conduct the study. The report, finalised in March 2019, identified the need to improve our internal document and information management processes. We will address this in the new financial year.

The branch also responded to a directive by the Department of Monitoring, Planning and Evaluation (DMPE) to all SETAs to develop, for the first time, an operational plan to implement the SETA's strategy. Despite the DPME postponing the implementation of its directive, we completed EWSETA's operational plan, which is available to guide strategy implementation in the year ahead.

Another first during the reporting period was the standardisation of operating procedures for our stakeholder engagement strategy to align it with EWSETA's strategic plan. This included updating the stakeholder database to increase our impact in stakeholder interaction and communication. As a result, we achieved our partnering targets for all identified TVETs, universities and

employers. Going forward, we will include percentages to measure our achievements more effectively.

The past year also saw EWSETA engaging with all water boards locally to formalise relationships and agree on the deliverables for Workplace Skills Plans (WSPs). Our interaction with Umgeni Water identified the need to improve our delivery model, which we will address in the year ahead. Continued interaction with the water boards will focus on inhouse training and supporting their community initiatives, such as working with SMMEs.

In the year ahead, we will continue to prioritise EWSETA's Board-driven focus on smarter thinking for greater impact. Concerted efforts in this regard will include:

- Attracting large and medium enterprises to increase the low 20% of industries in the energy and water sectors that are participating in skills planning
- Developing a monitoring and evaluation (M&E) framework by combining internal resources and external expertise
- Achieving all our stakeholder engagement targets
- Revising our partnership funding model to meet partner needs.

Research agenda

EWSETA's research agenda aims to increase our knowledge about skills needs and trends in the energy and water sectors. Achieving our research targets contribute to continuously improving our planning, organising, implementation and reporting on deliverables that give effect to EWSETA's mission and vision.

The research agenda provides a framework for comprehensive research into sector skills needs, demands and supply forces; quality-assured and sector-relevant skills development programmes aligned with national skills development priorities; and establishing a sector skills pipeline to increase the impact of government's economic growth policies on employment creation and poverty eradication.

Our research intent is to create a stakeholder-led process by proactively and professionally engaging the research community and primary stakeholders (employers, learners, subject matter experts, training providers). The research priorities are to gain insights through, inter alia, cost-benefits analyses and the evaluation of policies and learning programmes.

Research Chairs

The intention with our Board-approved Research Chairs is to increase our research interventions substantively. We commissioned the Research Chair in Renewable Energy

We recognise the need for our research agenda to be flexible and dynamic – as the skills development landscape evolves towards industry 4.0, so will the strategic orientation of this research agenda to explore new knowledge, answer new questions and respond to the skills needs in our sectors, rapidly and effectively.

(EWRC) in partnership with the Central University of Technology (CUT). The aim is to strengthen the capacity of universities to produce proficient postgraduates and research councils and national research facilities to produce high-quality research outputs.

The EWRC will contribute towards developing courses and programmes in renewable energy, creating awareness in communities about renewable energy and conducting research in the sector.

We also commissioned a Research Chair in Waste Water and Waste Management (ECMSW) in partnership with the Tshwane University of Technology (TUT). The purpose is to fully understand sector skills needs, develop relevant skills aligned with national skills development priorities and create a sector skills pipeline. This will address national priorities in energy and waste management, such as engaging communities and SMMEs in processing and harvesting waste, including energy from waste, effectively and efficiently.

The ECMSW will also focus on developing courses and programmes in municipal waste and general waste management, creating awareness in communities about responsible water use and waste management and conducting research into water and municipal waste management.

In the year ahead, we will investigate the establishment of a CapAqua Research Chair with the University of the North West to respond to the national need for scientists and to improve health and societal well-being.

Partnering for impact

Our partnership focus is on increasing our impact through research and development, developing qualifications, improving education and training programmes and driving transformation and change in skills development.

Important new and existing partnerships during the past year included:

- Implementing Chapter 10 of the National Water Resource Strategy, that deals with innovation and

research in the water sector, with the Water Research Commission through bursaries to seven students to study, inter alia, environmental science and civil engineering as an EWSETA national strategic project

- Equipping more than 100 students with skills in energy and water solutions as part of the Chinese Culture and International Education Exchange Project (CCIEEP), which aims to create synergy between global partners in preparing students for the world of work and broadening their worldviews through exposure to a different business and social culture
- Extending our engagement with the Stellenbosch University Water Institute (SUWI) to capacitate TVET colleges to deliver water sector-specific skills programmes in 2019
- Engaging with the SUWI-led, multi-stakeholder Dutch-funded Oranje Knowledge Objectives Project to strengthen skills development and occupational orientation in food, nutrition and water security to support national policy priorities in South Africa.

Interventions anticipated for the 2019/20 financial period

- Partnering with universities in PIVOTAL interventions to produce graduates with scarce-and-hard-to-fill skills, including chemical and electrical engineers and scientists in environmental health and other sciences (University of Johannesburg and University of the Western Cape) and postgraduates energy (National African Energy Wholesalers of South Africa (NAEWASA), University of the Witwatersrand) and Earth science: hydrology and waste resources (Central University of Technology).
- Partnering with the Tshwane University of Technology (TUT) in a national strategic project to fund seven unemployed learners to graduate from a 15-month internship in an EU-funded research project that is addressing major challenges in African countries.

A consortium of academic and industrial partners in Germany, Italy, Spain, South Africa and Mozambique provides access to European know-how and new water purification technologies, as well as Africa-specific knowledge about adapting solutions to

domestic conditions to develop an autonomous, decentralised, efficient and customised water treatment system for rural and peri-urban areas in Africa. The system will degrade harmful pollutants, kill microbiological contaminants and will be acceptable to rural communities in Africa. The seven graduates are working on the project in a container-built Waste Water Treatment Plant (WWTP) at ERWAT Water. The WWTP consists of a laboratory equipped with European technologies.

- Partnering with the Vaal University of Technology Science Centre to develop 20 unemployed graduates as innovators and business owners.
- Collaboration with the South African International Maritime Institute (SAIMI) in a secretariat for the South African Oil & Gas Association's (SAOGA) Oil & Gas Working Group, as the implementing agent for the skills development roadmap for scarce-and-hard-to-fill vacancies, in anticipation that a proposal for offshore oil and gas exploration skills interventions could result in service level agreements in 2019/20.
- Participating in the Energy Human Resource Development (EHRD) working group with other SETAs, state-owned enterprises (SOEs) under the auspices of the Department of Education (DoE) to stay abreast of future sectors skills needs, including those for a digital landscape.
- Participating in the Water and Sanitation Sector Leadership Group (under the auspices of the DWS) to strategically influence the implementation of the Capacity Building, Innovation & Research Chapters of the National Water Resource Strategy (NWRS) and impact the implementation of the skills development interventions and the Framework for Research, Education and Training in the Water Sector (FETWATER) Project.
- Having renewed some of our existing partnerships, such as with the South African National Energy Institute (SANEDI), we look forward to also continuing our collaboration with other SETAs and public sector departments and entities, such as the dti, DEA, DHS, DME and Central Energy Fund to influence human resource strategies.

New projects and partnerships

Our drive to support SMMEs included:

- Funding five NAEWASA-affiliated businesses to enrol their employees in postgraduate studies in energy at the Wits Business School and supporting the participation of 10 SMMEs in EWSETA's SMME Village during the 2019 Power and Electricity World Africa Conference.
- Partnering with the Black Business Council (BBC), Black Business Council in the Built Environment (BBCBE) and Black Business Council Youth Chamber (BBCYC), Magalies Water and the DWS

in a TUT-hosted workshop to discuss coordinating investments in creating and leading water and sanitation infrastructure and the related role of SMMEs.

- Partnering with the Green Youth Network (transformational partner) to sponsor the Annual Green Youth Indaba is supporting SMMEs in the green economy.
- Partnering with the National Metrology Institute of South Africa (NMISA) to fund skills development in the energy sector to address transformation in the metrology industry where only three of the 1 500 commercial calibration laboratories are Black-owned, while NMISA can assist graduates to access to employment opportunities.

EWSETA is also concluding a collaborative agreement with the South African Renewable Energy Technology Centre (SARETEC) to provide bursaries to develop scarce-and-hard-to-fill skills in wind, solar, energy efficiency and biogas for the renewable energy sector, while SARETEC will project manage the implementation and delivery key EWSETA strategic projects.

Ministerial flagship dual system

Dual System Project

The DHET launched the project as a national ministerial flagship in which different SETAs will use an integrated learning approach that intersects theoretical knowledge with on-the-job training to develop artisanal skills. EWSETA is participating in the first pilot for the electrical and plumbing trades.

The Dual System Project is funded by the DHET and National Skills Funds in partnership with the Deutsche Gesellschaft für Internationale Zusammenarbeit. This dual system model requires new occupational trade qualifications processes where contracts for new entrants must include an identified workplace, a TVET college and a SETA.

Centres of Specialisation

The DHET also launched a Centres of Specialisation (COS) initiative to promote quality teaching and learning, facilitate responsiveness and develop and implement trade qualifications for economic growth. The centres will provide TVET colleges with a model for the implementation of Quality Council for Trades and Occupations (QCTO) qualifications, while developing in-demand artisanal skills, starting with the Strategic Integrated Projects (SIPs). EWSETA is leading the occupational career development for the plumbing and electrical trades. As part of our Service Level Agreement (SLA) with the DHET, the Board also committed to enrolling a specific number of learners in the Centres of Specialisation.

Due to the multi-stakeholder approach employed by the Centres, which introduced strategic partnerships with the industry associations for the respective trades, EWSETA partnered with the Institute of Plumbing South Africa (IOPSA) and Steel and Engineering Industries Federations of Southern Africa (SEIFSA). The participating associations are appointed by the DHET as Occupational Technical Convenors to provide technical advice and support to the DHET with the implementation.

Reports on our skills planning and development activities are available on the following pages.

Way forward

Our Board gave us a mandate to be disruptive, think smarter and increase our impact. This means business unusual by being creative within the directives of our mandate. The Ministerial and other flagship projects are leading the way and there is no doubt that exciting times lie ahead. My team and I look forward to being part of EWSETA's journey along this new trajectory.



Tsholofelo Mokotedi
Acting Executive Planning, Reporting and Monitoring
31 July 2019



The Centres of Specialisation aim to promote quality teaching and learning, facilitate responsiveness and implement trade qualifications while developing in-demand artisanal skills for economic growth.

SKILLS PLANNING AND DEVELOPMENT

The Skills Planning and Development Department drives the strategic planning, research and skills development across EWSETA to ensure that we fulfil our mandate, drive continuous improvement and meet legislative, regulatory and performance standards. The department manages sector skills planning and assists employers to claim mandatory grants through workplace skills planning and reporting.

Sector Skills Plan update 2018

In accordance with the Skills Development Act 1998 (97 of 1998, as amended), each SETA is required to develop a Sector Skills Plan (SSP) within the framework of the National Skills Development Strategy (NSDS). EWSETA updated its SSP, which was approved by the DHET.

The Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs) submitted by employers in 2018/19 formed the basis for SSP 2018 update.

EWSETA also conducted empirical research to develop and update the SSP. This included an online sector survey with sector employers. The findings were used for comparative purposes and a systematic analysis data and information from sources such as Quantec, BMI and StatsSA to identify sector trends.

The compilation of the hard-to-fill vacancy (HTFV) list involved an analysis of WSPs, data validation through stakeholder interviews and a skill needs survey among employers. The annual update enables EWSETA to implement National Qualifications Framework (NQF) registered and quality-assured PIVOTAL programmes that address the identified skills gaps within the sector.

Impact Study

The impact study conducted during the past year entailed empirical, primary and secondary research. We identified a number of critical areas that provided greater insight into

the effectiveness of our Work Integrated Learning (WIL) interventions designed to respond to skills needs across the energy and water sectors. The study also highlighted opportunities for evidence-based decision-making.

Mandatory Grants

The final submission date for WSPs and ATRs) was 30 April 2018. The quality of data received through the WSP/ATR process continues to improve. EWSETA requires employers to collect and provide individual employee data instead of aggregated data to enhance data accuracy, reliability and consistency. This also compels employers to give individual attention to the skills needs of every employee in the workplace.

EWSETA supports the process through training workshops at various venues across the country and one-on-one training where necessary.

We again conducted stakeholder capacity building sessions in all nine provinces from 16 January to 1 February 2018.

We also aligned our Mandatory Grant Policy with the key KPIs for administering mandatory grants. The policy is updated annually to address issues identified by the committee. The WSP is central to the SPP to inform sector planning. During the past year, stakeholder interventions contributed to progressive improvements in our mandatory grants process.

Although SARS compliant, some levy-payers remain inactive. The majority of employers are SMMEs, of which only 6% (3% large and 3% medium entities) are levy payers. This means that 94% of micro and small enterprises do not pay levies. From a SETA perspective, we need to address issues such as cumbersome processes to change this reality and attract medium and large enterprises in the energy and water sectors.

