



# ANNUAL REPORT 23/24

*UNIFIED EFFORTS  
FOR NATIONAL PROGRESS*





**Dr Nobuhle Nkabane**  
Minister: Higher Education  
and Training



**Mr Buti Manamela**  
Deputy Minister: Higher  
Education and Training



**Dr Mimmy Gondwe**  
Deputy Minister: Higher  
Education and Training



**higher education  
& training**

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA





“

**OUR 2023/2024 ANNUAL REPORT THEME  
"UNIFIED EFFORTS FOR NATIONAL PROGRESS"  
CAPTURES EWSETA'S CORE BELIEF THAT  
COLLECTIVE ACTION DRIVES SUSTAINABLE  
DEVELOPMENT. THIS REFLECTS OUR MANDATE TO  
DEVELOP SKILLS FOR A CAPACITATED WORKFORCE  
IN THE ENERGY AND WATER SECTORS.**

**MPHO MOOKAPELE**  
EWSETA Chief Executive Officer

”

## **PRESENTATION OF THE EWSETA ANNUAL REPORT**

The Energy and Water Sector Education and Training Authority (EWSETA) is delighted to present its Annual Report for the 2023/24 financial period, as mandated by Section 65 of the Public Finance Management Act, No. 1 of 1999.

In my capacity as the Accounting Authority, I have the honour to present this report to the esteemed Minister of Higher Education and Training, Dr Nobuhle Nkabane.

This comprehensive report showcases EWSETA's exceptional performance in fulfilling its mandate, underscored by the significant contributions made alongside our valued partners and stakeholders in advancing skills development and training within South Africa's vital energy and water sectors.

To ensure utmost accuracy and transparency, the performance information and annual financial statements have undergone meticulous scrutiny by the Auditor-General of South Africa. As the Accounting Authority, I wholeheartedly endorse this report, having received assurance of its precision from EWSETA's dedicated management and internal audit function.

Our enduring commitment, in close collaboration with the Department of Higher Education and Training, remains resolute in aligning our endeavours with the National Skills Development Plan (NSDP) 2030. Together, we strive to make a meaningful impact in nurturing skills within these pivotal sectors, which are crucial to the economic and societal well-being of South Africa.

I hereby authorise the submission of this document to the requisite authorities on 31 July 2024.

**Dr. Limakatso Moorosi**

Chairperson: EWSETA Accounting Authority

31 July 2024

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DR LIMAKATSO MOOROSI, EWSETA Chairperson

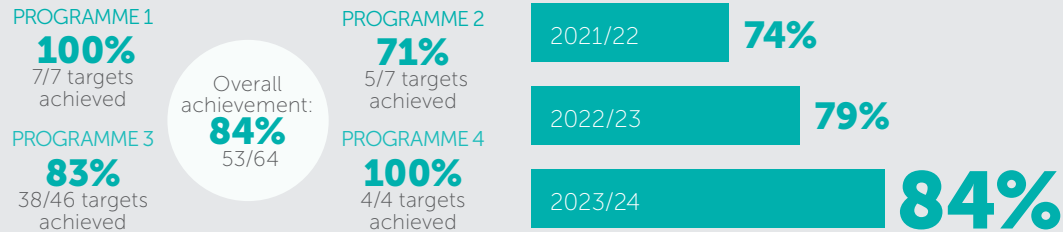
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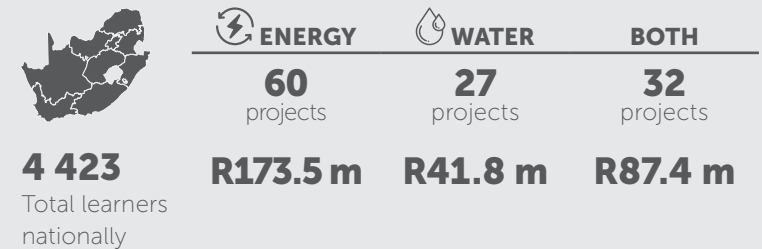
# GENERAL INFORMATION

# YEAR AT A GLANCE

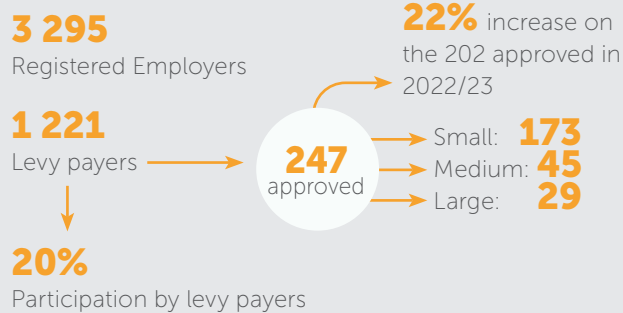
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## DG PROJECT STATISTICS



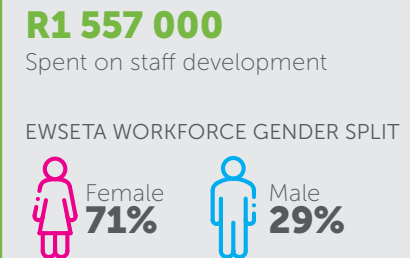
## SUBMISSION OF WSPs/ATRs



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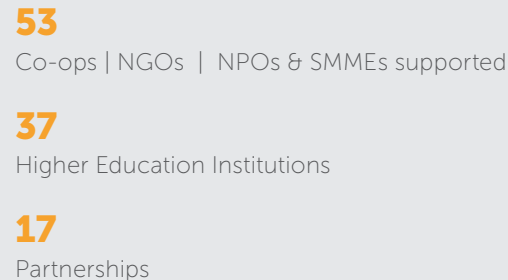
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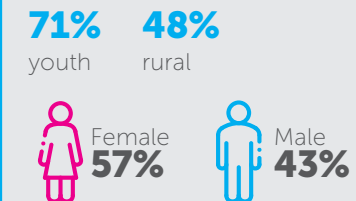
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## EWSETA INFORMATION



ENERGY AND WATER SECTOR EDUCATION AND TRAINING AUTHORITY

### Registered name:

Energy and Water Sector Education and Training Authority (EWSETA)

### Street address:

Ground Floor, 22 Wellington Road, Parktown, Johannesburg, 2198, South Africa



+27 (0)11 274 4700



info@ewseta.org.za



<http://www.ewseta.org.za>

### RP Number:

RP108/2024

### ISBN:

978-0-621-52008-8

### External auditor:

Auditor-General of South Africa

### Bankers:

First National Bank  
Rand Merchant Bank  
Standard Bank

## ABBREVIATIONS AND ACRONYMS

<b>AET</b>	Adult Education and Training
<b>AGM</b>	Annual General Meeting
<b>AI</b>	Artificial Intelligence
<b>AOP</b>	Annual Operational Plan
<b>APP</b>	Annual Performance Plan
<b>ARC</b>	Audit and Risk Committee
<b>ATR</b>	Annual Training Report
<b>B-BBEE</b>	Broad-based Black Economic Empowerment
<b>BCP</b>	Business Continuity Plan
<b>BRICS</b>	Brazil, Russia, India, China, South Africa
<b>CBO</b>	Community Based Organisation
<b>CEO</b>	Chief Executive Officer
<b>CET</b>	Community Education and Training
<b>CETC</b>	Community Education and Training College
<b>CFO</b>	Chief Financial Officer
<b>CPD</b>	Continuous Professional Development
<b>CSE</b>	Corporate Services Executive
<b>CSIR</b>	Council for Scientific and Industrial Research
<b>CUT</b>	Central University of Technology
<b>DDM</b>	District Development Model
<b>DHET</b>	Department of Higher Education and Training
<b>DMRE</b>	Department of Mineral Resources and Energy

<b>DRP</b>	Disaster Recovery Plan
<b>DSI</b>	Department of Science and Innovation
<b>DWS</b>	Department of Water and Sanitation
<b>ECSA</b>	Engineering Council of South Africa
<b>ERP</b>	Enterprise Resource Planning
<b>ERRP</b>	Economic Reconstruction and Recovery Plan
<b>ETQA</b>	Education and Training Quality Assurance
<b>EXCO</b>	Executive Committee
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>GSC</b>	Governance and Strategy Committee
<b>HEI</b>	Higher Education Institution
<b>HR</b>	Human Resources
<b>HRD</b>	Human Resources Development
<b>HRDS-SA</b>	Human Resources Development Strategy for South Africa
<b>HySA</b>	Hydrogen South Africa
<b>ICT</b>	Information and Communication Technology
<b>IMATU</b>	Independent Municipal and Allied Trade Union
<b>IOPSA</b>	The Institute of Plumbing South Africa
<b>IoT</b>	Internet of Things
<b>IPAP</b>	Industrial Policy Action Plan
<b>IRP</b>	Integrated Resource Plan



<b>KOBWA</b>	Komati Basin Water Authority
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MIS</b>	Management Information System
<b>NAMB</b>	National Artisan Moderation Body
<b>NBI</b>	National Business Initiative
<b>NDP</b>	National Development Plan
<b>NGP</b>	New Growth Path
<b>NGO</b>	Non-governmental Organisation
<b>NIASA</b>	Nuclear Industry Association of South Africa
<b>NLPE</b>	Non-Levy Paying Employer
<b>NLRD</b>	National Learner Records Database
<b>NPO</b>	Non-Profit Organisation
<b>NQF</b>	National Qualifications Framework
<b>NSA</b>	National Skills Authority
<b>NSDP</b>	National Skills Development Plan 2030
<b>NUM</b>	National Union of Mineworkers
<b>NUMSA</b>	National Union of Metalworkers of South Africa
<b>PEWA</b>	Power Electricity World Africa
<b>PFMA</b>	Public Financial Management Act, No. 1 of 1999
<b>PIRB</b>	Plumbing Industry Registration Board
<b>PME</b>	Planning, Monitoring and Evaluation
<b>POPIA</b>	Protection of Personal Information Act
<b>PSET</b>	Post-school Education and Training

<b>QAC</b>	Quality Assurance and Compliance
<b>QAS</b>	Quality Assurance Standard
<b>QCTO</b>	Quality Council for Trades and Occupations
<b>R&amp;D</b>	Research and Development
<b>RES4A</b>	Renewable Energy Solutions for Africa
<b>RPL</b>	Recognition of Prior Learning
<b>SABYA</b>	South African BRICS Youth Association
<b>SACNASP</b>	South African Council for Natural Science Professions
<b>SAIAMC</b>	South African Institute for Advanced Materials Chemistry
<b>SAMWU</b>	South African Municipal Workers Union
<b>SANEA</b>	South African National Energy Association
<b>SANEDI</b>	South African National Energy Development Institute
<b>SAPVIA</b>	South African Photovoltaic Industry Association
<b>SAQA</b>	South African Qualifications Authority
<b>SASSETA</b>	Safety and Security Sector Education and Training Authority
<b>SAWEA</b>	South African Wind Energy Association
<b>SDA</b>	Skills Development Act, No. 97 of 1998 (as amended)
<b>SDP</b>	Skills Development Provider
<b>SETA</b>	Sector Education and Training Authority
<b>SETMIS</b>	SETA Management Information System

<b>SEZ</b>	Special Economic Zone
<b>SIP</b>	Strategic Integrated Projects
<b>SMME</b>	Small Medium Micro Enterprise
<b>SP</b>	Strategic Plan 2020/21–2024/25
<b>SSP</b>	Sector Skills Plan
<b>STEM</b>	Science, technology, engineering and mathematics
<b>TUT</b>	Tshwane University of Technology
<b>TVET</b>	Technical Vocational Education and Training
<b>WIL</b>	Work-integrated Learning
<b>WiNSA</b>	Women in Nuclear South Africa
<b>WISA</b>	Water Institute of Southern Africa
<b>WRC</b>	Water Research Commission
<b>WSP</b>	Workplace Skills Plan
<b>WTE</b>	Water Trading Entity

# FOREWORD BY THE CHAIRPERSON

*Dr. Limakatso Moorosi*



“

THE *UNIFIED EFFORTS FOR NATIONAL PROGRESS* REFLECTS OUR COLLABORATIVE EFFORTS TO ADDRESS SECTOR SKILLS DEVELOPMENT NEEDS. I THEREFORE EXTEND MY GRATITUDE TO ALL STAKEHOLDERS AND PARTNERS WHO HAVE CONTRIBUTED TO OUR PROGRESS.

”

Reflecting on the past year, South Africa's energy and water sectors have faced significant challenges and made notable advancements. These sectors are vital to the economy and daily lives and crucial for National Development Plan.

The energy sector is navigating a complex transition to clean energy, requiring infrastructural upgrades and intensified energy security measures. Both the President's State of the Nation address and the Finance Minister's 2024 budget speech highlighted the government's commitment to clean energy. During the year under review, the sector experienced significant growth in solar and wind energy projects requiring the EWSETA to enhance the skills in this area. Further measures include efforts to modernise the grid, improve energy storage, and enhance energy efficiency across all sectors.

The water sector faces challenges in the form of climate change, population growth, and ageing infrastructure. Water scarcity, exacerbated by prolonged droughts and uneven rainfall, demands proactive measures. The Department of Water and Sanitation (DWS) has launched initiatives to improve water resource management, enhance infrastructure, and promote conservation. Projects focus on rehabilitating existing infrastructure, developing new supply schemes, and implementing smart water management technologies. Community engagement and education on water conservation have been crucial in promoting sustainable use.

With the sectors we serve needing to be agile and adaptable, EWSETA has remained committed to our strategic mandate of building a capable and skilled workforce able to respond to these sector challenges in a sustainable manner, now and into the future. Our strategic intent of inclusive economic participation ensures that the initiatives implemented by EWSETA have the required impact that will lead to the growth of the sector and the economy. The focus is to upskill existing workers and train young people entering the workforce, maintain modern infrastructure, promote innovation, and drive efficiency and sustainability.

To this end, EWSETA's year-on-year performance increase trend has been commendable with the 2023/2024 performance increasing to 84% from the previous year's 79%. For the Accounting Authority this achievement is a result of improvement in governance, control environment, hard work by the team and also the unified and collective accountability of the sector at large, to enabling a more capacitated workforce through skills development and training. The SETA's intentional focus on strengthened partnerships and closer collaboration with strategic stakeholders over the years has played a significant role in our performance improvement and in the year under review. These partnerships have yielded immense impact in areas such as women empowerment, rural development, TVET College capacitation and SMME development and technology incubation.

Understanding sector skills needs requires keeping a finger on the pulse of sector developments with a view to ensuring that as improvements unfold, the EWSETA is working to ensure that the right skills will be available on the ground to run with the measures being implemented to secure the country's energy and water supply. As a result, EWSETA has been driving a rigorous stakeholder engagement strategy that has seen the organisation play a dominant role as a key education and training partner at a number of critical sector events and being recognised as a pivotal voice in skills discussions at international forums, BRICS and national platforms.

The impact-driven strategic focus has allowed the SETA to play the required role as an education and training authority in supporting the transition to a low-carbon economy and sustainable water management practices which requires continuous innovation, investment, and collaboration. EWSETA remains committed to fostering skills development, promoting industry-academic partnerships, and supporting initiatives that advance these sectors.

In the 2023/24 Audit Report, The Auditor General of South Africa (AGSA) expresses a qualified audit opinion. The

2023/24 Annual financial statements presented a fairly and, in all material respects, the financial position, financial performance and cash flows of EWSETA as at 31 March 2024 in accordance with the Standards of Generally Recognised Accounting Practice, except for the material misstatements identified in Commitments and Prior Period Error Notes.

After several successive unqualified audits, expression of a qualified audit by the AGSA is a disappointment after years of good audit outcomes. The Accounting Authority views the qualified audit opinion in a very serious light and will during the ensuing financial period ensure that control measures are improved.

On behalf of EWSETA, I would like to welcome and congratulate the new Minister of Higher Education and Training, Dr Nobuhle Nkabane, on her appointment to this key role. I also wish to congratulate Dr Mimmy Gondwe on her appointment as a Deputy Minister and Mr Buti Manamela on his re-appointment as a Deputy Minister.

I commend the Chief Executive Officer, her Executive Team, and the entire Administration for their dedication to our strategic aims. I also thank my fellow Accounting Authority members and Governance Committees for their guidance, and the Honourable Minister Professor Blade Nzimande for his support and leadership.

In conclusion, while challenges remain, the progress in the energy and water sectors is commendable. Together we will continue to build a resilient, sustainable, and inclusive future for all South Africans.



**DR. LIMAKATSO MOOROSI**

Chairperson of the Accounting Authority

## CHIEF EXECUTIVE OFFICER'S OVERVIEW

*Mpho Mookapele*



“

YEARS OF BUILDING  
STAKEHOLDER  
RELATIONSHIPS  
HAVE PAID OFF,  
POSITIONING US  
EFFECTIVELY IN  
KEY LOCAL AND  
INTERNATIONAL  
ARENAS.

”

Over the past twelve months, the constantly evolving South African energy and water landscape has required a unified effort to achieve national progress in skills development that responds to these changes.

EWSETA's strategic focus to drive inclusive economic participation in the sectors has been underpinned by South Africa's National Development Plan that calls for a professional, competent and ethical state that invests in the capacity, opportunities and protection of people, to ensure broad-based economic participation in a capable economy. This is achievable, not only by government, but rather collaboration in the public and the private sector if we are to respond to the growing and diverse skills needs in the energy and water sector.

EWSETA's strategy and operating model recognises the importance of strategic collaboration in meeting its targets and achieving its set objectives to positively impact its beneficiaries.

Addressing the skills development needs of both sectors requires a collaborative approach that brings together various stakeholders to create a cohesive strategy that aligns to National Government's vision and industry needs. Since the outset of the current five-year strategic period that commenced on 1 April 2020, a robust stakeholder engagement strategy has underpinned the pursuit of our mandate.

## PERFORMANCE AND KEY PROJECTS

Amidst the constantly changing environment, EWSETA has proven itself to be agile in the delivery of its mandate and has achieved much-improved performance results against its 2023/24 set Annual Performance Plan targets. The SETA has worked hard to drive a collaborative skills development approach with key stakeholders, and as a result I am pleased to report that 2023/24 has resulted

in an overall performance achievement of 84%, which is a celebrated improvement on the previous reporting period performance of 79%.

Working closely with our stakeholders, we have been able to deliver impact in the following areas:



### IMPROVED SUPPORT FOR THE PUBLIC COLLEGE SYSTEM

Support for TVET colleges and Community Education Training Centres (CETC) was enhanced through partnerships and infrastructure support. TVET colleges were supported with infrastructure to enable quality provision of renewable energy qualifications. This was achieved through partnerships with SETAs and international partners like the Chinese Culture & International Education Exchange Centre.

A Community College was supported with equipment for borehole drilling machinery to respond to the skills needed to address the water challenges in KZN communities. Further to this, 15 TVET college managers and lecturers were supported through skills programmes exposing them to industry and current technology in the real world of work.



### RURAL DEVELOPMENT FOCUS TO DRIVE INCLUSION

During the year under review, EWSETA's focus on rural development to ensure inclusion of communities in energy and water economic activities was evidenced by 22 rural development projects initiated by the SETA. These projects cut across the different provinces and included, bursaries, learnerships and apprenticeship development amongst other skills development initiatives.

We participated in 42 career development events hosted in rural communities on occupations in high demand in

the energy and water sector. This was achieved through partnering with diverse stakeholders to ensure that information and education reaches our communities to meet our economic inclusion objective.

In partnership with ACWA Power and Nomac, EWSETA funded students from rural communities on short courses to gain invaluable international on the job training in thermal solar technologies in Dubai. This is a testament to the impact achieved through strategic partnerships with a focus on the delivery of impactful skills development programmes.



### RECOGNITION OF PRIOR LEARNING TO PROFESSIONALISE THE SECTOR

The energy and water sector has a high number of workers that are experienced but have no formal qualifications. We supported 984 beneficiaries enrolled in learning programmes to recognise their prior learning in plumbing, welding, electrical trades and learnerships amongst others. Formal qualifications are critical in the constantly changing world of work and enables beneficiaries to access wider employment opportunities.



### WORKERS COMPLETING SKILLS PROGRAMMES TO IMPROVE INDUSTRY PRODUCTIVITY

The energy transition and changes in the water sector requires workers that are updated and upskilled in new developments and new technological advancements for them to remain relevant and productive. EWSETA saw 874 workers complete skills programmes in renewable energy, hot water system installers, community water health and sanitation and water process control amongst others. This ensures a capable and updated workforce for the sector.



### SUPPORT FOR SMMEs, COOPERATIVES AND NGOS TO DRIVE INCLUSIVE ECONOMIC PARTICIPATION

Limited participation of youth and previously disadvantaged individuals in the energy and water sector economic activities required EWSETA to focus on SMMEs, coops, NPOs and NGOs to ensure meaningful inclusion. Beneficiaries representing 32 SMMEs were trained on priority occupations and funded for skills that enhance growth. This included a partnership with MTN to support innovation in App development in the energy, water and education space. A total of 11 cooperatives were exposed to sector related workshops to educate them on the green economy and ensure that they take advantage of the available and emerging opportunities in the green economy. A further ten CBOs, NGOs and NPOs were supported on short programmes for skills that enhance the development and suitability of the organisation activities.

The above skills development projects are reflective of the SETAs intent to ensure access to occupationally directed qualifications and Increasing skills capacity through workplace-based learning without leaving anyone behind. These achievements testify that together we can drive more meaningful and impactful skills development for the sector.

The size and complexity of the sector we serve has seen numerous government, as well as public and private organisations implement a variety of projects, programmes and initiatives to address the skills development challenges facing the sector. This has necessitated the need for collaborative efforts if we are to see return on investment in skills.

Achieving this synergy requires platforms for dialogue and collaboration, sharing knowledge and resources, and aligning goals to create a unified approach to workforce development.

The year-on-year overall performance increase realised over the past four years has been driven by a holistic approach by the SETA that brings stakeholders, funding and internal capabilities and media presence together to realise the objectives of the organisation.

## TRANSFORMING INTO A HIGH-PERFORMANCE ORGANISATION

Our transformational journey towards a high-performance organisation has been underpinned by the relentless pursuit of a high-performance culture, operational excellence, and impact-driven strategies that have resulted in the development over the past three years of an operating model and organisational design. We are realising the benefits from the implementation of these activities, specifically the operating model.

At the conclusion of the financial period, through the implementation of our operating model, we continued to embed stakeholder-centricity in all our business processes. We have developed integrated systems and refined our core competencies aligned to that of an authority.

Implementation of the new organisation structure was ramped up during the financial period and I am pleased to report that we now have a full and capacitated Executive Management team, alleviating the Executive shared responsibilities and additional workload that dominated the previous financial periods.

I would like to take this opportunity to thank the Executives who took on additional responsibilities in the absence of key Managers, and I am pleased to report that even though we were operating with an under-resourced Executive Team, the organisation performed exceptionally well in many areas. This is testament to the commitment and dedication of the leadership team in the organisation.

Resourcing the organisational structure has been phase approach and the final 2 phases are expected to be concluded within the 2024/25 financial period. The high number of vacant positions in the organisation resulted in some capacity constraints in key departments in the organisation. This resulted in shared responsibilities and reflected staff commitment to the organisation.

The governance structures in place at EWSETA remain the bedrock of our control environment that not only ensures financial sustainability, but also drives impactful results. Our Accounting Authority comprises a diverse range of skills and knowledge that have played a key role in the successes we have enjoyed. As the organisation transitions to the operating model and diverse stakeholder needs arise, some control improvement areas have been identified and therefore strengthening these controls remains a priority as we continue to shift and adapt to new challenges.

## STRATEGIC PARTNERSHIPS

In reporting on our achievements during the review period, it is important to highlight the increased stakeholder appreciation of the importance of skills development, that has not only driven impactful activities, but resulted in a more inclusive approach to skills development.

The 22% growth in submission of WSPs and ATRs from 202 in 2022/23 to 247 in the review period indicates that the sector is more actively involved in skills development. This is a notable increase, but when one considers that a small percentage of levy payers are participating in skills planning process, it remains our priority to increase sectoral participation in anticipating skills demands for sectors we serve.

EWSETA recognises and appreciates industry's increased participation in skills delivery. This has led to an increase in co-funded and industry funded projects that respond

directly to the National Skills Development Plan (NSDP) 2030, our Strategic Intent and other national imperatives.

During this review period, the work done in previous years and investment in stakeholder relationships and collaboration has yielded results, not only for the SETA, but for the sector as a whole. Increased presence in the right spaces both locally and internationally has attracted relevant partners in skills development.

Locally we have taken lead in the skills development conversations in numerous sector events, to advocate for collaboration for more prominent impact. EWSETA's participation in the international activities have included leading involvement in the BRICS 2023 summit on skills in the energy sector. We also led key conversations on skills at the Russia Africa Forum and BRICS Youth in Energy Summit.

## FINANCIAL OVERVIEW

EWSETA is funded by levy income. In the past year, the SETA implemented a partnership model as part of the financing strategy. The model ensures facilitation of co-funding to ensure adequate response to increasing sector skills demand.

Levy income for the financial period under review has grown to R379 million, an increase of 11.5% on the previous year's R340 million. The significant increase in revenue meant that we were able to increase our spend on mandatory and discretionary grants disbursements to R291.4 million, an increase of R27.4 million on the R264 million the previous year.

The increase in mandatory grant payouts means employers can provide more training for worker-initiated training. Our DG commitments at the end of financial period totalled R310.7 million, a significant increase of R64.3 million on the previous year. The SETA will be applying to the National Treasury to retain surplus

funds to finance the SETA's financial commitments and other significant and much-needed skills development interventions in the energy and water sector.

Whilst the entity obtained a qualified audit opinion based on misstatement in commitments, the SETA's financial position remains healthy, and the entity continues to operate as a going concern. Management will implement the Auditor General's recommendations to ensure the control gaps identified are improved and that the overall control environment is improved.

All relevant expenditure was the result of procurement processed aligned to the SCM policy and standard operating procedures based on relevant National Treasury prescripts. The entity did not receive any unsolicited bids during the period under review.

The EWSETA will continue to strengthen stakeholder relations to leverage on skills development funding available in the sector for wider reach and greater impact.

## ACKNOWLEDGEMENTS AND APPRECIATION

I wish to extend sincere appreciation to our previous Minister Professor Blade Nzimade and the team at the Department of Higher Education and Training for their guidance and support during the review period.

To our Accounting Authority and various governance committees, a very big thank you for the guidance provided, particularly considering the under capacitation at an Executive level during this period.

Great appreciation goes to the EWSETA team, from management to our ground staff who have all contributed to improved results reported. Your efforts and dedication to the sector will result in positive change in all our beneficiaries' lives.

Our journey is one of continuous improvement, collaboration, and strategic impact. While challenges remain, the foundation has been laid for a future where skills development drives inclusive economic growth and positions South Africa as a leader in the global arena.



**MPHO MOOKAPELE**  
Chief Executive Officer

“

**MOVING FORWARD,  
TO BUILD A STRONGER  
SOUTH AFRICA REQUIRES  
COLLECTIVE ACTION.  
UNDERSTANDING THE  
NEEDS OF THE COUNTRY  
AND WORKING  
TOGETHER TOWARDS  
A COMMON GOAL IS  
ESSENTIAL. WE REMAIN  
COMMITTED TO LEADING  
THESE EFFORTS.**

”

## STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

We affirm, to the best of our knowledge and belief, the following:

- All information and figures presented in this annual report align with the annual financial statements audited by the Auditor-General.
- The annual report is comprehensive, accurate, and devoid of any omissions.
- The preparation of the annual report adheres to the guidelines set forth by the National Treasury. The Annual Financial Statements (Part F) have been meticulously prepared following the Standards of Generally Recognised Accounting Practice (GRAP) applicable to a public entity.
- The Accounting Authority holds responsibility for the preparation of the annual financial statements and the judgements therein. Furthermore, the Accounting Authority is accountable for establishing and executing a system of internal controls designed to ensure the integrity and reliability of the performance information, human resources information, and annual financial statements.
- External auditors have been engaged to provide an impartial opinion on the annual financial statements.
- In our assessment, the annual report accurately represents the operations, performance information, human resources information, and financial affairs of the entity for the financial year ended 31 March 2024.



**Chief Executive Officer**

Mpho Mookapele  
31 July 2024



**Chairperson of the Accounting Authority**

Dr. Limakatso Moorosi  
31 July 2024





## STRATEGIC OVERVIEW

The Energy and Water Sector Education and Training Authority (EWSETA) is one of 21 SETAs established in terms of Section 9 of the Skills Development Act (SDA), No. 97 of 1998, as amended. It reports to the Honourable Minister of Higher Education, Science and Innovation. The information provided in this annual report is aligned with EWSETA's five-year strategy (2020/21–2024/25), of which implementation started on 1 April 2020. The period under review would thus be the second year of the implementation of EWSETA's Strategic Plan.

### MANDATE



To anticipate, build, and strategically plan and manage skills development and training needs in the energy and water sectors, as directed by the National Skills Development Plan 2030.

### VISION



To create a sustainable tomorrow today, through skills.

### MISSION



We will achieve our vision through:

- Research to determine the skills demand
- Facilitating and coordinating skills development programmes to respond to sectoral challenges
- Driving excellence through quality assurance
- Fostering an ecosystem in energy and water that creates inclusive economic development

## VALUES



Our values are the bedrock of our decisions, actions, performance, and interaction with all our stakeholders. Our values drive our behaviour, and through them, we can create an environment that is conducive to a high-performance organisational culture.



#### RESPECT:

A sense of value and trust towards each other and our stakeholders



#### INTEGRITY:

We act with honesty and integrity, not compromising the truth



#### TEAMING:

Positively contributing and collaborating towards the greater vision



#### EXCELLENCE:

Striving for the best in all our actions

## OUR STRATEGIC INTENT

Aligned with the National Development Plan (NDP), our country aims to achieve robust economic growth while addressing unemployment, poverty, and inequality by 2030.

Collaborative efforts and investments in skills development among social partners are imperative for the success of the NSDP 2030, ultimately leading to a well-educated, skilled, and capable workforce in South Africa.

Within the Medium-term Strategic Framework (MTSF 2019-2024), EWSETA is committed to contributing to the government's priorities. To achieve impactful outcomes in skills development, EWSETA has identified the following strategic pillars:

- Cultivating a high-performance culture
- Establishing a credible mechanism for assessing skills supply and demand
- Addressing gaps in scarce and critical skills
- Enhancing continuous professional development and career guidance
- Contributing positively to inclusive economic development

EWSETA's strategic plan will be closely monitored and evaluated until 31 March 2025 to ensure the realisation of intended short-term outcomes and impacts. Throughout the strategy's implementation, management will ensure the availability of adequate resources, including finance, human capital, and infrastructure.

## SCOPE

EWSETA's primary focus centres on the energy and water sectors within South Africa. This encompasses various energy subsectors such as electricity, gas, nuclear energy, and renewable energy. Additionally, it includes the water subsectors of collection, purification, distribution, waste management, and refuse disposal.



## LEGISLATIVE AND OTHER MANDATES

### CONSTITUTIONAL MANDATE

By the Constitution of the Republic of South Africa, the education system values human dignity, equality, human rights, freedom, non-racism and non-sexism. A provision of Section 29(1) of the Constitution ensures the right to basic education for all citizens, including adult basic education, as well as the right to continued education, which the state must make progressively available and accessible to all citizens.

As provided for in Section 22 of the Constitution, every citizen has the right to choose their trade, occupation, or profession. EWSETA's responsibility is therefore to facilitate equal access to education and training. It focuses on trades and occupational qualifications in the energy and water sectors.

### LEGISLATIVE MANDATE

EWSETA derives its mandate from the Skills Development Act, No. 97 of 1998, as amended. Within that mandate, its key responsibilities are to do the following:

- Develop a Sector Skills Plan (SSP) within the framework of the NSDP 2030
- 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, ensuring that relevant and quality training is being implemented.
- Promote learning programmes by identifying workplaces for practical work experience, supporting the development of learning materials, and improving facilitated learning.

- Conclude and register learning programme agreements as required.
- Perform functions delegated by Section 26 of the Quality Council for Trades and Occupations (QCTO) Act.
- Disburse EWSETA-allocated skills development levies.
- Liaise with the National Skills Authority (NSA) on related policy, strategy and Sector Skills Plans.

The legislation, regulations and policies listed below inform and guide EWSETA's strategy and operations:

#### Skills Development Levies Act, No. 9 of 1998 (as amended Act No. 9 of 1999):

- Provide for the imposition of a skills development levy.

#### National Qualifications Framework Act, No. 67 of 2008:

- Provide for the further development, organisation and governance of the National Qualifications Framework (NQF).

#### Further Education and Training Act, No. 98 of 1998:

- Establish a national, coordinated, further education and training system that promotes cooperative governance and provides programme-based further education and training.

#### Public Finance Management Act, No. 1 of 1999:

- 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, No. 2 of 2000:

- Give effect to the constitutional right of access to state-held information (Promotion of Administrative Justice Act, No. 3 of 2000).
- Give effect to administrative action that is lawful, reasonable, and procedurally fair.

#### Preferential Procurement Policy Framework Act, No. 5 of 2000:

- Guide procurement in government where a preference point system must be followed.

#### White Paper for Post-school Education and Training, 2013:

- Improve post-school education and training system capacity.
- Set policies that guide the Department of Higher Education and Training (DHET) and institutions for which it is responsible to contribute to building a developmental state with a vibrant democracy and a flourishing economy.

## 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 South African Economic Reconstruction and Recovery Plan (ERRP): This is aimed at stimulating equitable and inclusive growth.
- The National Development Plan: This is an overarching long-term plan for South Africa to eliminate poverty and reduce inequality by 2030 through faster and more inclusive economic growth.
- The National Skills Development Plan 2030: This is derived from the NDP to guarantee adequate, suitable, high-quality skills that contribute to growth, job creation, and social development.
- The District Development Model (DDM): This aims to improve the coherence and impact of government service delivery with a focus on 44 districts and eight metropolitan municipalities around the country as development spaces that can be used as centres of service delivery and economic development, including job creation.

- The Human Resources Development Strategy for South Africa (HRDS-SA): This is a coherent, national human resource development framework within which all human resources development (HRD)-oriented policies operate.
- Industrial Policy Action Plan (IPAP2): This sets out key actions and timeframes for the implementation of industrial policy.
- National Infrastructure Plan, including 18 Strategic Integrated Projects (SIPs): This is a 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): This initiative targeted 300,000 direct jobs from the green economy, with manufacturing accounting for 80,000 and the rest of the jobs in construction, operations, and the maintenance of infrastructure. The plan predicted that job creation would increase to over 400,000 by 2030.

