



ENERGY AND WATER SECTOR EDUCATION AND TRAINING AUTHORITY

ANNUAL REPORT 2022/23

"Powerful Partnerships for Greater Impact: Expanding Reach for Collective Solutions."



Dr Blade Nzimande
Minister of Higher Education,
Science and Innovation



Buti Manamela
Deputy Minister of Higher Education,
Science and Innovation



higher education
& training
Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

“One of our core responsibilities as leaders is to break down barriers to opportunities by creating pathways for young people to access skills training programmes, access workplace-based training, articulate into higher education, and pursue self-employment without any hindrance.”

-Dr Blade Nzimande

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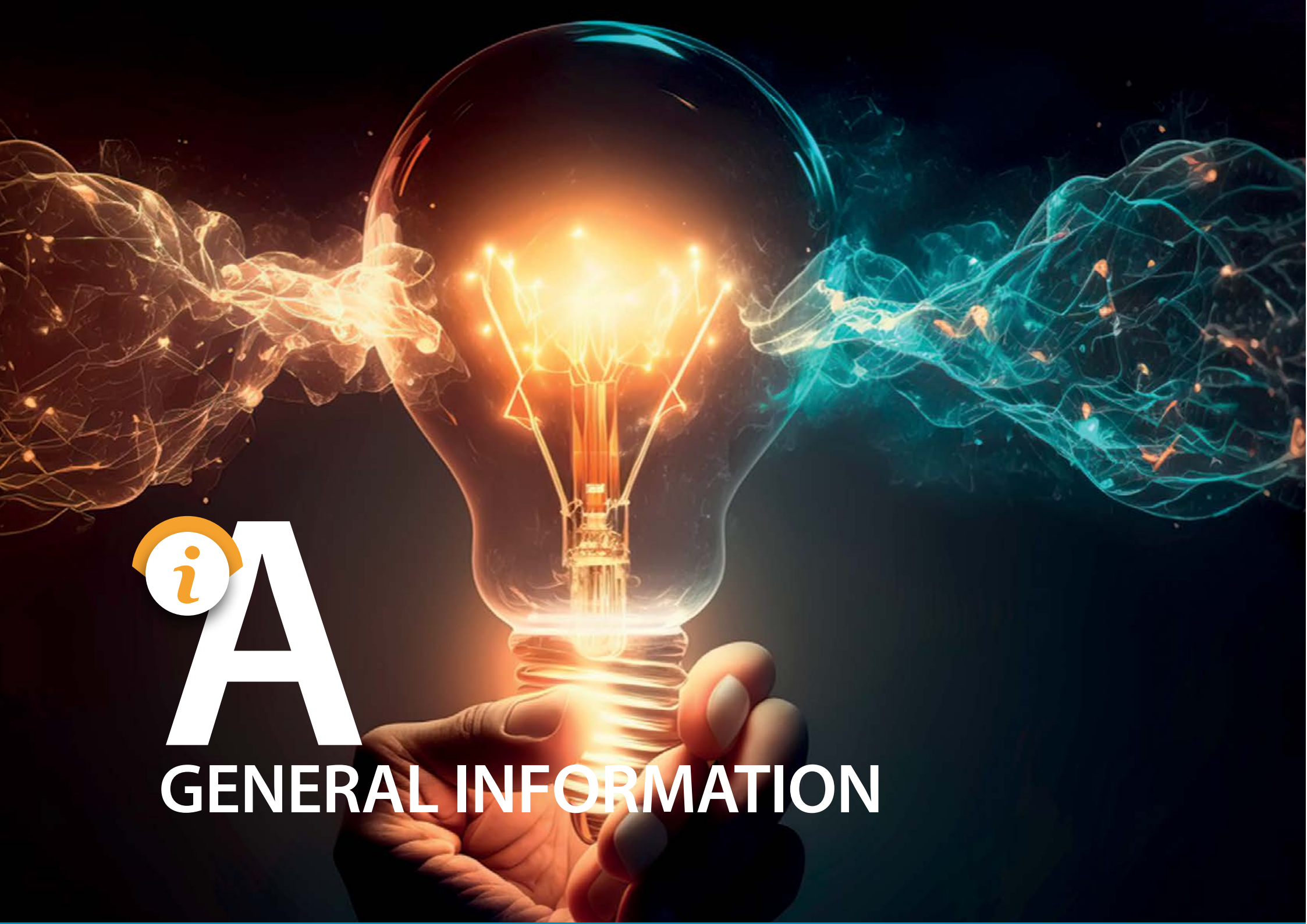
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A