We are also assisting wrongly-placed employers who want to move to EWSETA in the inter-SETA relocation process.

“We are excited and encouraged by the growing visibility of the impact EWSETA is having through learning programmes, learnerships, artisan programmes and work integrated learning (internships).”

PART E

Corporate Services

Delivering service excellence to stakeholders requires the effective integration of human resources, information technology, facilities and marketing and communication management as a critical strategic tool with a direct influence on organisational culture, conduct and reputation.

“We are what we repeatedly do. Excellence, therefore, is not an act but a habit.”
- Aristotle



Executive Overview of Corporate Services



“Our Corporate Services Branch cultivates the people, technologies, information, communication and reputation of EWSETA to help fulfil its mandate. We do this by building a capable and engaged workforce with access to modern technologies and the latest developments in our fields of expertise and with the institutional knowledge to meet and exceed stakeholder expectations and strengthen our brand equity.”

The past year has been challenging and, at times, difficult to navigate. There is no doubt that our environment impacts on how we function. At a macro level, the country's political volatility affects people directly, while the uncertainties in the SETA environment, including a change in Ministers and possible mergers in the future SETA landscape, have certainly affected employee morale. As a branch, we have worked tirelessly to counter these developments with positive and forward-thinking solutions to enable an organisation where smarter thinking, leads to greater impact.

Corporate Services plays a crucial role in delivering EWSETA services to stakeholders through a comprehensive range of human resource development, information management and information technology, facilities management and marketing and communication support.

We combine, consolidate and provide support services to our internal and external stakeholders by integrating our specialised insights, sector knowledge and industry best-practices with the strategic objectives of the organisation. In this way we contribute, efficiently and effectively, to

fulfilling EWSETA's mandate of skills development and training within the energy and water sectors.

Our goal is to support EWSETA with a range of responsive, innovative and quality-driven human resource, ICT, facilities management and marketing and communication services and systems that are integral to the organisation's efficient functioning as a top-performing SETA.

Our strategic objectives (see page 10) are aligned with those of EWSETA, namely to:

- 1.3 Attract, develop and retain the right people, in the right positions for the Authority throughout the planning period.
CS driver: To recruit and retain appropriately skilled staff and maintenance of appropriate skills levels through training and development.
- 1.4 Optimal utilisation of ICT to enable the Authority to deliver on its mandate.
CS driver: To provide ICT infrastructure, systems and business applications to support the Authority to deliver on its mandate.

- 1.5 Market and promote the work of the Authority to stakeholders through internal and external communication.

CS driver: To increase knowledge and access to EWSETA's services by developing a three-year communication strategy and annual plan for engagement of external and internal stakeholder liaison.

Some of our 2018/19 highlights

- Submitted our 2018/19 WSP/ATR reports and Employment Equity Plan and report within the stipulated deadlines
- Implemented a performance rewards programme for the first time successfully
- Provided employees with bursaries for career-related NQF-aligned qualifications
- Fully utilised our 2018/2019 employee development budget allocation that included participation by 32 employees in 19 different local training and development courses, a representation of approximately 63% of the total employee complement
- Successfully filled prioritised vacant positions and seamlessly negotiated salary increments during the reporting period.

Other initiatives

During the reporting period, we improved our performance management policy, performance evaluations timelines and regular performance feedback to employees. These initiatives have added stability to our work environment and is already showing evidence of improving employee morale. And while the move of our business operations to new premises, as an interim measure prior to the move to Cape House, was unsettling, we achieved it without any business downtime.

An important focus and achievement during the past year was the development of a Cyber Security Policy that was approved by the Board and which we are already implementing. In addition, we implemented a new ICT governance system with improved controls, which not only exceeded the set APP target but from which we started reaping benefits almost immediately.

We also mapped and documented our core business processes successfully to address certain management information system (MIS) deficiencies, identify further areas for improvement and capitalise on efficiencies.

Stakeholder engagements

The past year was again filled with a variety of stakeholder engagements to maintain the momentum of creating and embedding awareness about EWSETA and its role in skills development and training in our sectors. An exciting first was the rollout of EWSETA's Rural2Rural Career Guidance Roadshow. The impact was felt instantaneously by both learners and EWSETA representatives and we look forward to increasing our impact this roadshow in the year ahead.

Corporate Services also collaborated robustly with all our departments internally to optimise our brand positioning and awareness creation at key stakeholder events such as the Water Institute of South Africa (WISA) Conference, 2018 Southern African Energy Efficiency Confederation (SAEEEC) Conference and Power and Electricity World Africa Conference and Exhibition (PEWA 2019).

Reports on our human resources, ICT and facilities management and marketing and communication activities during the past year can be found on the following pages.

Looking ahead

I am indeed proud of the hard work and commitment from the Corporate Services team during the past financial year.

Going forward, we will create new and innovative platforms to communicate our programmes, opportunities and successes to an even wider range of stakeholders. These will include a social media presence and re-energised brand through revised policies and procedures in a new Corporate Identity Manual that will coincide with the move to Cape House.

With all our HR and ICT systems in place, we can continue to recruit the right people with the right skills to capacitate a workforce that can take EWSETA boldly into a digital future with an ICT roadmap that is sufficiently dynamic to keep us at the forefront of skills and training needs that will be at play in the energy and water sectors of the 4IR.

I would like to thank the Corporate Services managers and their department teams for going the extra mile, under enormous pressure and with a smile throughout. The dedication to your duties has not gone unnoticed nor unappreciated.



Candice Moodley
Corporate Services Executive
31 July 2019

HUMAN RESOURCES

Uncertainties in the political and business environments have affected staff retention and talent acquisition. We are fortunate that the fixed-term appointment of Nkateko Sithole as our Human Resources (HR) Manager in April 2018 created stability and is establishing a work environment that encourages employees to embrace performance excellence.

Our priority in managing talent is based mainly on employing, developing, nurturing and retaining people who contribute to our focus on smarter thinking for greater impact. Visionary leadership from our Board and a commitment to our values as an organisation embeds behaviour that gives effect to our strategic objectives and implementation plans. We are committed to mentoring, coaching, developing and nurturing talent throughout the SETA to increase the capacity and proficiency of employees who will ensure that EWSETA fulfils its mandate.

By their nature, SETAs are a highly stressful environments and employee well-being, therefore, critical to optimised outputs. As such, we launched an assistance programme through the ICAS system that provides all employees and their direct dependents with 24/7, 365-days-a-year support across a range of services. These include health and nutrition support, one-on-one consultations and physiotherapy sessions. The system is completely confidential and the uptake among employees is encouraging.

We also continued to host Wellness Days with opportunities for employees to relax and to express management's appreciation for the hard work and commitment with which employees serve our stakeholders.

Performance management

We used this invaluable tool to monitor and measure progress against set targets. We also improved our self-management, line management and overall performance management support to employees for smarter thinking for greater impact. We regard performance management as the bedrock for creating a culture of ownership and accountability where all employees have clarity about their contribution to and role in meeting APP targets.

A highlight and first for EWSETA was the completion of our performance management cycle in August 2018 and awarding qualifying employees with performance rewards for the 2017/18 reporting period. It has been a long-standing milestone and despite difficulties and delays, the determination and perseverance of the Human Resources team have been richly rewarded. We are now in our 2nd cycle, with improved timelines and contracting, and continued emphasis on the fact that performance management is not designed to be punitive.

The correlation between individual performance management and organisational performance is that people are encouraged to take accountability as individuals and collectively to improve performance overall. The improvement in our performance results for 2018/19 to 74% certainly attests to this and I am confident that we will succeed in entrenching a culture of performance excellence in the organisation.

While new appointments, especially in the higher-skilled resources, have been the right calibre and culture-fit for EWSETA, we also experienced a high employee turnover and lost a number of highly-skilled resources at managerial level. This was caused, mainly, by job insecurity in an uncertain SETA landscape and career growth aspirations. We also, sadly, bid farewell to Errol Gradwell, our previous CEO whose contract came to an end but are encouraged by the way our acting CEO, Mpho Mookaple, took up the reigns and is leading from the front.

The implementation of a number of newly revised and approved HR policies have contributed to greater efficiency in dealing with people-related issues, such as leave management and disciplinary and grievance cases. Our robust labour and employee relations policies, open door policy across all management levels and an HR manager who addresses issues before they become disputes also added value to improved efficiencies.

We also implemented the recommendations from our first skills audit, which provided each employee with a skills report card at the end of the previous financial year. I am especially proud of the robust drive by the HR team to train and develop our employees of whom approximately 63% participated in some form of training. We used our entire employee training budget for the first time, enrolling some employees in tertiary degree studies while others completed short courses. This will undoubtedly increase the ability of employees to contribute to the impact we are striving for within the sectors we serve.

Our employment equity (EE) focus has been on training and capacitating EE committee members and implementing the second year of our three-year 2017/18 - 2019/20 Employment Equity Plan. The Department of Labour acknowledged the submission of our 2018 EE Report and confirmed EWSETA's inclusion in the Employment Equity Public Register for 2018 set for publication by the Minister of Labour in terms of Section 41 of the Employment Equity Act.

During the reporting period, we conducted job grading and valuations, pay scale reviews and a salary benchmarking assessment and received the related reports and recommendations. Going forward, we will focus on addressing the recommendations in collaboration with the Board, EWSETA management and our recognised union.

Some challenges in our human resources environment

- Higher employee turnover than in the previous year (8% in 2017/2018 to 13.73%)
- Competing with the private sector for competitive remuneration
- Delayed approval of the retention and succession policies.

Despite these and other challenges, including numerous delays in moving to our new offices at Cape House in Marshalltown, Johannesburg and the resultant negative effect on employee morale, our employee engagements and improved communication are reviving positivity and I look forward to a more energised and committed workforce as we head towards the end of this NSDS III period.

The following tabulated information reflect EWSETA's human resources information pertinent to the period under review.

Table 18 Personnel cost per programme

Programme	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure (R'000)	Number of employees	Average personnel cost per employee (R'000)
Admin	40 738 000	92.9%	72	565 805
War on leaks	3 108 550	7.1%	10	310 855
TOTAL	43 846 550	100%	82	534 714

Table 19 Personnel cost per salary band

Level	Personnel expenditure (R'000)	% of personnel expenditure to total of personnel cost (R'000)	Number of employees	Average personnel cost per employee (R'000)
Top management	1 083 438	2.7%	1	1 083 438
Senior management	5 087 832	12.5%	3	1 695 944
Professionally-qualified	14 035 220	34.5%	19	738 695
Skilled	13 465 400	33.1%	25	538 616
Semi-skilled	7 066 107	17.3%	24	294 421
Unskilled	0	0.0%	0	0
TOTAL	40 738 000	100%	72	565 805

“We are succeeding in driving talent development and performance management and embedding a culture of output excellence among our most important stakeholders - our employees.”

“We believe that with the necessary skills and competencies to excel, EWSETA employees will deliver above and beyond expectations.”

Table 20 Performance rewards

Level	Performance rewards	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top management	125 302	1 083 438	11.57%
Senior management	472 946	5 087 832	9.30%
Professionally-qualified	1 137 424	14 035 220	8.10%
Skilled	748 184	13 465 400	5.56%
Semi-skilled	453 590	7 066 107	6.42%
Unskilled	0	0	0.00%
TOTAL	2 937 448	40 738 000	7.21%

Table 21 Training costs

Directorate/ Business Unit	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	Number of employees trained	Average training cost per employee
Operations	17 990 889	298 908	1.66%	15	19 927
Planning, Reporting & Monitoring	7 136 280	95 063	1.33%	5	19 012
Finance	8 313 472	110 225	1.33%	9	12 247
Corporate Services	5 504 153	80 473	1.46%	9	8 941
Chief Executive Office	1 793 204	0	0.00%	0	0
TOTAL	40 738 000	584 669	1.44%	38	15 386

Table 22 Employment changes

Level	Employment at beginning of period	Appointments	Terminations	Employment at end of period
Top management	1	0	1	0
Senior management	3	0	0	3
Professionally-qualified	17	3	4	16
Skilled	57	2	3	56
Semi - Skilled	1	1	1	1
Unskilled	0	0	0	0
TOTAL	79	6	9	76

Table 23 Equity targets, employment equity status and disabled staff status

Level	African	Coloured	Indian	White				
Male	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	0	0	0	0	0	0	0
Senior management	1	0	0	0	0	0	0	1
Professionally-qualified	10	0	0	0	0	0	0	0
Skilled	12	1	0	0	0	0	0	1
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	23	1	0	0	0	0	0	2
Female	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	0	0	0	0	0	0	0
Senior management	1	0	0	0	0	0	0	0
Professionally-qualified	7	0	0	0	0	0	0	0
Skilled	38	0	0	0	0	0	0	1
Semi-skilled	0	0	1	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	42	0	1	0	0	0	0	1
Disabled Staff								
Top management	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0
Professionally-qualified	0	0	0	0	0	0	0	0
Skilled	0	0	0	0	0	0	0	0
Semi-skilled	0	0	1	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	0	0	1	0	0	0	0	0

Table 24 Reasons for terminations

Reason	Number	% of total number of staff leaving
Death	0	0
Resignation	7	8.86
Dismissal	1	1.3
Retirement	0	0
Ill-health	0	0
Expiry of contract	1	1.3
Other	0	0
TOTAL	9	11.46

Table 25 Labour relations: Misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal warning	0
Written warning	0
Final written warning	0
Dismissal	1
Grievance	3
CCMA	4
TOTAL	8

ICT AND FACILITIES MANAGEMENT

An enabling environment

Our ICT Strategic Initiative 1, to “Create an enabling environment”, remains a priority to create a business environment conducive to the optimal application and functioning of ICT tools. This entails embedding governance systems and controls that provides EWSETA with a solid, process-based and secure environment for organisation information and ICT systems.