## SECTOR-SPECIFIC FRAMEWORK REGULATIONS

EWSETA's operations are informed and influenced by several sector-specific framework regulations:

- Integrated Resource Plan (IRP): This refers to the coordinated schedule for generation expansion and demand-side management intervention programmes, taking into consideration multiple criteria to meet electricity demand.
- The Strategic Framework for Water Services, 2003: This sets out a comprehensive approach for the provision of water services.
- The National Water and Sanitation Master Plan: This plan identifies key actions in the water sector and allocates roles and responsibilities to all members of the water sector, including those from the various tiers of

government, the private sector, and other stakeholders, for the implementation of the plan.

- Water Services Act, No. 108 of 1997: This Act provides for the rights of access to basic water supply and sanitation and sets national standards and tariffs.
- National Water Act, No. 36 of 1998: This Act acknowledges the national government's overall responsibility for, authority over, and use of the nation's water resources.
- Municipal Structures Act, No. 117 of 1998: This Act provides for the establishment of municipalities.
- The Municipal Systems Act, No. 32 of 2000: This Act provides for the core principles, mechanisms, and processes that enable municipalities to uplift local communities socially and economically.
- Municipal Finance Management Act, No. 56 of 2003: This Act promotes good financial management to maximise service delivery.
- Nuclear Energy Act, No. 46 of 1999: This Act provides for the establishment of the South African Nuclear Energy Corporation Limited.
- National Nuclear Regulator Act, No. 47 of 1999: This Act provides for the protection of persons, property, and the environment against nuclear damage through safety standards and regulatory practices.
- National Energy Act, No. 34 of 2008: This Act promotes the availability of diverse energy resources in sustainable quantities and at affordable prices.





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THE IMPORTANCE OF SKILLS DEVELOPMENT IS TAKING CENTRE STAGE ACROSS OUR INDUSTRIES, AND EWSETA HAS LED AND PARTICIPATED IN CRITICAL CONVERSATIONS THAT TAKE PLACE AT THE PLANNING STAGE. IT HAS BEEN HEARTENING TO OBSERVE HOW INDUSTRY SEEKS OUT EWSETA AT INCREASINGLY EARLIER STAGES OF THEIR PLANNING FOR OUR ADVISORY ROLE IN PLANNING SKILLS DELIVERY INTERVENTIONS.

ROBYN VILAKAZI, EWSETA Skills Delivery and QA Executive

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IN THE EVER-EVOLVING SOUTH AFRICAN ENERGY AND WATER SECTOR, THE NEED FOR UNIFIED EFFORT TO ACHIEVE NATIONAL PROGRESS IN SKILLS DEVELOPMENT CANNOT BE OVERSTATED. THE SECTOR WE SERVE HAS, AND CONTINUES TO, UNDERGO SIGNIFICANT TRANSFORMATION AND CHANGES.

MPHO MOOKAPELE, CEO EWSETA

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**B**

**PERFORMANCE  
INFORMATION**

## STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

The Chief Executive Officer (CEO) of EWSETA continues to bear the responsibility for the authority's performance information and associated assessments. The CEO is also accountable for establishing and implementing internal controls that reasonably ensure the integrity and dependability of the performance information.

In my assessment, the performance information presented in this annual report effectively reflects EWSETA's accomplishments in relation to the strategic objectives, indicators, and targets outlined in EWSETA's strategy for the upcoming financial year of 2024/25. Furthermore, it aligns with the goals specified in the 2024/25 Annual Performance Plan.

The external auditors have provided their evaluation of EWSETA's performance in their report, located on pages 103 to 109 of this document.

The Accounting Authority of EWSETA has duly approved the performance information presented within this report for the period under review.



**MPHO MOOKAPELE**

Chief Executive Officer

31 July 2024

## AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

Review this information within the Auditor General's Report found on page 103 to 109 under paragraphs 16 to 27.



## ENVIRONMENTAL ANALYSIS

### ORGANISATIONAL ENVIRONMENT

The Energy and Water Sector Education and Training Authority (EWSETA) operates within a dynamic organisational environment characterised by rapid technological advancements, shifting market demands, and evolving regulatory frameworks. As a Sector Education and Training Authority (SETA), EWSETA plays a pivotal role in coordinating skills development initiatives within the energy and water sector in South Africa. Its mandate involves facilitating the development of a skilled workforce to meet industry needs, promote employment, and contribute to economic growth.

### KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

In the 2023/24 financial year, EWSETA contended with several key policy developments that influenced its operations and strategic direction. These include:



**Energy Transition Policies:** The global focus on renewable energy and sustainability has led to the introduction of various energy transition policies aimed at reducing carbon emissions and transitioning towards cleaner energy sources. In response, EWSETA has had to align its training programmes to incorporate skills related to renewable energy technologies such as solar, wind, and hydroelectric power.



**Water Management Regulations:** The increasing concern over water scarcity and quality has prompted regulatory interventions aimed at improving water management practices.

EWSETA has had to adapt its skills development initiatives to address emerging needs in water conservation, wastewater treatment, and efficient water resource management.



**Skills Development Legislation:** Potential changes in the SETA Grant Regulations have implications for EWSETA's governance structure, funding mechanisms, and programme accreditation processes. Compliance with these legislative requirements remains paramount for the effective functioning of the organisation.

### IMPLICATIONS FOR SKILLS DEVELOPMENT IN THE SECTOR

The aforementioned policy developments and legislative changes have significant implications for skills development within the energy and water sector:



**Demand for Green Skills:** The transition towards renewable energy sources necessitates the acquisition of new skills such as solar panel installation, wind turbine maintenance, and sustainable energy management. EWSETA must collaborate with industry stakeholders to identify emerging skill gaps and develop training programmes that address these needs.



**Integration of Technological Innovations:** Technological advancements in energy and water infrastructure, such as smart grids and water purification technologies, require workers with proficiency in digital literacy, data analytics, and automation. EWSETA's training curricula must integrate these technological innovations to ensure that the workforce remains competitive and adaptable to evolving industry trends.



**Focus on Sustainable Practices:** With growing emphasis on sustainability and environmental stewardship, EWSETA's skills development initiatives should prioritise training in eco-friendly practices, energy efficiency, and water conservation techniques. This not only enhances the sector's environmental performance but also fosters a culture of responsible resource management among industry professionals.

The skills development landscape within the energy and water sector is undergoing profound transformation due to shifting policy priorities and technological advancements. EWSETA plays a critical role in navigating these changes by aligning its programmes with industry needs, regulatory requirements, and sustainable development goals.

By proactively addressing emerging skill gaps and promoting lifelong learning, EWSETA contributes to building a competent and resilient workforce capable of driving the sector's growth and sustainability.



**IN THE 2023/24 FINANCIAL YEAR, EWSETA CONTENDED WITH SEVERAL KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES THAT INFLUENCED ITS OPERATIONS AND STRATEGIC DIRECTION.**





## PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

EWSETA intends to achieve the outcomes outlined in the NSDP 2030 and the MTSF 2019–2024: Priority 3: Education, Skills and Health. The information below indicates EWSETA's achievement status against its five-year target as per the last four year's annual audited reports.

Outcomes	Outcome indicators	Baseline	Five-year target (to 31 March 2025)	Audited achievement as at 31 March 2024
1. Improved SETA performance	1.1 Annual stakeholder satisfaction survey index.	90%	90%	Will be assessed in Year 5
	1.2 AGSA audit outcome	Unqualified audit	Unqualified audit without emphasis on matter	Qualified Audit
	1.3 Development and Implementation of an operating model and organisational design	NA	100% Implementation of organisational design strategy	Will be assessed in Year 5
2. Enhanced learning programmes for occupations in high demand	2.1 (%) Learners confirming their learning programme is directly related to the work they undertake	NA	80%	Will be assessed in Year 5
	2.2 (%) Increased employability of completers/ graduates	NA	70%	Will be assessed in Year 5
3. Improved organisational learning on performance of programmes	3.1 Rating of organisational learning by employees.	N/A	80% positive rating	Will be assessed in Year 5
4. Increased access for occupations in high demand within the energy and water sector by 2024	4.1 Ratio of Discretionary Grant budget allocated to high (H), intermediate (I) and elementary (E) level skills.	H: I: E = 10:70:20	H: I: E = 25:60:15	H: I: E = 39:50:11
	4.2 Number of learners enrolling in EWSETA occupations in high demand.	6 976	7 000	9 942
5. Increased skills capacity through workplace-based learning	5.1 Number of workplace-based learning interventions.	150	200	137
	5.2 Number of workers participating in learning programmes.	5 635	6 000	9 104

Outcomes	Outcome indicators	Baseline	Five-year target (to 31 March 2025)	Audited achievement as at 31 March 2024
6. Increased economic participation of CBOs, NGOs, NPOs and SMMEs within the energy and water sector	6.1 Number of CBOs, NGOs/ NPOs and SMMEs supported with training interventions.	139	175	130
	6.2 Number of entrepreneurship enterprises and cooperatives developed.	26	50	50
7. Increased support for the growth of the college system	7.1 Number of public colleges supported.	25	35	39
8. Increased uptake of careers in the energy and water sectors	8.1 Number of career guidance events and activities where EWSETA is exposed to high school learners.	N/A	200	262
	8.2 Workshops with career development practitioners where details on careers in the energy and water sectors are provided.	New indicator	40	56
9. Updated qualifications that are aligned to the current skills training needs	9.1 Number of new qualifications developed as per Industry needs.	18	20	14

## INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

Key Result Area (Programme)	Outcomes	Strategic Outcome Oriented Goal	Goal Statement
<b>PROGRAMME 1: ADMINISTRATION</b>	<ul style="list-style-type: none"> <li>Improved SETA Performance</li> <li>Compliance with statutory requirements</li> <li>Improved Operational Performance</li> </ul>	The purpose of the programme is to provide strategic leadership, management, and administrative support	<ul style="list-style-type: none"> <li>Exercise oversight responsibility for financial, performance reporting, compliance and related internal controls</li> <li>Promote good corporate governance and practices</li> <li>Implement HR management practices to recruit adequate and appropriately skilled human resources</li> <li>Provide ICT systems and services to deliver the EWSETA mandate</li> <li>Promote the EWSETA's reputation and visibility among stakeholders</li> </ul>
<b>PROGRAMME 2: SKILLS PLANNING</b>	<ul style="list-style-type: none"> <li>Enhanced learning programmes for occupations in high demand</li> <li>Improved organisational learning on performance of programmes</li> </ul>	The purpose of the programme is to ensure that human resource development information is available and contributes to skills development planning	<ul style="list-style-type: none"> <li>Improve sector skills planning</li> <li>Establish research, as well as M&amp;E activities to inform skills planning, as well as qualifications and learning interventions development for the energy and water sectors</li> <li>Review and update the SSP annually</li> </ul>
<b>PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS</b>	<ul style="list-style-type: none"> <li>Increased access to occupations in high demand within the energy and water sector by 2025</li> <li>Increased skills capacity through workplace-based learning</li> <li>Increased access to occupations in high demand</li> <li>Increased support for the growth of the college system</li> <li>Increased economical participation of CBOs/ NGOs/ NPOs/SMMEs within the energy and water sector</li> <li>Labour force that is updated with current skills required for the sector</li> </ul>	The purpose of the programme is to increase productivity in the energy and water sector through skills development	<ul style="list-style-type: none"> <li>Promote and support artisan and other middle and high-level programmes</li> <li>Establish partnerships to lead and manage agreed projects and programmes</li> <li>Promote occupational learning pathways for scarce skills through career guidance initiatives</li> </ul>
<b>PROGRAMME 4: QUALITY ASSURANCE</b>	<ul style="list-style-type: none"> <li>Updated qualifications that are aligned to the current skills training needs</li> </ul>	The purpose of the programme is to enable the EWSETA to execute the delegated functions of the QCTO	<ul style="list-style-type: none"> <li>Identify appropriate qualifications for each occupation</li> <li>Develop and register occupational qualifications where there are gaps</li> </ul>

## EWSETA ANNUAL PERFORMANCE REPORT FOR 2023-2024 FINANCIAL YEAR

Outcomes	Output Indicators	APP ANNUAL TARGET 2023/24	SETA FUNDED	INDUSTRY FUNDED	TOTAL	Variance	% ACHIEVED	% VARIANCE	Reasons for Variance (provide for variances over 10%)
<b>PROGRAMME 1: ADMINISTRATION</b>									
<b>Corporate Services / Strategic Management</b>									
Improved SETA performance	1.1 Approved SP, APP and AOP	SP, APP and AOP approved	Final SP & APP submitted to DHET		Final SP & APP submitted to DHET		100%	0%	Target Achieved
	1.2 No. of SETA good governance reports in line with the Governance template from DHET with 100% achievement	4 SETA good governance reports	4		4		100%	0%	Target Achieved
<b>Governance, Audit and Risk</b>									
Improved SETA performance	1.3 AGSA audit opinion	Unqualified audit	Unqualified audit opinion in the 2022/23 financial year.		Unqualified audit opinion in the 2022/23 financial year.		100%	0%	Target Achieved
<b>Human Resources</b>									
Improved SETA performance	1.4 Development and implementation of an operating model & organisational design	Labour turnover limited to 13% per annum	12%		12%		100%	0%	Target Achieved
<b>Marketing and Communications</b>									
Improved Operational Performance	1.5 No of sector events participated in and EWSETA events hosted	20	23		23	3	115%	15%	Target Achieved The number of sector events is continuously increasing due to increase in invitations as the industry understands the role of the SETA and its strategy.

Outcomes	Output Indicators	APP ANNUAL TARGET 2023/24	SETA FUNDED	INDUSTRY FUNDED	TOTAL	Variance	% ACHIEVED	% VARIANCE	Reasons for Variance (provide for variances over 10%)
<b>Information Technology</b>									
Improved SETA Performance	1.6 Effective ICT Governance	90% of ICT Governance operationalised	ICT Governance Framework Reviewed		ICT Governance Framework Reviewed		100%	0%	Target Achieved
	1.7 Implementation of the disaster recovery and business continuity plan	100%	100%		100%		100%	0%	Target Achieved
<b>PROGRAMME 2: SKILLS PLANNING</b>									
<b>Work Skills Plans and Annual Training Reports</b>									
Enhanced learning programmes for occupations in high demand	2.1 Number of WSPs and ATRs approved for small firms.	140	173		173	33	124%	24%	Target Achieved High achievement because of extensive growth of small enterprises in addition to targeted communication and calls to the small businesses to participate in skills planning.
	2.2 Number of WSPs and ATRs approved for medium firms	50	45		45	-5	90%	-10%	Target not achieved Number of medium sized firms remained fairly unchanged, which limited the rate of WSP and ATR response.
	2.3 Number of WSPs and ATRs approved for Large firms	30	29		29	-1	97%	-3%	Target not achieved

Outcomes	Output Indicators	APP ANNUAL TARGET 2023/24	SETA FUNDED	INDUSTRY FUNDED	TOTAL	Variance	% ACHIEVED	% VARIANCE	Reasons for Variance (provide for variances over 10%)
<b>Sector Skills Plan</b>									
Enhanced learning programmes for occupations in high demand	2.4 Sector Skills Plan reviewed and approved	Annual SSP 2024-2025 approved	Final draft SSP submitted to DHET		Annual SSP 2024-2025 approved		100%	0%	Target Achieved
	2.5 Number of sector research agreements signed for TVET growth occupationally directed programmes	2 research agreements (energy + water) Implemented	Project management of 2 research agreement (CUT & TUT)		Project management of 2 research agreement (CUT & TUT)		100%	0%	Target Achieved
	2.6 Identified skills needs of established and emergent cooperatives	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year but was merged with other indicators to ensure the objective is still achieved.
	2.7 Identified skills needs of small and emerging enterprises	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year but was merged with other indicators to ensure the objective is still achieved.
	2.8 No of topical research reports	1 research report	100%		1	-	100%	0%	Target Achieved
<b>Monitoring and Evaluation</b>									
Improved organisational learning on performance	2.9 No of monitoring reports and evaluation reports	4	4		4	0	100%	0%	Target Achieved

Outcomes	Output Indicators	APP ANNUAL TARGET 2023/24	SETA FUNDED	INDUSTRY FUNDED	TOTAL	Variance	% ACHIEVED	% VARIANCE	Reasons for Variance (provide for variances over 10%)
<b>PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS</b>									
Increased access to occupations in high demand within the energy and water sector by 2024	3.1 Percentage of discretionary grant budget allocated at developing high level skills	30%	39%		39%	9%	130%	30%	Target Achieved While entry-level skills are required by the industry, high level skills have a higher associated cost. Surplus funds retained from the prior year were applied primarily towards the development of high level skills. Additionally, new research partnerships resulted in the allocation of funds towards post-graduate studies. This increased the percentage of funding allocated beyond the target. The external auditors have expressed disagreement on the reported performance for this indicator due to misstatements identified on this indicator during the audit.
	3.2 Percentage of discretionary grant budget allocated at developing intermediate level skills	50%	50%		50%	0%	100%	0%	Target Achieved While entry-level and intermediate-level skills are required by the industry, high level skills have a higher associated cost. This increased the percentage of funding allocated beyond the target and the funding allocation was therefore lower for intermediate and elementary level skills. The external auditors have expressed disagreement on the reported performance for this indicator due to misstatements identified on this indicator during the audit.
	3.3 Percentage of discretionary grant budget allocated at developing elementary level skills	20%	11%		11%	-9%	55%	-45%	Target not achieved While entry-level and intermediate-level skills are required by the industry, high level skills have a higher associated cost. This increased the percentage of funding allocated beyond the target and the funding allocation was therefore lower for intermediate and elementary level skills. The external auditors have expressed disagreement on the reported performance for this indicator due to misstatements identified on this indicator during the audit.

Outcomes	Output Indicators	APP ANNUAL TARGET 2023/24	SETA FUNDED	INDUSTRY FUNDED	TOTAL	Variance	% ACHIEVED	% VARIANCE	Reasons for Variance (provide for variances over 10%)
	3.4 Number of learners who completed workplace - based learning programmes absorbed into employment or self-employment.	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year.
	3.5 Number of established or emergent cooperative trained on sector and national priority occupations or skills	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year but was merged with other indicators to ensure the objective is still achieved.
	3.7 Number of small and emerging enterprises trained on sector and national identified priority occupations or skills	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year but was merged with other indicators to ensure the objective is still achieved.
	3.9 Number of people trained on entrepreneurship supported to start their business	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year but was merged with other indicators to ensure the objective is still achieved.
	3.10 Number of rural development projects initiated	20	22		22	2	110%	10%	Target achieved The need for rural projects, especially in the water sector, has emerged strongly during the current year. EWSETA was able to enter into more rural-based projects with partners.

\* Indicator 3.6 (i.e. Number of established or emergent cooperatives trained on sector and national priority occupations or skills and funded for skills that enhance enterprise growth and development) is duplicated in the APP, but is reported only once, as indicator 3.54 on page 39.

\* Indicator 3.8 (i.e. Number of small and emerging enterprises trained on sector and national identified priority occupations or funded for skills that enhance growth and development) is duplicated in the APP, but reported only once, as indicator 3.55 on page 40.



Outcomes	Output Indicators	APP ANNUAL TARGET 2023/24	SETA FUNDED	INDUSTRY FUNDED	TOTAL	Variance	% ACHIEVED	% VARIANCE	Reasons for Variance (provide for variances over 10%)
Increased access for occupations in high demand within the energy and water sector by 2024	3.11 Number of artisan learners enrolled	207	802	0	802	595	387%	287%	Target achieved The energy and water sector continues to note an increased demand for recognition of prior learning for the employed. The upskilling of workers and formalising their qualifications contributes to more inclusive economic participation.
	3.12 Number of artisan learners completed	75	37	112	149	74	199%	99%	Target achieved An increase in sector funded learners already enrolled with the SETA coupled with an increase in demand for enrolling workers for upskilling contributed to an increase in completions.
	3.13 Number of unemployed learners granted Bursaries (new enrolments)	250	563		563	313	225%	125%	Target achieved Industry has expressed a high level of need for high-level skills obtained at University level to develop future management and leadership within the energy and water industries. Additionally, EWSETA has also increased its response to 'missing middle' students.
	3.14 Number of unemployed learners granted Bursaries (continuing)	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year. EWSETA has retained indicators to measure the entry and completion of bursary programmes.
	3.15 Number of unemployed learners granted Bursaries completed their studies	50	70	-	70	20	140%	40%	Target Achieved Improved entry rate and throughput for bursary programmes has resulted in a lower dropout rate for EWSETA bursary holders. This is aligned to an improved bursary process and funding amount by EWSETA.
	3.16 Number of learners enrolled RPL/ARPL	900	984	-	984	84	109%	9%	Target Achieved
	3.17 Number of learners completed RPL/ARPL	250	159	92	251	1	100%	0%	Target Achieved

Outcomes	Output Indicators	APP ANNUAL TARGET 2023/24	SETA FUNDED	INDUSTRY FUNDED	TOTAL	Variance	% ACHIEVED	% VARIANCE	Reasons for Variance (provide for variances over 10%)
	3.18 Number of Public colleges (TVET / CET) partnerships established	3	3	-	3	0	100%	0%	Target Achieved
	3.19 Number of TVET partnerships established	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year but was merged with other indicators to ensure the objective is still achieved.
	3.20 Number of HEI partnerships established	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year but was merged with other indicators to ensure the objective is still achieved.
	3.21 Number of CET partnerships established	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year but was merged with other indicators to ensure the objective is still achieved.
	3.22 Number of SETA - Employer and Strategic partnerships established	9	12	-	12	3	133%	33%	Target achieved Energy and water sectors have placed increased importance on skills development requirements to ensure that industry opportunities are utilised and challenges are overcome. This is apparent from, for example, Just Energy Transition plans and increased reporting on water sector challenges. For this reason, the rate of industry partnerships has exceeded the target.
	3.23 Number of SETA - Employer partnerships established	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year but was merged with other indicators to ensure the objective is still achieved.
	3.24 Number of strategic partnerships established	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year but was merged with other indicators to ensure the objective is still achieved.
	3.25 Number of Inter-SETA partnerships established	2	2	-	2	0	100%	0%	Target Achieved

Outcomes	Output Indicators	APP ANNUAL TARGET 2023/24	SETA FUNDED	INDUSTRY FUNDED	TOTAL	Variance	% ACHIEVED	% VARIANCE	Reasons for Variance (provide for variances over 10%)
Increased skills capacity through workplace-based learning	3.26 Number of TVET and University students requiring work integrated learning to complete their qualifications placed in workplaces	635	193	-	193	-442	30%	-70%	Target not achieved Some of the partner institutions identified to implement work-integrated learning programmes were unable to finalise implementation due to various factors, which resulted in non-performance against this target. Additionally, some partners were only able to recruit graduate learners and those programmes were then converted to internships.
	3.27 Number of TVET and University students requiring Work Integrated Learning completed their workplace learning	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year. It is measured under another indicator where the wording has been amended.
	3.28 Number of TVET students requiring Work Integrated Learning to complete their qualifications placed in workplaces	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year but was merged with other indicators to ensure the objective is still achieved.
	3.29 Number of TVET students completed their Work Integrated Learning placements	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year but was merged with other indicators to ensure the objective is still achieved.
	3.30 Number of university students requiring Work Integrated Learning to complete their qualifications placed in workplaces	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year but was merged with other indicators to ensure the objective is still achieved.

Outcomes	Output Indicators	APP ANNUAL TARGET 2023/24	SETA FUNDED	INDUSTRY FUNDED	TOTAL	Variance	% ACHIEVED	% VARIANCE	Reasons for Variance (provide for variances over 10%)
	3.31 Number of university students completed their Work Integrated Learning placements	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year but was merged with other indicators to ensure the objective is still achieved.
	3.32 Number of unemployed learners enrolled Internships	200	335	-	335	135	168%	68%	Target Achieved Several planned work-integrated learning interventions were converted to internships as partners were only able to recruit graduate learners.
	3.33 Number of unemployed learners completed Internships	150	154	-	154	4	103%	3%	Target Achieved
	3.34 Number of unemployed learners enrolled Skills programmes	421	408	26	434	13	103%	3%	Target Achieved
	3.35 Number of unemployed learners completed Skills programmes	250	86	521	607	357	243%	143%	Target Achieved Rapid changes in the energy sector have driven a higher demand for skills programmes, which was evident since recent years. This is also reflected in a higher completion rate.
	3.36 Number of unemployed learners enrolled Learnerships programmes	750	862	124	986	236	131%	31%	Target Achieved Newly developed occupational qualifications have driven higher enrolments into Learnership programmes.
	3.37 Number of unemployed learners completed Learnerships programmes	500	238	529	767	267	153%	53%	Target Achieved Improved project monitoring and closure resulted in higher performance than planned. Increased industry-funded learnerships have also contributed to exceeding the target.
	3.38 Number of learners enrolled for Candidacy programmes	150	150	0	143	-7	95%	-5%	Target not achieved

Outcomes	Output Indicators	APP ANNUAL TARGET 2023/24	SETA FUNDED	INDUSTRY FUNDED	TOTAL	Variance	% ACHIEVED	% VARIANCE	Reasons for Variance (provide for variances over 10%)
	3.39 Number of learners completed Candidacy programmes	150	31	0	31	-119	21%	-79%	Target not achieved The candidacy programmes that commenced in the current period involve a longer timeframe to attain professional registration, thus completions were not finalised during the current year.
	3.40 Number of registered professionals entered Continuous Professional Development (CPD) accredited interventions	300	0	0	0	-300	0%	-100%	Target not achieved CPD programmes have emerged in recent years as a rising trend to support worker upskilling. Due to the nature of CPD programmes, additional time was needed to align CPD programme structure with SETA reporting practices. This alignment is underway with professional bodies in the industry to ensure that reporting against the CPD target can be achieved in the next financial year.
	3.41 Number of learners supported with short courses	300	406	0	406	106	135%	35%	Target achieved Strengthened industry partnerships have allowed EWSETA to increase its short course interventions, especially for the employed. Given the shift towards continuous learning and the opportunity provided by online delivery platforms, short courses are becoming more favoured by industry for workers already in the industry.
	3.42 Number of learners entered short courses	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year. It was replaced with another indicator that measures the support for short courses.
Increased skills capacity through workplace-based learning	3.43 Number of learners completed short courses	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year. It was replaced with another indicator that measures the support for short courses.

Outcomes	Output Indicators	APP ANNUAL TARGET 2023/24	SETA FUNDED	INDUSTRY FUNDED	TOTAL	Variance	% ACHIEVED	% VARIANCE	Reasons for Variance (provide for variances over 10%)
	3.44 Number of workers enrolled in Learnerships programmes	150	156	0	156	6	104%	4%	Target Achieved
	3.45 Number of workers completed Learnerships programmes	100	4	137	141	41	141%	41%	Target Achieved Improved project monitoring and closure resulted in higher performance. EWSETA has improved its project management frameworks, which has resulted in improved closure of skills development interventions and successful learner completions. Increased industry led training contributed to exceeding the target.
	3.46 Number of workers granted Bursaries (new entries)	90	232	0	232	142	258%	158%	Target achieved Industry has expressed a need to develop high-level management and executive competencies which are commonly offered through bursary programmes. Strengthened industry partnerships and co-funding has allowed for successful implementation of more programmes than planned.
	3.47 Number of workers granted Bursaries (continuing)	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year. EWSETA has retained indicators to measure the entry and completion of bursary programmes
	3.48 Number of workers granted Bursaries completed their studies	30	31	0	31	1	103%	3%	Target Achieved
	3.49 Number of workers enrolled Skills programmes	956	504	0	504	-452	53%	-47%	Target not Achieved Industry uptake of skills programmes has been lower than anticipated as the industry shifted towards short courses and RPL rather than skills programmes to improve worker skills and qualifications.

Outcomes	Output Indicators	APP ANNUAL TARGET 2023/24	SETA FUNDED	INDUSTRY FUNDED	TOTAL	Variance	% ACHIEVED	% VARIANCE	Reasons for Variance (provide for variances over 10%)
	3.50 Number of workers completed Skills programmes	750	10	864	874	124	117%	17%	Target achieved Improved project monitoring and closure resulted in higher performance. EWSETA has improved its project management frameworks, which has resulted in improved closure of skills development interventions and successful learner completions for learners who commenced skills programmes in the prior year.
	3.51 Number of workers enrolled AET programmes	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year. It was replaced with another indicator that measures the support for AET programmes.
	3.52 Number of workers completed AET programmes	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year. It was replaced with another indicator that measures the support for AET programmes.
	3.53 Number of Federations /Trade Unions supported through the relevant skills training interventions	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year. Trade Union support is incorporated into the provision of skills development interventions to the workforce.
Increased economical participation of CBOs/ NGOs/ NPOs/ SMMEs within the energy and water sector Increased support for the growth of college system	3.54 Number of established or emergent cooperatives trained on sector and national priority occupations or skills *	10	11	0	11	1	110%	10%	Target achieved Additional programmes entered into due to the significant need that exists in this area. One additional cooperative was supported. *

\* Indicator 3.6 (i.e. Number of established or emergent cooperatives trained on sector and national priority occupations or skills and funded for skills that enhance enterprise growth and development) is duplicated in the APP, but is reported only once, as indicator 3.54 on page 39.

Outcomes	Output Indicators	APP ANNUAL TARGET 2023/24	SETA FUNDED	INDUSTRY FUNDED	TOTAL	Variance	% ACHIEVED	% VARIANCE	Reasons for Variance (provide for variances over 10%)
	3.55 Number of small and emerging enterprises trained on sector and national identified priority occupations or funded for skills that enhance growth and development **	25	32	0	32	7	128%	28%	Target achieved Additional industry opportunities are emerging for SMMEs in the evolving energy and water industries. In response, programmes coordinated with suitable partners have allowed EWSETA to undertake additional initiatives to support small businesses. **
	3.56 Number of cooperatives funded for skills that enhance enterprise growth and development	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year but was merged with other indicators to ensure the objective is still achieved.
	3.57 Number of small businesses funded for skills that enhance growth and development	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year but was merged with other indicators to ensure the objective is still achieved.
	3.58 Number of people trained on entrepreneurship supported to start their businesses.	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year but was merged with other indicators to ensure the objective is still achieved.
	3.59 Number of CBOs/ NGOs/ NPOs funded for skills that enhance the development and sustainability of their organisation activities	10	10	0	10	0	100%	0%	Target Achieved

\* Indicator 3.8 (i.e. Number of small and emerging enterprises trained on sector and national identified priority occupations or funded for skills that enhance growth and development) is duplicated in the APP, but reported only once, as indicator 3.55 on page 40.



Outcomes	Output Indicators	APP ANNUAL TARGET 2023/24	SETA FUNDED	INDUSTRY FUNDED	TOTAL	Variance	% ACHIEVED	% VARIANCE	Reasons for Variance (provide for variances over 10%)
	*3.58 Number of SETA offices established and maintained in TVET colleges	4	4	0	4	0	100%	0%	Target Achieved
	*3.59 Number of Centres of Specialisation supported	2	2	0	2	0	100%	0%	Target Achieved
	3.60 Number of TVET Managers/ Lecturers exposed to the industry through Skills programmes	10	15	0	15	5	150%	50%	Target Achieved The demand for skills development of lecturers is increasing due to changes in technologies in industry, the world of work and changes in education. This resulted in an increase in number of lecturers registered for skills programmes.
	3.61 Number of TVET Lecturers exposed to the industry through skills programmes	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year but was merged with other indicators to ensure the objective is still achieved.
	3.62 Number of Managers receiving training on curriculum related studies	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year but was merged with other indicators to ensure the objective is still achieved.
	3.63 No of TVET college lecturers awarded bursaries	5	10	0	10	5	200%	100%	Target Achieved The demand for skills development of lecturers is increasing due to changes in technologies in industry, the world of work and changes in education. The target has been exceeded due to increased demand in this area.
	3.64 TVET colleges infrastructure development (equipment/ workshops)	2	2	0	2	0	100%	0%	Target Achieved

\* The numbering duplication of 3.58 and 3.59 is not an error. It is aligned to the audited APP Report and therefore cannot be changed.

Outcomes	Output Indicators	APP ANNUAL TARGET 2023/24	SETA FUNDED	INDUSTRY FUNDED	TOTAL	Variance	% ACHIEVED	% VARIANCE	Reasons for Variance (provide for variances over 10%)
	3.65 Number of CET college Managers / lecturers awarded skills development programmes	10	0	0	0	-10	0%	-100%	Target not Achieved Capacity challenges at CET Colleges have resulted in a slower pace of implementation for planned projects. Planned programmes are underway with identified CET Colleges and will be signed and implemented in the coming financial year.
	3.66 Number of CET college lecturers awarded skills development programmes	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year but was merged with other indicators to ensure the objective is still achieved.
	3.67 CET colleges infrastructure development support (equipment/ workshops/ Connectivity/ ICT)	2	1	0	1	-1	50%	-50%	Target not Achieved Capacity challenges at CET Colleges have resulted in a slower pace of implementation for planned projects. Planned programmes are underway with identified CET Colleges and will be signed and implemented in the coming financial year.
	3.68 Number of CET College Managers receiving training on curriculum related studies	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year but was merged with other indicators to ensure the objective is still achieved.
	3.69 Number of CET learners accessing AET programmes	50	79	0	79	29	158%	58%	Target Achieved Growth of CETs is resulting in more uptake of learners in AET programmes. Additionally, CET partnerships have been strengthened which have enabled EWSETA to implement AET programmes.

Outcomes	Output Indicators	APP ANNUAL TARGET 2023/24	SETA FUNDED	INDUSTRY FUNDED	TOTAL	Variance	% ACHIEVED	% VARIANCE	Reasons for Variance (provide for variances over 10%)	
Increased uptake of careers in energy and water sectors	3.70 Number of Career Development Events in urban areas on occupations in high demand	20	24	0	24	4	120%	20%	Target Achieved Higher number of urban career guidance event invitations received than anticipated	
	3.71 Number of Career Development Events in rural areas on occupations in high demand	20	42	0	42	22	210%	110%	Target Achieved Higher number of rural career guidance event invitations received than anticipated. In addition, the EWSETA rural career campaigns reached an increased number of rural schools during this period.	
	3.72 Number of Career Development Practitioners trained	300	320	0	320	20	107%	7%	Target Achieved	
	3.73 Number of capacity building workshops on Career Development Services initiated	9	13	0	13	4	144%	44%	Target Achieved Leveraged opportunities through increased career events to host additional CDP workshops.	
	3.74 Develop and implement career guidance portal	0	-	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year as the career guidance portal was implemented in a prior year.
	3.75 Number of STEAM support programme	2	2	0	2	0	100%	0%	Target Achieved	

Outcomes	Output Indicators	APP ANNUAL TARGET 2023/24	SETA FUNDED	INDUSTRY FUNDED	TOTAL	Variance	% ACHIEVED	% VARIANCE	Reasons for Variance (provide for variances over 10%)
<b>PROGRAMME 4: QUALITY ASSURANCE</b>									
Updated qualifications that are aligned to the current skills training needs	4.1 No of workplaces approved	20	22	0	22	2	110%	10%	Target Achieved Quality workplaces are critical to ensure that learners have relevant industry experience when completing their qualifications. Industry has increasingly realised the importance of quality workplace sites for skills development, and have availed their sites accordingly.
	4.2 No of skills development providers accredited	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year.
	4.3 Percentage of applications for certificate received and processed within 60 days	0	-	-	-	-	-	-	This indicator had a nil target for 2023/24 financial year.
	4.4 No of qualifications developed	2	4	0	4	2	200%	100%	Target Achieved Due to the changing technologies in industry, new qualifications are required at a higher rate than anticipated. For this reason, additional qualifications are being developed to respond to these industry demands.
	4.5 No of Skills programmes developed	4	4	0	4	0	100%	0%	Target achieved (It should be noted that although EWSETA initially planned to report performance based on the appointment of experts to aid qualification development, the 4 skills programmes reported here relate to actual completed Skills Programmes submitted for approval).
	4.6 No of QAS addendum developed	2	2	0	2	0	100%	0%	Target achieved (It should be noted that although EWSETA initially planned to report performance based on the appointment of experts to aid the development of QAS addenda, the 2 QAS addenda reported here relate to actual completed QAS addenda submitted for approval).

## STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

### INTERNAL CONTROL IMPROVEMENTS

The audit outcome achieved in the current year has highlighted that the systems of internal control we have established and implemented for many years are no longer entirely suitable for the stakeholder-centric organisation we have built in the past few years. In the new financial year we will focus on revising our internal control environment to ensure that this is overcome and the audit outcome can be improved.

### INCREASED AUTOMATION

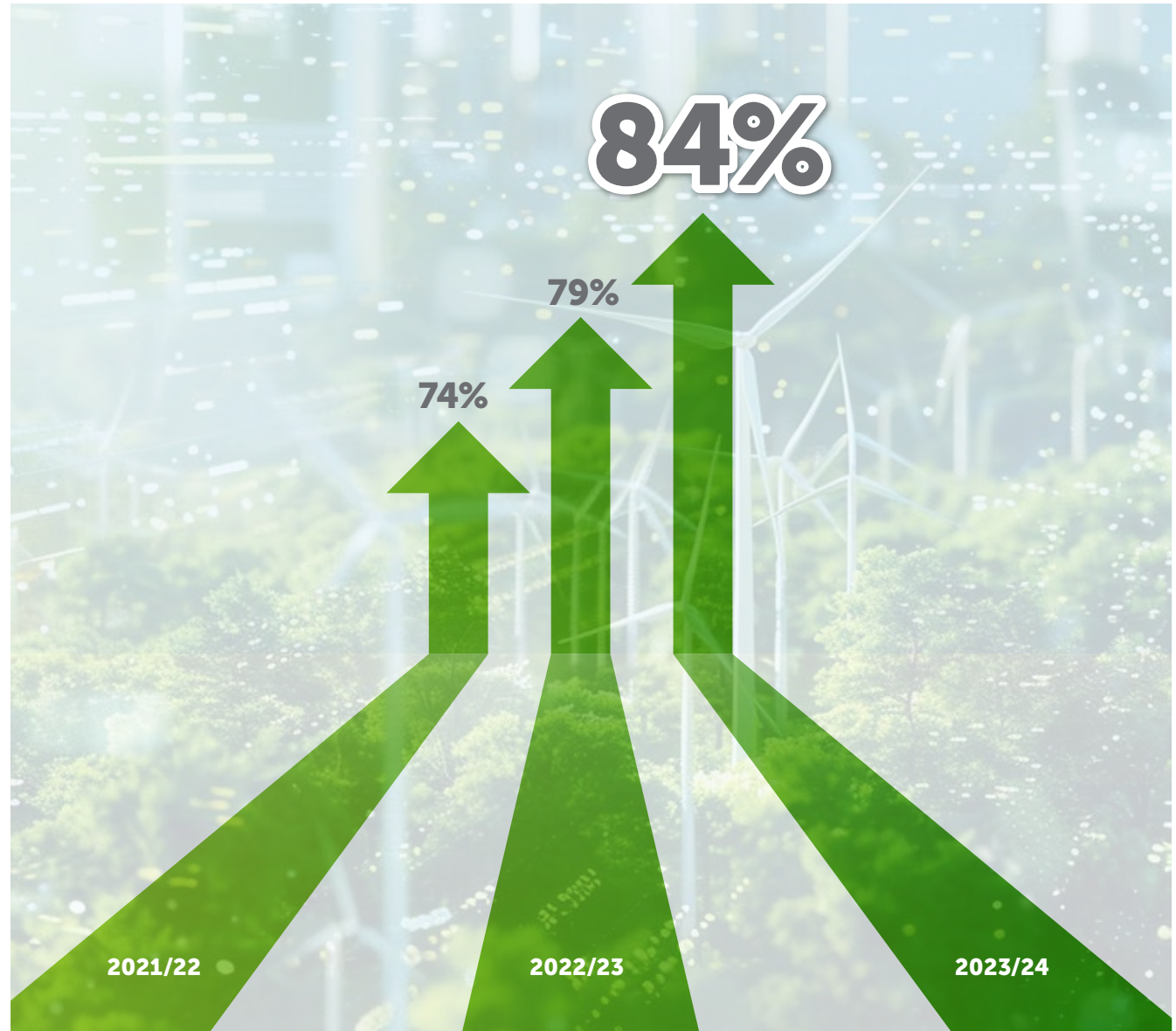
In continuing the implementation of the new operating model, we will continue our investment in process automation to drive greater accuracy and effectiveness, while also leveraging data to improve the information and insights that we offer the industry.

### IMPROVED PARTNERSHIPS

Our partnerships experience gained over the past few years has proven that most challenges can be overcome through collective effort. We will continue to leverage the contribution of our valued partners to enhance our efforts and address current performance gaps, while providing value to our partners as an advisor, enabler and connector.

### FINALISATION OF THE ORGANISATION DESIGN IMPLEMENTATION

With the focus on concluding the OD Implementation by the end of the 2024/2025 financial year, EWSETA will ensure that we truly move towards being more strategic with the right talent and capabilities to service our sectors with excellence. Focus on talent retention and attraction will enable us to achieve managerial stability and close leadership gaps that have existed in the year under review.



## LINKING PERFORMANCE WITH BUDGETS

Programme/Activity/Objective	2022/2023			2023/2024			2023/24 Variance Explanations
	Budget R'000	Actual Expenditure	(Over/Under)	Budget R'000	Actual Expenditure	(Over/Under)	
Administration	90,469	75,123	-15,346	86,804	82,285	-4,519	Underspent due to cost savings
Mandatory Grants	69,538	74,110	4,572	74,668	82,107	7,439	This is slightly above budget due to more levy payers that qualified and were approved for mandatory grants in the current financial year and their payroll costs increased.
Skills Planning	9,609	7,485	-2,124	5,416	1,108	-4,308	The Sector Skills Plan was developed internally due to unsuitable service providers that were available in the market. There were also unimplemented projects.
Discretionary grants	151,199	177,657	26,458	193,666	202,591	8,925	This is due to the implementation of previously committed projects and the entity spending the excess cash surplus generated during the year on learning programmes and projects
Special Projects	0	1,949	1,949	-	696	696	Special project expenses are not budgeted for as they are fully recoverable from DWS' conditional grant
Career Guidance	2,200	1,648	-552	2,600	1,486	-1,114	The underspend is attributed to the insourcing of the career awareness guide rewrite. The procurement for the Career Awareness Activation provider extended into the new financial year.
Qualification Assurance	9,881	3,106	-6,775	10,170	4,105	-6,065	Through the open tender process, the entity has secured favourable rates for all Quality Assurance service providers for a three-year period, resulting in significant cost savings.

## REVENUE COLLECTION

Source of Revenue	2022/2023			2023/2024			2023/24 Variance Explanations
	Budget R'000	Actual Collection	(Over/Under)	Budget R'000	Actual Collection	(Over/Under)	
Levies	322,526	338,264	-15,738	338,205	378,368	-40,163	EWSETA collected a slightly higher revenue from levies compare to budget due to new employers joining the energy and water sector and increase in their payroll costs
Other income	100	112	-12	120	439	-319	Insurance proceeds received from stolen computers of R439 not budgeted for
Interest income	10,160	24,467	-14,307	35,000	41,855	-6,855	Mainly attributable to interest earned on higher cash balances and The Reserve Bank increase in interest rates
Special Project	0	1,949	-1,949	-	696	-696	Special project income relates to the recovery of EWSETA's cost to implement the War on Leaks project. The income is not included in the budget because it mirrors EWSETA's expenses on the project and these expenses are financed by a conditional grant from DWS.

## CAPITAL INVESTMENTS

The entity did not have any infrastructure projects in progress during the year. The capital expenditure related mainly to the purchase of computer equipment and is outlined in the financial statements.

# HIGHLIGHTED PROJECT >>>

## EWSETA PUTS A NEW FACE ON LEADERSHIP IN THE ENERGY SECTOR

In a landmark achievement towards gender inclusivity and empowerment, the EWSETA, in collaboration with Eskom and Duke Corporate Education, successfully launched and implemented the 'Women Leading in Energy Sector' (WLES) bursary programme in the year under review. This initiative culminated in the graduation of 105 South African women, signifying a critical advancement in leadership within the energy sector.

The WLES programme was specifically designed for executive and middle management professionals from Eskom, Small Medium and Micro Enterprises (SMMEs), and Technical Vocational Education and Training (TVET) colleges. Over the course of nine months, participants engaged in a comprehensive leadership development curriculum. The programme equipped them with essential skills for leadership, strategic operations, sustainable economics, and work-life balance, alongside fostering networks of support. Additionally, the curriculum included academic modules on entrepreneurship, renewable energy trends, sustainable solutions, and policy-making, with a global immersion experience in the USA and Germany enhancing their learning.

The programme reflects EWSETA's commitment to advancing human capital within the Just Energy Transition (JET) and promoting inclusive economic participation. By targeting SMMEs, which are pivotal to South Africa's energy sector and future job creation, EWSETA is ensuring that these enterprises are well-prepared to contribute to the industry's growth.

The Women Leading in Energy programme underscores the importance of local thinking, strategic application, and

collaboration in skills development through experiential learning. These principles are critical in the energy transition, where creative leadership and alignment with sustainability goals are essential to addressing local socio-economic challenges and generating economic and social benefits. As expressed by Eskom Leadership, this specifically designed programme demonstrates their commitment to advancing the role of women within the organisation. By planting a pipeline of women leaders, Eskom is securing a stronger, more inclusive future for generations to come.

One notable participant, Praise Nyalungu, a Senior Lecturer in Civil Engineering at Capricorn TVET College in Limpopo, reflected on her experience: "As the only female in my section, overseeing predominantly male subordinates and students, the leadership principles I gained were invaluable. The programme has equipped me to foster collaboration and pursue our common goals, regardless of gender."

Despite progress, the energy sector in South Africa continues to face a gender imbalance, with women making up only approximately 25% of the workforce, and even fewer in senior leadership positions. Programmes like WLES are crucial in bridging this gap and ensuring a more equitable future.

EWSETA's partnership with Duke Corporate Education has been instrumental in the success of the WLES programme. Their expertise and educational frameworks have provided invaluable support, nurturing a new generation of leaders who are prepared to navigate the complexities of South Africa's energy landscape with innovation and a global perspective.

These women have embarked on a transformative journey that has enriched their perspectives and equipped them with the tools to drive meaningful change within the vocational training system and the energy sector. This initiative is a testament to EWSETA's commitment to justice in transitioning the energy sector for the future.







# PROGRAMME 1

## ADMINISTRATION



Strategic Plan/Annual Performance Plan/Annual Operational Plan submitted and approved



**4** governance reports submitted



Unqualified audit opinion for 2022/23 Financial Year



**12%** labour turnover as per APP target achievement



**23** sector events (+3)



ICT governance framework reviewed



**100%** achievement of DRP and BCP



Where figures have been provided in brackets, this is an indication of either over- or under-performance against a specific target.

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## CORPORATE SERVICES EXECUTIVE OVERVIEW

*Candice Moodley*



“

WE HAVE PLACED A GREAT DEAL OF FOCUS ON BRINGING STAFF ALONG WITH US, CONSISTENTLY WORKING ON ACTIVITIES THAT WILL ENABLE THE ORGANISATION TO ACT AND SPEAK AS ONE.

”

The Corporate Services Branch comprises the following departments:

- **Information and Communication Technology**, responsible for ensuring the organisation’s success through seamless technology operations and driving innovation to enhance business efficiency. This annual report highlights our commitment to maintaining robust IT infrastructure, supporting digital transformation, and safeguarding information security.
- **Human Resource**, responsible for fostering a supportive and dynamic workplace through dedicated and consistent efforts in talent acquisition, employee development, and cultivating a positive corporate culture for organisational excellence and success.
- **Strategic Communications and Marketing**, responsible for brand management and positioning, career guidance and stakeholder engagement through strategic marketing touchpoints that aim to propel the organisation forward as an “Authority”.

In recent years, the organisation has worked steadily to develop and implement ICT, HR and strategic communications processes and policies to the point that Corporate Services has moved away from being a support service and become a key business enabler within the organisation, assisting to drive many of the internal and external processes.

The HR services provided addresses the ‘people element’ in achieving the EWSETA’s high performance goals. Having the right people in the right position is resulting

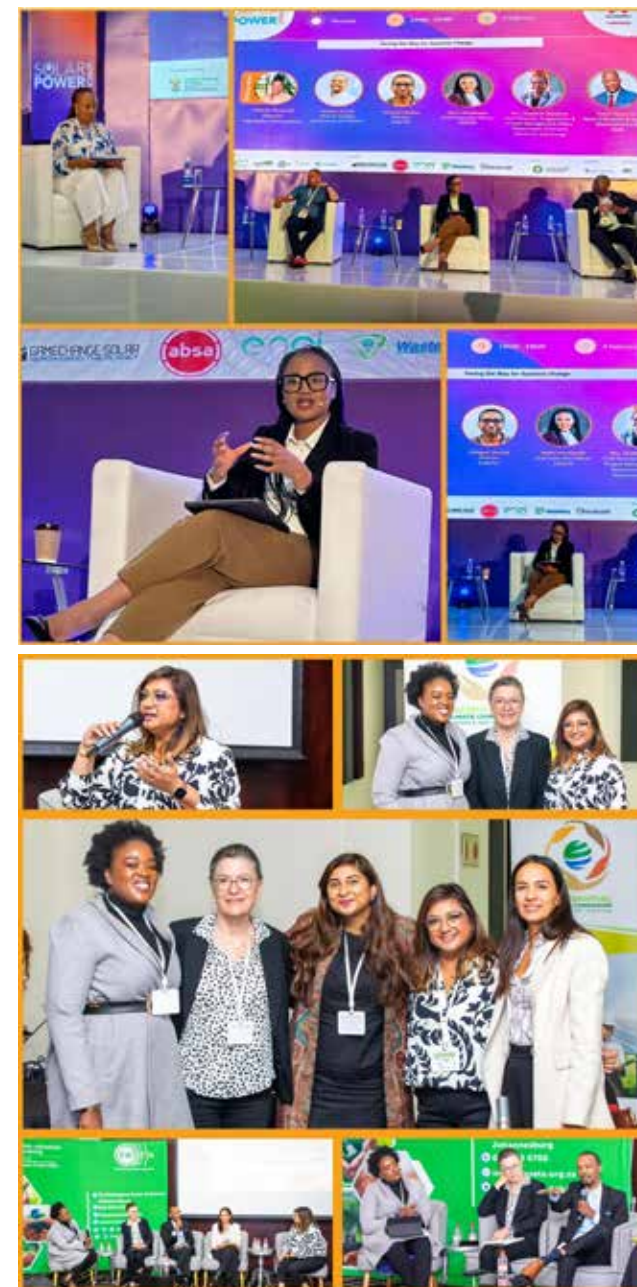
in more impact and reduction of silos. A key Executive Appointment in the review period has been the Chief Financial Officer, with the appointment of the Planning, Reporting and Monitoring Executive being concluded in the first quarter of the current Financial Year. These two appointments have brought much-needed stability at an Executive level in the organisation.

Our focus on technology optimisation from an ICT perspective has helped to drive engagement, both internally and externally. We have made significant headway during this period with ICT activities.

From a marketing and communications perspective, we have grown our digital presence that previously focused on establishing the requisite digital communication channels to optimising these channels that among other activities has enabled us to drive thought leadership on skills development in our sector.

This has seen EWSETA move from being just an exhibitor or participant in sector events to being a value-added partner on the subject of skills development. Our participation in events has progressed to the contribution of content as the official education and training partner to most of the events we have participated in.

We are always asking ourselves the question: how do we do more with less? During this period we have been successful in doing this through a series of innovative, strategic and collaborative activities. We really have experienced excellent return on investment with the marketing and communication activities undertaken.



## INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)

The ICT programme achieved 100% of its Annual Performance Plan targets, a 25% improvement on the previous year. This success can be attributed to improved business processes, closer collaboration with business and stakeholders, and, most importantly, enhanced ICT governance.

In line with the assertion made by the DG of the Public Service and Administration Department, ICT exists to enhance the efficiency and effectiveness of the public sector in delivering high-quality services to citizens.

To this end, five strategic imperatives underpin the role of ICT in the organisation.



### STRATEGIC IMPERATIVE 1: STRENGTHENING ICT GOVERNANCE

A crucial aspect of ICT governance is the creation, approval, and implementation of the governance charter and ICT governance framework. Both governance documents have been approved by the EWSETA Accounting Authority and are being implemented. The SETA's ICT strategy is aligned, directed, and monitored to support EWSETA's specific goals and objectives, with a focus on shared commitment. The Integrated Coherent Enterprise Architecture (ICEA) roadmap was developed, finalised and approved by the Accounting Authority during the year under review.

The As-is and Target ICT initiatives will be guided and controlled by the approved governance charter and framework to ensure that ICT decisions align with strategic business priorities.

Good corporate governance requires organisations to have appropriate policies. Accordingly, during the year under review, ICT policies were carefully reviewed to safeguard EWSETA assets. The Acceptance-Use Policy, Information Security Policy, and Disaster Recovery Plan were reviewed and approved by the Accounting Authority. Two new policies were developed and approved, namely the Backup Policy and Firewall Policy.



### STRATEGIC IMPERATIVE 2: BUILD TO SHARE

The creation of ICT shared services is aimed at integrating the organisation and improving efficiency, standardisation, consolidation, reduction of duplication, and cost control.

EWSETA's InteGREAT e-business system includes modules such as Mandatory Grant, Discretionary Grant, ETQA, and Learner registration. Several components are reused through the standardisation and consolidation of business processes. Additionally, all these modules share the same database instead of having a separate database for each module, following the build-to-share approach.



### STRATEGIC IMPERATIVE 3: DIGITAL BY DESIGN

The digitisation of key transactional services and increased use of ICT aim to improve efficiency within the organisation and provide new digital services to stakeholders and staff.

At EWSETA, all services that interact with stakeholders have been digitised. This includes learner registration, WSP/ATR applications, Mandatory Grant approval and payment, and discretionary grant applications and processing. In addition, IT system improvements have allowed for online learner registrations, moderator, assessor, RPL advisor, and facilitator accreditation and approvals.



### STRATEGIC IMPERATIVE 4: INFORMATION AND DATA ARE THE CORE ASSETS OF OUR OPERATIONS

The organisation utilises information and data in all aspects of service delivery. ICT will continue to assist the organisation in gathering reliable, accurate, complete, relevant, and timely information, as well as ensuring its protection during transmission and storage. Additionally, it will ensure that personally identifiable information is safeguarded and accessed, processed, and stored only by authorised individuals in accordance with the POPI Act.



### STRATEGIC IMPERATIVE 5: DEVELOP, IMPLEMENT, AND MAINTAIN A SECURITY PROGRAMME THAT SAFEGUARDS EWSETA'S RESOURCES AND ASSETS FROM UNAUTHORISED ACCESS, USE, MODIFICATION, AND LOSS

Unscrupulous individuals are constantly discovering new methods and technologies for cyberattacks. Essentially, no technology is immune to cyberattacks as long as it is connected to the internet. Over the past year, we have implemented robust security measures, including a new security policy, staff training, prevention and detection systems, among others. We have also introduced a well-planned patch management plan and are in the process of implementing network access control, among other measures. A disaster recovery plan is one of the measures implemented to reduce the risk of unplanned incidents, including those caused by unsafe acts and conditions. In this regard, we have established a comprehensive backup system, including a hot site and a hybrid cloud. Backups and replications are regularly tested in accordance with the backup policy and disaster recovery plan.

## HUMAN RESOURCES

To realise the organisation's objectives and achieve its mandate requires agile strategic human capital initiatives, operational and strategic process improvements, and successful delivery.

The HR team, working closely with managers in the organisation, has made significant progress in capacitating the organisation and creating an environment that enables excellence and measurable output.

Our achievements from an HR perspective are detailed in Part D of this Annual Report and can be found on pages 88 to 93.



**WE ARE ALWAYS ASKING OURSELVES: HOW DO WE DO MORE WITH LESS? WE HAVE BEEN SUCCESSFUL IN DOING THIS THROUGH A SERIES OF INNOVATIVE, STRATEGIC AND COLLABORATIVE ACTIVITIES.**



## STRATEGIC COMMUNICATIONS AND MARKETING

The EWSETA Strategic Communications and Marketing Strategy for 2023/2024 yielded excellent results.

### BRAND VISIBILITY AND MEDIA PRESENCE

EWSETA cultivated a robust digital presence, engaging with stakeholders and amplifying its message to a wider audience. Notably, participation in the MTN App of the Year Hackathon showcased the organisation's commitment to innovation and technology, further enhancing its brand recognition among tech enthusiasts and industry stakeholders.

### STAKEHOLDER RELATIONSHIP DEVELOPMENT

The department's emphasis on stakeholder engagement manifested in various endeavours aimed at fostering mutually beneficial relationships. Noteworthy engagements included the Career Awareness programme, where EWSETA's national presence catalysed efforts to empower and guide aspiring professionals within the energy and water sectors.

EWSETA attended 24 Urban Career Events, and 42 Rural events and reached a total of 14,341 learners in the last financial year. We engaged with 320 Life Orientation educators. Moreover, participation in the Learner Focus Week in Cape Town facilitated meaningful interactions with Life Orientation educators, reinforcing EWSETA's commitment to educational outreach and workforce development.

## THOUGHT LEADERSHIP AND INFLUENCE

Through strategic communication alignment, the organisation positioned itself as a leading voice in shaping the narrative surrounding skills development and sustainability within the energy and water sector. By championing initiatives such as the Res4Africa collaboration and the Nkangala Reskilling Lab, EWSETA demonstrated its dedication to driving tangible change and inspiring industry-wide innovation.

## INTERNAL COMMUNICATION EXCELLENCE

Targeted internal communication effectively disseminated strategic priorities, nurtured a culture of transparency, and celebrated achievements, ensuring that all staff members were informed and engaged in advancing the organisation's mission through the internal ONE SETA campaign which will be the main focus of employee engagement initiatives for the new financial year.



## PR ACHIEVEMENTS

By synergising efforts across brand visibility, stakeholder engagement, thought leadership, digital presence, internal communication, and PR, the organisation not only solidified its position as an authority within the energy and water sectors but also fostered a culture of innovation, collaboration, and excellence internally. As EWSETA continues to chart its course forward, the department remains steadfast in its commitment to driving positive change, inspiring the workforce of tomorrow, and advancing the organisation's strategic objectives with unwavering dedication and resolve.



**4<sup>th</sup> largest** share of voice among surveyed SETAs with **19% share**

**Widespread coverage** across online, print and broadcast platforms

**Partnerships with media mentions** CSIR, Power Africa (coordinated by USAID) and Innovation Hub

**Advertising Value Equivalency (AVE):**  
**R6,484,715.00**

**PR value achieved:**  
**R19,454,145.00**

## ACKNOWLEDGEMENT AND THANKS

I would like to extend my sincere appreciation to the Accounting Authority and Executive Leadership, who provided oversight, guidance and support throughout the period under review.

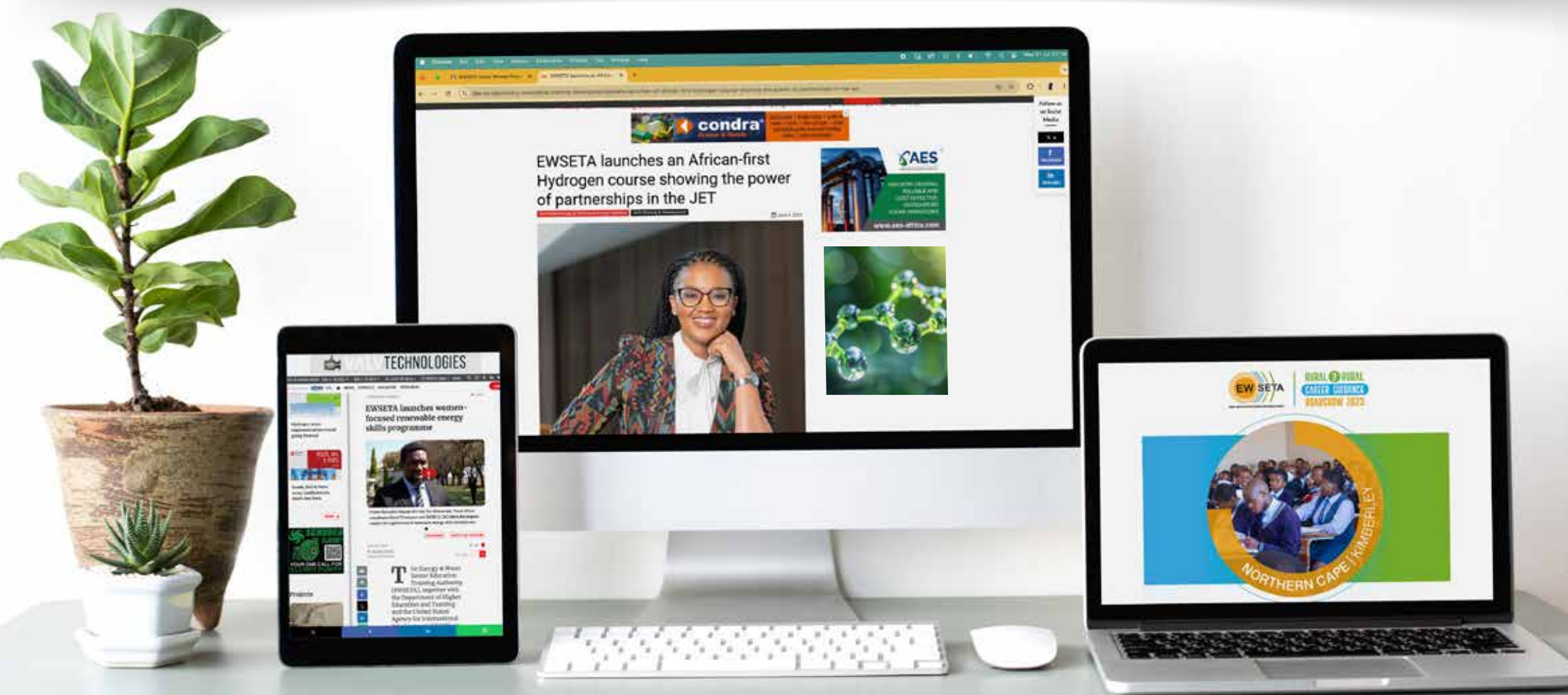
In addition, without the dedication, commitment and hard work of my managers and staff, the successful achievement of Programme 1 targets and the Career Guidance targets under Programme 3 would not have been possible. Appreciation goes to the colleagues from other branch departments who raised their hands to attend career guidance exhibitions and events whenever we needed additional capacity. Your willingness to do whatever was required to ensure EWSETA's success is truly commendable.

Excellence has been our lighthouse, and I am proud to be associated with an entity who has walked a tough and difficult journey to get here.



**CANDICE MOODLEY**

Corporate Services Executive



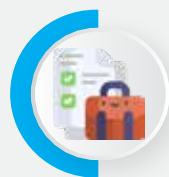
5/7  
targets  
achieved  
71%



# PROGRAMME 2

SKILLS PLANNING

WSPs and ATRs approved: **247**



**173**

small employers  
(+33)



**45**

medium employers  
(-5)



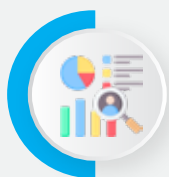
**29**

large employers  
(-1)

## Sector Skills Planning



SSP reviewed  
and approved



**2**

research  
agreements  
(1 x water, 1 x energy)



**1**

topical research  
report



**4**

M&E reports



Where figures have been provided in brackets, this is an indication of either over- or under-performance against a specific target.



# HIGHLIGHTED PROJECT >>>

## SUPPORTING THE IMPORTANT ROLE THAT TVET COLLEGES PLAY IN THE PSET SYSTEM



South Africa's 50 Technical Vocational Education and Training (TVET) Colleges have an important role to play in providing skills development and training to many thousands of young people who might otherwise not have access to any other means of post-schooling education.

The capacitation of TVET colleges and support for their lecturers and students is a national skills development imperative. South Africa's 21 SETAs have an important role to play in ensuring that TVET colleges take their rightful place in the PSET system that is tasked with preparing young South Africans for successful careers.

The EWSETA has during the 2023/24 financial period implemented several projects and programmes with TVET colleges across the country requires all relevant stakeholders to contribute in a positive manner within their area of influence.

Nkangala TVET College partnered with RES4Africa and EWSETA to offer renewable energy training for both

lecturers and students through a capacity-building initiative called the "Re-skilling Lab". The Re-skilling Lab project was developed to combine the promotion of renewable energy growth and sustainability and educate young people in the field of optimising energy. The project approach was based on the fundamental notion that to improve the skills and employability of TVET graduates, the TVET programmes must be based on the needs of the energy generation labour market.

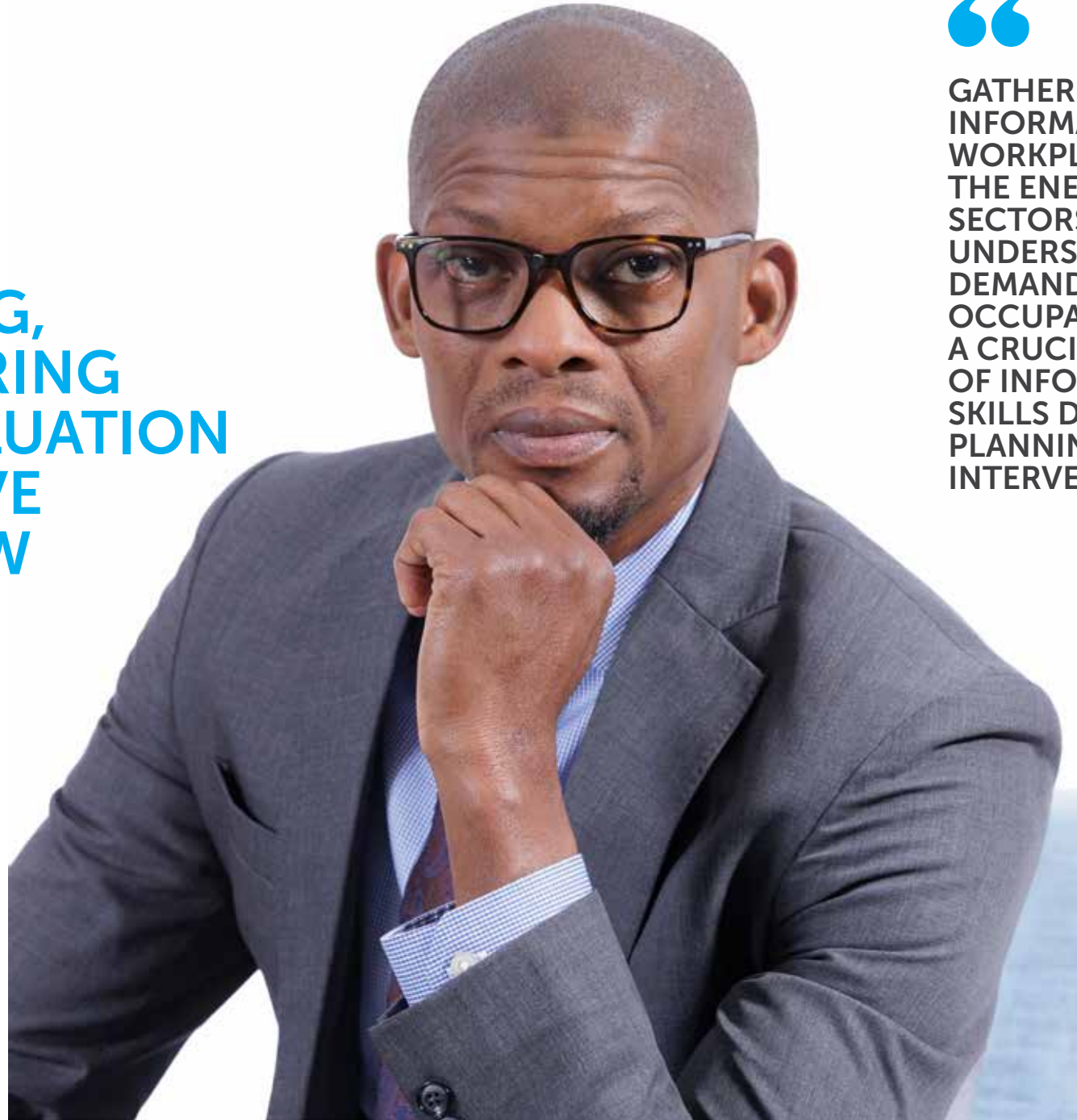
EWSETA has entered into agreements with Flavius Mareka TVET College in Free State, Vhembe TVET College in Limpopo, as well as Northern Cape TVET College to provide skills development opportunities to learners in the energy and water sector. In addition, these agreements will cover lecturer and management development, enterprise development, infrastructure development, as well as career guidance. Through implementing these support activities, the EWSETA can assist to develop relevant skills, foster industry engagement, and enhance the employability of graduates.