The implementation of the governance systems and controls immediately stabilised the ICT systems and systems availability, which peaked at above 90% for the financial year.

The rapid growth in cyber security threats identified the need to supplement our existing ICT Security Policy. We developed a Cyber Security Policy that was approved by the Board during the past financial year.

An IT Service Management System

We continue to strengthen the organisation’s IT service management by ensuring that current processes, such as those for incidents, problems, capacity and availability, remain in line with best industry practises (ITIL) and, importantly, aligned with addressing business requirements. As such, all ICT-related requests and incidents are recorded, categorised and executed correctly and accurately.

Integrated management, ICT security, document management and datacentre consolidation

We implemented an integrated management information system (MIS) and mapped and documented EWSETA core business processes successfully. The MIS will help to identify duplication, uncover inefficiencies and streamline business processes to capitalise on opportunities for effective automation.

Consolidating our data centre entails the integration of EWSETA’s overall ICT roadmap and implementation of a WAN infrastructure (MPLS VPN), which is included in the Cape House Project Plan and set for roll out after the move to the new premises in the new financial year.

The Records Management Policy was reviewed and approved, while the National Archives and Records Services of South Africa approved our file plan. The policy and file plan, with the mapped and documented business processes, will support the implementation of an

Electronic Document and Records Management System in the year ahead.

Other initiatives

We appointed a contractor to refurbish the Cape House building, which is 95% completed. This augurs well for a move to Cape House in the 2019/20 financial year.

As an interim measure, we moved EWSETA’s offices from the Sentinel Building to Building B at the Sunnyside Office Park due to an expired contract for the Sentinel Building. Moving the systems and records to the new building with minimal business downtime required careful and meticulous planning. The successful execution of the move ensured that our services remained available to stakeholders at all times during move.

Some challenges

EWSETA’s ageing ICT infrastructure (servers and telephone system) will require new servers and the implementation of a virtual environment for server consolidation, high applications availability and hardware cost savings. This will be addressed in the next financial year.

MARKETING AND COMMUNICATION

The Board’s smarter thinking for greater impact challenge has reverberated through the marketing and communication corridors throughout the past year – discussed, debated and deliberated upon to reach a common understanding of its impact on our marketing and communication activities. I believe that we have laid the foundation for positioning the SETA’s ability in this regard and its resultant value-addition to our internal and external stakeholders.

At the end of the reporting period we had distributed eight informative and well-received editions of our newly launched newsletter, EWSETA Chronicle. We thank our stakeholders for their contributions to the newsletter, which also reports on our activities, achievements and top performers.

During our 2018/19 Annual General Meeting (AGM), we showcased women-owned SMMEs working in the green economy. The AGM has become a successful marketing platform that creates opportunities for immediate stakeholder feedback on our activities, services and performance. In response to concerns about turnaround times, our Chairman committed to improved performance. We met this commitment and are finalising a Service Delivery Charter for roll out in the forthcoming period to continue meeting stakeholder expectations.

We have also simplified our communication, submission, application and SSP processes with the use of infographics in the newsletters, brochures, WSP process, events and roadshows to increase stakeholder uptake and response. Our participation in strategic events increases stakeholder engagement and brand positioning opportunities. During the past year, we participated in the Africa Energy Indaba, Africa Utility Week, Green Youth Event and WIESA Biannual Conference, among others. We joined, by invitation as a sector partner, a Department of Water and Sanitation delegation to the World Water Week in Stockholm, where we sponsored the South African water sector exhibition stand and attended sessions about the global water sector's Sustainable Development Goals (SDGs).

We also participated in the National Skills Conference and Awards event and partnered with and co-sponsored the Black Business Council's (BBC) Built Environment Water and Sanitation workshop. We regard the BBC as a key transformation partner in supporting SMMEs.

Our career guidance initiatives emphasised rural outreach, specifically among the rural youth, to create awareness about the many and varied career opportunities in the energy and water sectors. In this regard, we exceeded our APP targets for the distribution of career guides (15 800 against a target of 12 000) and career events (25 against a target of 20). The latter included learners from 15 schools who attended our rural career guidance road shows in the North West, Limpopo and Mpumalanga.

We also pledged bursaries to grade 12 students accepted in EWSETA qualifications for the 2019/2020 academic period and exceeded our marketing targets with the distribution of eight publications (against a target of 4) and a stakeholder satisfaction score of 81%.



This QR code can be used to access the YouTube video of our rural career guidance roadshow in Quarter 4 of the year under review.



PART F

Governance

“Sound governance is integral to good corporate citizenship. Good corporate governance acknowledges that an organisation does not operate in a vacuum but is part of society and therefore accountable to current and future stakeholders. Good governance requires the mindful application of governance principle to harness the benefits in the interests of the organisation.”

**- King IV Report on Corporate Governance for South Africa,
November 2016**



CORPORATE GOVERNANCE OVERVIEW

Introduction

The Executive Authority exercises its powers and responsibilities in respect of the EWSETA Constitution to ensure that the EWSETA's objectives are implemented and functions executed in compliance with the Act, National Skills Development Strategy (NSDS) and policies of the Executive Authority and government. This is managed through a Service Level Agreement that outlines the minimum service levels required from the SETA in performing its statutory functions, meeting NSDS targets and implementing its strategic plan and annual performance plan.

Governance

The EWSETA's governance standards compare well with best practice and guide the organisation in entrenching its values in its day-to-day activities. The entity applies the sound corporate governance structures and processes that the Board considers fundamental to delivering the EWSETA's constitutional, legislative and policy mandates. The values-driven culture underpins the governance structures and processes that commits the organisation to high standards of business integrity in all its activities. Governance structures and processes are reviewed regularly and adapted to accommodate internal developments and reflect best practice.

The Role of the Board

The Board governs and manages EWSETA in accordance with applicable legislation and provides strategic direction. As the King IV Code of Corporate Governance articulates, the essence of good governance emanates from effective leadership. The EWSETA Board and Executive Management, therefore, play a critical role in ensuring that the organisation fulfils its strategic and operational objectives towards sustainable performance and meeting the needs of its stakeholders.

The roles and functions of the Board, as articulated in the EWSETA Constitution, are to govern and manage EWSETA and ensure that the entity achieves its objectives and performs the functions contemplated in its Constitution. The Board also provides strategic direction for the EWSETA and ensures that the entity complies with the relevant statutory requirements and those of the SETA Constitution. Institutional risk and EWSETA performance are managed and monitored by the Board.

The Board paid special attention to the following governance matters:

- Review of the standard SETA Constitution as required by the Executive Authority
- Review of delegation of authority to ensure alignment with the mandate
- Review of the finance and HR policies
- Approval of the ICT Governance Framework
- Approval of a consolidated Consequence Management Framework.

Board and Board sub-committees

The fully operational Board consists of representatives from organised labour, organised employers and independent members, as depicted on page 70.

Composition of the Board

The EWSETA Board members represent the SETA's sector constituencies and stakeholders, namely: organised labour, organised employers, relevant government departments and Ministerial appointees, as profiled on pages 73 to 77.

Remuneration of Board members

An allowance is paid to Board and Committee members for their attendance of and contributions to official meetings. The allowance rates approved by the Minister of Higher Education and Training are in accordance with the remuneration level sub- category S, as determined by the Minister of Finance in the "Circular from the National Treasury on Adjustment of the Remuneration Levels". The Audit and Risk Committee members are remunerated according to the same rates as Board members as approved by the Minister of Higher Education and Training.

In accordance with Circular 2, (Remuneration Tariffs for the Boards and Committee members of SETAs and non-SETAs that report to the Department of Higher Education and Training) issued by the Minister of Higher Education and Training, daily rates are applied for meeting fees, in addition to preparation fees relevant to Board and Committee meetings attended.

Allowances are paid to the Ministerial appointments and independent Committee members. Other Board members who are considered public officials or government employees are not remunerated for meeting attendance unless they take unpaid leave from their respective positions to attend the meetings. Allowances are also subject to relevant tax rates.

Legal and regulatory compliance

The EWSETA ensures that it complies with laws and regulations through its governance structures and in accordance with its mandate as formally communicated by the Executive Authority and National Treasury.

Furthermore, the EWSETA has aligned its activities with the Executive Authority compliance calendar to ensure that there is consistent focus on and adherence to compliance responsibilities.

Employees in their individual capacity are also required to comply with all applicable laws and regulations which relate to their activities for and on behalf of EWSETA.

Minimising conflict of interest

Board and Committee members are required to complete a declaration of interest form to declare their interests in any of the matters on the agenda before any meeting starts. Where a member is deemed conflicted, he or she is requested to recuse themselves from the deliberations.

Company Secretary

The services of a company secretary are outsourced to a dedicated service provider who coordinates the activities and provides full support to the EWSETA Board and its subcommittees. This includes the tracking of crucial information regarding compliance responsibilities, which is in line with the standard EWSETA Constitution and Sector Education and Training Authority's Governance Charter. Most critical is the execution of proper governance systems and methods to allow the Board and management to meet all the mandatory compliance deadlines.

Composition of the Board

Ministry of Higher Education and Training (Executive Authority)



EWSETA Board

Board & Sub-committees	Board members	Executive Committee (EXCO)	Audit & Risk Committee (ARC)	Finance Committee (FINCOM)	HR & Remuneration Committee (HRRC)	Learning Programmes Committee	Quality Assurance & Compliance Committee (QA)	Skills Planning Committee (SPC)
Non-Executive Directors	F Baleni (MA) (Chairman) V Bikitsha (OL) Dr L Goldman (OB) K Makgohlo (OB) S Makume (OB) L Manamela (OB) S Manyama (OL) T Montoedi (OL) N Radebe (OL) P Ramunenyiwa (OB)	F Baleni (Chair) L Manamela T Montoedi V Bikitsha	S Thomas (Chair) L Manamela N Mufamedi T Tshitangano	L Manamela (Chair) V Bikitsha N Radebe G Nguni S Musundwa	T Montoedi (Chair) F Baleni S Makume C Mokoena J Modise S Gumede	T Montoedi D Mtshweni M Moleko	K Makgohlo S Makume N Radebe	P Ramunenyiwa (Chair) S Makume S Manyama N Radebe N Libiya
Executive Management	E Gradwell (CEO) M Mookapele (CFO) I Molete (COO)	E Gradwell I Molete C Moodley (CSE) M Mookapele T Mokotedi (AEPRM)	E Gradwell I Molete C Moodley M Mookapele T Mokotedi	I Molete M Mookapele	C Moodley	I Molete	I Molete	T Mokotedi

Terms of Reference of Committees	Oversees the management of all financial matters of the EWSETA; and ensure that the entity achieves its objectives and performs the functions contemplated in Constitution. The Board also sets the strategic direction for the EWSETA and ensures that the entity complies with the relevant statutory requirements and those of the Constitution. The institutional risk and the performance of the EWSETA are managed and monitored by the Board.	Oversees the management of all financial matters of the EWSETA; and supervises the implementation of the policies of the Board. The Committee will further perform any other function or duty as delegated to it by the Board or conferred upon it by the Constitution. The EXCO oversees the functioning of all the subcommittees --- monitors and ensures the right governance structures and functions are maintained and consistent with the best practises. The Strategic Plan and APP are recommended to the Board by the EXCO.	Serves as a mechanism for the Board to monitor and reinforce the effectiveness of both the internal control system and internal and external audit (Auditor-General) functions in accordance with the ARC and Internal Audit Charters. The ARC also reviews and assesses the adequacy of reporting to the Board by the Chief Executive Officer in terms of the quality, quantity and timing of information necessary to understand and report internally and externally on the entity's risks, operational and financial condition.	Ensures that the EWSETA meets the requirements of the SDA, PFMA and the Treasury Regulations in relation to finance administration and reporting as well as compliance with laws, regulations and ethics	Reviews the appropriateness of the organisational structure, competence and qualifications of the EWSETA human resource on an annual basis. All issues relating to the remuneration of staff and the CEO of EWSETA, as well as remuneration policies, plans and practices are evaluated and recommended to the Board by this Committee.	Evaluates and recommends the Learnership strategy and business plans for the implementation of learnerships in the sectors. Additionally, the development of policies, principles, criteria and guidelines related to learnerships, as well as the monitoring of basic management functions of the learnership system for the Energy and Water sectors, (including administration of contracts), registration of learnerships and disciplinary issues relating to the learnerships system are the functions of the Committee.	Ensures development of policies, principles, criteria and guidelines related to Education and Training Quality Assurance (ETQA) for recommendation to the Board. Ensures registration of accredited assessors and moderators / verifiers of national qualifications in the sector for specific standards or qualifications in terms of the criteria established for this purpose; Recommends the issuing of certificates to competent learners by EWSETA. Cooperates in the moderation of assessment and of quality assurance across sectors.	Facilitates a baseline research relating to water and energy sectors; ensures preparation of the sector skills plan; recommending its adoption to the Executive Committee; and then monitors / evaluates implementation of the EWSETA Sector Skills Plan, Workplace Skills Plan / Annual Training Report, NSDS III targets, and report to the Board
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OL = ...; OB = ...; INED = ...; CSE = Corporate Services Executive; AEPRM = Acting Executive Planning, Reporting and Monitoring
 • Composition of the Board: Name, gender, organisation, position and/or qualifications, other leadership roles and/or Board Directorships
 • Board and Committee members meeting attendance for the 2017/18 financial year
 • Report of the Audit and Risk Committee


Executive Attendance at Meetings and Fees Paid/Travel Costs



Number of meetings	EWSETA Board	EXCO	ARC	FINCOM	GOVCOM	HRRC	LPC	QACC	SPC	Fees Paid	Travel Costs
Scheduled	4	4	5	4		5	2	3	3		
Special	2		5								
Strategic Planning Session	2										
AGM	1										
Induction	2										
Board members										R	R
Frans Baleni	6	4				4				172 019	4 621
Tshimane Montoedi	5	4				4	1			163 363	5 755
Vuyo Bikitsha	4	4		2		1				94 974	433
Lester Goldman	4			4						99 291	783
Ndlela Radebe	4			3				3	3	133 827	5 899
Saki Makume	6					3		3		125 193	5 410
Sello Manyama	4								3	100 297	2 583
Lethabo Manamela	3	4	3							-	6 036
Makgohlo Kwena	3									-	1 300
Petunia Ramunenyiwa	3		4						2	-	-
Moketenyanane Moleko	2									-	-
Independent members of the ARC											
Shelley Thomas	3		10							215 008	946
Tom Tshitangano			9							105 742	612
Nomusa Mufamadi			8							84 021	1 624
Executive Management											
Ineeleng Molete	4	4	5				2	3		-	-
Mpho Mookapele	3	4	7							-	-
Candice Moodley		4	4			5				-	-
Tsholofelo Mokotedi		4	6						3	-	-

Composition of the Board

Member	Gender	Constituency	Organisation	Position and/or qualifications	Other leadership roles and/or Board Directorships
	Frans Baleni	Male	Ministerial Appointment	Independent Chairperson/Director of Companies	DBSA (Deputy Chairman), PetroSA (non-Executive Director), Field Band Foundation (Trustee), Chris Hani Institute (Director), University of Johannesburg (Member), F11 Management Consulting (Director), Mining Indaba (Member), Sibanye Holding Mining (Member), ADC Cables (Chairman), Thelle Mogoerane Hospital Advisory Board (Chairman)
				BA: Social Science Development Studies (University of Johannesburg) Diploma in Political Science and Trade Unionism (Whitehall College, Ireland) BOD Certificate (IMD, Switzerland)	
	Lethabo Manamela	Female	Organised Business	South African National Energy Development Institute	CFO -SANEDI
				B Compt Accounting (University of the North) Bridging Certificate in the Theory of Accounting (RAU) Certificate in the Theory of Accounting (RAU) BCom Accounting Honours (RAU) Executive Development (WITS)	

Member	Gender	Constituency	Organisation	Position and/or qualifications	Other leadership roles and/or Board Directorships
 <p>Lester Goldman</p>	Male	Organised Business	WISA	<p>Dr of Business Administration (NMU) South African Institute of Professional Accountants (Professional Accountant SA)</p> <p>Master of Business Administration (Business School Netherlands)</p> <p>Certificate in Applied International Management (AF Consulting, Stockholm Sweden)</p> <p>Bachelor of Commerce: Accounting (UPE)</p> <p>Diploma in Business Management (Damelin Management School)</p>	<p>Fellow: Institute of Directors in Southern Africa; Full Member: SA Institute of Professional Accountants; Full Member: SA Institute of Management Scientists; Full Member: WISA; Accredited ISO Internal Auditor: NQA; Certified Mentor & Coach: MBCI International; Director: WISA; Chairman-volunteer: Genetic Alliance South Africa NPC</p>
 <p>Saki Makume</p>	Male	Organised Business	-	<p>M.Phil Labour Law and Employment Relations (UJ)</p> <p>Development Programme in Labour Relations (Unisa)</p> <p>Advanced Certificate: Mediation and Arbitration (UNW)</p> <p>Advanced Diploma in Labour Law (RAU)</p> <p>B.Tech Human Resources Management (VUT)</p> <p>Certificate in Labour Relations Management (RAU)</p> <p>National Diploma: Personnel Management (VUT)</p>	-

Member	Gender	Constituency	Organisation	Position and/or qualifications	Other leadership roles and/or Board Directorships
 <p>Kwena Makgohlo</p>	Male	Organised Business	Department of Energy	National Diploma Human Resources Management (Technikon North West) B-Tech Degree Human Resources Management (Unisa)	-
 <p>Sello Manyama</p>	Male	Organised Labour	Greater Tzaneen Municipality	Certificate in end user computing (Stanford Computer & Business College) Certificate in Gardening and Horticulture (Intec College)	Various roles within SAMWU. Currently Provincial Chairperson

Member	Gender	Constituency	Organisation	Position and/or qualifications	Other leadership roles and/or Board Directorships
	Male	Organised Labour	National Union of Mineworkers (NUM)	National Technical Certificate – N3 – Mechanical (Vereeniging Technical College) Fundamental Management Programme (NWU) Trade Unionist Development Programme: Labour Law (Wits) Development Programme in Labour Relations (SBL, UNISA) Advanced Certificate Course in Labour Relations (Potchefstroom University for Christian Higher Education) Certificate Course in Labour Relations Management (UNISA) Busy with LLB (UNISA)	Regional Chairperson and NUM NEC Member, Chairperson of the Quality, Assurance and Compliance Committee; Chairperson of the NEC Sub-Committee for Economic Transformation.
	Female	Organised Business	Department of Water and Sanitation	BA Psychology (University of Venda) University Education Diploma (University of Venda). MBA (MANCOSA) (Current)	Department of Water and Sanitation: Operational Support, Coordination and Consolidation (Chief Director)

Member	Gender	Constituency	Organisation	Position and/or qualifications	Other leadership roles and/or Board Directorships
 <p>Mketenyane Moleko</p>	Female	Organised Business	Umgeni Water	BCom (University of the North) Management Development Programme (Unisa) International Management and Marketing Programme (HPTI Ueberseezentrum Germany) Masters of Business Leadership – subject to completion (UNISA) Postgraduate Diploma in Business Management (MANCOSA)	Chair of the Umgungundlovu TVET College Council; Secretary of the KZN Provincial TVET Governor's Council
 <p>Tshimane Montoedi</p>	Male	Organised Labour	National Union of Mineworkers	Programme in Business Communication (UNISA) Certificate in Human Resources (UNISA) Applied Organisational Development Programme (UNISA) Degree in Organisational and Industrial Psychology (UNISA)	Mineworkers Development Agency (Chief Executive Officer) State Diamond Trader (Board Member) Minerals and Mining Development (Board Member) Unity Incorporation MIC (Board Member)
 <p>Vuyo Bikitsha</p>	Male	Organised Labour	National Union of Mineworkers (NUM)	BA (Rhodes University) Advanced Labour Law (UNISA)	Electricity Sector Coordinator for NUMSA

Report of the Audit and Risk Committee

for the year ended 31 March 2019



We are pleased to present our report for the financial year ended 31 March 2019. The Audit and Risk Committee has an independent role with accountability to the Accounting Authority.

Membership

The committee members and attendance are reflected on page 72 in the Summary Governance report.

In compliance with the PFMA and Treasury Regulations 27.1.3 and 27.1.4, the committee is a subcommittee of the Accounting Authority consisting of at least three independent members including its Chairperson. All the independent members have the requisite business, financial and leadership skills for their role as members of the committee. One of the committee members is an information technology specialist. Furthermore, in line with the Standard SETA Constitution, two other members who are non-executive members of the Accounting Authority form part of the membership of the Audit and Risk Committee.

Key Functions and Responsibilities of the Audit and Risk Committee

The committee fulfils its responsibilities as prescribed in the PFMA, Act 1 of 1999 as amended, and Treasury Regulations 27.1.8 and 27.1.10(b) and (c).

The Audit and Risk Committee has also adopted appropriate formal terms of reference as its Charter, which has been approved by the Accounting Authority and reviewed bi-annually in line with King IV. The committee has regulated its affairs in compliance with this Charter and has discharged its responsibilities as contained therein.

Risk Strategy

The Accounting Authority considers risk management to be a key business discipline designed to balance risk and reward and therefore through the Risk and Audit Committee, oversees the approved risk management strategy. The committee delegated to management the responsibility to design, implement and monitor the risk management plan. To this end, the following internal arrangements exist that monitor and report on various components of risk to the Audit and Risk Committee:

- A dedicated risk management function which assists management to proactively identify, assess and manage risks facing the entity.
- An approved risk management strategy and the fraud prevention plan in place.
- A risk register is submitted to Internal Audit annually to be used as basis to develop the annual and three year rolling Internal Audit coverage plan.
- The risk management strategy is accessible and communicated to all employees through training and awareness programmes.
- Internal assurance from the Risk management function is obtained through quarterly risk management reports and dashboard prepared in accordance with the risk management framework.
- Independent internal audit function which follows a risk-based audit approach based on the EWSETA risk register provides assurance on the appropriateness and effectiveness of the control systems in operation.

Effectiveness of Internal Audit

Internal Audit is a key internal assurance provider and provides the Audit and Risk Committee with a report of its activities which, along with other assurance provider sources, is used by the Committee in reporting on and assessing the system of internal control and risk management. In accordance with the Treasury Regulations 27.2.7 the internal audit function prepared a three-year strategic internal audit plan based on the risks facing the public entity.

Furthermore, the information systems environment; the reliability and integrity of financial and operational information; the effectiveness of operations; safeguarding of assets; and compliance with laws, regulations and controls were evaluated by the internal audit in line with the Treasury Regulation 27.7.10.

There were several material matters raised by internal audit during the current financial year. The Audit and Risk Committee is providing oversight to ensure timely and effective resolution to these matters. Where inadequate or ineffective controls have been identified, management is in the process of implementing adequate and effective controls.

Assurance by the Independent External Auditor

During the year, the Audit and Risk Committee reviewed and approved the external audit plan, including the proposed scope and audit fee. The external audit reports for the year pertaining to the Annual Financial Statements for year ended 31 March 2019 were received and reviewed.

IT Governance

The Audit and Risk Committee provides oversight over the IT systems and automated controls and mechanisms within the EWSETA's operating environment. To this end, strengthening of the ICT governance was a primary objective of the IT and Facilities department with the ICT Governance Framework; Cyber Security Policy and ICT Usage Policy being approved during the financial year. An ICT Steering Committee is in place which considers significant IT investment and expenditure; technology performance and compliance with service level agreements with business.

The CFO and Finance Functions

The committee is satisfied with the expertise, resources and experience of the CFO and finance department.

The Quality of Management and Quarterly Reports submitted in terms of the PFMA

The Audit and Risk Committee is satisfied with the content and quality of the quarterly reports prepared by Accounting Authority and the management of the EWSETA during the year under review.

Evaluation of the Annual Performance Report, Annual Financial Statements

The Audit and Risk Committee has reviewed and discussed the audited Annual Performance Report and the Annual Financial Statements with the independent external auditor and the Accounting Authority. Significant adjustments resulting from the audit have been reviewed.

The Annual Report, Annual Performance Report and Annual Financial Statements for the year ended 31 March 2019 have been evaluated and the Audit and Risk Committee considers that these comply, accept as disclosed in the paragraph below, in all material respects, with the legislative requirements, and that the adoption of the going concern basis in preparing the Annual Financial Statements is appropriate.