Building on Phase 1 which was implemented successfully for 100 unemployed women as well as 15 female lecturers from Nkangala, Ehlanzeni and Gert Sibande TVET Colleges in Mpumalanga in 2023, the Phase 2 programme will equip women with the necessary skills to thrive in the rapidly growing renewable energy sector, thereby contributing to the economic development of Limpopo communities. By harnessing the province's abundant solar energy resources, participants will be well-positioned to take advantage of emerging job opportunities in the green economy.

## PLANNING, MONITORING AND EVALUATION EXECUTIVE OVERVIEW

*Teslim Mohammed Yusuf*



“

GATHERING CREDIBLE INFORMATION FROM WORKPLACES WITHIN THE ENERGY AND WATER SECTORS TO BETTER UNDERSTAND THE DEMAND FOR SKILLS AND OCCUPATIONS BECOMES A CRUCIAL SOURCE OF INFORMATION FOR SKILLS DEVELOPMENT PLANNING AND INTERVENTION.

”

The Planning, Reporting and Monitoring (PME) Branch is responsible for the delivery of Programme 2 in EWSETA's Annual Performance Plan. This programme seeks to ensure the availability of evidence-based research and evaluation to inform strategic planning and implementation. It supports optimal skills planning through the implementation of research activities around topical issues of skills development.

Programme 2 contributed to enhanced learning programmes for occupations in high demand and improved organisational learning on performance of programmes.

The following key strategic activities were managed during the year under review by the skilled and knowledgeable professionals within the branch.



Workplace Skills Plans (WSP) and Annual Training Reports (ATR) are used to gather credible information from workplaces to understand the demand for skills and occupations within the energy and water sectors. During the review period, 247 WSPs and ATRs were submitted by companies within both sectors.



The Sector Skills Plan (SSP) is used to develop a 5-year Skills Development Plan and conduct complementary research that informs skills development planning. The SSP is focused on the profile of companies within both sectors, with micro and small enterprises dominating the profile of EWSETA registered companies.



To ensure that credible and objective evidence from evaluation is used in planning, budgeting, organisational improvement, policy review, as well as ongoing programme and project management to improve performance.



## WORKPLACE SKILLS PLAN AND ANNUAL TRAINING REPORT OVERVIEW

The annual submission of WSPs and ATRs serves as a primary source of organisational information that feeds into sectoral skills planning activities. Gathering credible information from workplaces to understand the demand for skills and occupations within the energy and water sectors becomes a crucial source of information for skills development planning.

A total of 247 WSPs and ATRs were received and approved in the 2023/24 financial year, representing a 22.27% overall increase from the previous financial year. There was a significant 23.57% increase in submissions by small firms with an increase from 140 to 173. This could be largely due to the rapidly evolving energy landscape in South Africa. However, there was non-achievement in the submissions for medium and large firms. It must be noted, however, that for medium firms there was a 45% increase from the previous financial year submissions.

WSP/ATRs remain key in assisting the EWSETA to understand the demand for skills and occupations within the energy and water sectors and employers are always reminded and encouraged to submit.

The EWSETA continued with its research agreements with the Tshwane University of Technology (TUT) and the Central University of Technology (CUT). The TUT project focused on research in wastewater and solid waste management, while the CUT research concentrated on renewable energy. Tracer studies were also conducted to determine the impact of EWSETA programmes on beneficiaries' ability to secure employment, start their own businesses and pursue further studies.

Insights gained from these studies will map a way forward on how the EWSETA can enhance its programmes towards improved support of the sectors. Over the years that the EWSETA has implemented various research and evaluation projects to complement the work done on the Sector Skills Plan and these projects have greatly enriched the EWSETA's skills planning mechanism resulting in desirable matched skills and uptake of completers.

## MONITORING AND EVALUATION

Evaluation studies, including impact and tracer studies. These studies are foundational to effective skills planning and play a crucial role in evidence-based decision-making. Grounded in empirical research, these evaluations help ensure that decisions are informed and credible.

During the review period, the following key M&E themes and topics were addressed:

- **Employment Outcomes:** Assessing job acquisition rates following the completion of education and training interventions.
- **Socio-Economic Impact:** Evaluating the socio-economic changes experienced by learners after completing their education or training programmes.
- **Quality of Life:** Measuring how learning programmes contribute to the enhanced quality of life for learners' post-completion of their intended interventions.
- **Further Education Motivation:** Analysing factors that motivate learners to pursue additional studies for further development.
- **Skills Improvement:** Examining how education and training programmes enhance workforce skill levels.

- **Workplace Productivity:** Investigating the relationship between education/training and productivity in the workplace.

The EWSETA Theory of Change (TOC) framework has been instrumental in helping the organisation identify and measure the outputs and outcomes of learning programmes for both beneficiaries and employers. Notable outcomes include:

- Increased employability of learners over the long-term.
- Enhanced employee performance and engagement within companies, contributing positively to their financial outcomes.
- Strengthened collaboration among sector stakeholders and key role players.
- Improved relations between EWSETA and the Post-School Education and Training (PSET) system.
- These evaluations provide valuable insights that support strategic planning and continuous improvement in the education and training sector.



An international women in water symposium in partnership with uMngeni uThukela Water, DWS, DUT, WISA, BoardSA, UJ, Rand Water and UJ.



## ENERGY SECTOR OVERVIEW

Credible and sustainable skills development relies on collaboration with stakeholders in the electricity, renewables, oil & gas, and nuclear sub-sectors to achieve goals as laid out in the Integrated Resource Plan (IRP) 2019.

EWSETA has nurtured strong partnerships with various stakeholders, including industry association bodies, government such as the Department of Mineral Resources and the Department of Science Innovation, employers, international organisations, universities, and colleges. These partnerships are vital as they respond to shifts in government policies, funding opportunities, and industry dynamics, influencing the direction and impact of collaborative efforts. Underpinning this partnership approach is a coordinated effort to harness the expertise of these stakeholders.

### SECTOR HIGHLIGHTS DURING REVIEW PERIOD

EWSETA acknowledges that the South African energy landscape is at a pivotal juncture comprising challenges and transformative opportunities. Significant milestones have characterised the energy transition towards low-carbon sources.

Eskom, the state-owned utility, remains central to electricity generation, supplying most of the country's baseload power. Through its Generation Recovery Plan, substantial improvements have been achieved, evident in the Energy Availability Factor reaching 57.34% by March 2024. This progress underscores the positive impact of stable leadership across Board and executive levels.

Looking ahead, Green Hydrogen has emerged as a pivotal player in South Africa's Just Energy Transition. The sector anticipates increased project developments and foreign

investments, notably with initiatives like the Hive Project and the Mpumalanga Hydrogen Power Plant gaining traction.

Moreover, the past year has seen significant policy advancements with the release of the Electric Vehicle White Paper, the Green Hydrogen Commercialisation Strategy, and the Draft South African Renewable Energy Master Plan and Draft Integrated Resource Plan. These policy initiatives signal a proactive approach towards integrating sustainable technologies into the national energy framework, attract investors and position South Africa at the forefront of global energy innovation.

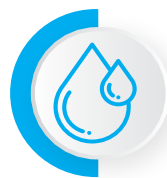
### THE ROLE OF KEY STRATEGIC PARTNERS

EWSETA has successfully executed its energy strategy, which focuses on enhancing industry-driven learning programmes through collaborative efforts with employers and industry bodies such as SAWEA, SAPVIA, NIASA, SANEA, and WINSA.

These partnerships aim to expand the scope of employer-driven initiatives within the sector and the role of strategic alliances with the Department of Mineral Resources and Energy (DMRE) and the Department of Science and Innovation (DSI). Notably, these collaborations support compliance with regulations such as mandatory display of energy performance certificates (EPCs) for buildings, which are integral to demand-side management. These certificates will become mandatory on 7 December 2025.

An innovative partnership with DSI, centered around the South African Institute for Advanced Materials Chemistry (SAIAMC) at UWC, underscores efforts to advance South Africa's capabilities in Battery Energy Storage Systems (BESS). This initiative encompasses advancements in lithium-ion batteries, biofuels, and green hydrogen, aligning with national objectives to foster technological innovation and sustainability in the energy sector.

Further sections provide details of high impact partnerships implemented during the review period.



## WATER SECTOR OVERVIEW

The EWSETA has been instrumental in developing strategic partnerships with water sector industry stakeholders in the 2023/24 financial year. Our commitment to aligning our efforts to the National Skills Development Plan (NSDP) 2030 has been unwavering, as we strive to make a significant impact in the development of skills within the water sector in support of economic development imperatives.

Our focus on skills development, partnerships, and expanding our reach has contributed meaningfully to the sector. The challenges of low rainfall (ground water), ageing water infrastructure, shortage of qualified technical skills, and increased demand underpinned many of the projects and programmes implemented in this period.

The Green Drop and Blue Drop Certification Programmes play a crucial role in ensuring the sustainability and safety of South Africa's water resources. By setting high standards and recognising excellence, these programmes drive continuous improvement in water and wastewater management, protect public health, and promote environmental stewardship.

The EWSETA played a crucial role in supporting the enhancement of access to water and sanitation sector in South Africa, recognising water as a basic human right enshrined in the constitution. We committed to fostering skills development plans and promoting sustainable water management amidst projections of a 17% water deficit by 2030.

The EWSETA's continuous support aims to build a resilient water supply system, ensure universal access to sanitation, and facilitate equitable water resource sharing. A key aim is to work collaboratively with the public and private sectors such as government and industry stakeholders to secure a sustainable future in water resource management.

We implemented projects aligned to strategic initiatives that directly address challenges such as developing mechanisms and identifying skills demand and supply in the environmental and water and sanitation sectors. Focus was placed on scarce and critical skills, as well as upskilling and reskilling of workforce in the water and wastewater sector. The implementation of initiatives in collaboration with professional bodies such as WISA and SAICE has intensified continuous professional development.

EWSETA aims to ensure that the workforce is equipped to meet the evolving needs of the water sector, thereby enhancing access to reliable water and sanitation. This strategic focus is essential as the country faces significant water challenges, including projected deficits and the need for improved infrastructure management.

### COLLABORATION WITH GOVERNMENT ENTITIES

In a transformative initiative to enhance the country's water and sanitation sector, the EWSETA has forged a strategic collaboration with the Department of Water and Sanitation, aligning its efforts with Sustainable Development Goal 6: Clean Water and Sanitation. This partnership aims to address critical skills development challenges identified in the Blue and Green Drop reports, ensuring that the workforce is equipped to manage the country's water resources effectively.

The EWSETA launched several impactful programmes, not only to provide essential skills to unemployed learners and created a pathway for professional growth and employment opportunities, but to foster a new generation of water sector practitioners. The EWSETA impact on skills development is addressing the pressing need for skilled professionals in water management, ultimately contributing to a more sustainable and resilient water future for South Africa.

**NATIONAL PROJECTS INCLUDED**

- **20 Beneficiaries:** Water Reticulation Practitioner Programme
- **35 Beneficiaries:** Water Work Management Practitioners Programme NQF Level 6
- **30 Beneficiaries:** Occupational Certificate in Plumbing Programme

**EASTERN CAPE PROJECTS**

- **60 Learners:** National Certificate: Water and Wastewater Process Control
- **40 Learners:** National Certificate: Landscape Irrigation NQF Level 3

In a concerted effort to enhance South Africa's water infrastructure and workforce capacity, the EWSETA has initiated a collaborative project with various Water Boards, including Umgeni uThukela Water Board and Rand Water Board. This partnership aims to strengthen the District Development Model (DDM) goals and support the Economic Reconstruction and Recovery Plan (ERRP) objectives, focusing on skills development within the water sector.

Through these collaborative efforts, EWSETA has not only addressed the immediate skills gaps, but fostered a culture of continuous learning and development within the water sector, investing in education and training for skilled workforce capable of managing and maintaining critical water infrastructure, and ultimately contributing to a sustainable and resilient water future for all South Africans.

**PROJECTS SUPPORTED**

- Fitter and turner apprenticeships for ten beneficiaries
- Bursaries for 46 university and TVET college learners
- Bursaries for ten employed learners

## CHALLENGES DURING THE REVIEW PERIOD

During the year under review, limited human resources in the PME Branch prevented achievement of all the strategic needs of the business. There was also the need to ensure the EWSETA can collaborate effectively with more sector experts and subject matter experts who have the industry knowledge to contribute to qualification development for both sectors. Collaborating with sector experts is crucial for qualification development that addresses the skills needs in a demand-led approach. The year under review saw the skills development needs of both sectors requiring a more collaborative approach in bringing together various stakeholders to create a cohesive strategy that aligns to National Government's vision.

## ACKNOWLEDGEMENT AND THANK YOU

I would like to take the opportunity to thank the EWSETA Account Authority and Executive leadership for providing

the crucial elements of true leadership and oversight during the year under review.

Special appreciation to the managers and staff within the branch for their dedication and commitment to keeping the EWSETA flag flying under all circumstances given the complexity of skills development planning and sector presence required in the year under review. In addition, I would like to thank the colleagues across other business units for contributing to the overall success of the EWSETA, it takes a collective of dedicated individuals to succeed as an entity and place skills development on the map within the energy and water sectors. I look forward in the coming years to contribute meaningfully to the culture of good governance, operational efficiency and national impact through my role at EWSETA.



**TESLIM MOHAMMED YUSUF**

Planning, Monitoring and Evaluation Executive





# H I G H I M P A C T P R O J E C T S >>>

	<ul style="list-style-type: none"> <li>• Bursaries and internships to increase number of graduates with engineering degrees</li> <li>• Candidacy programme to increase the number of ECSA registered engineers (professional registrations)</li> </ul>
	<ul style="list-style-type: none"> <li>• Women Advancement Programme</li> <li>• Learnerships</li> <li>• Bursaries</li> <li>• Apprenticeships</li> <li>• Internship programme for university graduates.</li> </ul>
	<ul style="list-style-type: none"> <li>• Internship programme to enable work-based exposure for TVET and University graduates</li> <li>• Skills programmes to enable implementation and compliance for the Energy Performance Certificate Regulation</li> <li>• Lecturer development through a skills programme</li> <li>• Short Learning Programmes</li> </ul>
	<ul style="list-style-type: none"> <li>• Bursaries and internships to increase the number of graduates with engineering degrees</li> <li>• Candidacy programme to increase the number of ECSA registered engineers (professional registrations)</li> </ul>
	<ul style="list-style-type: none"> <li>• Learnerships for unemployed learners</li> <li>• Bursaries for unemployed learners</li> <li>• Apprenticeship programmes</li> <li>• Internship programme for university graduates</li> </ul>
	<ul style="list-style-type: none"> <li>• Develop skills towards national skills development priorities</li> <li>• Larger and more inclusive participation in skills development programmes</li> </ul>
	<ul style="list-style-type: none"> <li>• Direct link with local government strategic needs and skills development initiatives in the energy and water sectors</li> <li>• Training programmes and capacity-building efforts that align with the municipality's priorities and challenges</li> </ul>




### MUNICIPAL ELECTRICITY UTILITIES SET TO BENEFIT FROM CAPACITATION OF WOMEN EMPLOYED IN THE SUB-SECTOR



 Location: National |  Sector: Energy

Programme to empower candidates with information necessary to enable them to participate in the design of Just Energy Transition programmes in their organisations

Just Energy Transition short university course for 360 beneficiaries



### RE-SKILLING LAB TO PROMOTE RENEWABLE ENERGY SKILLS DEVELOPMENT

 Location: Mpumalanga  
 Sector: Energy

Promote growth and sustainability of renewable energy and to educate young people in the field of optimising energy

Capacitation of TVET Lecturers and Learners





### COLLABORATION WITH THE DEPARTMENT OF WATER AND SANITATION

 Location: National & Eastern Cape

 Sector: Water

Align initiatives with SDG 6: Clean Water and Sanitation and address skills development challenges in Blue/Green Drop reports.

#### NATIONAL PROJECTS

- 20 Beneficiaries: Water Reticulation Practitioner Programme
- 35 Beneficiaries: Water Work Management Practitioners Programme NQF Level 6
- 30 Beneficiaries: Occupational Certificate in Plumbing Programme

#### EASTERN CAPE PROJECTS

- 60 Learners: National Certificate: Water and Wastewater Process Control
- 40 Learners: National Certificate: Landscape Irrigation NQF Level 3





### SUPPORT FOR FEMALE-OWNED SMMES IN COLLABORATION SOUTH AFRICAN WOMEN IN PLUMBING AND TRADES

Location: National | Sector: Water

Enhance enterprise skills development in strategic operations, technical, performance, and leadership training, mentorship, and inclusivity.

Enterprise skills development for 20 female-owned SMMEs



### COLLABORATION WITH PROFESSIONAL BODIES

Location: National | Sector: Water

Strengthening professionalisation, continuous development, skills development and DWS Regulation 3630 frameworks, as well as advocate for industry standards.

Support for 880 employed on CPD programmes  
Internships for four unemployed learners  
Support for 100 learners on candidacy programmes  
Support for 40 unemployed learners to participate in women and water sector-focused candidacy programmes



### COORDINATION WITH STELLENBOSCH UNIVERSITY REGIONAL POVE WATER

Location: National | Sector: Water

Drive innovation through technical learning, advocate for a future-proof workforce, and ensure global recognition, and strengthening South African centres of excellence networks

Short courses for ten lecturers and 115 municipal workers  
Internships for five candidates  
Bursaries for 20 learners



### WOMEN ENTREPRENEURS CAPACITATED TO PARTICIPATE IN KEY SOUTH AFRICAN ENERGY PROCUREMENT OPPORTUNITIES

Location: National | Sector: Energy

Promote diversity in the sector by empowering women entrepreneurs to participate in the energy value chain and enable SMMEs to participate in the REIPPPP and other energy procurement programmes.

Supplier development programme to build capacity for 50 women per year over the next three years to develop bankable projects and successfully participate in public procurement and tendering processes.



### UNEMPLOYED GRADUATES PROVIDED ACCESS TO WORK EXPERIENCE OPPORTUNITIES

Location: National | Sector: Energy

Promote economic expansion by building entrepreneurs and enterprises that address critical community needs of food security, energy and water.

The Innovation Skills Development Programme (ISD) FUTURE 500 internship programme, that benefitted 50 unemployed graduates, provided work experience opportunities through placement within SMMEs, Technology Stations, Platforms and Technology Innovation Agency (TIA) funded Companies.



### ENERGY SECTOR ASSOCIATIONS WORK WITH EWSETA TO DRIVE GENDER INCLUSIVITY

Location: National | Sector: Energy

Women in Renewable Energy Management Development Programme (MDP)

The MDP that was hosted by Wits Business School and benefited 25 women, promoted learning interventions that address transformation imperatives, as well as support skills related to the energy mix and Just Energy Transition. It also sought to break down barriers for women and for the long-term health of the industry.

38/46 targets achieved  
83%

# PROGRAMME 3

## LEARNING PROGRAMMES AND PROJECTS

### % OF DG BUDGET ALLOCATED



**39%**

High level skills (+9%)



**50%**

Intermediate skills



**11%**

Elementary skills (-9%)

### SKILLS TRAINING INTERVENTIONS



**11**

Established and emergent coops (+1)



**32**

SMMEs (+7)



**10**

NGOs and NPOs



**22**

Rural development projects initiated (+2)

### PARTNERSHIPS



**3**

TVET/CET



**12**

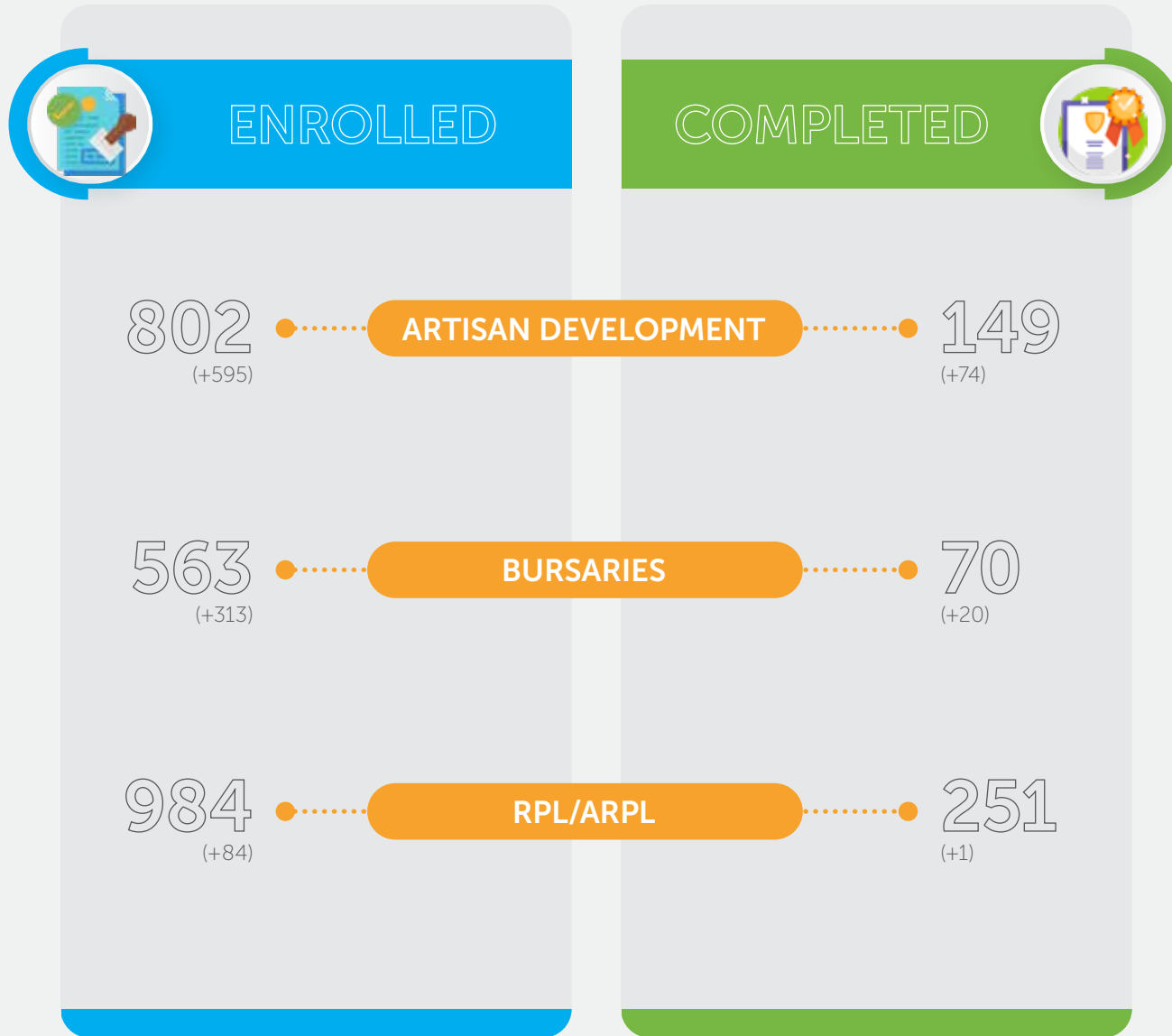
Employer (+3)



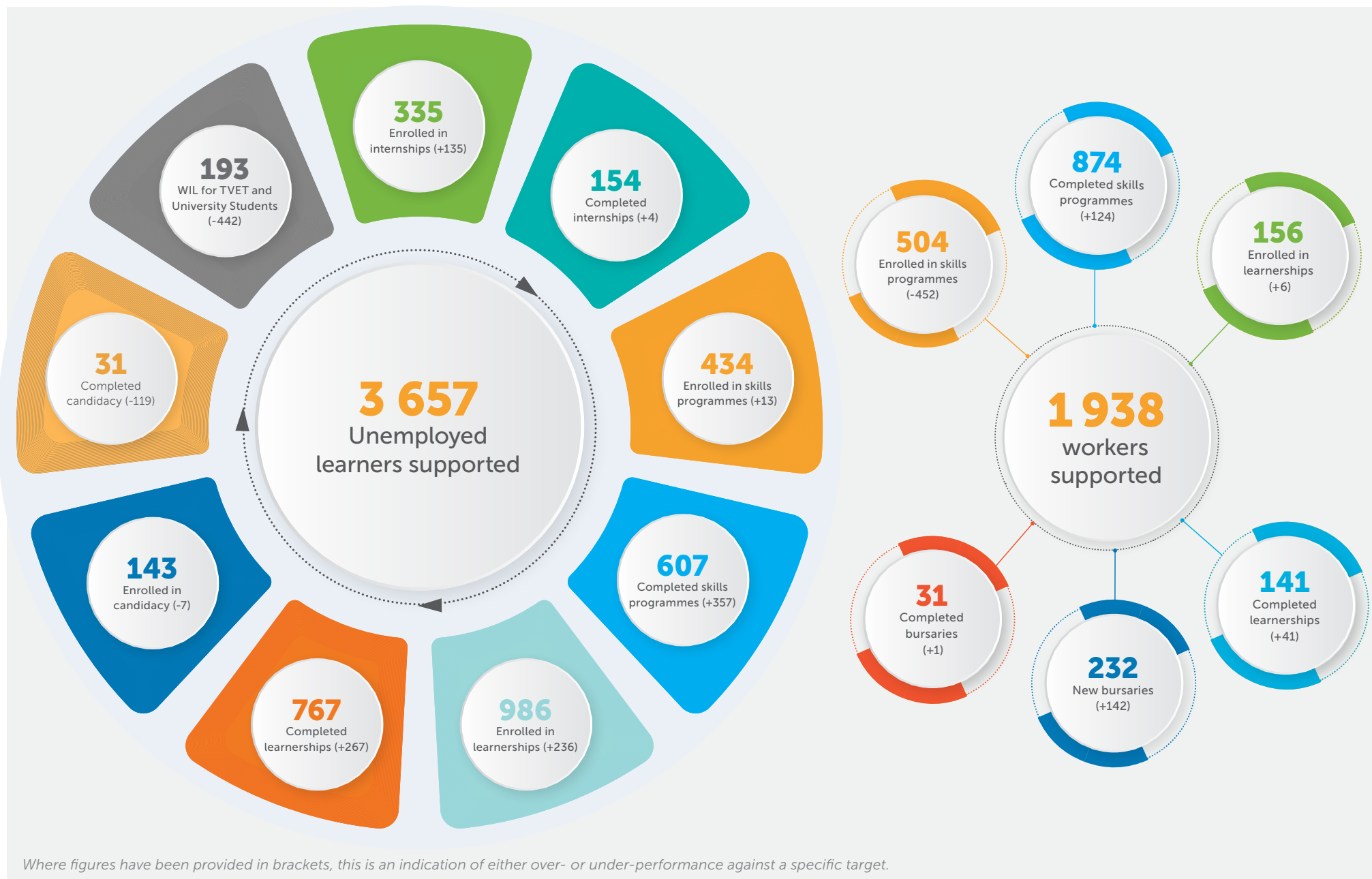
**2**

Inter-SETA

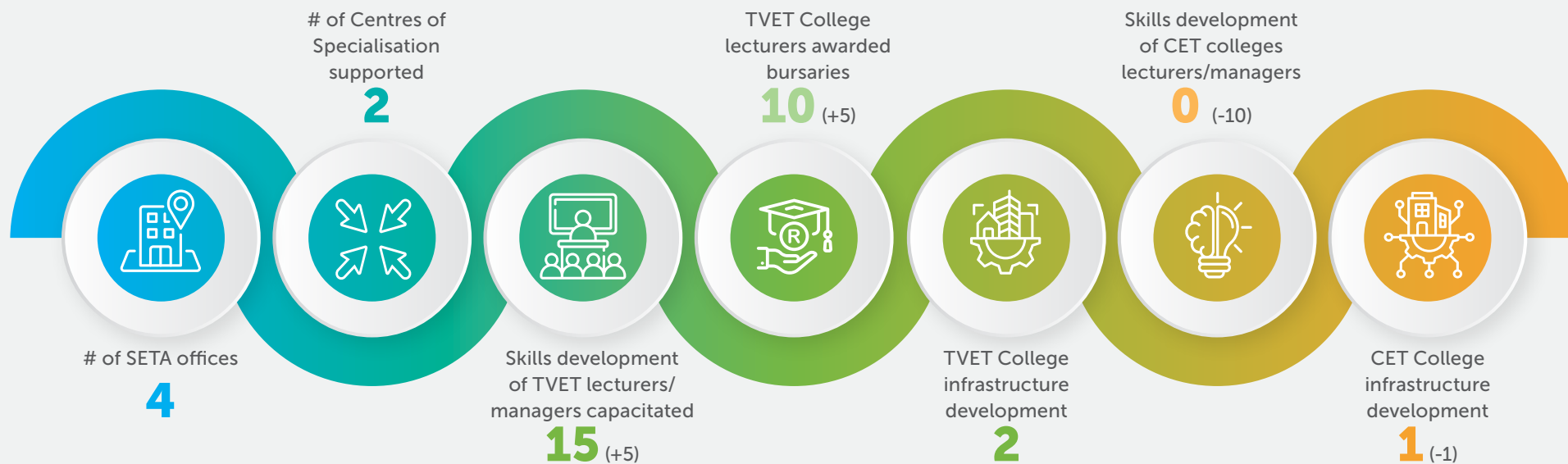
Where figures have been provided in brackets, this is an indication of either over- or under-performance against a specific target.



Where figures have been provided in brackets, this is an indication of either over- or under-performance against a specific target.



### SUPPORT FOR PUBLIC COLLEGES



### CAREER GUIDANCE



Where figures have been provided in brackets, this is an indication of either over- or under-performance against a specific target.

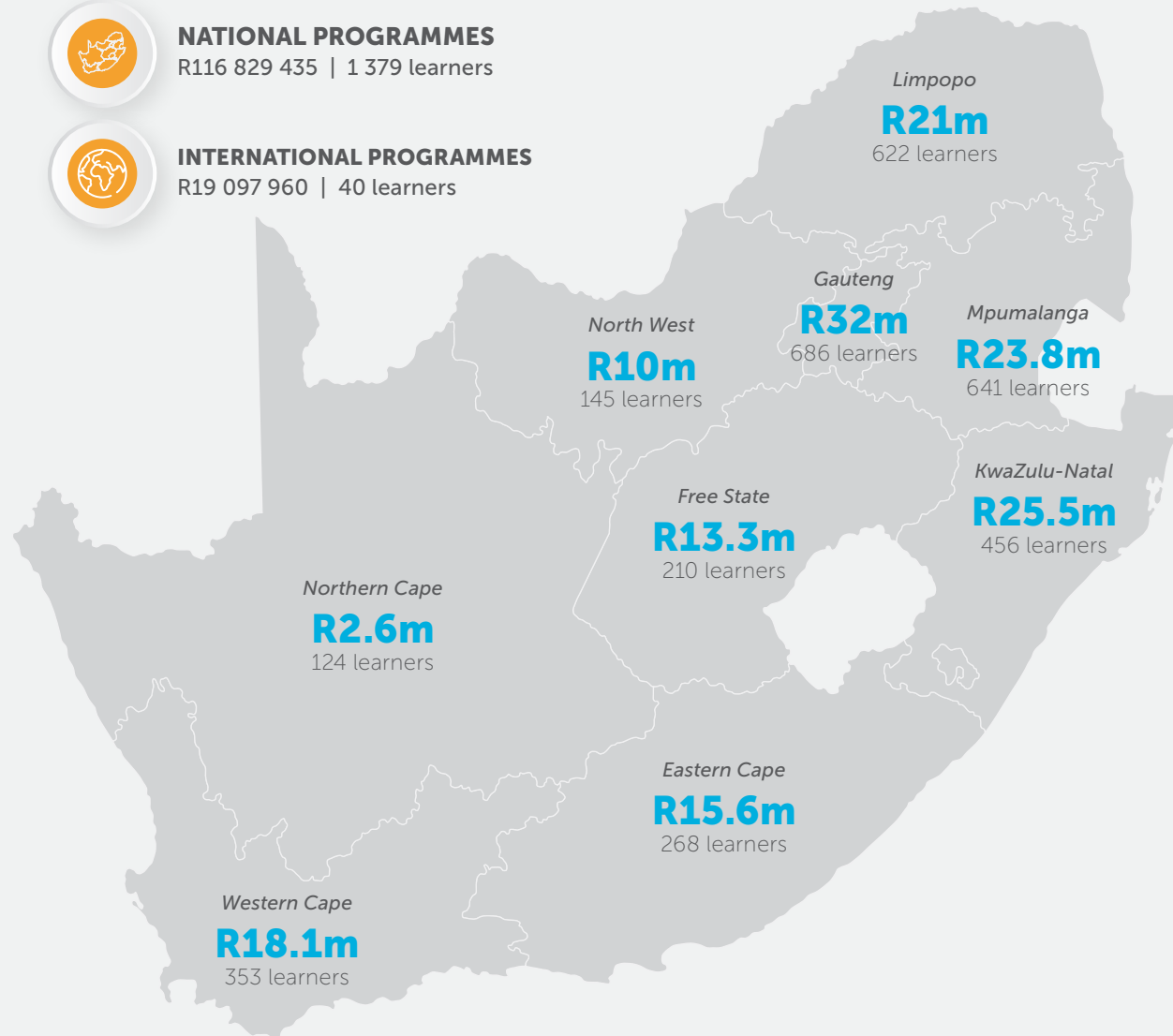
## NATIONAL PROJECTS OVERVIEW



**NATIONAL PROGRAMMES**  
R116 829 435 | 1 379 learners



**INTERNATIONAL PROGRAMMES**  
R19 097 960 | 40 learners



121

Total number of projects implemented



28 through SDPs



91 through partnerships

## HIGHER EDUCATION INSTITUTION STATISTICS



**13**  
Universities  
783 learners



**19**  
TVET Colleges  
581 learners



**2**  
Community Colleges  
213 learners

Note: One institution may be contracted for multiple projects, but is calculated/recognised once

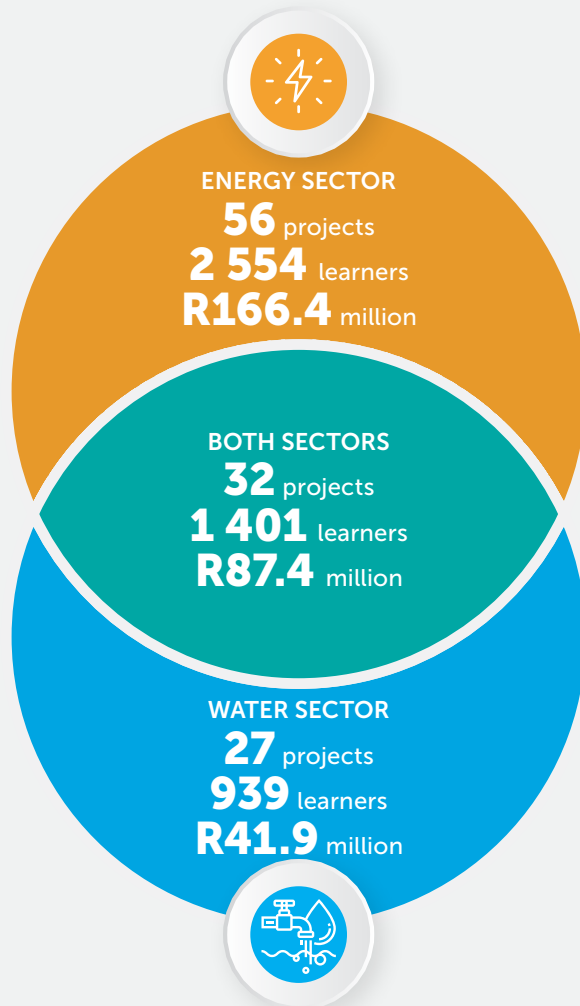


**4 894**  
Total learners



**R295.7m**  
Current year DG allocations contracted,  
excluding Research, Research Chairs and  
Quality Assurance Support

COMMITMENTS BY SECTOR



PROGRAMME 4  
QUALITY ASSURANCE



Where figures have been provided in brackets, this is an indication of either over- or under-performance against a specific target.