Paragraph 22 of the report of the Auditor General states that "expenditure was incurred in excess of the approved budget, in contravention of section 53 (4) of the PFMA", resulting in irregular expenditure amounting to R88 659 000. The Audit and Risk Committee is of the opinion that the spent of R88 659 000 relating to commitments was approved as part of the approval of the surplus process. For clarity we acknowledge that the EWSETA does not have a surplus but a deficit, however the letter reference relating to this process is titled "permission to retain the surplus".



Ms Shelley Thomas
Chairperson: Audit and Risk Committee
31 July 2019

PART G

Financial Information

Cuba Gooding Jr's immortal line from the movie, Jerry Maguire, "Show me the money!" is what financial statements do. They show the money. They show where a company's money came from, where it went and where it is now.

Ecology

Sustainable
Development

Imp



GREEN BUSINESS

Environment

Management

Success

“King IV emphasises the creation of an ethical culture and mindset. When this mindset is present, individuals and companies will seek to act in the right way – even when nobody is looking – because they understand that to do so makes good business sense and reduces risk”.

Institute of Directors in Southern Africa, 2017

STATEMENT OF RESPONSIBILITY

The Board is responsible for:

- the preparation of the EWSETA's annual financial statements and judgements made in this information
- establishing and implementing internal controls to provide reasonable assurance about the integrity and reliability of the annual financial statements.

In our opinion, the financial statements fairly reflect EWSETA operations for the financial year ended 31 March 2019.

The external auditors listed in this report were engaged to express an independent opinion on the EWSETA's annual financial statements. The external auditors audited these statements for the year ended March 2019 and submitted their report as reflected on pages 83 to 86 of this document.

The annual financial statements of the EWSETA have been approved.



Mpho Mookapele

Acting Chief Executive Officer
31 July 2019



Frans Baleni

Chairman
31 July 2019

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE ENERGY AND WATER SECTOR EDUCATION & TRAINING AUTHORITY (EWSETA)

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Energy and Water Sector Education and Training Authority (EWSETA) set out on pages 90 to 126, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the annual financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the EWSETA as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Skills Development Act, 1998 (Act No. 97 of 1998) (SDA)

Basis for opinion

3. 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 this auditor's report.
4. I am independent of the public entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Responsibilities of the accounting authority for the financial statements

6. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the PFMA and 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.
7. In preparing the financial statements, the accounting authority is responsible for assessing the EWSETA'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

8. 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.
9. 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

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
11. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2019:

Programmes	Pages in the annual performance report
Programme 2 -skills planning	22-23
Programme 3 - learning programmes and projects	23-27
Programme 4- quality assurance	27

13. 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.

14. I did not raise any material findings on the usefulness and reliability of the reported performance Information for these programmes:
- Programme 2 - skills planning
 - Programme 3 - learning programmes and projects
 - Programme 4- quality assurance

Other matters

15. I draw attention to the matter below. Achievement of planned targets
16. Refer to the annual performance report on page 21 to 27 for information on the achievement of planned targets for the year and explanations provided for the under-/over achievement of a significant number of targets.

Report on the audit of compliance with legislation

Introduction and scope

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

Annual financial statements

19. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (b) of the PFMA.
20. Material misstatements of commitments, financial instruments and statement of comparison of budget and actual and related parties disclosure identified by the auditors in the submitted financial statement was corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

21. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R88 659 000 as disclosed in note 29 to the annual financial statements, as required by

section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was as a result of expenditure incurred in excess of the approved budget.

22. Expenditure was incurred in excess of the approved budget, in contravention of section 53(4) of the PFMA.

Other information

23. The accounting authority is responsible for the other information. The other information comprises the Information included in the annual report. The other Information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
24. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
25. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
26. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

27. 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 compliance with legislation included in this report.
28. There was inadequate oversight over the financial and compliance and related internal controls as

some previously reported audit findings were not sufficiently resolved as repeat findings were identified thereby demonstrating that the monitoring and implementation of actions plans was not adequate to address findings raised.

29. Material adjustments were made to the financial statements as a result of inadequate reviews being performed to detect and correct such misstatements prior to the submission of these documents for audit.

Other reports

30. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

Legal proceedings

31. There are legal proceedings relating to prolonged contractual delays on the refurbishment of the administrative building. At date of this report the legal proceedings were still ongoing.

Auditor – General

Pretoria
31 July 2019



**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 skepticism 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 board of directors, which constitutes the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a

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

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are 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 members 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 were 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 upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment.

To enable the members to meet these responsibilities, the accounting authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring 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 members are 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 annual financial statements set out on page 90 to 126, which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2019 and were signed on its behalf by:



Frans Baleni
Accounting Authority Chairperson

ACCOUNTING AUTHORITY'S REPORT

The members submit their report for the year ended 31 March 2019.

1. Review of activities

Main business and operations

The Energy and Water Sector Education and Training Authority (EWSETA) is a Public Entity listed in Schedule 3A of the Public Finance Management Act (Act 1 of 1999) and is established in terms of the Skills Development Act, 97 of 1998. The EWSETA operates under executive authority of the Minister for Higher Education and Training.

The operating results and state of affairs of the entity are fully set out in the attached annual financial statements and do not in our opinion require further comment.

2. 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.

3. Subsequent events

On 22 July 2019 the Minister of the Department of Higher Education and Training re-established the SETAs within a new SETA Landscape from 1 April 2020 to 31 March 2030.

4. Corporate governance

General

The accounting authority is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting authority supports the highest standards of corporate governance and the ongoing development of best practice.

The entity is guided by the principles of the Code of Corporate Practices and Conduct ("the Code") laid out in the King IV Report on Corporate Governance for South

Africa, 2016. The accounting authority discusses the responsibilities of management in this respect, at the Accounting Authority meetings on a quarterly basis.

The salient features of the Code are outlined below:

Accounting Authority

The Accounting Authority:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
 - non-executive members, all of whom are independent members as defined in the PFMA; and
 - executive members.

Chairperson and Chief Executive Officer

The Chairperson is a non-executive and independent member (as defined by the Code).

The roles of Chairperson and Chief Executive Officer are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Remuneration

The remuneration of the Chief Executive Officer is legislated in terms of The Government Gazette No.34720 dated 04 November 2011. The Chief Financial Officer, the Chief Operating Officer, the Planning, Reporting and Monitoring Executive and Corporate Services Executive's remuneration are determined by the Accounting Authority.

Executive meetings

The accounting authority has met on eight separate occasions during the financial year. The accounting authority schedules to meet at least four times per annum.

Annual Financial Statements for the year ended 31 March 2019

Members of Accounting Authority	Designation	Appointment
Frans Baleni	Chairperson	Ministerial Appointee
Vuyo Bikitsha	Member	Organised Labour
Lester Goldman	Member	Organised Business
Kwena Makgohlo	Member	Organised Business
Saki Makume	Member	Organised Business
Lethabo Manamela	Member	Organised Business
Sello Manyama	Member	Organised Labour
Nontsikelelo Mbono (Resigned)	Member	Organised Business
Moketenyane Moleko (Resigned)	Member	Organised Business
Tshimane Montoedi	Member	Organised Labour
Ndlela Radebe	Member	Organised Labour
Petunia Ramunenyiwa	Member	Organised Business

Audit and risk committee

For the current financial year the chairperson of the Audit Committee was Shelley Thomas (Independent member). The committee met nine times during the financial year to review matters necessary to fulfill its role.

Internal audit

The entity has outsourced its internal audit function to BDO. Internal audit is in compliance with the Public Finance Management Act, 1999.

Annual Financial Statements

for the year ended 31 March 2019

	Note(s)	2019 R '000	2018 R '000
Assets			
Current Assets			
Receivables from exchange transactions	2	40 934	39 481
Receivables from non-exchange transactions	3	272 489	314 284
Prepayments	4	17 399	18 629
Cash and cash equivalents	5	508 615	453 521
		839 437	825 915
Non-Current Assets			
Property, plant and equipment	6	61 488	42 882
Intangible assets	7	519	1 664
		62 007	44 546
Total Assets		901 444	870 461
Liabilities			
Current Liabilities			
Payables from exchange transactions	8	57 506	8 227
Payables from non-exchange transactions	9	114 989	135 871
Unspent conditional grants and receipts	10	128 383	12 727
Provisions	11	343 217	357 923
		644 095	514 748
Total Liabilities		644 095	514 748
Net Assets		257 349	355 713
Reserves			
Administration reserve		62 008	44 546
Mandatory grant reserve		100	90
Discretionary grant reserve		195 245	311 084
Total Net Assets		257 353	355 720

Statement of Financial Position

as at 31 March 2019

	Note(s)	2019 R '000	2018 R '000
Revenue			
Non-exchange revenue	12	626 585	292 796
Exchange revenue	13	125	71
Investment revenue	14	26 090	26 909
Total revenue		652 800	319 776
Expenditure			
Mandatory grant and project expenses	15	(668 644)	(278 312)
Administration expenses	16	(39 256)	(35 727)
Employee related costs	17	(40 738)	(38 608)
Depreciation and amortisation	18	(2 279)	(1 695)
Finance costs		(1)	(2)
Repairs and maintenance		(88)	(248)
Loss on disposal of assets		(98)	(24)
Total expenditure		(751 104)	(354 616)
Deficit for the year		(98 304)	(34 840)

Statement of Financial Performance

for the year ended 31 March 2019

	Administration reserve R '000	Mandatory grant reserve R '000	Discretionary grant reserve R '000	Total reserves R '000	Accumulated surplus R '000	Total net assets R '000
Balance at 01 April 2017	45 499	90	344 971	390 560	-	390 560
Changes in net assets	-	-	-	-	(34 840)	(34 840)
Surplus/(deficit) for the year						
Allocation of surplus to reserves	(37 792)	14 480	(11 528)	(34 840)	34 840	-
Excess funds transferred to/from discretionary reserve	36 839	(14 480)	(22 359)	-	-	-
Net income (losses) recognised directly in net assets	(953)	-	(33 887)	(34 840)	-	(34 840)
Total recognised income and expenses for the year	(953)	-	(33 887)	(34 840)	-	(34 840)
Total changes	(953)	-	(33 887)	(34 840)	-	(34 840)
Balance at 01 April 2018	44 546	90	311 084	355 720	-	355 720
Changes in net assets						
Allocation of surplus to reserve	(42 922)	9 849	(65 231)	(98 304)	98 304	-
Excess funds transferred						
Net income (losses) recognised directly in net assets	60 380	(9 839)	(50 541)	-	-	-
	17 458	10	(115 772)	(98 304)	98 304	-
Surplus for the year	-	-	-	-	(98 304)	(98 304)
Total recognised income and expenses for the year	17 458	10	(115 772)	(98 304)	-	(98 304)
Total changes	17 458	10	(115 772)	(98 304)	-	(98 304)
Balance at 31 March 2019	62 008	100	195 245	257 353	-	257 353

Statement of Changes in Net Assets

for the year ended 31 March 2019

	Note(s)	2019 R '000	2018 R '000
Cash flows from operating activities			
Receipts			
Non-exchange revenue		665 166	645 576
Exchange revenue		779	1 531
Interest income		26 090	27 052
		692 035	674 159
Payments			
Employee related costs		(40 738)	(38 204)
Mandatory grant, administrative and project expenses		(576 333)	(659 064)
Finance costs		(1)	(2)
		(617 072)	(697 270)
Net cash flows from operating activities	20	74 963	(23 111)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(19 869)	(765)
Net increase/(decrease) in cash and cash equivalents		55 094	(23 876)
Cash and cash equivalents at the beginning of the year		453 521	477 397
Cash and cash equivalents at the end of the year	5	508 615	453 521

Cash Flow Statement

for the year ended 31 March 2019

Budget on Cash Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Other income	-	-	-	125	125	
Investment income	20 653	-	20 653	26 090	5 437	a
Total revenue from exchange transactions	20 653	-	20 653	26 215	5 562	

Revenue from non-exchange transactions

Transfer revenue

Special project income	-	-	-	315 348	315 348	b
Skills development levy income	333 851	23 101	356 952	295 100	(61 852)	c
Interest and penalties income	-	-	-	16 137	16 137	d
Total revenue from non-exchange transactions	333 851	23 101	356 952	626 585	269 633	
Total revenue	354 504	23 101	377 605	652 800	275 195	

Expenditure

Personnel	(38 726)	1 199	(37 527)	(40 738)	(3 211)	e
Depreciation and amortisation	-	-	-	(2 279)	(2 279)	f
Finance costs	-	-	-	(1)	(1)	
Lease rentals on operating lease	(90)	(3 612)	(3 702)	(3 701)	1	
Repairs and maintenance	(200)	-	(200)	(88)	112	
Administration expenses	(38 736)	(526)	(39 262)	(35 556)	3 706	g
Mandatory grants expenses	(70 302)	-	(70 302)	(61 773)	8 529	h
Discretionary grants expenses	(200 150)	-	(200 150)	(291 520)	(91 370)	i
Special project expenses	-	-	-	(315 351)	(315 351)	j
Total expenditure	(348 204)	(2 939)	(351 143)	(751 007)	(399 864)	
Operating deficit	6 300	20 162	26 462	(98 207)	(124 669)	
Loss on disposal of assets	-	-	-	(98)	(98)	
Surplus/ (Deficit)	6 300	20 162	26 462	(98 305)	(124 767)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	6 300	20 162	26 462	(98 305)	(124 767)	

The material differences between budget and actual amounts are explained in Note 30.

Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2019

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

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

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand and have been rounded to the closest R1,000, except where indicated otherwise. Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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 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:

Useful lives, depreciation and amortisation of property, plant and equipment:

All classes of property, plant and equipment are depreciated on a straight-line basis over the asset's expected useful life to their estimated residual value. The EWSETA reviews the estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period if there is an indication that the useful lives or residual values may have changed. Refer to note 6 for the carrying values property and equipment.

EWSETA's mandate is dependant on the renewal of their operating licence which expires in 2020. Management has a reasonable expectations that the licence will be renewed indefinitely and therefore useful lives are not limited to the term of the licence

Provision for performance bonus

The entity pays performance bonuses in accordance with the approved remuneration policy. The performance bonus provision is based on individual provisional performance scores available at year end.

Allowance for doubtful debts

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

The entity assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit.

The entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

1.2 Property, plant and equipment

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

Annual Financial Statements for the year ended 31 March 2019

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is

located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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

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

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

Leasehold improvements are depreciated over the shorter of the contract period or the assessed useful lives of the assets.

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

Item	Depreciation method	Average useful life
Buildings	Straight line	20 to 30 years
Furniture and fixtures	Straight line	5 to 15 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 to 15 years
IT equipment	Straight line	3 to 8 years
Leasehold improvements	Straight line	Shorter of lease period and useful life of asset

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 expectations about 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.

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

Annual Financial Statements

for the year ended 31 March 2019

1.2 Property, plant and equipment

The entity designates its property, plant and equipment as non-cash generating assets. Property, plant and equipment are used to deliver services and not to generate commercial return.

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 separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 6).

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 6).

1.3 Intangible assets

An asset is identifiable if it either:

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

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.

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.

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.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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

Annual Financial Statements

for the year ended 31 March 2019

Item	Depreciation method	Average useful life
Computer software	Straight line	3 years

1.4 Impairment of non-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.

Non-cash-generating assets are assets other than cash-generating assets.

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 managed 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.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

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 non-cash-generating assets or cash-generating assets, are as follows:

The entity uses its assets to deliver services and not to generate commercial return.

1.5 Grants and project expenditure

Mandatory grants

The grant payable and the related expenditure are recognised when the employer has submitted an application for a grant in the prescribed form, within the agreed upon cut-off period and the application has been approved as the payment then becomes probable. This grant is equivalent to 20% (2018: 20%) of the total levies paid by the employer.

Discretionary grants and project expenditure

A SETA may determine and allocate out of any surplus funds discretionary grants to employers, education and training providers and workers of the employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period. The grant payable and the related expenditure are recognised when the application has been approved, training has taken place and conditions have been met.

Project expenditure comprises:

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

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

Discretionary grants and project costs are recognised as expenses in the period in which they are incurred.

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for the year ended 31 March 2019

Retrospective adjustments by SARS

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

1.6 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the EWSETA has complied with any of the conditions embodied in the agreement. To the extent that the conditions have not been met, a liability is recognised.

1.7 Budget information

The approved budget is prepared on an accrual basis and presented by economic classification. Non-cash items (depreciation and amortisation, and losses on derecognition of assets) are excluded from the entity budget.

The approved budget covers the fiscal period from 2018/04/01 to 2019/03/31 and the budget includes only EWSETA and no other entities.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.8 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

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

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 entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

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

The entity 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 entity 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.

1.9 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).

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

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

Annual Financial Statements

for the year ended 31 March 2019

1.10 Reserves

Net assets are sub-classified in the statement of financial position between the following funds and reserves:

- Administration reserve
- Mandatory grant reserve
- Discretionary grant reserve

This sub-classification is made based on the restrictions placed on the distribution of monies received in accordance with the regulations issued in terms of the Skills Development Act, 1998 (Act No. 97 of 1998).

Interest and penalties received from SARS as well as interest received on investments are utilised for discretionary grants and projects. Other income received is utilised in accordance with the original source of the income.

The minimum amount retained in the administration reserve equates to the net book value of non current assets.

Surplus funds in the mandatory grant reserve are transferred to the discretionary grant reserve at the end of the financial year. An amount is retained in the mandatory grant reserve, after consideration is given to new companies. Mandatory grant reserve is the mandatory grant payable to all new employers who in terms of the regulation still have six months after joining to submit their workplace skills plan.

1.11 Financial instruments

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

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right 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.

Initial recognition

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

Financial assets

All financial assets of the entity are categorised as loans and receivables. 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 comprise balances held at banks and short term investments and are at amortised cost, which, due to their short - term nature, closely approximates their fair value.

Financial assets at amortised cost

EWSETA classifies receivables from exchange and non - exchange transactions as financial assets at amortised cost and measures these using the effective interest method. These financial assets are not quoted in an active market and have fixed or determinable payments as defined in GRAP.

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Impairment of financial assets

Financial assets are assessed for impairment at each year-end.

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 flow of the investment has been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables from non-exchange transactions where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectable, 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 surplus or deficit for the year.

Financial liabilities

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

Effective interest method

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

1.12 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.

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.

1.13 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

1.14 Provisions

Provisions are recognised when:

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

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.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit). If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingencies

Contingencies are liabilities of uncertain timing and amount. They do not meet the recognition criteria for provision.

Contingent assets and contingent liabilities are not recognised. They are disclosed in the notes to the financial statements.

1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

Recognition criteria

When the outcome of a transaction involving an exchange transaction can be estimated reliably, revenue associated with the transaction is 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:

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

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

1.16 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.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

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

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

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.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised, it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Levy Income

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act No. 9 of 1999), registered member companies of the Energy and Water Sector Education and Training Authority (EWSETA) pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS). Companies with an annual payroll cost less than R500 000 are exempted in accordance with section 4(b) of the SDL Act (1999) as amended, effective 1 August 2005.

Eighty percent (80%) of skills development levies are paid over to the EWSETA (net of the 20% contribution to the National Skills Fund)

The skills development levy received is allocated as follows:

- 10.5% Administration expenses
- 49.5% Discretionary grant expenses
- 20% Mandatory grant expenses

Skills Development Levy (SDL) transfers are recognized when it is probable that future economic benefits will flow to the SETA and these benefits can be measured reliably. This occurs when the Department of Higher Education & Training (DHET) either makes an allocation or payment, whichever occurs first, to the SETA, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No.9 of 1999). The SDL transfer is measured at the fair value of the consideration receivable or received.

A receivable/payable is recognised for levies receivable as well as estimated SARS adjustments. An estimate, due to retrospective adjustments by SARS, is calculated by comparing the amounts paid by the Employers to SARS and the amounts received from DHET. Changes to prior

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year estimates are accounted for in revenue in the current period. Levies received from organisations whose payroll is less than R500,000 per annum are not recognised as income, as in terms of the Skills Development Levies Act, these employers should not contribute, therefore amounts contributed by these employers are refunded.

The EWSETA refunds amounts to employers in the form of grants, based on information from SARS. Where SARS retrospectively amends the information on levies collected, it may result in grants that have been paid to certain employers being in excess of the amount the EWSETA is permitted to have granted to employers. A receivable relating to the overpayment to the employer in earlier periods is raised at the amount of such grant over payment, at the fair value of the consideration receivable or received.

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

When a new employer is transferred to the EWSETA, the levies transferred by the former SETA are recognised as revenue and allocated to the respective category to maintain its original identity. Government levies income is income received or receivable from the departments.

Government grants income

Government grants are recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, the amount of the revenue can be measured reliably, and to the extent that there has been compliance with any restrictions and conditions associated with the grant.
- The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow.

- A liability is recognised for the portion of government grants representing restrictions or conditions that the entity has not fulfilled. When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Interest and Penalties

Interest and penalties on the skills development levy is recognised when it accrues to the entity, when the DHET makes an allocation or when a payment is received whichever occurs first.

1.17 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.18 Comparative figures

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

1.19 Fruitless and wasteful expenditure

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

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

1.20 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:

- (b) this Act; or
- (a) 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.

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Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred, unless it is impractical to determine, in which case reasons therefore are provided in the notes. Irregular expenditure receivables are measured at the amount that is expected to be recovered.

Irregular expenditure is removed from the balance of the irregular expenditure notes when it is either condoned by the relevant authority if no official was found to be liable in law, recovered from an official liable in law, written-off if it's irrecoverable from an official liable in law or written-off if it's not condoned and not recoverable.

1.21 Segment information

Segments are identified by the way in which information is reported to management, both for purpose of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by EWSETA. Segment information is presented based on service segments. Service segments relate to a distinguishable component of EWSETA which provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. EWSETA's segments are administration, mandatory and discretionary activities. Discretionary activities comprise those in the ordinary course of business and those relating to special projects.

1.22 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash. A commitment is an agreement or a pledge to assume a financial obligation at a future date. The entity has two types of commitments:

1. Those for the receipt of goods or services from suppliers and
2. Lease commitments to render or receive a service to or from a customer.

A commitment arises out of a contractual agreement between the entity and another party which entitles the entity or the third party to enforce the delivery of the agreed upon goods or services at an agreed amount. Contractual commitments are not recognised but are disclosed in the notes to the financial statements.

The entity measures and discloses the amount of contractual commitments at the stated contract amount.

The entity enters into contractual agreements where the amount of the obligation will be determined at a future date. The entity measures such contractual commitments using an estimate based on available and reliable information at reporting date.

Where there are changes in the estimate determined by management at a future date, the change is accounted for in accordance with GRAP 3 Accounting policies, Accounting estimates and Errors.

1.23 Going concern assumption

The assets of the entity exceed its liabilities by R257,353,000 (2017/18: R355,720,000).

The board is satisfied that the entity has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

The board has satisfied itself that the entity is in good financial position and that it has access to sufficient Grants revenue to meet its foreseeable cash requirements.

On 22 July 2019 the Minister of the Department of Higher Education and Training re-established the SETAs within a new SETA Landscape from 1 April 2020 to 31 March 2030.

At the end of financial year, the company had adequate capital funds in its bank accounts to complete projects that were at different stages of construction.

1.24 Prepayments

Prepayments are payments that the entity has made at the reporting date for economic benefits or service potential to be received in future periods. Prepayments are made in accordance with contracts between the entity and third parties.

The entity recognises as an asset the extent to which payments made exceed the value of economic benefits or service potential received. The entity measures prepayments at the fair value of the consideration paid, to the extent that it exceeds the value of goods or services received. As the entity receives the related goods or services, it shall reduce the carrying amount of prepayments made by the fair value of those goods or services received. Any related asset or expense will be recognised in accordance with the applicable GRAP standard.

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	2019 R '000	2018 R '000
2. Receivables from exchange transactions		
Trade debtors	40 303	39 133
Deposits	430	230
Staff debtors	201	118
	40 934	39 481
3. Receivables from non-exchange transactions		
Mandatory grant receivables	6 503	6 600
Intersetia debtors	2 145	375
Discretionary grant receivable	263 841	307 309
	272 489	314 284
4. Prepayments		
Discretionary grant prepayments	16 542	17 535
Admin prepayments	857	1 094
	17 399	18 629
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	2	4
Bank balances	422 567	367 709
Short-term investments/instruments	86 046	85 808
	508 615	453 521

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6. Property, plant and equipment

	2019			2018		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	58 381	-	58 381	39 971	-	39 971
Furniture and fixtures	1 223	(307)	916	1 778	(575)	1 203
Motor vehicles	283	(180)	103	283	(155)	128
Office equipment	186	(75)	111	186	(62)	124
Computer Equipment	3 092	(1 115)	1 977	2 305	(864)	1 441
Leasehold improvements	-	-	-	638	(623)	15
Total	63 165	(1 677)	61 488	45 161	(2 279)	42 882

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Write-off	Depreciation	Impairment loss	Total
Buildings	39 971	18 410	-	-	-	58 381
Furniture and fixtures	1 203	371	(16)	(131)	(511)	916
Motor vehicles	128	-	-	(25)	-	103
Office equipment	124	-	-	(13)	-	111
Computer equipment	1 441	1 088	(114)	(437)	(1)	1 977
Leasehold improvements	15	-	-	(15)	-	-
	42 882	19 869	(130)	(621)	(512)	61 488

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	39 827	144	-	-	39 971
Furniture and fixtures	1 300	25	-	(122)	1 203
Motor vehicles	153	-	-	(25)	128
Office equipment	112	24	-	(12)	124
Computer equipment	1 219	572	(24)	(326)	1 441
Leasehold improvements	77	-	-	(62)	15
	42 688	765	(24)	(547)	42 882

Pledged as security

No assets have been pledged as security or collateral for any liability.