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## SKILLS DELIVERY AND QUALITY ASSURANCE EXECUTIVE OVERVIEW

*Robyn Vilakazi*



“

WE AREN'T JUST HAVING THE RIGHT CONVERSATIONS AT THE RIGHT TIME, BUT ALSO SEEING CONVERSATIONS CONVERTING INTO MEANINGFUL AND IMPACTFUL PROJECTS WHERE WE ARE REALISING RETURN ON INVESTMENT.

”



The Skills Delivery and Quality Assurance Branch comprises the following departments:



**Project Management**, responsible for the successful onboarding, monitoring and completion of skills delivery programmes in the energy and water sectors. The Projects Department is also responsible for stakeholder management in different provinces to coordinate provincial skills development activity in the sectors we serve, aligned with local skills development needs and economic activity.



**Learning programmes and Quality Assurance**, responsible for the delivery of the EWSETA's quality assurance responsibilities against the applicable national laws, frameworks and policies and reporting quarterly and annual skills development activity to various stakeholders including DHET and National Treasury.

The work that has been done over the last few years by EWSETA to establish its role as a sector authority has driven high quality interactions with the energy, water, business and skills development communities. As a result, we have been overwhelmed with invitations to collaborate with a broad range of local and international stakeholders. This is a welcome phenomenon as it has significantly improved the quality of our delivery as it pertains to implementing our strategy.

The importance of skills development is taking centre stage across our industries, and EWSETA has led and participated in critical conversations that take place at the planning stage. It has been heartening to observe over several years how the industry seeks out EWSETA at increasingly earlier stages of their planning for our advisory role in planning skills delivery interventions, amongst others. Meaningful partnerships of this nature have enabled EWSETA to identify emerging skills needs especially in the rapidly changing energy and water industries. In response, EWSETA together with industry has embarked on the development of several new required qualifications which were successfully registered in the current year. We continue to engage with our industry to jointly understand emerging skills needs so that the skills development offering remains relevant and current.

With our view of the skills needs within different energy and water subsectors, and our multi-year understanding of the initiatives being delivered on the ground, we provide informative guidance on the better programmes, geographies and delivery factors that stakeholders can employ to make a meaningful contribution to the national skills delivery picture. Accordingly, we are coordinating a significantly increased number of programmes being delivered nationally (and internationally), with a larger funding provision. We are also participating in more multi-year programmes, with second and third cohorts being enrolled into successful programmes that are improving with experience.

The increased number of projects has been enabled by the successful identification and pursuance of cofounding opportunities. During the 2023/24 financial year, the continued focus on partnerships with key stakeholders has much improved the access to funding, which can be directed through EWSETA's guidance to where it would be most beneficial to the sector. This access to funding and cofounding has allowed us to expand our delivery of relevant and timely skills nationally, in line with national plans and industry activity across all provinces.

The resultant expansion of skills development programmes across the country is evident in the

improved performance against Programme 3 targets, which mostly comprise indicators for skills development activities undertaken within the energy and water sectors. Additional funding provided by industry and other partners has enabled us to expand our reach, and this will continue in the coming year. Additionally, streamlined, and improved cooperation with the industry has allowed for the timely implementation of projects which has also assisted. Furthermore, the engagement of subject matter experts across the various energy and water sub-sectors has assisted with improved monitoring and evaluation of skills development interventions and improving the rate of successful learner completions.

This approach has also highlighted the importance of continuous capacity building and training programmes for skills development providers. These programmes focus on implementing qualifications in line with recognised standards and project management processes. By actively monitoring and evaluating projects through a regularly updated Monitoring and Evaluation (M&E) Plan, EWSETA has identified and showcased the successful implementation of impactful projects. These positive developments reflect EWSETA's commitment to excellence and continuous improvement towards successful project execution.

From a quality assurance perspective during this period we have successfully achieved all of our APP targets. This included the development of four qualifications and a further four skills programmes. What has been significant is the direct involvement in qualifications development by industry stakeholders. This means that the qualifications being developed respond directly to the skills development needs of the sector, which remains a key focus for EWSETA in the development of qualifications.

We have realised numerous successes as a branch during the review period and this can be attributed to some key stakeholder groups.

I wish to give recognition to the members of staff that have been required to work harder and smarter during the period to keep up with the demands from the sector. Your efforts have not gone unnoticed and we appreciate the sterling contribution you have made.

I also extend my appreciation to the EWSETA Accounting Authority and subcommittees for their invaluable guidance and support in pursuing the audacious ambition we have set for ourselves.

To the numerous local and international stakeholders who have played an integral role in the successes experienced, we thank you for your dedication and commitment to realising the vision of a truly capable workforce for the energy and water sectors, especially given the everchanging complexities we currently face in these industries.

I am confident that we are leaving a notable legacy that will endure long after we have departed from EWSETA.

*R. Vilakazi*

**ROBYN VILAKAZI**

Skills Delivery and Quality Assurance Executive





“

**GOOD GOVERNANCE WILL NOT RESULT FROM A MINDLESS QUANTITATIVE COMPLIANCE WITH A GOVERNANCE CODE OR RULES. GOOD GOVERNANCE INVOLVES FAIRNESS, ACCOUNTABILITY, RESPONSIBILITY AND TRANSPARENCY ON A FOUNDATION OF INTELLECTUAL HONESTY.**

PROFESSOR MERVYN KING

”



**GOVERNANCE**



## INTRODUCTION

Corporate governance embodies a system of rules, principles, and processes by which the EWSETA is directed, controlled, and held accountable.

In addition to legislative requirements, corporate governance at EWSETA is applied through precepts of the Skills Development Act 97 of 1998, and Public Finance Management Act 1 of 1999 and runs in tandem with the principles contained in King's Report on Corporate Governance. The Accounting Authority of the public entity is responsible for corporate governance.

## PORTFOLIO COMMITTEE

The Portfolio Committee on Higher Education, Science and Innovation exercises oversight over the SETA and may occasionally invite EWSETA to appear before the Committee to account on issues of performance.

## THE EXECUTIVE AUTHORITY

The Minister of Higher Education, Science and Technology is the Executive Authority and is accountable to Parliament for skills development.

In terms of Section 13 of the enabling legislation, the Minister must approve the Constitution of the EWSETA. Thus, in executing accountability and responsibility functions, the Executive Authority exercises its powers in terms of the Public Finance Management Act, the Skills Development Act, the Constitution of EWSETA and any other applicable legislation. The EWSETA has submitted all compliance charter documents as required by the Executive Authority which includes the skills plan, strategic, annual performance plans, and quarterly reports for monitoring of performance.

## THE ACCOUNTING AUTHORITY

The Accounting Authority is the governing body of EWSETA and Members are appointed by the Minister, who also determines their remuneration as per National Treasury tariff recommendations. In addition to provisions on accountability within the legislative framework and governance prescripts, the accounting authority has the following responsibilities:

- a) To govern and manage EWSETA following applicable legislation,
- b) To set organisational culture,
- c) To provide policy and strategic direction and over implementation,
- d) To review management performance and oversee risk management,
- e) To ensure the objectives and functions of EWSETA comply with the constitutional, legislative and policy mandates.

## THE ACCOUNTING AUTHORITY CHARTER

The EWSETA Constitution serves as the Accounting Authority charter. The Constitution is to be read in conjunction with the Skills Development Act and other sub-committee's terms of reference.

## REMUNERATION OF THE ACCOUNTING AUTHORITY

The Members of the Accounting Authority and its committees receive an allowance for attending and contributing to official meetings. The rates are aligned with

remuneration level sub-category S in the "Circular from the National Treasury on Adjustment of Remuneration Levels", as determined by the Minister of Finance and approved by the Minister of Higher Education and Training.

According to the Circular on "Remuneration Tariffs for Board and Committee members of SETAs and non-SETAs that report to the DHET", daily rates apply for attending and preparing for Board and Committee meetings. Ministerial appointments and independent committee members receive allowances. Members who are public or government employees are not remunerated for attending meetings unless they take leave. Relevant taxes apply.

## CAPACITATION OF THE ACCOUNTING AUTHORITY

During the reporting period, the Institute of Directors South Africa (IODSA) continued to capacitate the Accounting Authority with the requisite skills for good governance and to highlight key issues that the Accounting Authority needs to practice such as the governance of ethics and insights on financial management.

## ACCOUNTING AUTHORITY PERFORMANCE SELF-ASSESSMENT

The EWSETA conducts its Board and Director formal evaluations every two years. The IODSA also facilitated the Board self-evaluation process to assess the current performance compared to the previous years' evaluation scoring against accepted good corporate governance principles and practices.

The self-evaluation focused on board composition, culture, roles and responsibilities, board committees, role players and interaction with management. The Accounting Authority has performed at a "good" level with an overall score of 4.2/5.0. The strongest performance is found within the sub-committees.

## COMPOSITION OF THE ACCOUNTING AUTHORITY

The Accounting Authority is constituted and composed in terms of Section 8(5) of the Constitution. In terms of Sections 8(2)(d) of the Constitution, the Accounting Authority may establish Committees to assist in the execution of its responsibilities.

During the year under review, the leadership attended and participated in the meetings of the accounting authority and its committees as shown below:

### Accounting Authority and Committee Record of Attendance

TOTAL NUMBER OF MEETINGS HELD IN 2022/23					
MEETINGS SCHEDULED	Accounting Authority	EXCO	ARC	FRC	GSC
Scheduled	4	2	4	4	4
Special	6	1	4	5	1
Strategy	1	-	-	-	-
Risk focused <sup>1</sup>	-	-	1	-	-
Members of the Accounting Authority and its Committees					
Limakatso Moorosi (Chairperson)	8/10	3/3	-	-	-
Raletjatji Bokaba	10/10	-	8/8	-	-
Esmé Coetzer	7/10	-	-	9/9	-
Lester Goldman	10/10	3/3	-	9/9	-
Dumisane Magagula	9/10	3/3	-	8/9	5/5
Nandi Malumbazo	10/10	3/3	-	-	5/5
Verena Meyer-Singh	10/10	-	-	-	5/5
Hilda Mhlongo	8/10	-	-	8/9	-
Nhlanhleni Ngidi	9/10	3/3	-	-	4/5
Nomava Nobatana	10/10	-	8/8	-	-
Francois Van Heerden <sup>2</sup>	1/10	-	-	-	-

1 ARC meets once a year to consider the strategic risks.

2 Francois Van Heerden was appointed as Accounting Authority Member on 20 December 2023.

TOTAL NUMBER OF MEETINGS HELD IN 2022/23					
MEETINGS SCHEDULED	Accounting Authority	EXCO	ARC	FRC	GSC
<b>Independent Members of the Audit and Risk Committee</b>					
Mariana Strydom (Chairperson)	10/10	-	8/8	-	-
Faizal Docrat	-	-	8/8	-	-
Lwazi Giba <sup>3</sup>	-	-	4/8	-	-
Moshupi Mokgobinyane <sup>4</sup>	-	-	4/8	-	-
<b>Co-opted Members of the Finance and Remuneration Committee</b>					
Lethabo Manamela	-	-	-	7/9	-
Moshupi Mokgobinyane	-	-	-	7/9	-
<b>Executive Management</b>					
Mpho Mookapele (CEO)	10/10	3/3	6/8	9/9	5/5
Robyn Vilakazi (SD&QAE)	8/10	2/3	8/8	9/9	2/5
Candice Moodley (CSE)	2/10	3/3	8/8	8/9	3/5
Hunadi Manyatsa (CFO)	1/10	1/3	1/8	1/9	1/5

<sup>3</sup> Lwazi Giba resigned as an independent Member of ARC on 29 August 2023.

<sup>4</sup> Moshupi Mokgobinyane was appointed as an independent Member of ARC on 25 October 2023.

## COMPOSITION OF THE EWSETA ACCOUNTING AUTHORITY



**Limakatso Moorosi**  
Chairperson  
*DVM, MSc. Agric., Mgmt. Dev.*



**Solomon Bokaba**  
Organised Employer  
*B Juris, LLB, LLM  
(Administrative and  
Municipal Law)*



**Esmé Coetzer**  
Organised Employer  
*BA (Hons) (Psychology),  
MBL, DBL*



**Lester Goldman**  
Professional Bodies  
*Diploma Bus. Mgmt., BCom  
(Acc), MBA, DBA*



**Dumisane Magagula**  
Organised Labour  
*NTC, DipTh*



**Nandi Malumbazo**  
Community Organisations  
*BSc. (Chem. Biochem.  
Microbio.), BSc. (Hons), MSc.  
(Synthesis Organic Chem.),  
PhD (Chem. Eng.)*



**VACANT**  
(Community Organisations)



**Verena Meyer-Singh**  
Organised Employer  
*BSc. Agric. Microbiology,  
BSc (Hons) (Water Utilisation),  
MSc (Water Utilisation),  
MEd Env. Ed.*



**Hilda Mhlongo**  
Organised Employer  
*BCom, BCom Hons (Mgmt.)  
(IP), HRM, MBL*





**Nhlanhleni Ngidi**  
Organised Employer  
*BTech (Elec. Eng.), MDP, MBL*



**Nomava Nobatana**  
Organised Labour  
*BA (Communication), HRM  
Dip, Hons (IP), Post Grad Dip.  
Labour Law*



**Francois Van Heerden**  
Organised Labour  
*Diploma Supervisory  
Development*



**VACANT**  
Organised Labour



**VACANT**  
Organised Labour



**VACANT**  
Organised Labour



## MINIMISING CONFLICT OF INTEREST

Members of the Accounting Authority and its Committees are required to complete and sign an annual declaration of interest form to declare their potential conflicts with the business of EWSETA. This practice is also an agenda item before meetings commence, where all members are requested to declare a potential conflict of interest against any agenda item, and where members have a conflict, they are recused from the meeting.

## COMPANY SECRETARY

The services of a Company Secretary were outsourced to a service provider for the period 01 April 2023 to 30 September 2023. The EWSETA has now made an appointment internally. The Company Secretary guides and assists the Accounting Authority in discharging their fiduciary responsibilities and duties in the best interests of the organisation. The Company Secretary's duties include providing Directors with timely unrestricted access to the organisation's corporate information, training, induction, performance evaluation, meeting agendas and minutes.

## RISK MANAGEMENT

EWSETA's risk management function operates within an approved Risk Management Strategy and Policy. Operational risk assessments are in place and reviewed multiple times during the year, while strategic risk assessments are conducted annually.

The Risk and Compliance Department is responsible for driving risk management activities within EWSETA. The Department conducts its work in line with an annual risk management plan that covers the dimensions of Risk Planning, Risk Orientation, Risk Assessment, Risk Response, and Risk Monitoring. The Audit and Risk Committee is tasked with oversight of all risk management activities and receives frequent reports from management on all risk management activities, including mitigation actions. During quarterly Audit and Risk Committee sittings, the Audit and Risk Committee

advises the entity on risk management and provides input on reported risk information.

In recent years, several key measures have been implemented to improve the overall level of risk management within EWSETA. This includes the improvement in the quality of risk management strategies and policies, risk registers, risk reporting, and oversight. As such, risk management has improved over time.

### INTERNAL CONTROL UNIT

The Risk and Compliance Department is responsible for driving all risk management activities in line with the annual risk management plan. The department is also responsible for monitoring of the overall internal control environment and required action plans, mitigation measures, and improvements. During the current year, the department embarked upon work to improve the overall compliance environment of the EWSETA by enhancing the compliance universe and supporting monitoring measures.

### INTERNAL AUDIT AND AUDIT COMMITTEES

The entity has appointed an outsourced independent internal audit function that conducts its activities according to an approved Internal Audit Charter. Internal audit's objective is to provide independent, objective assurance and consulting services designed to add value and improve EWSETA's operations.

The audits conducted during the 2023/24 financial year are as follows:

- Audit of Predetermined Objectives
- Vulnerability assessment
- IT security audit
- Financial Controls Review
- Supply Chain Management
- Projects, Contracts & Commitments
- Review of GRAP aspects of Annual Financial Statements
- Review of the annual performance report

### COMPLIANCE WITH LAWS AND REGULATIONS

EWSETA monitors compliance with the applicable legislation and regulations using a compliance universe. Compliance requirements are cascaded to the responsible Departments and monitored centrally by the Risk and Compliance Department, who also monitor the non-compliance matters raised by independent assurance providers. Management is included in various subscriptions to receive regular updates on regulatory requirements.

### FRAUD AND CORRUPTION

The entity has an approved fraud risk assessment and fraud prevention plan in place to assist with the prevention of fraud. Progress against the plan is reported to the applicable governance committees quarterly, while fraud risks are included in operational and strategic risk registers for monitoring.

All employees and governance committee members ascribe to the EWSETA Code of Conduct which prescribes the expected level of ethical conduct. The entity has a whistle-blowing policy and hotline in place. Reported incidents are investigated by the Risk and Compliance Department and reported to the Audit and Risk Committee quarterly. All employees were provided with fraud awareness training.

### MINIMISING CONFLICT OF INTEREST

Several measures are in place to minimise conflicts of interest. Employees and governance committee members declare external interests annually, and these are monitored throughout the year to ensure there are no conflicts with other businesses that the EWSETA is entering. At all relevant committees (governance committees, tender committees, discretionary grants committee, etc), members are allowed to declare any interests and if an interest is declared, the applicable member is recused from decision-making. All bidders are also allowed to declare potential conflicts in the Standard Bidding Documents and any interests identified there are assessed and dealt with appropriately before a bid is awarded.

## B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Criteria	Response	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	This is not applicable to EWSETA.
Developing and implementing a preferential procurement policy?	Yes	Procurement is executed in accordance with the EWSETA's Supply Chain Management Policy. This policy is in alignment with the preferential procurement prescriptions of the PFMA.
Determining qualification criteria for the sale of state-owned enterprise?	No	This is not applicable to EWSETA.
Developing criteria for entering into partnerships with the private sector?	Yes	Through its partnership model and Discretionary Grants regime, EWSETA enters into private sector partnerships to advance various mutually beneficial goals.
Determining criteria for the awarding incentives, grants and investment schemes in support of Broad-Based Economic Empowerment?	Yes	EWSETA's Grants Policy prescribes the criteria and guidelines used to determine the allocation of Mandatory and Discretionary Grants.

## RISK MANAGEMENT

EWSETA rigidly adheres to its Risk Management Policy and has developed a risk management strategy governing our operations. We execute regular risk assessments, serving as a robust mechanism to review the efficacy of our risk management protocol and identify both new and formerly unnoticed risks.

The Audit and Risk Committee, reports to the Accounting Authority on the system of risk management. This committee has a critical role in managing the mitigation protocols for unacceptable risk levels. It provides valuable advice to EWSETA on risk management issues. It also supervises the effectiveness of the risk management system independently, ensuring that there is no occurrence of errors in the process.

We have noticed progress in our risk management endeavours, but there is still room for improvements. In the cases where positive changes have not yet transmitted into improvements in the entity's performance, we have recognised the issue and plans are currently underway to address these problems.

The risk and compliance team will be strengthened by focusing on filling a vacancy in the Risk and Compliance department. The policies were reviewed during the year and approved by the accounting authority. This arrangement is expected to enhance our operational performance and enable us to fulfil our commitments and obligations more efficiently and effectively.

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## AUDIT AND RISK COMMITTEE REPORT

*Mariana Strydom*



“

WE EMBARKED ON WORK TO IMPROVE THE OVERALL COMPLIANCE ENVIRONMENT OF THE EWSETA BY ENHANCING THE COMPLIANCE UNIVERSE AND SUPPORTING MONITORING MEASURES.

”

We are pleased to present the Audit and Risk Committee (ARC) report for the financial year ended 31 March 2024.

## AUDIT AND RISK COMMITTEE RESPONSIBILITY

This report serves to confirm that the ARC has complied with its responsibilities arising from section 51(1)(a)(ii) of the Public Finance Management Act (PFMA) and Treasury Regulation 27.1.1. The ARC also confirms that it has adopted formal terms of reference in its Audit and Risk Committee Charter, regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

## MEMBERS OF THE AUDIT AND RISK COMMITTEE

ARC is comprised of an independent chair, two independent members and two members representing the Accounting Authority, namely:

Ms. Mariana Strydom	Independent Chairperson
Mr. Faizal Docrat	Independent Member
Mr. Lwazi Giba	Independent Member (resigned 29 August 2023)
Mr Moshupi Mokgobinyane	Independent Member (Appointed 25 October 2023)
Mr. Raletjatji Bokaba	Member of the Accounting Authority (Organised Employers)
Ms. Nomava Nobatana	Member of the Accounting Authority (Organised Labour)

The committee is satisfied that its members possess the requisite skills, knowledge and experience to fulfil the responsibilities of ARC. The Auditor-General of South Africa (AGSA) confirms that ARC was assessed as an assurance provider.

## MEETINGS HELD BY THE AUDIT AND RISK COMMITTEE

The members attended 8 scheduled meetings during the financial year ending 31 March 2024, with key stakeholders as reflected in the table below:

Member Name	26-April-23	25-May-23	20-July-23	27-July-23	26-Oct-23	30-Jan-24	05-Feb-24	22-Feb-24
Mariana Strydom	✓	✓	✓	✓	✓	✓	✓	✓
Raletjatji Bokaba	✓	✓	✓	✓	✓	✓	✓	✓
Nomava Nobatana	✓	✓	✓	✓	✓	✓	✓	✓
Faizal Docrat	✓	✓	✓	✓	✓	✓	✓	✓
Lwazi Giba*	✓	✓	✓	✓				
Moshupi Mokgobinyane#					✓	✓	✓	✓

\*Mr Lwazi Giba resigned on 29 August 2023 | # Mr Moshupi was appointed on 25 October 2023

## EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit and Risk Committee:

- Reviewed the audited annual financial statements (AFS) to be included in the annual report.
- Reviewed the AGSA's management report and management's response thereto.
- Reviewed the entity's compliance with legal and regulatory provisions.
- Reviewed the audited information on predetermined objectives to be included in the annual report.
- Reviewed significant adjustments resulting from the audit.
- Evaluated the quality and timeliness of the financial information availed to the ARC for oversight purposes

during the year such as interim financial statements, management accounts and quarterly reports before submission to the National Treasury through the principal department.

## INTERNAL AUDIT

The ARC is satisfied that the outsourced Internal Audit function performed its work under the approved charter, internal audit plan and 3-year rolling plan. Hence the contract with the one internal audit service provider lapse and the services of a new internal audit service provider was procured. The period without an internal audit function was very short and did not negatively affect the internal audit function.

## AUDITOR-GENERAL OF SOUTH AFRICA

The ARC concurs with and accepts the qualified opinion expressed by the AGSA on the AFS. The ARC trust that the audited AFS be accepted and read together with the report of the AGSA.

On behalf of the Audit and Risk Committee



**MS. M. STRYDOM**

Chairman of the Audit and Risk Committee



## MEMBERS OF THE AUDIT AND RISK COMMITTEE

**Ms Mariana Strydom**

Independent Chairperson of ARC since 29 May 2020  
Professional designation: Registered Government Auditor (RGA) registered with the South Africa Institute of Government Auditors

**Qualifications**

B Comm Accounting  
B Comm Hons (Auditing)  
BCTA

**Mr Faizal Docrat**

Independent Member of ARC since 29 May 2020  
Managing Director Doccorp: ICT, Governance, Risk and Compliance

**Qualifications**

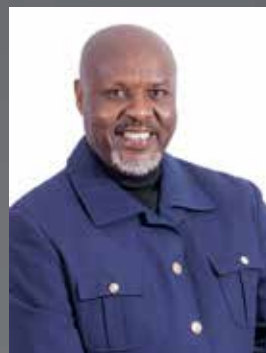
Master of Business Administration  
Chartered Director with IODSA  
Member of ISACA: (CISA, CGEIT and CISM)  
Member of IRMSA: (CRMPRAC)

**Mr Moshupi Mokgobinyane**

Independent Member of ARC since 25 October 2023  
Director at MM Chartered Accountants

**Qualifications**

BCom with an Honours and Masters in Accounting  
Science

**Mr Solomon Bokaba**

Accounting Authority Member since 01 April 2020  
ARC Member since 29 May 2020  
Business Entrepreneur

**Qualifications**

B Juris, LLB, LLM (Administrative and Municipal Law)

**Ms Nomava Nobatana**

Accounting Authority Member since 01 April 2020  
ARC Member since 29 May 2020  
National Executive Council Member and Regional Committee Member: IMATU

**Qualifications**

BA Communication, HRM Dipl, Hons(IP) Post Grad Dip.  
Labour Law

“

**TO REALISE THE ORGANISATION'S OBJECTIVES AND ACHIEVE ITS MANDATE REQUIRES AGILE STRATEGIC HUMAN CAPITAL INITIATIVES, OPERATIONAL AND STRATEGIC PROCESS IMPROVEMENTS, AND SUCCESSFUL DELIVERY.**

CANDICE MOODLEY

EWSETA CORPORATE SERVICES EXECUTIVE

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**D**

# HUMAN RESOURCES





The commitment and efforts of the Human Resources department in fostering an enabling organisational climate that promotes a High-Performance culture have been demonstrated through agile Human Capital initiatives, operational and strategic process improvements, and successful delivery while ensuring employability in the Energy and Water Sectors through Skills Development. We take pride in creating an environment that enables excellence and measurable output, aligning with the EWSETA mandate of developing skills in the Energy and Water Sectors.

Our primary focus has been on developing, nurturing, and retaining our existing talent, building the right capabilities within EWSETA to sustainably shape tomorrow today and upholding our RITE values (Respect, Integrity, Teaming, and Excellence). Herewith a summary of key focus areas for Human Resource in the year under review:

## STAFF DEVELOPMENT AND TRAINING

We have supported and funded MBAs, Honours Degrees, Bachelor's Degrees, National Diplomas, and various certificates to align with the EWSETA's work requirements and outputs. Developing our current talent has been a key

strategic HR focus for many years, and we are incredibly proud of our colleagues who have prioritised their personal and professional development, even amidst significant work pressures, to achieve, among other qualifications, MBAs, full degrees, and various certifications aligned with their roles.

## ORGANISATIONAL DESIGN AND RECRUITMENT

The Organisational Development (OD) project has been integral to EWSETA's transformation journey towards a high-performing organisation. We have consistently reported to our stakeholders the progress of this project which began with the development and finalisation of the EWSETA Operating Model, the reengineering of systems and processes and the review and development of the new organisational structure. The year under review focused on the OD Implementation which is being done in a phased approach as per agreement through consultations with various stakeholders including Management, Organised Labour, and all EWSETA Talent, supported commendably by the Accounting Authority.

While 2023/2024 addressed the recruitment of Phase 1, being Executives, with the successful placement of the Chief

Financial Officer and Skills Delivery and Quality Assurance Executives, we were also able to successfully recruit critical manager positions which brought much needed capacity within the CEO's office and in other support and core areas of the business such as Governance & Legal, Strategic Support, ICT and Projects. The final executive position was filled in quarter one of the new financial year.

## EMPLOYEE WELLNESS AND CHANGE MANAGEMENT

Throughout the OD Implementation, the well-being of our employees has remained a consistent focus and priority. An OD project, no matter the entity in which it is being implemented, is a stressful process for employees, one that brings with it uncertainty, anxiety, and fear. As a result, we have strengthened our relationship with our wellness partner ICAS to provide ongoing support and a positive environment across social categories, promoting resilience and optimism despite challenges.

We have also empowered Change Champions on the ground to drive our Employee Engagement "Yenza Kahle" strategy and help us deliver exceptional service to all internal stakeholders. Additionally, we inducted "Pathfinders" who embody a High-Performance attitude

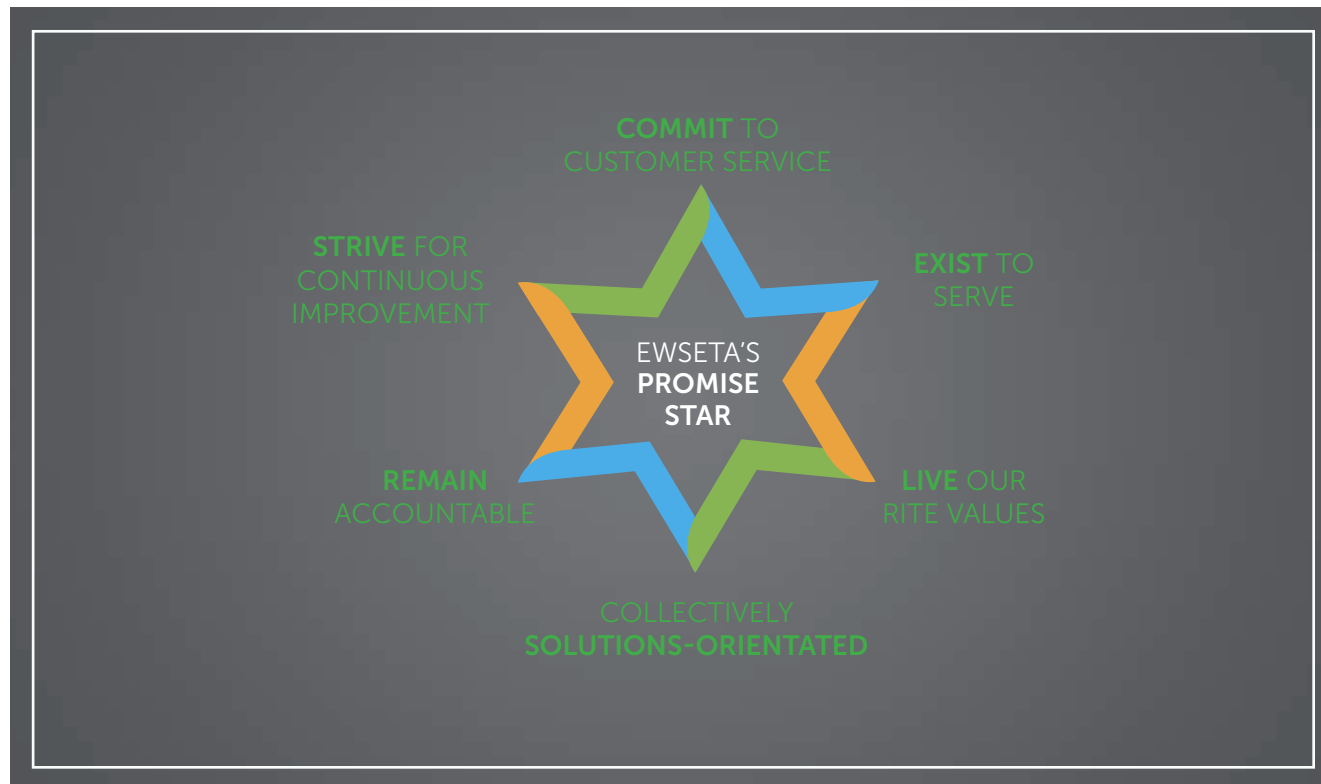


and culture throughout the organisation, irrespective of their job level. Through our change champions and pathfinders, we are making great strides in turning the morale of the organisation into one of positivity.

## EMPLOYEE ENGAGEMENT

With Stakeholder-centricity and Operational Excellence as the two design pillars of our Operating Model and the core of our Organisational Design, the year under review saw us launch our "ONE-SETA Experience" campaign to staff in February 2024. It is essential for our stakeholders, no matter the point at which they engage with EWSETA, that their experience of our Brand Promise, Service Delivery and EWSETA employees irrespective of their level, is consistent and exceptional – we need to act and speak as "ONE". This campaign was initiated as a result of the Stakeholder Satisfaction Survey results where many of the participating stakeholders indicated the need to improve in areas of communication, engagement and service delivery.

The ONE-SETA Experience campaign, whilst predominately internally focussed, aims to enhance Employee Engagement and Talent Development while improving EWSETA's overall Stakeholder experience. The EWSETA Promise Star further provides each and every staff member with a guide to our six promises made to our stakeholders and how we will live up to



these promises in our day-to-day activities. It is in essence, a service delivery charter that empowers us all and reminds us of our commitment to our sector stakeholders and South African citizens.

## PERFORMANCE MANAGEMENT

With the launch of the "ONE-SETA Experience" campaign and the EWSETA Promise Star, individual accountability is important which is why Performance Management remains a vital tool to monitor and measure progress towards attainment of our strategic goals, individual performance KPIs, achievement of a High-Performance Culture and impact at every operational level. The significant improvement of our organisational performance in the year under review to 84% is a testament to every EWSETA employee's determination to excel at a personal, departmental and organisational level.

## FUTURE OUTLOOK

Looking ahead, our Human Resources department is committed to sustaining our momentum and advancing our strategic initiatives. We will continue to prioritise talent development, diversity, and employee engagement as we navigate challenges and capitalise on opportunities in the evolving energy, water and skills development landscape.

In conclusion, the past year has been marked by significant achievements and progress in human capital management, as is evidenced in the fact that 2023/2024 provided HR with a clean audit. We extend our gratitude to our dedicated HR team and all employees for their contributions to our collective success. Together, we will strive for excellence and continue to drive organisational growth in the years to come.

National Treasury's Annual Report Guide for Schedule 3A and 3C Public Entities requires the SETA to provide key information on human resources. It also stipulates that the financial amounts agree with those disclosed in the annual financial statements. Where considered appropriate, the SETA is to provide reasons for any variances.

## PERSONNEL COST BY PROGRAMME

Programme	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Admin	R24,204	59.85%	22	R1,100
Project admin	R16,239	40.15%	33	R492
<b>Total</b>	<b>R40,443</b>	<b>100%</b>	<b>55</b>	<b>R1,592*</b>

\*Total average cost per an employee per programme.

## PERSONNEL COST BY SALARY BAND

Level	Personnel Expenditure(R'000)	% of personnel exp. to total personnel cost (R'000)	No of employees	Average personnel cost per employee (R'000)
Top Management	R2,382	5.89%	1	R2,382
Senior Management	R4,645	11.49%	3	R1,548
Professional Qualified	R10,560	26.11%	11	R960
Skilled	R22,336	55.23%	40	R558
Semi-Skilled	R520	1.29%	0	R0
Unskilled	R0	0.00%	0	R0
<b>TOTAL</b>	<b>R40,443</b>	<b>100%</b>	<b>55</b>	<b>R5,448*</b>

\*Total average cost per an employee per level.

## PERFORMANCE REWARDS

Level	Performance Rewards (R'000)	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	R121	R2,382	5.1%
Senior Management	R304	R4,645	6.5%
Professional Qualified	R405	R10,560	3.8%
Skilled	R896	R13,303	6.7%
Semi-Skilled	R636	R9,033	7.0%
Unskilled	R106	R520	20.4%
<b>TOTAL</b>	<b>R2,468</b>	<b>R40,443</b>	<b>6%</b>

## TRAINING COSTS

Directorate/Business Unit	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
Operations	17,983	567	3%	30	R19
Planning, Reporting & Monitoring	4,579	85	2%	6	R14
Finance	6,449	147	2%	8	R18
Corporate Services	6,152	102	2%	7	R15
Chief Executive Office	5,280	656	12%	4	R164
<b>Total</b>	<b>R40,443</b>	<b>R1,557</b>	<b>4%</b>	<b>55</b>	<b>R230*</b>

\*Total average training cost per an employee per business unit.

## EMPLOYMENT CHANGES

Level	Employment at beginning of period	Appointments	Terminations	Employment at end of period
Top Management	1	-	-	1
Senior Management	2	-	-	3
Professionally Qualified	12	-	3	11
Skilled	40	-	-	40
Semi-skilled	3	-	3	-
Unskilled	-	-	-	-
<b>TOTAL</b>	<b>58</b>	<b>3</b>	<b>6</b>	<b>55</b>

## EQUITY TARGETS AND EMPLOYMENT EQUITY STATUS

Level	Male								Female							
	African		Coloured		Indian		White		African		Coloured		Indian		White	
	C	T	C	T	C	T	C	T	C	T	C	T	C	T		
Top Management*	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-
Senior Management	-	-	-	-	-	-	-	-	1	-	1	-	2	-	-	-
Professionally Qualified	5	-	-	-	-	-	-	-	6	-	-	-	-	-	-	-
Skilled	9	-	-	-	-	-	-	-	29	-	1	-	-	-	-	-
Semi-skilled	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unskilled	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>

**C: Current | T: Target**

\* Due to the Organisational Design Implementation targets were rolled over to the new Employment Equity Plan period.

## REASONS FOR TERMINATIONS

Reason	Number	% of total number of staff leaving
Death	-	-%
Resignation	2	33%
Dismissal	1	17%
Retirement	-	-%
Ill-health	-	-%
Expiry of contract	3	50%
Other	-	-%
<b>TOTAL</b>	<b>6</b>	<b>100%</b>

## LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Nature of disciplinary action	Number
Verbal warning	-
Written warning	-
Final written warning	-
Dismissal	1
<b>TOTAL</b>	<b>1</b>

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MANAGERS MUST BE GIVEN THE FLEXIBILITY TO MANAGE, WITHIN A FRAMEWORK THAT SATISFIES THE CONSTITUTIONAL REQUIREMENTS OF TRANSPARENCY AND ACCOUNTABILITY. THIS IS THE CONTEXT WITHIN WHICH THE PFMA WAS DRAFTED.

NATIONAL TREASURY

”

E

# PFMA COMPLIANCE REPORT

## IRREGULAR EXPENDITURE

### a) Reconciliation of irregular expenditure

	2023/2024	2022/2023
Description	R'000	R'000 (RESTATED)
Opening balance	410,883	401,842
Add: Irregular expenditure confirmed	8,219	9,041
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
<b>Closing balance</b>	<b>419,102</b>	<b>410,883</b>

**2024:** Irregular expenditure consists of R 6.7 million which relates to non-compliance with the grant regulations i.e. Project administration costs exceeding 7.5% of Project expenditure and R 210 thousand for payments made in excess of the contract amount. Irregular expenditure of R 1,3 million was incurred as EWSETA's reported expenditure exceeded its approved budget by this amount.

**2023:** Irregular expenditure of R3,8 million relates to non-compliance with the grant relations i.e. exceeding 7.5% of project expenditure. The irregular expenditure of R5 thousand relates to expenses incurred without an approved requisition and purchase order. The employee responsible has since left the entity. Irregular expenditure of R4,5 million was incurred as EWSETA reported expenditure exceeded its approved budget by this amount. Payments of R222 thousand relates to a multi-year contract. A service provider's contract was extended in the prior year, and the extension amount exceeded the 15% contract variation

threshold of the original contract value without obtaining prior approval from National Treasury. Irregular expenditure of R515 thousand relates to board fees was incurred as a result of Accounting Authority members appointed irregularly.

### Reconciling notes to the annual financial statement disclosure

	2023/2024	2022/2023
Description	R'000	R'000 (RESTATED)
Irregular expenditure that was under assessment in 2021/2022	-	-
Irregular expenditure that relates to 2021/22 and identified in 2022/23	-	-
Irregular expenditure for the current year	8,219	9,041
<b>Total</b>	<b>8,219</b>	<b>9,041</b>

### b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

	2023/2024	2022/2023
Description	R'000	R'000
Irregular expenditure under assessment	8,219	-
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	-
<b>Total</b>	<b>8,219</b>	<b>-</b>

**2024:** Irregular expenditure of R6,7million relates to non-compliance with the grant relations i.e. exceeding 7.5% of project expenditure and R210 thousand for payments made in excess of the contract amount. Irregular expenditure of

R1,3 million was incurred as EWSETA's reported expenditure exceeded its approved budget by this amount.

### c) Details of current and previous year irregular expenditure condoned

No irregular expenditure was condoned.

### d) Details of current and previous year irregular expenditure removed (not condoned)

No irregular expenditure was removed.

### e) Details of current and previous year irregular expenditure recovered

No irregular expenditure was recovered.

### f) Details of current and previous year irregular expenditure written off (irrecoverable)

No irregular expenditure was written off.

## ADDITIONAL DISCLOSURE RELATING TO INTER-INSTITUTIONAL ARRANGEMENTS

**g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)**

No details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance).

**h) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)**

No details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance).

**i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure**

The nature of the expenditure cannot be associated with a specific individual. The project administration costs include unavoidable expenditure such as salaries, training fees, audit fees, research, etc.

## FRUITLESS AND WASTEFUL EXPENDITURE

**a) Reconciliation of fruitless and wasteful expenditure**

Description	2023/2024	2022/2023
	R'000	R'000 (RESTATED)
Opening balance	13	13
Fruitless and wasteful expenditure confirmed	-	3
Less: fruitless and wasteful expenditure written off	-	-
Less: fruitless and wasteful expenditure recoverable	-	(3)
<b>Closing balance</b>	<b>13</b>	<b>13</b>

**Reconciling notes to the annual financial statement disclosure**

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2022/2023	-	3
Fruitless and wasteful expenditure that relates to 2022/23 and identified in 2023/24	-	-
Fruitless and wasteful expenditure for the current year	-	-
<b>Total</b>	<b>-</b>	<b>3</b>

**b) Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)**

**2024:** Fruitless and wasteful expenditure incurred in the 2024 financial year amounts to R3 hundred. This relates to interest on late payment of an invoice.

**c) Details of current and previous year fruitless and wasteful expenditure recovered**

**2023:** Fruitless and wasteful expenditure incurred amounted to R3 thousand. This relates to a no-show of booked accommodation. The amount was recovered.

**d) Details of current and previous year fruitless and wasteful expenditure not recovered and written off**

No details of current and previous year fruitless and wasteful expenditure not recovered and written off.

**e) Details of current year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure**

No details of current year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure.

## ADDITIONAL DISCLOSURE RELATING TO MATERIAL LOSSES IN TERMS OF PFMA SECTION 55(2)(B) (I)&(III)

**a) Details of current and previous year material losses through criminal conduct**

Material losses through criminal conduct	2023/2024	2022/2023
	R'000	R'000
Theft	542	-
Other material losses	-	29
Less: Recovered	(276)	(19)
Less: Not recovered and written off	(12)	-
<b>Total</b>	<b>255</b>	<b>10</b>



**2024:** During the 2023/24 financial year, there was a break-in at EWSETA, laptops and iPads with a book value of R 258 000.00 were stored in the ICT storage. These assets were replaced by insurance. A laptop with a book value of R18 000.00 was stolen from the employee’s car, this laptop was replaced by insurance. A laptop with a book value of R12 000.00 was stolen at a hotel during a workshop. The loss of R255 000.00 from criminal activities relates to uninsured laptops that were stolen during a theft incident in August 2023 which was reported to law enforcement agencies.

**2023:** Laptops with the value of R19 000.00 and furniture with the value of R10 000.00. Laptops to the value of R19 000.00 were replaced by insurance.

**B) DETAILS OF OTHER MATERIAL LOSSES**

Nature of other material losses	2023/2024	2022/2023
	R'000	R'000
iPads	-	-
Laptops	-	19
Furniture	-	10
<b>Total</b>	<b>-</b>	<b>29</b>

**C) OTHER MATERIAL LOSSES RECOVERED**

Nature of losses	2023/2024	2022/2023
	R'000	R'000
Laptops	-	19
<b>Total</b>	<b>-</b>	<b>19</b>

**D) OTHER MATERIAL LOSSES WRITTEN OFF**

There were no other material losses written off.



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WE CONTINUED TO FOCUS ON PROCUREMENT AND CONTRACT MANAGEMENT PROCESSES, RECOGNISING THAT PUBLIC PROCUREMENT IS THE AREA AT GREATEST RISK OF FRAUD, FINANCIAL LOSS AND IRREGULAR PRACTICES.

HUNADI MANYATSA, CFO EWSETA

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# F

## FINANCIAL INFORMATION



# FINANCIAL ANALYSIS

## FINANCIAL POSITION

**R628 m**

TOTAL ASSETS

**R206 m**

TOTAL LIABILITIES

**R422 m**

TOTAL NET ASSETS

**R597 m**

CASH AND CASH EQUIVALENTS

**R342 m**

TOTAL COMMITMENTS (ADMIN & DG)

**R379 m**

LEVY INCOME

**R82 m**

MANDATORY GRANT EXPENDITURE

**R209 m**

DISCRETIONARY GRANT EXPENDITURE

**R82 m**

ADMINISTRATION

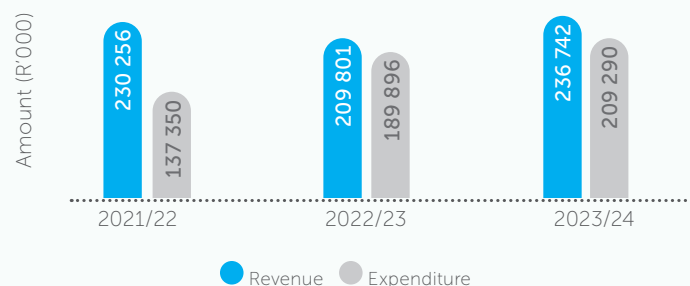
**R310 m**

COMMITMENTS

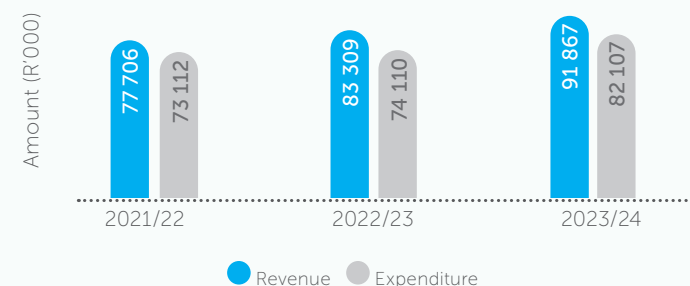
**R47 m**

SURPLUS

## DG GRANTS REVENUE VS EXPENDITURE



## MANDATORY GRANTS REVENUE VS EXPENDITURE



## LINKING PERFORMANCE WITH BUDGETS

Programme/Activity/Objective	2022/23			2023/24		
	Budget	Actual Expenditure	(Over/Under)	Budget	Actual Expenditure	(Over/Under)
Administration	90,469	75,123	-15,346	86,804	82,285	-4,519
Mandatory Grants	69,538	74,110	4,572	74,668	82,107	7,439
Skills Planning	9,609	7,485	-2,124	5,416	1,108	-4,308
Discretionary grants	151,199	177,657	26,458	193,666	202,591	8,925
Special Projects	0	1,949	1,949	-	696	696
Career Guidance	2,200	1,648	-552	2,600	1,486	-1,114
Qualification Assurance	9,881	3,106	-6,775	10,170	4,105	-6,065

## REVENUE COLLECTION

Source of Revenue	2022/23			2023/24		
	Budget	Actual Collection	(Over/Under)	Budget	Actual Collection	(Over/Under)
Levies	322,526	338,264	-15,738	338,205	378,368	-40,163
Other income	100	112	-12	120	439	-319
Interest income	10,160	24,467	-14,307	35,000	41,855	-6,855
Special Project	0	1,949	-1,949	-	696	-696

## CHIEF FINANCIAL OFFICER'S OVERVIEW

*Hunadi Manyatsa*



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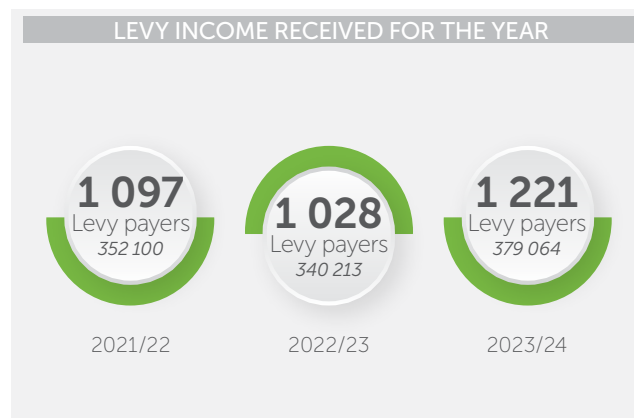
EWSETA CONTINUES TO RETAIN A STRONG BALANCE SHEET AND CAN SERVICE ITS OBLIGATIONS AS THEY FALL DUE, CREATING A HIGHLY LIQUID AND SOLVENT ENVIRONMENT THAT ENABLES EWSETA TO BE INNOVATIVE AND EFFECTIVE IN ADEQUATELY RESPONDING TO THE RISKS AND CHALLENGES FACING THE SKILLS DEVELOPMENT LANDSCAPE.

”

The 2023/2024 financial year presented significant growth opportunities for EWSETA as evidenced by the performance target of 84% achieved, representing a significant improvement from the prior year performance target of 79%. All accolades go to the entire EWSETA team for their hard work, resilience and dedication! We remain positive about the future and the company's financial position and performance as we work together towards bridging the scarce skills gap in the energy and water sector to ensure inclusive economic participation for all.

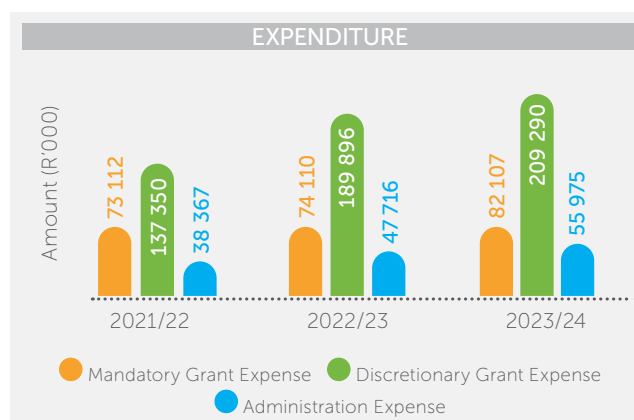
Other highlights worth mentioning from the 2023/2024 financial year is EWSETA's levy income which grew by R39 million (11.5%) to R379 million, higher than the previous year's levy income of R340 million. This increase is indicative of the fact that the entity continued to deliver on its mandate including enabling itself and industry stakeholders to advance the national and global position of the energy and water sector by facilitating the effective development of skills required to respond to related imperatives as envisaged in the National Skills Development Plan.

The significant increase in levy income also meant that EWSETA was able to increase spend on mandatory and discretionary grant (DG) disbursements by R27.4 million during the 2023/2024 financial year to R291.4 million from R264.0 million in the prior year. The increase in disbursements is testament to the fact that EWSETA is reaching a bigger audience and positively impacting skills planning and monitoring, learnership programmes and projects, and quality assurance delivery efforts in the energy and water sector.

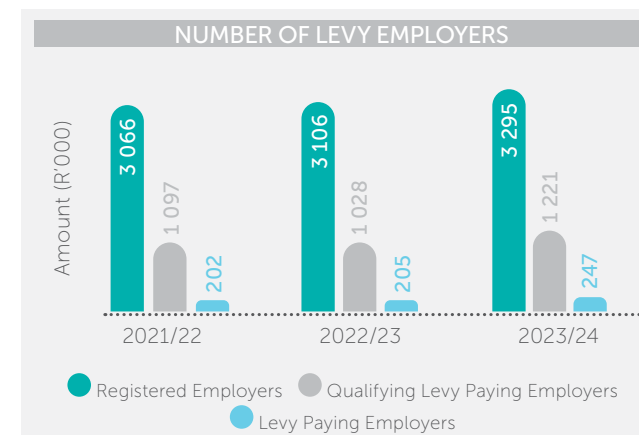


A total of 4398 learners were trained nationally across South Africa's nine provinces at a cost of R266.4 million, with the majority of learners coming from Kwa-Zulu Natal, Mpumalanga, Limpopo and Gauteng. Total spend on projects in the energy sector and water sector was R140 million and R41 million respectively, while R85.4 million was spent on both sectors. Spend in the water sector will be increased significantly in the coming financial year to mitigate the water shortages plaguing the country by bolstering much needed skills required there-in.

The graph below illustrates the growth in EWSETA's levy income allocations over the past three years:



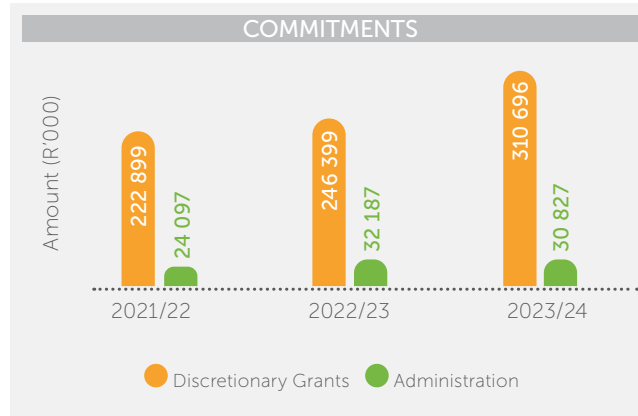
EWSETA intensified its engagements with employers in the energy and water sector to impress upon them the criticality of submitting well thought out and informed Work Skills Plan's as they form the basis of establishing the industries skills needs and planning interventions to meet those needs. These efforts are evidenced by the increase in the number of levy paying employers per the graph below:



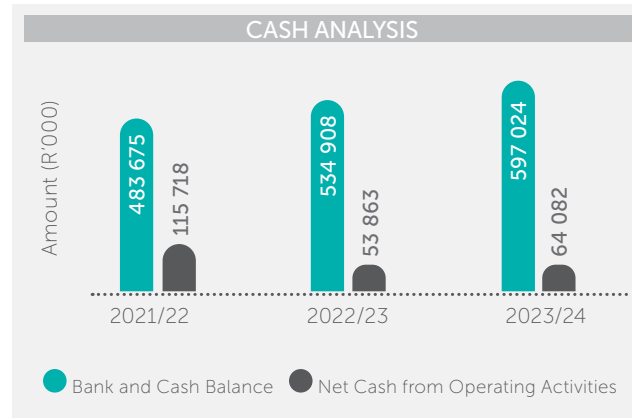
EWSETA continues to actively seek meaningful partnerships and collaborations through focused stakeholder engagements to expand its reach and impact. This strategy is instrumental in ensuring that EWSETA maintains adequate funding to meet the scarce skills requirements in the energy and water sector, bearing in mind that the levy income received is limited to the 37% of registered employers who pay their skills development levies (SDL). Efforts will continue to engage the remaining 63% of employers who are registered but not paying SDL to encourage them to pay.

Total revenue also comprises investment income which grew by 58 % on last year due to compounding investment balances with good yields on healthy cash deposits. This additional income stream, combined with the approved prior year retained surplus of R349.4 million, was allocated optimally towards various strategic initiatives aimed at

addressing the countries severe scarce skills shortage within the energy and water space. To this end, DG commitments also grew by R64.2 million to R310.7 million at year-end, a significant increase from the restated R246.4 million as at the end of the prior financial year.



EWSETA continues to retain a strong balance sheet and can service its obligations as they fall due. Total net assets were R422.0 million as at 31 March 2024, of which R597.0 million represents cash and cash equivalents, thus creating a highly liquid and solvent environment that enables EWSETA to be innovative and effective in adequately responding to the risks and challenges facing the skills development landscape. The following graph and financial ratios illustrate EWSETA's healthy solvent and highly liquid status:



The external audit process concluded with EWSETA receiving a qualified audit opinion. The Auditor General South Africa (AGSA) opined that the annual financial statements presented fairly and, in all material respects, the financial position, financial performance and cash flows of EWSETA as at 31 March 2024 in accordance with the Standards of Generally Recognised Accounting Practice, except for the material misstatements identified in DG commitments and prior period errors.

Although EWSETA enjoys a robust internal control environment and sound governance structures, including an outsourced internal audit function, Management will interrogate and reflect on the matters that led to the audit qualification and chart a way forward using the lessons learnt to establish or enforce, implement and monitor the implementation of appropriate internal control processes and procedures to prevent re-occurrence of the matters. The automation of manual processes is key to addressing the majority of internal control deficiencies identified by the AGSA, and upgrades to the ERP systems are currently underway.

The asset management and human resources audit resulted in zero findings and there were no significant deficiencies identified in IT security controls. Procurement and contract management processes remained an area of focus, recognising that public procurement is the area at greatest risk of fraud, financial loss and irregular practices. There were however no material findings identified by the AGSA.

Within the coming months, the Finance and Supply Chain Management branch aim to fill vacant positions in their structures as per the approved organisational design towards becoming a high performing organisation. As aforementioned, part of this drive will include upgrading and enhancing systems and processes to maximise operational effectiveness and efficiencies to better service the needs of internal and external stakeholders.

I am delighted to have joined the Energy and Water Sector Education and Training Authority in February 2024, two months before the 2024 financial year-end as Chief Financial Officer. I am looking forward to adding value to the business whilst fulfilling this demanding and challenging role. I am honoured to join a passionate team that is so uniquely talented, and impact focused in driving its vision and mission. The Finance branch will continue to support the development and implementation of EWSETA's strategic mandate.

I extend my deepest appreciation to our numerous internal and external stakeholders for their support in the journey of enhancing EWSETA's impact. We are excited to continue our work with all our stakeholders for the benefit of the energy and water sectors.

I also thank our governance bodies, including the Accounting Authority, the Audit and Risk Committee, and the Finance and Remuneration Committee, for their invaluable guidance and support in building a high-performance culture.

I extend my gratitude to our CEO, the executive team, and EWSETA staff, especially those working within the Finance and SCM branch for their unwavering support, collaboration and shared focus on taking this organisation forward.

  
**HUNADI MANYATSA**  
 Chief Financial Officer

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE ENERGY AND WATER SECTOR EDUCATION AND TRAINING AUTHORITY

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### QUALIFIED OPINION

1. I have audited the financial statements of the Energy and Water Sector Education and Training Authority (EWSETA) set out on pages 110 to 154, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matter described in the basis for qualified opinion section of this report, the financial statements present fairly, in all material respects, the financial position of the Energy and Water Sector Education and Training Authority as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

### BASIS FOR QUALIFIED OPINION

#### Commitments

3. The public entity did not correctly account for all items in the commitments disclosure note, in accordance with GRAP 1 Presentation of financial statements. The

discretionary grants commitments opening balance amounts as disclosed in note 22, includes contracts that were reported in an incorrect accounting period. Consequently, the discretionary grant commitments opening balance are overstated by R3 950 000.

4. In addition, the closing balance of the discretionary grant commitments includes contracts that have expired as at 31 March 2024 and therefore do not have a contractual commitment. Consequently, the closing balance of discretionary grant commitments is overstated by R6 718 665.

#### Prior period errors

5. Not all prior period errors were disclosed in note 30 to the financial statements, as required by GRAP 3, Accounting policies, estimates and errors. The nature and the amount of the correction to the discretionary grants commitments, and the correction at the beginning of the earliest previous period were not disclosed.

#### Context for opinion

6. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
7. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International

Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

### EMPHASIS OF MATTER

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

#### Restatement of corresponding figures

10. As disclosed in note 30 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of errors in the financial statements of the public entity at, and for the year ended, 31 March 2024.

#### Uncertainty relating to a contractual dispute

11. With reference to note 23 to the financial statements, the public entity is a party to a contractual dispute. The public entity is opposing the claim, as it believes that the public entity has a counter claim. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.

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

12. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the PFMA and the SDA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

### RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE FINANCIAL STATEMENTS

14. 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.
15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 108, forms part of our auditor's report.

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

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
17. I selected the following programmes presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected programmes that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 2: skills planning	29	To ensure implementation of evidence-based research and evaluation to inform programme planning and implementation.
Programme 3: learning programmes and projects	31	To ensure that the energy and water sector has adequate, appropriate and high-quality skills that contribute towards economic growth, employment creation and social development.
Programme 4: quality assurance	44	To enable the EWSETA to execute the delegated functions of the QCTO.

18. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared

using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

19. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
  - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
  - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
  - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
  - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
  - the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
  - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
20. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.



- 21. I did not identify any material findings on the reported performance information for programme 2: skills planning and programme 4: quality assurance.
- 22. The material findings on the reported performance information for the selected programmes are as follows:

**PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS**

**Various indicators**

- 23. Based on the audit evidence provided, the actual achievement for 3 indicators did not agree to the achievements reported as the evidence provided did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the target was not achieved or the underachievement on the target was more than reported or the achievement against the target was lower than reported.

Indicator	Target	Reported achievement	Estimated achievement
3.1. Percentage of discretionary grant budget allocated at developing high-level skills	30%	39%	31%
3.2 Percentage of discretionary grant budget allocated at developing intermediate skills	50%	50%	40%
3.3 Percentage of discretionary budget allocated at developing elementary skills	20%	11%	9%

**Other matters**

- 24. I draw attention to the matters below.

**ACHIEVEMENT OF PLANNED TARGETS**

- 25. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements. This information should be considered in the context of the material findings on the reported performance information.
- 26. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 28 to 44.

**PROGRAMME 2: SKILLS PLANNING**

Targets achieved: 71% Budget spent: 104%		
Key indicator not achieved	Planned target	Reported achievement
2.2 Number of WSPs and ATRs approved for medium firms	50	45
2.3 Number of WSPs and ATRs approved for Large firms	30	29

**PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS**

Targets achieved: 83% Budget spent: 104%		
Key indicator not achieved	Planned target	Reported achievement
3.3 Percentage of discretionary grant budget allocated at developing elementary level skills	20%	11%
3.26 Number of TVET and University students requiring work integrated learning to complete their qualifications placed in workplaces	635	193
3.38 Number of learners enrolled for Candidacy programmes	150	143
3.39 Number of learners completed Candidacy programmes	150	31
3.40 Number of registered professionals entered Continuous Professional Development (CPD) accredited interventions	300	0
3.49 Number of workers enrolled Skills programmes	956	504
3.65 Number of CET college Managers / lecturers awarded skills development programmes	10	0
3.67 CET colleges infrastructure development support (equipment/ workshops/ Connectivity/ ICT)	2	1

## MATERIAL MISSTATEMENTS

27. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for programme 3 - learning programmes and projects. Management did not correct the misstatements and I reported material findings in this regard.

## REPORT ON COMPLIANCE WITH LEGISLATION

28. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

29. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

30. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

31. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

## ANNUAL FINANCIAL STATEMENTS

32. 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.

33. Material misstatements of commitments, contingencies and prior period error identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified opinion.

## EXPENDITURE MANAGEMENT

34. Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in note 28 to the annual financial statements, as required by section 51(1) (b) (ii) of the PFMA. The irregular expenditure was caused by non-compliance with the seta grant regulations on exceeding 7,5% administration expenditure as percentage of discretionary grant expenditure.

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

36. Resources of EWSETA were not utilised economically, as required by section 57(b) of the PFMA. The non-compliance resulted in a material irregularity as reported in the section on material irregularities.

## OTHER INFORMATION IN THE ANNUAL REPORT

37. The accounting authority is responsible for the other information included in the annual report. The other information referred to 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 on in this auditor's report.

38. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

39. My responsibility is to read this other information and, in doing so, consider whether it 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.

40. 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

41. I considered internal controls relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

42. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

43. The review processes implemented by management over the preparation of annual financial statements

and annual performance report were not always effective as material misstatements were identified in the submitted annual financial statements and annual performance report.

44. There is inadequate review and monitoring of compliance with applicable laws and regulations.

#### Material irregularities

45. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

### MATERIAL IRREGULARITIES IDENTIFIED DURING THE AUDIT

46. The material irregularities identified are as follows:

#### OVERPAYMENT ON WAR ON LEAKS (WOL) PROJECT

47. Payments were made for training of 7 000 learners in the implementation of the WOL project however,

some of the contractual deliverables could not be substantiated and payments were made for services not rendered, resulting in overpayments for training provided. The public entity, as the implementing agent, failed to ensure effective and economical use of resources as required by section 57(b) of the PFMA.

48. The public entity made payments to the service provider from September 2016 up until June 2020 which totalled R1 245 million for completing two phases of the project, out of the planned three, prior to the project being cancelled.
49. There is a likely financial loss to the public entity as it is currently undergoing an arbitration process due to a contractual dispute with the service provider. In addition, the entity has disclosed in its financial statements a receivable for the overpayment which has been fully provided for impairment and the contractual dispute has been disclosed in note 23 to the annual financial statements.
50. I notified the accounting authority of the material irregularity on 10 November 2023 and in response,

the accounting authority plans to take the necessary actions to resolve the material irregularity.

51. I will follow up on the implementation of the planned actions during my next audit.

*Auditor-General*

Pretoria

31 July 2024



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

### AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

#### PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with selected requirements in key legislation.

#### FINANCIAL STATEMENTS

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
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

#### COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

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

**COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS**

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Sections 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Sections 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Sections 55(1)(c)(i); 56(1); 57(b); 66(3)(c)
Treasury Regulations, 2005	Regulations 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulations 16A6.1; 16A6.2(a); 16A6.2(b); Regulations 16A6.3(a); 16A6.3(a); 16A6.3(b); Regulations 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulations 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; Regulations 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulations 16A 9.1(d); 16A9.1(e); 16A9.1(f); Regulations 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); Regulations 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; Regulations 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); Regulations 32.1.1(c); 33.1.1; 33.1.3
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulations 17; 25(7A)
Second amendment National Treasury Instruction no. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction no. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020-21	Paragraphs 4.8; 4.9; 5.3
National Instruction no. 1 of 2021-22	Paragraph 4.1
National Instruction no. 4 of 2015-16	Paragraph 3.4
National Treasury SCM Instruction no. 4A of 2016-17	Paragraph 6

Legislation	Sections or regulations
National Treasury SCM Instruction no. 03 of 2021-22	Paragraphs 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6
National Treasury SCM Instruction no. 11 of 2020/21	Paragraphs 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction no. 2 of 2021/22	Paragraphs 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice note 11 of 2008-9	Paragraphs 2.1; 3.1 (b)
Practice note 5 of 2009-10	Paragraph 3.3
Practice note 7 of 2009-10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Sections 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulations 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulations 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulations 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulations 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Grant regulations	Section 2(1) Sections 3(3) & (4) Sections 4(3), (8) Section 6(9)(iii)

## EWSETA INFORMATION



ENERGY AND WATER SECTOR EDUCATION AND TRAINING AUTHORITY

### Country of incorporation and domicile

South Africa

### Registered office

22 Wellington Road, Lombard Building, Ground Floor  
Parktown, Johannesburg, 2193

### Business address

22 Wellington Road, Lombard Building, Ground Floor  
Parktown, Johannesburg, 2193

### Postal address

PO Box 1273, Houghton 2041

### Controlling entity

The Department of Higher Education and Training  
incorporated in South Africa

### Bankers

First National Bank Limited, Rand Merchant Bank  
Limited  
Standard Bank of South Africa Limited and South  
African Reserve Bank

### Auditors

Auditor-General of South Africa (External Auditors)  
Nexia SAB&T (Internal Auditors), Lunika (Internal  
Auditors)

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## ABBREVIATIONS USED

<b>AGSA</b>	Auditor General South Africa
<b>ASB</b>	Accounting Standards Board
<b>ATR</b>	Annual Training Report
<b>BUSA</b>	Business Unity South Africa
<b>CEO</b>	Chief Executive Officer
<b>CEPPWAWU</b>	Chemical, Energy, Paper, Printing, Wood & Allied Workers' Union
<b>CFO</b>	Chief Financial Officer
<b>CSE</b>	Corporate Services Executive
<b>DHET</b>	Department of Higher Education and Training
<b>DMRE</b>	Department of Mineral Resources and Energy
<b>DWS</b>	Department of Water and Sanitation
<b>EWSETA</b>	Energy and Water Sector Education and Training Authority
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>NSF</b>	National Skills Fund

<b>PFMA</b>	Public Finance Management Act (Act 1 of 1999)
<b>PME</b>	Planning and Monitoring Executive
<b>QCTO</b>	Quality Council for Trades and Occu- pations
<b>RSA</b>	Republic of South Africa
<b>SARB</b>	South African Reserve Bank
<b>SARS</b>	South African Revenue Services
<b>SDA</b>	Skills Development Act
<b>SDE</b>	Skills Development Executive
<b>SDL</b>	Skills Development Levy
<b>SETA</b>	Sector Education and Training Authority
<b>SLA</b>	Service Level Agreement
<b>TVET</b>	Technical and Vocational Education and Training
<b>WOL</b>	War On Leaks
<b>WSP</b>	Work Skills Plan

## ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The members of the Accounting Authority (members) are required by the Public Finance Management Act (Act 1 of 1999) (PFMA), 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 Auditor General South Africa 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 (ASB).