Repairs and maintenance of R10,000 were incurred on PPE in the current financial year.

EWSETA has purchased Cape House at 15 McClaren Street, Marshalltown, Johannesburg for R21,660,000. The building is currently under renovation; R36,721,000

of renovation costs have been capitalised. It is not yet available for occupation thus depreciation has not commenced. The renovation of the building is taking longer than expected due to contractual delays. A new service provider was appointed at the end of the period under review to complete renovation of the building, which is expected to be completed during the 2019/20 financial year. Thus, no impairment loss has been recognised.

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7. Intangible assets

	2019			2018		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	5 037	(4 518)	519	5 037	(3 373)	1 664

Reconciliation of intangible assets - 2019

	Opening balance	Amortisation	Total
Computer software	1 664	(1 145)	519

Reconciliation of intangible assets - 2018

	Opening balance	Amortisation	Total
Computer software	2 810	(1 146)	1 664

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	2019 R '000	2018 R '000
8. Payables from exchange transactions		
Trade payables	4 875	2 601
Accrued leave pay	2 271	3 549
Payroll accruals	5	498
Accrued expenses	50 355	1 579
	57 506	8 227
9. Payables from non-exchange transactions		
Inter SETA Payables	81	81
Skills development grants payable-mandatory	28 890	68 914
Skills development grants payable-discretionary	86 018	66 876
	114 989	135 871
10. Unspent conditional grants and receipts		
Unspent conditional grants and receipts		
Department of Water and Sanitation	128 383	12 727
Movement during the year		
Balance at the beginning of the year	12 727	66 176
Additions during the year	120 435	-
Income recognition during the year	(4 779)	(53 449)
	128 383	12 727

EWSETA received funds from the Department of Water and Sanitation that may only be utilised for the implementation of a specific training programme. The funds received in advance were recognised as a liability and the revenue is recognised when corresponding expenditure has been incurred.

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11. Provisions

Reconciliation of provisions - 2019

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for employer refund	813	180	-	(80)	913
Provision for performance bonus	1 358	2 799	(1 358)	-	2 799
Provision for discretionary grant	355 752	294 116	(310 363)	-	339 505
	357 923	297 095	(311 721)	(80)	343 217

Reconciliation of provisions - 2018

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for employer refund	682	214	-	(83)	813
Provision for performance bonus	-	1 358	-	-	1 358
Provision for discretionary grant	700 641	8 543	(353 432)	-	355 752
	701 323	10 115	(353 432)	(83)	357 923

The **provision for employer refund** relates to levies contributed by employers whose payroll is less than R500,000 (below threshold) per year. Provisions are raised for all below threshold employers, but are only paid out to employers who submit a request in the prescribed form within 5 years. The entity does not know which employers will approach it for a refund. As per National Treasury Circular no 9/2013, the SETA can transfer to Discretionary Reserves any amount that is due to the below threshold employers which is older than five years.

The **provision for performance bonus** relates to performance bonuses to be paid in accordance with the entity's remuneration policy. As at the reporting date, performance ratings had not yet been finalised and as such an estimate was made of the performance bonus payable based on performed ratings achieved during the year.

The **provision for discretionary grants** relates to bursary programmes and outstanding discretionary grants invoices payable. A provision is raised for claimed discretionary grants where supporting evidence has not been received yet at year end.

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12. Non- exchange Revenue

Administration

Levies received

Government levies received

Interseta transfers in

Mandatory grants

Levies received

Interseta transfers in

Discretionary Grants

Levies received

Government levies received

Interseta transfers in

Interest

Penalties

Special project income

Special projects - War on Leaks

	2019 R '000	2018 R '000
	38 065	37 376
	1 127	1 066
	221	-
	39 413	38 442
	71 180	71 261
	442	-
	71 622	71 261
	180 704	176 217
	2 255	2 131
	1 105	-
	184 064	178 348
	12 103	413
	4 034	882
	16 137	1 295
	-	-
	315 348	3 450
	626 585	292 796

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	2019 R '000	2018 R '000
13. Exchange revenue		
Other income	125	71
Other income relates to verification income and expense recoveries.		
14. Investment revenue		
Interest revenue		
Bank	26 090	26 909
Interest revenue is earned from short-term investments and the positive bank balances on the entity's current accounts. Interest was earned on both the short term investments and positive bank balances at rate of between 6.00% and 6.45% throughout the year.		
15. Mandatory grant and project expenses		
Mandatory grants		
Mandatory grant expenses	61 773	56 781
Discretionary grants		
Discretionary grant expenses	283 838	205 344
Project administration expenses	3 536	4 984
Qualification development	1 063	1 919
External moderation	969	894
Sector skills planning	954	549
Career guidance	1 160	510
Training SDF's	-	8
Supporting of Emerging Providers	-	2
	291 520	214 210
Special projects	-	-
Special projects - War on Leaks	315 351	7 322
Total mandatory grant and project expenses	668 644	278 312

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16. Administrative expenditure

	2019 R '000	2018 R '000
Accommodation	387	566
Bad debts expenses	1 107	1 774
Advertising	732	541
Auditors remuneration	3 805	2 718
Bank charges	90	91
Cleaning	273	-
Computer expenses	6 963	4 292
Consulting and professional fees	2 594	1 541
Document storage	551	237
Entertainment	66	107
Fines and penalties	-	1
Governance committee fees	1 490	1 147
Insurance	107	218
Internal audit fees	606	979
Legal fees	725	1 071
Licence fees	6	349
Marketing and communication	2 550	2 519
Lease rentals on operating lease	3 701	4 446
Postage and courier	183	201
Printing and stationery	1 624	2 528
QCTO expenses	2 488	1 498
Rates	481	594
Training costs	585	719
Security	2	713
Small Assets	1 407	86
Staff recruitment costs	522	146
Staff welfare	353	319
Subscriptions and membership fees	456	70
Telephone and fax	1 165	1 690
Travel	1 463	2 324
Water and Electricity	543	777
Workshop expenses	1 711	1 465
Moving costs	520	-
	39 256	35 727

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	2019 R '000	2018 R '000
17. Employee related costs		
Salary and wages	37 956	34 818
Medical aid - company contributions	311	285
Unemployment insurance fund	131	127
Skills development levy	387	346
Leave expense	(548)	452
Provident fund	1 894	2 013
Other insurances	607	567
	40 738	38 608
18. Depreciation, amortisation and impairment		
Property, plant and equipment	1 133	549
Intangible assets	1 146	1 146
	2 279	1 695

19. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - 2019

Revenue	Administration Reserve	Mandatory Grant Reserve	Discretionary Grants	Special Projects	Total per Discretionary	Total Statement of Financial Performance
Skills development levy: income	38 286	71 619	181 809	-	181 809	291 715
Government levies	1 127	-	2 255	-	2 255	3 382
Penalties and interest	-	-	16 137	-	16 137	16 137
Investment income	-	-	26 090	-	26 090	26 090
Special project income	-	-	-	315 351	315 351	315 351
Other income	125	-	-	-	-	125
Total revenue	39 538	71 619	226 291	315 351	541 624	652 800
Expenses						
Administration expenses	(39 257)	-	-	-	-	(39 257)
Employee costs	(40 738)	-	-	-	-	(40 738)
Depreciation and amortisation	(1 767)	-	-	-	-	(1 767)
Loss on disposal of assets	(98)	-	-	-	-	(98)
Employer grants and project expenses	-	(61 773)	(291 520)	(315 351)	(606 871)	(668 644)
Impairment loss	(512)	-	-	-	-	(512)
Repairs and maintenance	(88)	-	-	-	-	(88)
	(42 922)	9 846	(65 229)	-	(65 229)	(98 304)

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19. Accumulated surplus (continued)

Ring-fenced internal funds and reserves within accumulated surplus - 2018

Revenue	Administration Reserve	Mandatory Grant Reserve	Discretionary Grants	Special Projects	Total per Discretionary	Total Statement of Financial Performance
Skills development levy: income	37 376	71 261	176 217	-	176 217	284 854
Government levies	1 066	-	2 131	-	2 131	3 197
Penalties and interest	-	-	1 295	-	1 295	1 295
Investment income	-	-	26 909	-	26 909	26 909
Special project income	-	-	-	3 450	3 450	3 450
Other income	71	-	-	-	-	71
Total revenue	38 513	71 261	206 552	3 450	210 002	319 776
Expenses						
Administration expenses	(35 977)	-	-	-	-	(35 977)
Employee costs	(38 608)	-	-	-	-	(38 608)
Depreciation and amortisation	(1 695)	-	-	-	-	(1 695)
Loss on disposal of assets	(24)	-	-	-	-	(24)
Employer grants and project expenses	-	(56 781)	(214 209)	(7 322)	(221 531)	(278 312)
	(37 791)	14 480	(7 657)	(3 872)	(11 529)	(34 840)

2019	2018
R '000	R '000

20. Cash generated from (used in) operations

Deficit	(98 304)	(34 840)
Adjustments for:		
Depreciation and amortisation	2 279	1 695
Loss on derecognition of assets	98	24
Bad debts written off	1 107	1 774
Movements in provisions	(14 706)	(343 400)
Changes in working capital:		
Receivables from exchange transactions	(1 453)	1 460
Receivables from non-exchange transactions	40 688	353 091
Prepayments	1 230	3 258
Payables from exchange transactions	49 250	(10 770)
Payables from non-exchange transactions	(20 882)	58 046
Unspent conditional grants and receipts	115 656	(53 449)
	74 963	(23 111)

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21. Financial instruments disclosure

Categories of financial instruments

2019

Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	40 934	40 934
Receivables from non-exchange transactions	-	272 489	272 489
Cash and cash equivalents	508 615	-	508 615
	508 615	313 423	822 038

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	57 506	57 506
Payables non-exchange transactions	114 989	114 989
	172 495	172 495

2018

Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	39 481	39 481
Receivables from non-exchange transactions	-	314 284	314 284
Cash and cash equivalents	453 521	-	453 521
	453 521	353 765	807 286

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	8 227	8 227
Payable from non-exchange transactions	135 871	135 871
	144 098	144 098

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22. Commitments

Authorised operational expenditure

	Opening balance 2018/19	Adjustments 2018/19	2018/19 Additional commitments	Utilised 2018/19	Closing balance 2018/19
ABET Programme	1 076	(14)	-	-	1 062
Apprenticeship Programme	1 265 193	(2 915)	187 935	(394 597)	1 055 615
Bursaries Programme	25 452	(17 085)	30 265	(19 484)	19 149
Internship Programme	62 174	(10 623)	18 990	(31 581)	38 961
Learnership Programme	43 090	(5 338)	83 753	(78 231)	43 272
Matric Intervention Programme	12 600	(4 108)	9 000	(8 492)	9 000
Skills Programme	32 877	(3 693)	23 741	(34 579)	18 346
Research	2 648	-	-	(1 142)	1 507
Other (RateRP)	1 649	(1 649)	-	-	-
Research Chairs	-	-	5 460	-	5 460
Building renovations	15 787	-	3 135	(17 753)	1 169
IT System and Support	5 301	-	8 471	(5 817)	7 955
	1 467 847	(45 425)	370 750	(591 676)	1 201 496

The above commitments relates to discretionary grants and administration, with an exception of an apprenticeship special project with a closing balance of R873,254,250 included in the special projects total commitment. The commitment relates to the War on Leaks and is fully funded by the Department of Water and Sanitation. Department of Water and Sanitation is a related party.

23. Contingencies

Contingent Liabilities

Legal matters

A discretionary grant project beneficiary instituted a claim in respect for work carried out Discretionary grant and an amount of R339,670 is being claimed by the service provider.

First time employer registrations

The Skills Development legislation allows an employer registering for the first time, 6 months to submit an application for a mandatory grant.

At the reporting date, it is estimated that additional mandatory grant expenditure of R72,950 (2017/2018: R89,650) will be payable to such employers. This amount is contingent upon the number of submissions received and approved.

Surplus funds

All uncommitted surplus funds as at year-end may be forfeited to the National Skills Fund should an application for retention of surplus funds be denied. An application to National Treasury and DHET for the retention of uncommitted surplus funds has been submitted.

Contingent assets

The Entity has issued summons against a service provider for building refurbishment and an amount of R15,955,415 is claimable.