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 members have reviewed the entity's cash flow forecast for the year to 31 March 2025 and, in light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on page 110 to 154, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 July 2024 and were signed on its behalf by:



**DR. LIMAKATSO MOOROSI**

Chairperson of the Accounting Authority

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

<i>Figures in Rand (R'000)</i>	Notes	2024	2023 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Receivables from exchange transactions	2	2 923	3 402
Receivables from non-exchange transactions	3	944	912
Prepayments	4	103	738
Cash and cash equivalents	5	597 024	534 908
		<b>600 994</b>	<b>539 960</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	6	25 837	25 091
Intangible assets	7	1 206	1 722
		<b>27 043</b>	<b>26 813</b>
<b>Total Assets</b>		<b>628 037</b>	<b>566 773</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	8	11 166	10 370
Payables from non-exchange transactions	9	92 480	76 113
Unspent conditional grants and receipts	10	36 897	34 702
Provisions	11	65 507	70 807
		<b>206 050</b>	<b>191 992</b>
<b>Total Liabilities</b>		<b>206 050</b>	<b>191 992</b>
<b>Net Assets</b>		<b>421 987</b>	<b>374 781</b>
<b>Reserves</b>			
Administration reserve		27 043	26 265
Mandatory grant reserve		108	61
Discretionary grant reserve		394 836	348 454
<b>Total Net Assets</b>		<b>421 987</b>	<b>374 780</b>

\*See Note 30



## STATEMENT OF FINANCIAL PERFORMANCE AS AT 31 MARCH 2024

<i>Figures in Rand (R'000)</i>	Notes	2024	2023 Restated*
<b>Revenue</b>			
Non-exchange revenue	12	379 064	340 213
Exchange revenue	13	439	112
Interest income	14	41 855	24 467
Impairment Reversal	6 & 12	120 708	-
<b>Total revenue</b>		<b>542 066</b>	<b>364 792</b>
<b>Expenditure</b>			
Employee related costs	18	(24 204)	(24 692)
Depreciation and amortisation		(1 697)	(1 155)
Revenue loss	12	(120 453)	(114)
Bad debts written off	15	-	(129)
Mandatory grant, discretionary grant and special project expenses	16	(292 093)	(265 955)
Assets written off	6 & 7	(291)	(348)
Administration expenses	17	(55 975)	(47 716)
Repairs and maintenance		(144)	(85)
<b>Total expenditure</b>		<b>(494 857)</b>	<b>(340 194)</b>
<b>Surplus for the year</b>		<b>47 209</b>	<b>24 598</b>

\*See Note 30

## STATEMENT OF CHANGES IN NET ASSETS AS AT 31 MARCH 2024

<i>Figures in Rand (R'000)</i>	Administration reserve	Mandatory grant reserve	Discretionary grant reserve	Total reserves	Accumulated surplus / deficit	Total net assets
<b>Restated Balance as at 01 April 2022</b>	<b>25 785</b>	<b>65</b>	<b>324 332</b>	<b>350 182</b>	<b>-</b>	<b>350 182</b>
Changes in net assets						
Surplus for the year	-	-	-	-	24 598	24 598
Allocation of surplus/(deficit) to reserves	(29 000)	9 150	44 448	24 598	(24 598)	-
Excess funds transferred to/from discretionary reserve	29 480	(9 154)	(20 326)	-	-	-
<b>Total changes</b>	<b>480</b>	<b>(4)</b>	<b>24 122</b>	<b>24 598</b>	<b>-</b>	<b>24 598</b>
Opening balance as previously reported	26 830	61	350 062	376 953	-	376 953
Prior year adjustments	(565)	-	(1 608)	(2 173)	-	(2 173)
<b>*Restated Balance as at 01 April 2023</b>	<b>26 265</b>	<b>61</b>	<b>348 454</b>	<b>374 780</b>	<b>-</b>	<b>374 780</b>
Changes in net assets						
Allocation of surplus (deficit) to reserves	(31 859)	9 760	69 308	47 209	(47 209)	-
Excess funds transferred to/from discretionary reserve	32 637	(9 713)	(22 926)	(2)	-	(2)
Surplus for the year	-	-	-	-	47 209	47 209
<b>Total changes</b>	<b>778</b>	<b>47</b>	<b>46 382</b>	<b>47 207</b>	<b>-</b>	<b>47 207</b>
<b>Balance as at 31 March 2024</b>	<b>27 043</b>	<b>108</b>	<b>394 836</b>	<b>421 987</b>	<b>-</b>	<b>421 987</b>

Note 19

## CASH FLOW STATEMENT AS AT 31 MARCH 2024

<i>Figures in Rand (R'000)</i>	Notes	2024	2023 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Cash receipts from exchange transactions		(145)	140
Cash receipts from SDL Levies		379 483	340 018
Cash receipts from Interest		43 103	23 281
		<b>422 441</b>	<b>363 439</b>
<b>Payments</b>			
Cash payments for MG and DG projects		(278 121)	(236 932)
Cash payments to employees		(25 855)	(24 342)
Cash payments to administrative suppliers		(54 383)	(48 302)
		(358 359)	(309 576)
<b>Net cash flows from operating activities</b>	20	<b>64 082</b>	<b>53 863</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(1 962)	(784)
Purchase of other intangible assets	7	-	(1 846)
<b>Net cash flows from investing activities</b>		<b>(1 962)</b>	<b>(2 630)</b>
<b>Net increase in cash and cash equivalents</b>		<b>62 120</b>	<b>51 233</b>
Cash and cash equivalents at the beginning of the year		534 908	483 675
<b>Cash and cash equivalents at the end of the year</b>	5	<b>597 028</b>	<b>534 908</b>

The accounting policies on page 118 to 129 and the notes on page 129 to 154 form an integral part of the annual financial statements.

\*See Note 30

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

## AS AT 31 MARCH 2024

<i>Figures in Rand (R'000)</i>	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference Note 29
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Exchange revenue	120	-	<b>120</b>	439	319	k
Interest income	24 026	10 974	<b>35 000</b>	41 855	6 855	a
<b>Total revenue from exchange transactions</b>	<b>24 146</b>	<b>10 974</b>	<b>35 120</b>	<b>42 294</b>	<b>7 174</b>	
<b>Revenue from non-exchange transactions</b>						
Special project income	-	-	-	696	696	b
Skills development levy income	331 642	6 563	<b>338 205</b>	372 229	34 024	c
Interest and penalties income	-	-	-	6 139	6 139	d
Reversal of Impairment	-	-	-	120 708	120 708	
<b>Total revenue from non- exchange transactions</b>	<b>331 642</b>	<b>6 563</b>	<b>338 205</b>	<b>499 772</b>	<b>161 567</b>	
<b>Total revenue</b>	<b>355 788</b>	<b>17 537</b>	<b>373 325</b>	<b>542 066</b>	<b>168 741</b>	
<b>Expenditure</b>						
Employee related costs	(32 557)	6 344	<b>(26 213)</b>	(24 204)	2 009	e
Depreciation and amortisation	-	-	-	(1 697)	(1 697)	f
Revenue Loss	-	-	-	(120 453)	(120 453)	
Rental for the premises	(4 058)	-	<b>(4 058)</b>	(3 897)	161	
Repair and Maintenance	(133)	-	<b>(133)</b>	(144)	(11)	
Administrative Expenses	(48 836)	(4 894)	<b>(53 730)</b>	(52 078)	1 652	g
Skills planning and monitoring (including MG expenses)	(83 394)	3 310	<b>(80 084)</b>	(83 215)	(3 131)	h
Learning Programmes and projects (DG expenses)	(172 178)	(24 088)	<b>(196 266)</b>	(204 079)	<b>(7 813)</b>	i
Special project expenses	-	-	-	(696)	<b>(696)</b>	b
Quality Assurance	(11 417)	1 247	<b>(10 170)</b>	(4 103)	<b>6 067</b>	j

<i>Figures in Rand (R'000)</i>	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference Note 29
<b>Total expenditure</b>	<b>(352 573)</b>	<b>(18 081)</b>	<b>(370 654)</b>	<b>(494 566)</b>	<b>(123 912)</b>	
<b>Operating surplus</b>	<b>3 215</b>	<b>(544)</b>	<b>2 671</b>	<b>47 500</b>	<b>44 829</b>	
Assets written off	-	-	-	(291)	(291)	k
<b>Surplus before taxation</b>	<b>3 215</b>	<b>(544)</b>	<b>2 671</b>	<b>47 209</b>	<b>44 538</b>	
<b>Capital Expenditure</b>						
Computer equipment	(1 120)	-	<b>(1 120)</b>	(1 899)	<b>(779)</b>	k
Intangible assets (Software)	(2 100)	800	<b>(1 300)</b>	-	<b>1 300</b>	l
Office equipment	-	-	-	(63)	<b>(63)</b>	
Furniture and Fittings	-	(50)	<b>(50)</b>	-	<b>50</b>	
Leasehold Improvements	-	(200)	<b>(200)</b>	-	<b>200</b>	
	<b>(3 220)</b>	<b>550</b>	<b>(2 670)</b>	<b>(1 962)</b>	<b>708</b>	

The above approved budget relates to the period 1 April 2023 to 31 March 2024.

# SIGNIFICANT ACCOUNTING POLICIES

## 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

### GENERAL INFORMATION

The EWSETA has been 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 Innovation and is listed under Schedule 3A entity of the Public Finance Management Act (Act 1 of 1999), as amended (PFMA), as a Public Entity. The overall mandate of the EWSETA is to facilitate skills development within the energy and water sector of the economy and ensure access to education and training for all, within the limits of its levy income.

### 1.1 BASIS OF PREPARATION

The annual financial statements have been prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practice (GRAP), including any directives, interpretations and guidelines 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. The financial statements are presented in South African Rand (ZAR) and have been rounded to the nearest thousand (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.

The Cash Flow Statement is prepared on the direct cost method.

### 1.2 SIGNIFICANT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

#### Useful lives and residual values of property, plant and equipment and intangible assets

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 to ascertain if there is an indication that the useful lives or residual values may have changed. Refer to note 6 for the carrying values of property, plant and equipment.

EWSETA's mandate is dependent on the renewal of their operating licence which expires in 2030. Management has a reasonable expectation that the licence will be renewed indefinitely and therefore the 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 that are finalised after the preparation of the financial statements. EWSETA therefore bases the performance bonus provision on the best estimate using the performance scores for the previous financial year for the potential bonus payout at year-end. The final bonus amounts are determined after the finalisation of the performance scores.

#### Provision for discretionary grants

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

The provision is estimated based on the amount being claimed by the recipient of the discretionary grant. Once EWSETA has verified the supporting evidence to the discretionary grant or bursary claim, the amount paid may differ from the provision recognised in the financial statements.

#### Impairment of exchange/non-exchange receivables

The entity assesses its receivables for impairment at the end of each reporting period. In determining whether a receivable is impaired, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the receivable.

Where a receivable is pursued legally, the entity allows for the legal representative to work on the recovery strategy and pursue the debt for a reasonable amount of time before the receivable is considered for impairment. Based on past experience, EWSETA considers 18 months (2023: 18 months) to be a reasonable amount time in this regard.

An impairment loss is recognised when there is objective evidence that it is impaired. The impairment is measured as

the difference between the receivable's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

#### **Impairment and reversal of impairment of property, plant and equipment**

EWSETA assesses its property, plant and equipment for impairment if there is an indication at year-end that it may be impaired. If so, EWSETA impairs the carrying value of the asset to its recoverable service amount. The estimation of the recoverable service amount is subject to several sources of estimation uncertainty.

An impairment loss recognised in prior periods for an asset shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset shall, be increased to its recoverable service amount. That increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. The estimation of the recoverable service amount is subject to several sources of estimation uncertainty.

#### **Classification of Cape House building as property, plant and equipment**

The entity owns a building that is registered with the Heritage Council and enjoys protection as certain features have historical importance. EWSETA has applied its judgement in determining whether a significant portion of the building meets the definition of a heritage asset. Based on the outcome of the judgement applied, EWSETA has classified the building as property, plant and equipment primarily because the heritage protection applies to an insignificant portion of the building.

#### **Classification of Cape House building as a non-current asset**

As described in the property, plant and equipment note, EWSETA has in a prior financial year, decided to dispose of its Cape House building. The disposal of the building is subject to processes in accordance with the requirements of the PFMA. As at the reporting date, EWSETA planned to dispose of the building within 12 months after the 2024 year-end and processes have commenced. However, the timing of the approval process cannot be ascertained.

#### **Mandatory grants payout rate**

The mandatory grant expenditure and the mandatory grant liability were calculated using a 20% mandatory grant percentage, in terms of section 4(4) of the SETA grant regulations. However, this percentage is subject to a pending legal matter. Further disclosure of the background and nature of the legal matter is provided in the contingencies note (Note 23).

### **1.3 PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of services, or for administrative purposes, and are expected to be used during more than one period. The entity has designed all of its assets as non cash-generating, as all assets are used to deliver services and not generate a commercial return.

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.

This is when assets are delivered to EWSETA.

Property, plant and equipment is initially measured at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management. Discounts are deducted in arriving at the cost, and the cost of value-added tax is included as EWSETA is not able to claim this back from the revenue authority. EWSETA does not have any assets acquired through a non-exchange transaction, or through an exchange of non-monetary assets.

After initial recognition, property, plant and equipment is accounted for on the cost model and carried at cost less accumulated depreciation and impairment losses (if applicable). Impairments are accounted for in terms of the accounting policy for impairment of non-cash-generating assets.

Assets are not depreciated until they are in the location and condition to be capable of operating in the manner intended by Management i.e. available for use. Assets are depreciated on a straight-line basis over their expected useful lives to their residual values. EWSETA considers the straight-line basis to reliably reflect the pattern by which assets' service potential are consumed.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits associated with the item will flow to the EWSETA, and the cost of the item can be reliably measured.

The depreciation charge for each period is recognised in the Statement of Financial Performance unless it is included in the carrying amount of another asset.

The initial assessments of 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 to 8 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

EWSETA does not have any assets with components that are depreciated separately. All items of property, plant and equipment are depreciated as a whole asset.

EWSETA reviews annually:

- The depreciation method applied to each asset and whether it is appropriate;
- The useful life of each asset and whether it still reflects the period over which service potential will be derived from the asset;
- The residual value and whether it still reflects the amount expected to be recovered from disposal of the asset at the end of its useful life.

If any of these assumptions and estimates has changed EWSETA revises the depreciation method, expected useful life and/or residual value accordingly. The change is accounted for as a change in accounting estimate in accordance with GRAP 3 - Accounting Policies, Changes in Accounting Estimates and Errors.

Items of property, plant and equipment are derecognised when there is no further economic benefit 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.

Items below R 7 thousand (2023: R 7 thousand) are regarded as small assets and are written off in the Statement of Financial Performance.

#### 1.4 INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary assets without physical substance. EWSETA intangible assets comprises only software.

The cost of an intangible asset is recognised as an asset when:

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

This is when the software is received by EWSETA.

Intangible assets are initially measured at cost. The cost of an intangible asset comprises its the purchase price/development cost and any directly attributable costs of preparing the asset for its intended use. Discounts are deducted in arriving at the cost, and the cost of Value-Added Tax is included as EWSETA is not able to claim this back from the revenue authority. Where applicable, professional fees arising directly from bringing the asset to its working condition (e.g. installation, configuration and testing costs) are also included in the cost. EWSETA does not have any intangible assets acquired through a non-exchange transaction, or through an exchange of non-monetary assets.

After initial recognition, intangible assets are accounted for on the cost model and carried at cost less accumulated amortisation and impairment losses (if applicable). Impairments are accounted for in terms of the accounting policy for impairment of non-cash-generating assets. Intangible assets are not amortised until they are capable of operating in the manner intended by Management i.e. available for use. Assets are amortised on a straight-line basis over their useful lives. All EWSETA's intangible assets have a residual value of zero. EWSETA considers the

straight-line basis to reliably reflect the pattern by which the assets' service potential are consumed.

The initial assessments of the useful lives of intangible assets has been assessed as follows:

Item	Depreciation method	Average useful life
Computer software and Licenses	Straight-line	3 to 10 years

EWSETA reviews annually:

- The amortisation method applied to each intangible asset and whether it is appropriate;
- The useful life of each intangible asset and whether it still reflects the period over which the service potential will be derived from the asset. All of EWSETA's intangible assets have finite useful lives.

If any of these assumptions and estimates has changed, EWSETA revises the amortisation method and/or expected useful life accordingly. The change is accounted for in accordance with GRAP 3 - Accounting Policies, Changes in Accounting Estimates and Errors.

Intangible assets are derecognised when there is no further service potential expected from the use of the asset. The gain or loss arising from the derecognition is included in surplus or deficit when the item is derecognised.

#### 1.5 IMPAIRMENT AND REVERSAL OF IMPAIRMENT OF NON-CASH GENERATING ASSETS

EWSETA assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, EWSETA estimates the asset's recoverable amount. An asset's recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.



When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The resulting impairment loss is included in the Statement of Financial Performance.

An impairment loss recognised in prior periods for an asset shall be reversed if there has been a change in the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset shall be increased to its recoverable service amount. That increase is a reversal of an impairment loss previously recognised.

The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

## 1.6 GRANTS AND PROJECT EXPENDITURE

### Mandatory grant expenditure

Mandatory grants are paid to sector employers in terms of the SETA Grant Regulation 4. Mandatory grant expenditure and the related payable is recognised when the employer has submitted an application for a grant in the prescribed form, within the agreed upon cut-off period, the application has been approved and the levy has been paid by the employer.

The mandatory grant is equivalent to 20% (2023: 20%) of the total levies paid by the employer in terms of the regulation mentioned above. The payment of 20% is subject to judgement and is also a contingency. In this respect, additional disclosures are presented in the significant judgements note and the contingencies note.

EWSETA refunds amounts to the employers in the form of grants based on information from South African Revenue Service (SARS). 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 EWSETA is permitted to have granted the employers. A receivable relating to the overpayment to the employer in earlier periods is raised as the amount of such grant overpayment, net of bad debts and provision for irrecoverable amounts.

### Discretionary grants and project expenditure

Discretionary grant expenditure comprises two major components:

- Discretionary grants paid to education and training institutions, employers and other enterprises, organisations and associations in order to implement the EWSETA Strategy. These parties are required to submit applications for discretionary grant in the prescribed form within the agreed upon cut-off period. These expenses and the related payable are recognised when the application has been approved and conditions for payment have been met.
- Administration or project management costs relating to discretionary grant projects. EWSETA classifies these costs as project administration expenses and presents them accordingly in the mandatory grants and project expenses note. The expense and the related payable is recognised as it is incurred.

Discretionary grant expenditure is measured at the amount incurred per the contract signed between EWSETA and the applicable counterpart.

### Administration expenditure

The Skills Development Levies Act stipulates that a maximum of 10% (2023: 10%) of the SETA levy income may be used for the SETA's operational administration expenses. An additional 0,5% (2023:0.5%) of the SETA levy income is contributed by the SETA to the Quality Council for Trade and Occupations (QCTO) to fund the QCTO's activities. Where EWSETA anticipates that it may be unable to limit administration expenses to the threshold set out

above, an application in the prescribed form is made to the Executive Authority to exceed this threshold.

Administration expenditure is recognised when the expenditure is incurred. The expenditure is measured at the amounts that have been incurred per the contract between EWSETA and the applicable counterpart.

## 1.7 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 the conditions embodied in the agreement. To the extent that the conditions have not been met, a liability is recognised.

## 1.8 BUDGET INFORMATION

EWSETA prepares its budget in accordance with the budgetary limitations prescribed by legislation. Where these limitations cannot be adhered to, approval is sought in advance from the Executive Authority in the prescribed form.

The budget was prepared on the cash basis modified for certain accruals and presented by economic classification. Non-cash items (depreciation, amortisation and losses on derecognition of assets) are excluded from the budget. The budget covers the fiscal period from 1 April 2023 to 31 March 2024 and includes only EWSETA and no other entities. The items in the budget are classified by programmes and the items in the financial statement are classified by its economic nature. Explanations are provided for all material budget variances, being variances above 10% and R300 000.

## 1.9 RELATED PARTIES

Related party transactions are defined as the transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged. EWSETA is exempted from disclosure of related party transactions as all the entity's transactions and dealings with its related parties occurs within:

- a) 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
- b) terms and conditions within the normal operating parameters established by that reporting entity's legal mandate.

Management are all persons responsible for planning, directing and controlling the activities of the EWSETA, including those charged with governance. EWSETA discloses (Note 24) the amount of remuneration per person for the following classes of Management:

- Executive Managers; and
- Members of the Accounting Authority.

### 1.10 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).

EWSETA has adjusted the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

EWSETA discloses the nature of the event and an estimate of its financial effect; or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence

the economic decisions of users taken on the basis of the financial statements.

### 1.11 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 and interest received from cash deposits 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. The 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.

### 1.12 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.

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

EWSETA 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 at fair value or amortised cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

### Initial measurement

When a financial asset or financial liability is recognised initially, EWSETA measures it at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

### Financial assets at amortised cost

EWSETA classifies its receivables from exchange and non-exchange transactions (excluding mandatory grants which are classified as statutory receivables-accounting policy 1.15) 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.

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.

### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability 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 instrument, or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

### Impairment of financial assets

Financial assets are assessed for impairment at each reporting period.

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 recognised during the financial period. The financial assets' carrying amount is reduced through the use of an allowance account/ provision for doubtful debt account. When a receivable is uncollectable, it is written off against the allowance account/ provision for doubtful debt. Subsequent recoveries of amounts previously written off are recognised in surplus or deficit for the year.

In assessing whether the entity's financial asset or group of financial assets is impaired at the end of the reporting period, EWSETA considers the following, amongst others:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter sequestration or other financial reorganisation;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including adverse changes in the payment status of borrowers in the group (e.g. an increased number of delayed payments); or national or local economic conditions that correlate with defaults on the assets in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers, or adverse changes in market conditions that affect the borrowers in the group); and

- other circumstances and considerations which in Management's view will have a negative impact on the recoverability of the financial asset or group of financial assets (for example the passing of prescription period (3 years) as determined in the Prescription Act).

### 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.

#### 1.13 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. 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.

#### 1.14 EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by the entity in exchange for service rendered by employees or for the termination of employment.

#### 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 reporting period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries, medical aid and pension 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, subsidised goods or services such as housing, cars and cell phones) 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.

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.

### 1.15 PROVISIONS AND CONTINGENCIES

A provision is a liability of uncertain timing or amount.

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.

None of the entity's provisions are expected to be partially or fully reimbursed by another entity.

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 the entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

### Contingencies

A contingent liability is:

- a. a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b. a present obligation that arises from past events but is not recognised because:
  - i. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - ii. the amount of the obligation cannot be measured with sufficient reliability.

Unless the possibility of any outflow in settlement is remote, EWSETA discloses for each class of contingent liability at the reporting date a brief description of the nature of the contingent liability and, where practicable:

- a. an estimate of its financial effect
- b. an indication of the uncertainties relating to the amount or timing of any outflow; and
- c. the possibility of any reimbursement.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Where an inflow of economic benefits or service potential is probable, EWSETA discloses a brief description of the nature of the contingent assets at the reporting date, and,

where practicable, an estimate of their financial effect, measured using the principles set out for provisions.

### 1.16 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, other than increases relating to contributions from owners.

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 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 state of completion of the transaction at the reporting date. The outcome of the transactions can be estimated reliably when all the following conditions are satisfied:

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

#### Rendering of services

When the outcome of a transaction involving the rendering of services 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.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

#### Interest income

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions, and is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the EWSETA; and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

### 1.17 REVENUE FROM NON-EXCHANGE TRANSACTIONS

#### Levy Income

In terms of section 3(1) and 3(4) of the SDL Act, 1999 (Act No. 9 of 1999), registered member companies of the EWSETA pay a SDL of 1% of their total payroll cost to SARS. Companies with an annual payroll cost less than R500 000 (2023: R 500 000) are exempted in accordance with section 4(b) of the SDL Act (1999) as amended, effective 1 August 2005.

Eighty percent (80%) (2023: 80%) of SDL's are paid over to the EWSETA (net of the 20% (2023: 20%) contribution to the National Skills Fund).

The SDL received is allocated as follows:

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

SDL transfers are recognised when it is probable that future economic benefits will flow to the SETA and these benefits can be measured reliably. This occurs when the Department of Higher Education and Training (DHET) either makes an allocation or payment, whichever 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/payable 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 year estimates are accounted for in the Statement of Financial Performance in the current period. Levies received from organisations whose payroll is less than R500,000 (2023: R 500 000) per annum are not recognised as income, as in terms of the SDL Act, these employers should not contribute, therefore amounts contributed by these employers are refundable. Employers have 5 years to claim their monies and after 5 years EWSETA can transfer to discretionary fund.

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 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 Inter SETA 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 Department of Water and Sanitation and the Department of Mineral Resources and Energy.

#### 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, 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.

A liability is recognised for the portion of government grants representing restrictions or conditions that the entity has not fulfilled. When government remits a grant on a re-imbusement 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 SDL's are charged to the employers for late submission of their EMP201. These interest and penalties are recognised by EWSETA when they accrue/are paid to the entity as per the allocation provided by DHET.

#### 1.18 INTEREST INCOME

Interest income (interest earned on cash deposits) is recognised on a time-proportion basis using the effective interest rate method.

#### 1.19 COMPARATIVE FIGURES

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

Prior period errors are omissions from, and misstatements in the entity's financial statements for one or more prior periods arising from a failure to use, or misuse reliable information that:

- a. was available when financial statements for those periods were authorised for issue; and

- b. could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts and fraud.

Where necessary, comparative figures have been restated to correct prior period errors or reclassified to conform to changes in presentation in the current year.

#### 1.20 FRUITLESS AND WASTEFUL EXPENDITURE

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

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. Fruitless and wasteful expenditure that was incurred and identified during the current financial year is disclosed in the financial statements.

### 1.21 IRREGULAR EXPENDITURE

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

- a. The PFMA; or
- b. The State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act.

In application of the National Treasury Instruction No. 4 Of 2022/2023: PFMA Compliance and Reporting Framework, EWSETA applies the following (effective from 03 January 2023)

- Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year-end and/or before finalisation of the financial statements is disclosed in the financial statements.
- Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year-end is disclosed in the financial statements.
- Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the amount condoned is disclosed in the financial statements.
- If liability for the irregular expenditure can be attributed to a person, a debt account is created if such a person is liable in law.

Administration expenditure exceeding 10.5% of levy income is recognised as irregular expenditure unless approval has been obtained from the Executive Authority.

Project Administration expenditure exceeding 7.5% project expenditure is recognised as irregular expenditure.

### 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 EWSETA has two types of commitments:

1. 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.

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

As at 31 March 2024, EWSETA has conducted a going concern assessment and concluded the following:

- The entity is in a net asset position at year-end, and it is expected to continue for the foreseeable future;
- The entity has sufficient cash resources to honour all commitments and payables that exist as at the reporting date;
- The entity forecasts that levy income will be sufficient to cover expenses for the foreseeable future; and
- 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.

Based on the above assessment, the annual financial statements have thus been prepared based on the expectation that EWSETA will continue to operate as a going concern for the foreseeable future and there are no significant circumstances that cast doubt on the going concern assumption.

### 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 reduces 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.

## 1.25 NEW STANDARDS AND INTERPRETATIONS

### 1.25.1 Standards and interpretations effective and adopted in the current year

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

Standard/Interpretation	Effective date: Years	Expected impact
iGRAP 21: The Effect of Past Decisions on Materiality	1 April 2023	No material impact
GRAP: Improvements to the standards on GRAP 2020	1 April 2023	No material impact
GRAP 1 (amended): Presentation of Financial Statements	1 April 2023	No material impact
GRAP 25 (amended): Employee Benefits (replacement of 2009 version)	1 April 2023	No material impact
IGRAP 7 (amended): The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction (replacement of 2010 version)	1 April 2023	No material impact

### 1.25.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations which have been published and are mandatory for the entity's accounting periods beginning on or after 1 April 2024 or later periods and are relevant to its operations:

Standard/Interpretation	Effective date: Years	Expected impact
GRAP 104 (amended): Financial Instruments	1 April 2025	Unlikely there will be a material impact

### 1.25.3 Standards and interpretations issued and not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 1 April 2024 or later periods but are not relevant to its operations:

Standard/Interpretation	Effective date: Years beginning on or after	Expected impact
GRAP 103: Heritage Assets	No effective date	No material impact
GRAP 105: Transfer of Functions between Entities Under Common Control	No effective date	No material impact
GRAP 106: Transfer of Functions Between Entities Not Under Common Control	No effective date	No material impact
GRAP 107: Mergers	No effective date	No material impact



**Guideline on the application of materiality to financial statements**

EWSETA has applied this guideline that is not authoritative but encouraged to be applied when preparing financial statements. The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. Since EWSETA has historically applied the principles in the Guideline, it does not have a material impact on the financial statements of EWSETA.

**1.26 SHORT-TERM INVESTMENTS CLASSIFIED AS 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.

<i>Figures in Rand (R'000)</i>	2024	2023 Restated
<b>2. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade debtors	760	68
Rental Deposits	586	586
Interest accrued	1 458	2 705
Staff debtors	119	43
	<b>2 923</b>	<b>3 402</b>
<b>Receivables included in receivables from exchange transactions above are as follows:</b>		
Receivables from exchange transaction (Gross)	40 870	41 349
Impairment	(37 947)	(37 947)
	<b>2 923</b>	<b>3 402</b>
<b>3. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Mandatory grant receivable	33	1
Discretionary grant receivable	911	911
	<b>944</b>	<b>912</b>
<b>Mandatory receivables included in receivables from non-exchange transactions above are as follows:</b>		
Mandatory grant receivables (Gross)	2 703	2 671
Mandatory grant receivables impairment	(2 670)	(2 670)
	<b>33</b>	<b>1</b>
<b>Discretionary receivables included in receivables from non-exchange transactions above are as follows:</b>		
Discretionary grant receivables (Gross)	194 231	314 684
Discretionary grant receivables impairment	(193 320)	(313 773)
	<b>911</b>	<b>911</b>

### Past due and impaired

The SDL's are governed by the SDA. The mandatory grant receivables are incurred due to adjustments made (as per accounting policy 1.6) by SARS to qualifying levy payers. The mandatory grant receivables that are older than five years are deemed to be long outstanding and are impaired as the probability of recovery is remote. Only the current years receivables of R 33 thousand (2023: R 1 thousand) is not impaired as it is deemed recoverable.

## 4. PREPAYMENTS

<i>Figures in Rand (R'000)</i>	2024	2023 Restated
<b>Prepayments</b>		
Discretionary grant prepayments	-	451
Administration prepayments	103	287
	<b>103</b>	<b>738</b>

## 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Bank balances	171 077	447 937
Short-term investments	425 947	86 971
	<b>597 024</b>	<b>534 908</b>

## 6. PROPERTY, PLANT AND EQUIPMENT

	2024			2023 Restated		
	Cost /Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost /Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings - Held for disposal	58 395	(36 210)	22 185	58 395	(36 465)	21 930
Furniture and fixtures	1 123	(696)	427	1 123	(605)	518
Motor vehicles	667	(523)	144	667	(475)	192
Office equipment	225	(91)	134	163	(76)	87
Computer Equipment	5 808	(3 114)	2 694	4 372	(2 361)	2 011
Leasehold improvements	497	(244)	253	497	(144)	353
<b>Total</b>	<b>66 715</b>	<b>(40 878)</b>	<b>25 837</b>	<b>65 217</b>	<b>(40 126)</b>	<b>25 091</b>

**Reconciliation of property, plant and equipment - 2024**

	Opening balance	Additions	Disposals	Depreciation	Impairment reversal	Total
Buildings - Held for disposal	21 930	-	-	-	255	22 185
Furniture and fixtures	518	-	-	(91)	-	427
Motor vehicles	192	-	-	(48)	-	144
Office equipment	87	63	-	(16)	-	134
Computer Equipment	2 011	1 899	(291)	(925)	-	2 694
Leasehold improvements	353	-	-	(100)	-	253
<b>Total</b>	<b>25 091</b>	<b>1 962</b>	<b>(291)</b>	<b>(1 180)</b>	<b>255</b>	<b>25 837</b>

**Reconciliation of property, plant and equipment - 2023**

	Opening balance	Additions	Disposals	Depreciation	Impairment	Total
Buildings - Held for disposal	21 930	-	-	-	-	21 930
Furniture and fixtures	609	-	-	(91)	-	518
Motor vehicles	240	-	-	(48)	-	192
Office equipment	92	17	(8)	(14)	-	87
Computer Equipment	2 116	767	(18)	(740)	(114)	2 011
Leasehold improvements	452	-	-	(99)	-	353
<b>Total</b>	<b>25 439</b>	<b>784</b>	<b>(26)</b>	<b>(992)</b>	<b>(114)</b>	<b>25 091</b>

**Pledged as security**

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

### Buildings - Held for disposal

EWSETA purchased the Cape House building at 15 McClaren Street, Marshalltown, Johannesburg for R 21.7 million in the 2015 financial year, and capitalised R36.7 million in respect of renovations to the building. The building has heritage certification, but has been classified as property, plant and equipment as it was intended for use as an administrative asset. EWSETA has experienced several contractual delays during the renovation, but the building is currently substantially complete. A valuation by an independent expert valued the building at R 22.2 million in the current financial year.

Consequently a reversal of impairment of R 255 thousand against the previously recognised impairment of R 36.5 million in the 2021 financial year was processed.

EWSETA considered the costs, benefits and relative risks of occupying the building as its office space. After extensive consideration of alternatives, EWSETA has decided to dispose of the building. As such, depreciation on the building will not commence.

Management has done extensive work to initiate the disposal process of the Cape House building. However, the timing of the approval process cannot be ascertained. As at the reporting date, EWSETA planned to dispose of the building within 12 months after the 2024 year-end and processes have commenced.

Building refurbishments done by the service provider are subject to litigation. Please refer to Note 23 Contingencies and Litigation.

Contractual Commitments and Repairs and Maintenance

- There are no contractual commitments for the acquisition of property, plant and equipment for the 2024 financial year. (2023: R 1.9 million).
- R 144 thousand (2023: R 85 thousand) of repairs and maintenance were incurred on property, plant and equipment in the current financial year.

## 7. INTANGIBLE ASSETS

	2024			2023 Restated		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 903	(697)	1 206	1 903	(181)	1 722

### Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software	1 722	(516)	1 206

### Reconciliation of intangible assets - 2023

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	357	1 846	(318)	(163)	1 722

All intangible assets are purchased and not internally generated.

<i>Figures in Rand (R'000)</i>	2024	2023
<b>8. PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade payables	5 789	4 182
Performance bonus payable	-	1 177
Payroll accruals	500	35
Accrued expenses	3 912	3 964
Operating lease payables	965	1 012
	<b>11 166</b>	<b>10 370</b>
<b>9. PAYABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Inter SETA Payables	685	698
Skills development grants payable - mandatory	34 641	30 599
Skills development grants payable - discretionary	57 154	44 816
	<b>92 480</b>	<b>76 113</b>
<b>10. UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
Department of Water and Sanitation	34 007	34 702
United Nations Development Programme	2 890	-
	<b>36 897</b>	<b>34 702</b>
<b>Movement during the year</b>		
Balance at the beginning of the year	34 702	36 651
Additions grants received during the year	2 891	-
Grant utilised and recognised as revenue	(696)	(1 949)
	<b>36 897</b>	<b>34 702</b>

EWSETA received funds from the Department of Water and Sanitation and the United Nations Development Programme that may only be utilised for the implementation of the specific training programmes. These funds are therefore conditional. The funds received in advance are recognised as a liability and the liability is released to revenue when the corresponding expenditure is incurred and the conditions of the grant are met.

## 11. PROVISIONS

### Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Employer refund of levies	769	194	(180)	-	783
Performance bonus	1 435	1 606	(972)	(463)	1 606
Discretionary grant	66 688	50 457	(34 050)	(20 782)	62 313
Leave provisions	1 915	805	(205)	(1 710)	805
	<b>70 807</b>	<b>53 062</b>	<b>(35 407)</b>	<b>(22 955)</b>	<b>65 507</b>

### Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Employer refund of levies	773	210	-	(214)	769
Performance bonus	2 133	1 435	(1 177)	(956)	1 435
Discretionary grant	31 533	54 657	(9 647)	(9 855)	66 688
Leave provisions	2 062	98	(245)	-	1 915
	<b>36 501</b>	<b>56 400</b>	<b>(11 069)</b>	<b>(11 025)</b>	<b>70 807</b>

The **provision for employer refund of levies** relates to levies contributed by employers that have an employee cost of less than R 500 thousand (2023: R 500 thousand) per year. Provisions are raised for all employers that are below the threshold. As per National Treasury Circular no 9/2013, payments are only made to employers who submit a request for a refund in the prescribed form within 5 years. EWSETA cannot predict which employers will request a refund. EWSETA can transfer amounts due to employers that are below the threshold and older than five years to EWSETA's Discretionary Reserve.

The **provision for performance bonuses** relates to the performance bonuses yet to be approved in accordance with the entity's Remuneration Policy. As at the reporting date, the performance ratings which are used to calculate the performance bonuses were not finalised. An estimate has been calculated for the performance bonus payable using the individual's prior year performance ratings.

The **provision for discretionary grants** relates to bursary programmes and discretionary grant claims where supporting evidence has not yet been verified at year-end. The final amount to be paid can only be confirmed once the documents have been verified.

The **provision for leave** relates to the accumulated leave balance payable to employees at year-end upon potential termination of employment. The timing of the leave pay-out is dependent on the potential termination of employment, which is unknown at year-end.

<i>Figures in Rand (R'000)</i>	2024	2023
<b>12. NON-EXCHANGE REVENUE</b>		
<b>Administration</b>		
Levies received from SARS	41 260	36 933
Levy adjustments	2 853	3 245
Levies from Government Departments	1 529	1 417
Levies accrued	4 116	3 558
	<b>49 758</b>	<b>45 153</b>
<b>Mandatory grants</b>		
Levies received from SARS	78 593	70 348
Levies adjustment	5 434	6 185
Levies accrued	7 840	6 776
	<b>91 867</b>	<b>83 309</b>
<b>Discretionary Grants</b>		
Levies received from SARS	194 690	174 111
Levies received from penalties & interest	6 139	272
Levies adjustment	13 450	15 754
Levies from Government Departments	3 058	2 844
Levies accrued	19 405	16 820
	<b>236 742</b>	<b>209 801</b>
<b>Special project income</b>		
Special Project - War on Leaks	696	1 949
<b>Total non-exchange revenue</b>	<b>379 063</b>	<b>340 213</b>

**Levy adjustments**

Levy adjustments included in the levy income above represents increases/reversals of levy income recognised in prior years. SARS determines levy income through the employee tax process. Adjustments to the levy income may arise from SARS own internal review processes or objections/appeal processes. SARS increases/reverses the levies sent to the SETA, and pays the SETA current year levies net of all prior year reversals and/or additions. Such levy reversals or adjustments are treated as changes in accounting estimates and adjusted prospectively. The effect of the change in estimate on the current year is shown separately within revenue as levy adjustments. Prior year presentation has been restated in line with the current year presentation.

<i>Figures in Rand (R'000)</i>	2024	2023
<b>13. EXCHANGE REVENUE</b>		
Insurance proceeds	439	112
<b>14. INTEREST INCOME</b>		
Interest received from bank	41 855	24 467
Interest income comprises of interest 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 an effective interest rate of between 6% and 8.25% throughout the year.		
<b>15. BAD DEBT WRITTEN OFF</b>		
Staff advances	-	14
Prepayments	-	115
	-	<b>129</b>
<b>16. MANDATORY GRANT, DISCRETIONARY GRANT AND SPECIAL PROJECT EXPENSES</b>		
<b>Mandatory grants</b>		
Mandatory grant expenses	82 107	74 110
<b>Discretionary grants</b>		
Discretionary grant expenses	181 729	160 892
Project administration expenses*	20 862	16 765
Qualification development	1 972	1 791
External moderation	2 133	1 315
Career guidance	1 486	1 648
Research chairs	-	464
Research	1 108	7 021
	<b>209 290</b>	<b>189 896</b>
<b>Special projects</b>		
War on Leaks (refer to note 12 & 23)	696	1 949
<b>TOTAL</b>	<b>292 093</b>	<b>265 955</b>



\*Included in project administration expenses are the following employee costs for Operations Department:

<i>Figures in Rand (R'000)</i>	2024	2023
Salaries and wages	13 806	12 548
Bonus	972	-
Medical aid - company contributions	67	59
Provident fund	911	806
Other insurances	282	251
Leave payments	0	239
Skills Development Levy	141	141
Unemployment Insurance Fund	60	58
	<b>16 239</b>	<b>14 102</b>

*Figures in Rand (R'000)***17. ADMINISTRATION EXPENSES**

	2024	2023
Accommodation	1 407	1 169
Advertising	982	742
Auditors remuneration	4 419	5 075
Bank charges	74	81
Cleaning and facilities management	448	446
Computer expenses	4 167	1 562
Consulting and professional fees	11 934	12 326
Document storage	539	1 524
Entertainment	149	94
Governance committee fees	2 068	1 812
Insurance	575	498
Office and printers rental	4 572	4 697
Legal fees	940	1 163
Marketing and communication	2 997	2 832
Staff relocation costs	10	-
Postage and courier	100	54
Printing and stationery	479	633
Promotions and sponsorships	2 720	1 806
QCTO expenses	2 259	2 019
Municipal rates	280	252
Security	911	846
Small Assets	5	34
Staff recruitment costs	1 034	48
Staff welfare	536	616
Licenses and subscriptions	2 704	1 609
Telephone and fax	1 607	611
Training	2 712	1 726
Travel	3 051	2 116
Water and electricity	285	285
Venue hire	2 011	1 040
	<b>55 975</b>	<b>47 716</b>

*Figures in Rand (R'000)***18. EMPLOYEE RELATED COSTS**

	2024	2023
Basic	22 650	21 753
Bonus	490	479
Medical aid - company contributions	94	100
Unemployment Insurance Fund	52	58
Skills Development Levy	193	201
Leave pay provision charge	(905)	245
Provident fund	1 243	1 354
Other insurances	387	502
	<b>24 204</b>	<b>24 692</b>

## 19. ACCUMULATED SURPLUS

Allocation of net surplus to reserves - 2024

Revenue	Administration Reserve	Mandatory Grant Reserve	Discretionary Grants	Special Projects	Total per Discretionary	Total P&L
Skills development levy income	48 229	91 867	227 546	-	227 546	367 642
Government levies	1 529	-	3 058	-	3 058	4 587
Penalties and interest	-	-	6 139	-	6 139	6 139
Interest income	-	-	41 855	-	41 855	41 855
Special project income	-	-	-	696	696	696
Other income	439	-	-	-	-	439
Impairment Reversal	255	-	-	120 453	-	120 708
<b>Total revenue</b>	<b>50 452</b>	<b>91 867</b>	<b>278 598</b>	<b>121 149</b>	<b>279 294</b>	<b>542 066</b>
Administration expenses	(55 975)	-	-	-	-	(55 975)
Employee costs	(24 204)	-	-	-	-	(24 204)
Depreciation and amortisation	(1 697)	-	-	-	-	(1 697)
Employer grants and project expenses	-	(82 107)	(209 290)	(696)	(209 986)	(292 093)
Revenue loss	-	-	-	(120 453)	-	(120 453)
Loss on disposal of assets	(291)	-	-	-	-	(291)
Repairs and maintenance	(144)	-	-	-	-	(144)
	<b>(31 859)</b>	<b>9 760</b>	<b>69 308</b>	<b>-</b>	<b>69 308</b>	<b>47 209</b>

See accounting policy 1.11 for the explanation of EWSETA's reserves.

## Allocation of net surplus to reserves - 2023

Revenue	Administration Reserve	Mandatory Grant Reserve	Discretionary Grants	Special Projects	Total per Discretionary	Total P&L
Skills development levy income	43 709	83 260	206 267	-	206 267	333 234
Government levies	1 418	-	2 844	-	2 844	4 262
Penalties and interest	-	-	768	-	768	768
Interest income	-	-	24 467	-	24 467	24 467
Special project income	-	-	-	1 949	1 949	1 949
Other income	112	-	-	-	-	112
<b>Total revenue</b>	<b>45 239</b>	<b>83 260</b>	<b>234 346</b>	<b>1 949</b>	<b>236 295</b>	<b>364 792</b>
Administration expenses	(47 716)	-	-	-	-	(47 716)
Employee costs	(24 692)	-	-	-	-	(24 692)
Depreciation and amortisation	(1 155)	-	-	-	-	(1 155)
Employer grants and project expenses	-	(74 110)	(189 896)	(1 949)	(191 845)	(265 955)
Impairment loss	(243)	-	-	-	-	(243)
Loss on disposal of assets	(348)	-	-	-	-	(348)
Repairs and maintenance	(85)	-	-	-	-	(85)
	<b>(29 000)</b>	<b>9 150</b>	<b>44 450</b>	<b>-</b>	<b>44 450</b>	<b>24 598</b>

<i>Figures in Rand (R'000)</i>	2024	2023
<b>20. CASH GENERATED FROM OPERATIONS</b>		
Surplus	47 209	24 598
<b>Adjustments for:</b>		
Depreciation and amortisation	1 697	1 155
Loss on derecognition of assets	291	348
Reversal of impairment	(120 708)	-
Revenue Loss	120 453	114
Bad debts written off	-	129
Movements in provisions	(5 300)	34 163
<b>Changes in working capital:</b>		
Receivables from exchange transactions	479	(1 061)
Other receivables from non-exchange transactions	(32)	274
Prepayments	635	(443)
Payables from exchange transactions	796	713
Payables from non-exchange transactions	16 367	(4 178)
Unspent conditional grants and receipts	2 195	(1 949)
	<b>64 082</b>	<b>53 863</b>

Figures in Rand (R'000)

2024

2023

## 21. FINANCIAL INSTRUMENTS

### Categories of financial instruments

#### 2024

##### Financial assets

	At amortised cost	Total
Receivables from exchange transactions	2 923	2 923
Cash and cash equivalents	597 024	597 024
	<b>599 947</b>	<b>599 947</b>

##### Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	10 355	10 355
Payables from non-exchange transactions	57 965	57 965
	<b>68 320</b>	<b>68 320</b>

#### 2023

##### Financial assets

	At amortised cost	Total
Receivables from exchange transactions	3 402	3 402
Receivables from non-exchange transactions	911	911
Cash and cash equivalents	534 908	534 908
	<b>539 221</b>	<b>539 221</b>

##### Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	9 331	9 331
Payables from non-exchange transactions	46 554	46 554
	<b>55 885</b>	<b>55 885</b>

## Analysis of financial assets that are past due as at the end of the reporting period but not impaired

## 2024

	Current 0 - 30 days	30 - 60 days	More than 120 days	Total
Receivables from exchange transactions	2 160	119	644	2 923

## 2023

	Current 0 - 30 days	30 - 60 days	More than 120 days	Total
Receivables from exchange transactions	2 747	11	644	3 402
Receivables from non-exchange transactions	-	-	911	911
	<b>2 747</b>	<b>11</b>	<b>1 555</b>	<b>4 313</b>

## Analysis of financial assets that are individually determined to be impaired as at the end of the reporting period

	2024	2023
	More than 120 days	More than 120 days*
Receivables from exchange transactions	37 947	37 947
Receivables from non-exchange transactions	193 320	313 774
	<b>231 267</b>	<b>351 721</b>

\*More than 547 days/18 months.

## Reconciliation of the changes in the provision for impairment

## Receivables - impairment

## 2024

	Opening balance	Reversal of provision	Closing balance
Provision for impairment	351 721	(120 454)	231 267

## 2023

	Opening balance	Reversal of provision	Closing balance
Provision for impairment	351 721	-	351 721



## 22. COMMITMENTS

### Authorised operational expenditure

Discretionary Grants	Opening balance 2023/24 Restated	Adjustments 2023/24	2023/24 Additional commitments	Utilised 2023/24	Closing balance 2023/24
ABET Programme	1 700	-	1 700	(510)	2 890
Apprenticeship Programme	95 471	(11 023)	60 102	(44 992)	99 558
Bursaries Programme	13 768	(8 178)	100 442	(69 549)	36 483
Internship Programme	52 711	(8 583)	28 027	(22 827)	49 328
Learnership Programme	42 903	(14 037)	55 650	(29 399)	55 117
Trade Union Support	800	500	-	(800)	500
Candidacy Programme	910	-	12 772	(46)	13 636
Skills Programme	12 990	2 013	17 812	(23 478)	9 337
Research	525	-	-	(440)	85
Small Business Support	9 212	(609)	-	(1 094)	7 509
Non-Pivotal Programme	9 655	(4 229)	12 335	(5 433)	12 328
Research Chairs	3 655	-	-	-	3 655
Quality Assurance Support	2 099	-	14 870	(3 544)	13 425
Infrastructure Support	-	-	6 845	-	6 845
	<b>246 399</b>	<b>(44 146)</b>	<b>310 555</b>	<b>(202 112)</b>	<b>310 696</b>

Administration	Opening Balance 2023/24	Adjustments 2023/24	Additional commitments 2023/24	Utilised 2023/24	Closing balance 2023/24
Finance	477	-	3 168	(2 274)	1 371
HR Support and Training	5 327	(59)	3 931	(4 671)	4 529
IT and Facilities Management	17 955	(395)	9 313	(17 959)	8 911
Marketing and Public Relation	2 514	(181)	7 814	(6 079)	4 068
Internal Audit and Risk Management	882	132	6 574	(1 139)	6 448
Legal Services	1 616	-	800	(678)	1 738
SCM Support	1 844	64	1 298	(1 963)	1 242
Secretarial and Governance Support	457	-	434	(382)	509
Project administration	274	(194)	-	(4)	77
Stakeholder Engagement	602	-	713	(581)	734
Project Management	354	-	3 250	(2 405)	1 200
	<b>32 302</b>	<b>(633)</b>	<b>37 295</b>	<b>(38 135)</b>	<b>30 827</b>

EWSETA has sufficient resources to honour the commitments at reporting date.

<i>Figures in Rand (R'000)</i>	2024	2023
<b>22. Commitments (continued)</b>		
<b>Operating leases - as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	3 338	3 673
- within two to five years	4 826	7 983
	<b>8 164</b>	<b>11 656</b>

Operating lease payments comprise of rent payable by EWSETA for the lease of the premises and printing machinery. Leases are negotiated for an average term of five years and rentals are pre-determined for the period. No contingent rent is payable.

Restatement of comparatives

The opening balances of commitments have been restated.

## 23. CONTINGENCIES AND LITIGATION CONTINGENT LIABILITIES

### Mandatory Grants Regulation

In October 2019, BUSA won the court case against DHET, where the Department's decision to decrease the mandatory grant levies from 50% to 20% in terms of section 4(4) of the SETA grant regulations was set aside. No decision has been made on the mandatory levy or grant percentage to be applied from the court date onwards. The effect of the ruling is that the Minister would have to decide on the percentage for the mandatory grants in consultation with the sector. To date, the Minister has not yet made the decision with regards to the mandatory grant percentage.

DHET continued to show the mandatory levies portion as 20% in the 2024 year (2023:20%) in the levy download information provided to the EWSETA. The EWSETA also continued to pay and accrue mandatory grants at 20% in the 2024 (2023:20%) financial year in the absence of a revised percentage, which was aligned to the Approved Annual Performance plan. The mandatory grant expenditure (Note 16) and the mandatory grant liability (Note 9) were calculated using a grant of 20% (2023: 20%).

The EWSETA therefore discloses a contingent liability for the mandatory grants payable to qualifying levy payers from the date of the court decision to the year-end. This is disclosed as a contingent liability as the intention of the litigant, BUSA, was to increase the mandatory grant from 20% to 50%. The timing and amount of this contingent liability is uncertain and no reasonable estimate can be made at reporting date.

### First time employer registrations

The SDA allows an employer registering for the first time six months to submit an application for a mandatory grant.

At the reporting date, it is estimated that an additional mandatory grant expenditure of R 108 thousand (2023: R 61 thousand) will be payable to such employers as per the SARS levy schedule. This amount is contingent based on the uncertainty of the number of submissions that will be received and approved.

### Surplus funds

All uncommitted surplus funds as at year-end may be forfeited to the NSF should an application for retention of surplus funds be denied. An application to National Treasury for the retention of uncommitted surplus funds will be made after the financial statements are finalised. The forfeiture of surplus funds is contingent on National Treasury rejecting EWSETA's application to retain the surplus funds. Historically, EWSETA has not forfeited the surplus funds because all of its funds were committed to the implementation of its strategy. The surplus is calculated using a formula provided by National Treasury and the estimated surplus so calculated for 2024 is R 394 million (2023: R 349.4 million).

### Litigation

- a. EWSETA has issued a summons against the service provider for refurbishment not completed on the Cape House Property. The supplier has failed to deliver the services as per the SLA. An amount of R 15.9 million (2023: R 15.9 million) which was paid in advance is claimable.
- b. EWSETA concluded a contract with CEPPWAWU. However, the representative of CEPPWAWU did not have the authority to conclude the contract as he was suspended by the Union. EWSETA has terminated the contract with CEPPWAWU. EWSETA issued a summons for consideration amounting to R 9.9 million.
- c. EWSETA has contractual disputes with some of its service providers. At the reporting date, significant uncertainties were still prevailing over these matters. The outcome of these matters may impact the future balances and disclosures included in the annual financial statements. In the context of these uncertainties, any related contingencies have not been disclosed in these annual financial statements. This is to ensure that EWSETA is not prejudiced in legal disputes.
- d. The DWS is the custodian of water resources and funded the WOL Project. DWS appointed Rand Water as its implementing agent to address the challenges of water leakage by providing training for 15 000 unemployed youth for the RSA. The Department also appointed the EWSETA to partner with Rand Water in furtherance of DWS objectives and to co-operate with each other in the performance of their responsibilities and obligations in order to ensure the roll-out of the WOL programme over the planned period of 5 years. EWSETA's responsibility on the agreement is to facilitate and ensure that the relevant accredited service provider for the categories of water agents and artisans are appointed to undertake the theoretical and practical training for the trainees nationally. Phase 1 of the project was rolled out, implemented and completed successfully. Phase 2 is substantially completed. Phase 3 of the project will not take place as the SLA was terminated with the accredited service provider in the 2022 financial year. EWSETA is currently undergoing arbitration process due to a contractual dispute. Any related contingencies have not been disclosed in these financial statements to ensure that EWSETA is not prejudiced in legal disputes.

## 24. RELATED PARTIES

EWSETA has been established by the DHET in terms of SDA. The Minister of Higher Education, Science and Innovation is the Executive Authority. EWSETA is ultimately controlled by DHET and is therefore related to all other entities reporting to DHET.

### Related party transactions

Transactions and balances with related parties

The transactions with all related parties are consistent with normal operating relationships between the entities and are undertaken on terms and conditions that are normal for such transactions. Where there were transactions and balances arising due to the movement of funds between entities under the common control of the Department, these were undertaken at arms lengths. The transactions included discretionary grant allocations and mandatory grant payments. The statement of financial positions and commitments at year-end includes balances relating to these transactions.

Related party balances 2024	Nature of relationship	Transaction Type	Balances (R'000)	Commitments (R'000)
TVET Colleges	Entity under common control	Discretionary grants	(6 999)	(52 724)
Higher Education Institutions	Entity under common control	Discretionary grants	(60 037)	(38 138)
Community Education and Training Colleges	Entity under common control	Discretionary grants	(1 025)	(2 890)
Sector Education and Training Authorities	Entity under common control	InterSETA transfers	(698)	-
Other entities reporting to Executive Authority	Entity under common control	Discretionary grants	(2 346)	(17 052)
Entities with representatives serving on EWSETA's Accounting Authority	Related to individuals with significant influence	Discretionary grants	(54 812)	(84 279)
Members of the Accounting Authority	Individuals with significant influence	Fees as a member of the Accounting Authority	(401)	-
			<b>(126 318)</b>	<b>(195 083)</b>

Related party balances 2023	Nature of relationship	Transaction Type	Balances (R'000)	Commitments (R'000)
TVET Colleges	Entity under common control	Discretionary grants	(4 767)	(52 934)
Higher Education Institutions	Entity under common control	Discretionary grants	(67 690)	(21 165)
Community Education and Training Colleges	Entity under common control	Discretionary grants	-	(3 262)
Sector Education and Training Authorities	Entity under common control	InterSETA transfers	(698)	-
Other entities reporting to Executive Authority	Entity under common control	Discretionary grants	(1 384)	(15 902)
Entities with representatives serving on EWSETA's Accounting Authority	Related to individuals with significant influence	Discretionary grants and mandatory	(28 476)	(70 857)
Members of the Accounting Authority	Individuals with significant influence	Fees as a member of the Accounting Authority	(228)	-
			<b>(103 243)</b>	<b>(164 120)</b>

## 25. KEY MANAGEMENT INFORMATION

### Executive Management Remuneration

2024 (R'000)	Basic Salary	Post Employment Benefits	Performance bonus*	Other Benefits**	Total
Ms. M Mookapele (CEO)	1 999	180	121	67	2 367
Ms. R Vilakazi (CFO: 1Apr 2023 to 30 Sep 2023) (SDE: 1 Oct 2023 to 31 Mar 2024)	1 463	130	145	60	1 798
Ms. H Manyatsa (CFO: 1 Feb 2024 to 31 Mar 2024)	273	24	-	2	299
Ms. C Moodley (CSE)	1 342	134	159	189	1 824
	<b>5 077</b>	<b>468</b>	<b>425</b>	<b>318</b>	<b>6 288</b>

2023 (R'000)	Basic Salary	Post Employment Benefits	Performance bonus	Other Benefits**	Total
Ms. M Mookapele (CEO)	2 059	171	86	44	2 360
Ms. R Vilakazi (CFO)	1 301	115	58	37	1 511
Ms. C Moodley (CSE)	1 266	126	64	202	1 658
Mr. K Masilo (Acting PME)	-	-	-	35	35
	<b>4 626</b>	<b>412</b>	<b>208</b>	<b>318</b>	<b>5 564</b>

\*The performance bonuses for the 2024 financial year were not finalised at the reporting date. The amount disclosed above is an estimate based on the balance sheet provision (Note 11).

\*\*Other benefits include acting, travel and cellphone allowances.

## Accounting Authority Remuneration

2024 (R'000)	Meeting fee	Travel Costs	Other Allowances	Total
N. Malumbazo	183	2	-	185
D. Magagula	223	2	-	225
N. Nobatana	107	-	-	107
L. Goldman	213	1	-	214
S. Bokaba	114	3	-	117
F. Van Heerden	9	-	-	9
N. Ngidi	164	-	-	164
	<b>1 013</b>	<b>8</b>	<b>-</b>	<b>1 021</b>

2023 (R'000)	Meeting fee	Travel Costs	Other Allowances	Total
M. Malunga (resigned May 2022)	5	-	-	5
N. Malumbazo	189	2	-	191
D. Magagula	242	4	-	246
N. Nobatana	185	-	-	185
L. Goldman (Restated)	203	-	-	203
S. Bokaba	127	-	-	127
N. Ngidi (Restated)	94	-	-	94
	<b>1 045</b>	<b>6</b>	<b>-</b>	<b>1 051</b>

The following members do not receive fees:

- Dr. L Moorosi (Chairperson)
- Ms. Hilda Mhlongo
- Dr. Esme Coetze
- Ms. Verena Meyer-Singh

## 26. RISK MANAGEMENT

### Financial risk management

The EWSETA's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The risk management process relating to each of these risks is discussed below:

### Liquidity risk

The EWSETA'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.

2024 (R'000)	0 - 30 days	31 - 90 days	91 days and more	Carrying amount
Payables from exchange transactions	(9 165)	(253)	(937)	(10 355)
Payables from non-exchange transactions (excluding mandatory grants payables)	(52 213)	(2 695)	(4 019)	(58 927)
2023 (R'000)	0 - 30 days	31 - 90 days	91 days and more	Carrying amount
Payables from exchange transactions	(4 353)	(217)	(4 761)	(9 331)
Payables from non-exchange transactions (excluding mandatory grants payables)	(32 685)	(2 800)	(10 371)	(45 856)

### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The EWSETA only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party by depositing funds with different financial institutions.

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

Financial instrument	2024	2023 Restated
Receivables from exchange transactions (Gross)	40 870	41 349
Impairment	(37 947)	(37 947)
<b>Receivables from exchange transactions (Carrying Amount) Total</b>	<b>2 923</b>	<b>3 402</b>
Receivables from non-exchange transactions (Gross)	194 231	314 684
Impairment	(193 287)	(313 772)
<b>Receivables from non-exchange transactions (Carrying Amount) Total</b>	<b>944</b>	<b>912</b>
	<b>597 024</b>	<b>534 908</b>

**Cash and cash equivalents**

The EWSETA does not have overdraft facilities and is not exposed to guarantees for the overdraft facilities and for guarantees issued in favour of the any creditors.

**Market risk***Interest rate risk*

As the EWSETA has significant interest-bearing assets, being the interest it earns on its cash deposits, the entity's income and operating cash flows are subject to changes in market interest rates.

*Foreign exchange risk*

The EWSETA has limited exposure to foreign exchange risk, limited to international travel, as its operations are based locally and EWSETA does not hedge foreign exchange fluctuations.

**27. GOING CONCERN**

EWSETA has also conducted a going concern risk assessment and has concluded that the entity will continue to operate as a going concern for the foreseeable future and there are no significant circumstances that cast doubt on the going concern assumption. Also, the EWSETA's landscape period has been established to 31 March 2030.

Therefore, 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. Cashflow forecast to 2025 also shows that the EWSETA is liquid.

**28. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND LOSSES FROM CRIMINAL ACTIVITIES**

	2024	2023 (Restated)
Irregular expenditure	8 219	9 041
Fruitless and Wasteful expenditure	-	3
Loss from criminal activities	255	-
	<b>8 474</b>	<b>9 044</b>



**2024****Irregular expenditure**

Irregular expenditure consists of R 6.7 million which relates to non-compliance with the grant regulations i.e. Project administration costs exceeding 7.5% of Project expenditure and R 210 thousand for payments made in excess of the contract amount. Irregular expenditure of R 1,3 million was incurred as EWSETA's reported expenditure exceeded its approved budget by this amount.

**Loss from criminal activities**

The loss from criminal activities relates to uninsured laptops that were stolen during a theft incident in August 2023 which was reported to law enforcement agencies.

**2023****Irregular expenditure**

Irregular expenditure of R 3.8 million relates to non-compliance with the grant regulations i.e. Project Administration costs exceeding 7.5% of Project expenditure.

The irregular expenditure of R 5 thousand relates to expenses incurred without an approved requisition and purchase order. The employee responsible has since left the entity.

Irregular expenditure of R 4.5 million was incurred as EWSETA's reported expenditure exceeded its approved budget by this amount.

Payment of R 222 thousand relates to a multi-year contract. A service provider's contract was extended in the prior year, and the extension amount exceeded the 15% contract variation threshold of the original contract value without obtaining prior approval from National Treasury.

Irregular expenditure of R 515 thousand relates to board fees incurred as a result of Accounting Authority members appointed irregularly.

**Fruitless and Wasteful Expenditure**

Fruitless and wasteful expenditure incurred amounted

to R 3 thousand. This relates to a no-show of booked accommodation. The amount was recovered.

**29. BUDGET DIFFERENCES****Material differences between budget and actual amounts**

The changes between the initial approved budget and final approved budget are a consequence of reallocations within the budget, and an anticipated increase in revenue earned for the financial year.

- a. The investment income is made up of interest earned on a cash balances and short-term call deposits. The income for the year is higher than the budget due to the entity holding a higher cash balance than anticipated and a higher interest rate of 8,25% earned on a SARB investment. The budget assumed a blended rate of 7,00%.
- b. EWSETA received a conditional grant from DWS for the implementation of the WOL project. As the grant was conditional, it was recognised as a liability, to be released to income as and when expenses relating to the WOL project are incurred. During the 2024 financial year EWSETA incurred legal fees directly related to the WOL project and this was not budgeted for.
- c. EWSETA collected a slightly higher revenue from levies compared to budget as the number of employers paying SDL was higher than that envisioned in the budget.
- d. Levy interest and penalties were received by SARS from late levy payers. This is not budgeted for as non-compliance cannot be quantified.
- e. Employee related costs are lower than budget due to vacant positions within the entity. Implementation of the organisational design structure is to be done in phases and the entity has experienced unforeseen delays.
- f. Depreciation and amortisation are non-cash items that the entity does not budget for.
- g. Administrative expenses are lower than the budget. Higher costs would have been incurred had all vacancies in the organisation design been filled (Refer to 28.e).
- h. This balance comprises mainly of mandatory grants expenses, i.e. review of WSP's and ATR's. As the mandatory grant revenue increased due to the increase in the number of employers paying SDL (Refer 28.c above) the related expenditure increased concurrently.
- i. Discretionary grant expenditure is above budget. This is due to the implementation of previously committed projects and the entity spending its surplus on learning programmes and projects not budgeted for.
- j. Quality assurance expenditure is lower than budget due to delayed appointments of subject matter experts to carry out planned initiatives.
- k. Computer equipment was purchased to replace stolen computer equipment during the 2024 financial year (R 291 thousand asset write-off) which was not budgeted for. Insurance proceeds of R 439 thousand was received in this regard which was also not budgeted for. Computer equipments increased by R 779 thousand from budget due to the purchase of the above stolen computer equipment.
- l. The development of the entity's Management Information System was still continuing at year-end. The expenditure incurred of R 1.8 million is included under administration expenses as the development of this software and has not been capitalised in terms of GRAP 31 - Intangible Assets. It was budgeted to capitalise this expenditure.

### 30. PRIOR PERIOD ERRORS

Correction of prior period errors resulted in adjustments as follows:

Statement of financial position	Amount previously reported	Prior period error	Reclassification	Restated amount
a. Payables from exchange transactions	(8 783)	(549)		(9 332)
a. Payables from non-exchange transactions	(75 544)	(1 608)	-	(77 152)
b. Property, Plant and Equipment	25 107	(16)	-	25 091
a. Net assets (Administration reserve)	(26 830)	565	-	(26 265)
a. Net assets (Discretionary reserve)	(350 062)	1 608	-	(348 454)
Statement of financial performance	Amount previously reported	Prior period error	Reclassification	Restated amount
a. Mandatory grant and project expenses	(264 347)	(1 608)	-	(265 955)
a. Administration expenses	(47 167)	(549)	-	(47 716)
b. Depreciation and amortisation	(1 139)	(16)	-	(1 155)
a & b. Surplus for the year	(26 771)	2 173	-	(24 598)

- These are invoices received after 31 March 2023 with respect to services rendered before 31 March 2023 but not accrued. Omissions amounting to R 2.2 million were corrected in the Statement of Financial Performance under expenses and Statement of Financial Position against Payables from exchange and non-exchange transactions.
- The depreciation charge relating to office equipment and computer equipment per the 2023 financial statements was understated by R 16 thousand.
- The above changes had a similar impact in the calculation of net reserves and the cash flow movements which were also both amended accordingly. The disclosure of financial instruments is also amended accordingly to reflect the above changes.

Irregular, Fruitless and wasteful expenditure	Amount previously reported	Prior Period error	Restated amount
Irregular expenditure	8 607	434	9 041

Expenses were adjusted for a prior period error due to invoices omitted from accruals in 2022/23. This resulted in an adjustment to the exceeded 7.5% threshold in irregular expenditure by R434 thousand.

Administration Commitments	Amount previously reported	Prior Period error	Restated amount
HR and Training	5 072	255	5 327
Internal Audit Services and Risk management	1 054	(172)	882
IT & Facilities Management	17 922	32	17 954
<b>Total</b>	<b>24 048</b>	<b>115</b>	<b>24 163</b>

The closing balance of administration commitments per note 22 was mistated by R115 thousand.






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