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24. Related parties

Relationships	
Controlling entity	Department of Higher Education and Training
Entities under common control	By virtue of the fact that EWSETA is a National Public Entity controlled by the DHET it is considered related to the SETAs, the QCTO and NSF. The transactions are with normal operating relationships between entities and are undertaken on terms and conditions that are normal for such transactions. Where there were transactions and balances arising due to the movement of funds between entities under common control of the DHET, these amounts are disclosed below.
Entities with a representative serving on EWSETA's accounting authority	DWS (P Ramunenyiwa); DPE (N Mbono); MDA (T Montoedi); NUMSA (V Bikitsha); SAMWU (S. Manyama); WISA (L. Goldman); DOE (K. Makgohlo); Rand Water (S. Makume); SANEDI (L. Manamela); Umgeni Water (M. Moleko); NUM (N. Radebe)
Members of the Accounting Authority	F. Baleni (Chairperson); P. Ramunenyiwa; N. Mbono; K. Msebenzi; T. Montoedi; V. Bikitsha; L. Goldman; K. Makgohlo; S. Makume; L. Manamela; S. Manyama; N. Radebe
Members of key management	M. Mookapele (CFO); I. Molete (COO); C. Moodley (CSE); T. Mokotedi (PRME)

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	2019 R '000	2018 R '000
Related party balances		
Amounts included in Trade receivable (Trade Payable) regarding related parties		
DHET	73	73
FOODBEVSETA	5	5
LG SETA	44	20
MERSETA	1 797	28
PSETA	55	55
MQA	(5)	(5)
Services SETA	33	33
W&R SETA	-	(38)
MICT SETA	36	36
CETA	88	88
Amounts included in Trade receivable/ (Trade Payable) regarding members of the accounting authority		
D. Reyneke	-	(8)
F. Baleni	(40)	(42)
O. Besnaar	-	(41)
J. Sera	-	(28)
T. Phadu	-	(16)
M. Sekano	-	(90)
K. Swanepoel	-	(33)
T. Montoedi	-	(33)
V. Bikitsha	(22)	(16)
R. Moodley	(9)	23
L. Goldman	(18)	-
N. Radebe	(26)	-
S. Mahume	(18)	-
S. Manyama	(21)	-
Mandatory grants, discretionary grants and projects - Entities with a representative serving on EWSETA's Accounting Authority		
DWS	262 529	306 322
ESKOM	-	(44 139)
DOE	-	(375)
IMATU	-	(201)
NUM	-	(1 093)
SAMWU	(78)	-

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

The transactions above occurred under terms that were no more or less favourable than those available in similar arm's length dealings. The transactions disclosed exclude the transactions that relate to statutory requirements.

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Discretionary grants and projects comprise the Pivotal Grant and project funding disbursed in accordance with the priorities as defined in the Sector Skills Plan. No guarantees have been given or received. No expense has been recognised in the current or prior year for bad or doubtful debts in respect of the amounts owed by related parties.

Related party transactions

Employers transferred to/ (from) SETAs

MERSETA	-	119
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Fees and reimbursements - Members of the Accounting Authority

F. Baleni (Chairperson)	(177)	(118)
O. Besnaar	-	(146)
M. Sekano	-	(199)
J. Sera	-	(154)
K. Swanepoel	-	(105)
T. Montoedi	(174)	(82)
T. Phadu	-	(37)
V. Bikitsha	(95)	(33)
D. Reyneke	-	(17)
L. Goldman	(91)	-
N. Radebe	(140)	-
S. Makume	(131)	-
S. Manyama	(102)	-

Projects transactions - entities with representative serving on EWSETA's Accounting Authority

NUMSA	-	(2 716)
DOE	554	(1 091)
DWS	341 625	-
ESKOM	-	176 556
IMATU	-	(201)
NUM	(1 093)	(2 716)
SAMWU	(4 389)	(643)

25. Key management information

Executive 2019

	Salary	Other benefits	Acting Allowances	Total
Chief Executive Officer	933 847	125 303	-	1 059 150
Chief Financial Officer	1 377 943	102 232	-	1 480 175
Chief Operating Officer	1 275 167	303 126	-	1 578 293
Corporate Services Executive	1 187 405	281 588	-	1 468 993
Acting Chief Executive Officer	-	-	146 541	146 541
Acting Chief Financial Officer	-	-	112 148	112 148
Acting Planning, Monitoring and Reporting Executive	-	-	322 087	322 087
	4 774 362	812 249	580 776	6 167 387

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25. Key management information (continued)

2018

	Salary	Other benefits	Acting Allowances	Total
Chief Executive Officer	1 770 925	-	-	1 770 925
Chief Financial Officer	1 300 361	18 000	-	1 318 361
Chief Operating Officer	1 162 463	198 000	-	1 360 463
Corporate Services Executive	1 110 417	198 000	-	1 308 417
Acting Planning, Monitoring and Reporting Executive	-	-	241 337	241 337
	5 344 166	414 000	241 337	5 999 503

Other benefits include performance bonuses.

Non-executive - Accounting Authority

2019

	Meeting fee	Travel Costs	Total
Board chairperson	172 019	4 621	176 640
Members	695 037	37 679	732 716
	867 056	42 300	909 356

2018

	Meeting fee	Travel Costs	Total
Board chairperson	115 720	1 867	117 587
Members	761 112	11 944	773 056
	876 832	13 811	890 643

Accounting Authority sub-committees

2019

	Meeting fee	Travel Costs	Total
Audit and risk committee chairperson	211 533	1 563	213 096
Members	188 568	3 430	191 998
	400 101	4 993	405 094

2018

	Meeting fee	Travel Costs	Total
Audit and risk committee chairperson	130 944	3 731	134 675
Members	139 048	4 109	143 157
	269 992	7 840	277 832

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26. 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.

The EWSETA has developed a comprehensive risk strategy in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the heading below:

Liquidity risk

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

	Carrying amount	6 months or less	6-12 months	1-2 years
2019				
Payables from exchange transactions	(57 506)	-	-	-
2018				
Payables from exchange transactions	(8 227)	-	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. Verification costs are settled in cash.

	Gross	Impairment	Total
2019			
Receivables from exchange transactions	40 934	-	40 934
Cash and cash equivalents	508 615	-	508 615
	549 549	-	549 549
2018			
Receivables from exchange transactions	39 481	-	39 481
Cash and cash equivalents	453 521	-	453 521
	493 002	-	493 002

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27. 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 SETA's landscape period has been re-established to 31 March 2030.

The total commitments as at the end of the financial year are R1,201,496. An amount of R873,254,250 of the total commitments relates to War on Leaks projects which is fully funded by DWS.

28. Fruitless and wasteful expenditure

	2019 R '000	2018 R '000
Opening balance	319	325
Add: Current year	6	2
Less: Prior year adjustment	-	(8)
Less: Amount recovered	(9)	-
	316	319
Details of incidents		
Fees to change incorrectly booked flight	-	1
Interest on late payments	4	1
Other	2	-
	6	2

29. Irregular expenditure

Opening balance	80 224	75 907
Add: Irregular Expenditure - current year	4 150	4 317
Add: DG expenditure not in line with budget	84 509	41 666
	168 883	121 890
Details of irregular expenditure - current year		
Requisition approved after transaction date	-	11
Incorrect calculation allocation of points	41	-
Contract extensions in excess of allowed threshold	3 955	4 244
Non compliance with practice note 8	149	-
Hotel rates above the cost containment threshold	5	-
VAT paid on invalid tax invoices	-	59
Exceeding quotation threshold	-	3
DG expenditure not in line with budget	84 509	41 666
	88 659	45 983

DG expenditure reported as irregular are expenses relating to prior year commitments expensed in the current year.

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30. Budget differences

Material differences between budget and actual amounts

- The actual interest income received was higher than budgeted as bank balances were higher than anticipated.
- Special project income relates to the income recognised as the War on Leaks project is implemented. This income is not included in the budget as the project is fully funded by DWS.
- Levy income received is lower than budget as increments of salaries within the Energy and Water sector were lower than expected.
- Interest and penalties were not budgeted as it is anticipated that all employers would pay levies on time.
- Personnel is higher than budgeted due to agreement with bargaining council, salary adjustments, increase in appointments and also acting allowances.
- Depreciation and amortisation are non-cash items not included in the entity budget.
- Administration expenses are lower than budget due to cost containment measures put into place during the year.
- Mandatory grant expenditure is lower than budget than expected as a number of employers did not qualify for the financial years.
- Discretionary grant expenses are higher than budget as costs are driven by the progress on projects. Total DG expenditure includes cost of projects approved in prior years, and expensed in the current year as projects are implemented.
- Special project expenses are not budgeted for as they are fully recoverable from DWS.

31. Segment information

Segment surplus or deficit, assets and liabilities

2019

Figures in Rand thousand	Administration	Mandatory grants	Discretionary grants	Special projects	Total
Revenue					
Skills development Levy Income	38 286	71 623	181 809	-	291 718
Government levy	1 127	-	2 255	-	3 382
Penalties and interest	-	-	16 137	-	16 137
Investment income	-	-	26 090	-	26 090
Other Income	125	-	-	-	125
Special project Income	-	-	-	315 348	315 348
Total segment revenue	39 538	71 623	226 291	315 348	652 800
Entity's revenue					652 800
Expenditure					
Administration expense	39 257	-	-	-	39 257
Employee costs	40 738	-	-	-	40 738
Depreciation and amortisation	2 279	-	-	-	2 279
Loss on derecognised assets	98	-	-	-	98
Mandatory grant and Project expenses	-	61 773	291 520	315 351	668 644
Repairs and maintenance	88	-	-	-	88
Total segment expenditure	82 460	61 773	291 520	315 351	751 104
Total segmental surplus/(deficit)					(98 304)

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31. Segment information (continued)

Figures in Rand thousand	Administration	Mandatory grants	Discretionary grants	Special projects	Total
Assets					
Receivables from exchange transactions	40 934	-	-	-	40 934
Receivables from non-exchange transactions	-	8 648	263 841	-	272 489
Prepayments	17 399	-	-	-	17 399
Cash and Cash equivalents	-	-	-	508 615	508 615
Property, plant and Equipment	61 488	-	-	-	61 488
Intangible assets	519	-	-	-	519
Total segment assets	120 340	8 648	263 841	508 615	901 444
Total assets as per Statement of Financial Position					901 444
Liabilities					
Payables from exchange transactions	57 506	-	-	-	57 506
Payables from non-exchange transactions	-	28 971	86 018	-	114 989
Provisions	2 799	913	339 505	-	343 217
Unspent conditional grants	-	-	-	128 383	128 383
Total segment liabilities	60 305	29 884	425 523	128 383	644 095
Total liabilities as per Statement of Financial Position					644 095

2018

	Administration	Mandatory Grants	Discretionary Grants	Special Projects	General	Total
Revenue						
Skills development levy income	37 376	71 261	176 217	-	-	284 854
Government levies	1 066	-	2 131	-	-	3 197
Penalties and interest	-	-	1 295	-	-	1 295
Investment income	-	-	26 909	-	-	26 909
Special project income	-	-	-	3 450	-	3 450
Other income	71	-	-	-	-	71
Total segment revenue	38 513	71 261	206 552	3 450	-	319 776
Entity's revenue						319 776

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31. Segment information (continued)

Figures in Rand thousand	Administration	Mandatory Grants	Discretionary Grants	Special Projects	General	Total
Expenditure						
Administration expenses	35 977	-	-	-	-	35 977
Employee related costs	38 608	-	-	-	-	38 608
Depreciation and amortisation	1 695	-	-	-	-	1 695
Loss on recognised assets	24	-	-	-	-	24
Employer grant and project expense	-	56 781	214 209	7 322	-	278 312
Total segment expenditure	76 304	56 781	214 209	7 322	-	354 616
Total segmental surplus/ (deficit)						(34 840)
Assets						
Receivables from exchange transactions	39 481	-	-	-	-	39 481
Receivables from non-exchange transactions	-	-	314 284	-	-	314 284
Cash and cash equivalents	-	-	-	-	453 521	453 521
Prepayments	18 629	-	-	-	-	18 629
Property, plant and equipment	42 882	-	-	-	-	42 882
Intangible assets	1 664	-	-	-	-	1 664
Total segment assets	102 656	-	314 284	-	453 521	870 461
Total assets as per Statement of Financial Position						870 461
Liabilities						
Payables from exchange transactions	8 227	-	-	-	-	8 227
Payables from non-exchange transactions	-	-	135 871	-	-	135 871
Provisions	-	-	-	357 923	-	357 923
Unspent conditional grants	-	-	-	12 727	-	12 727
Total segment liabilities	8 227	-	135 871	370 650	-	514 748
Total liabilities as per Statement of Financial Position						514 748

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

32. Events after reporting date

On 22 July 2019 the Minister of the Department of Higher Education and Training re-established the SETAs within a new SETA Landscape from 1 April 2020 to 31 March 2030.

NOTES

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higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



ENERGY AND WATER SECTOR EDUCATION AND TRAINING AUTHORITY