GENERAL INFORMATION



“Coming together is a beginning, staying together is progress, and working together is success.”
- Henry Ford

EWSETA INFORMATION

Registered name:

Energy and Water Sector Education and Training Authority (EWSETA)

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Postal address:

PO Box 5983, Johannesburg, 2000

Telephone: +27 (0)11 274 4700

Email: info@ewseta.org.za

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

RP: RP158/2023

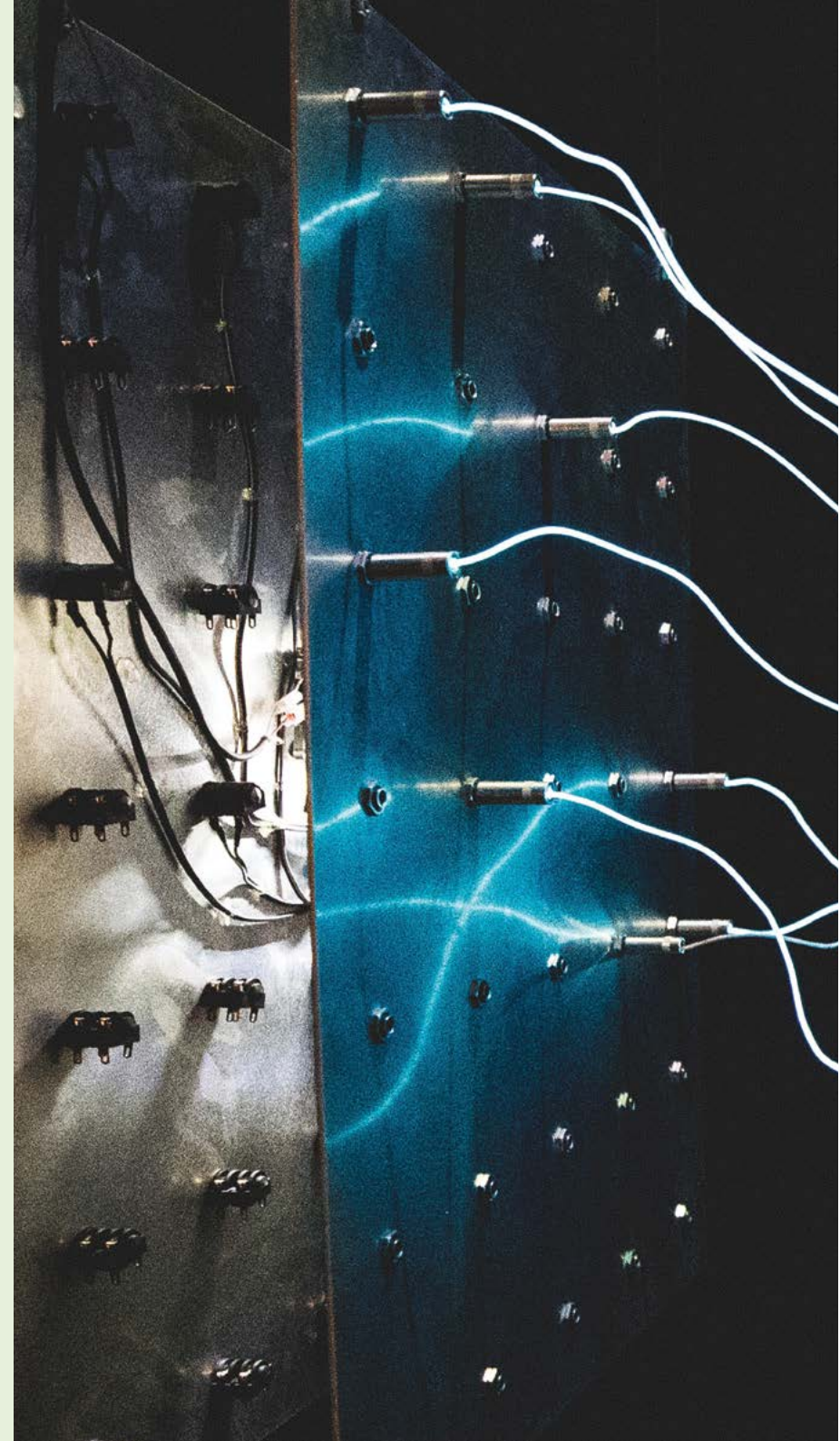
ISBN: 978-0-621-51144-4

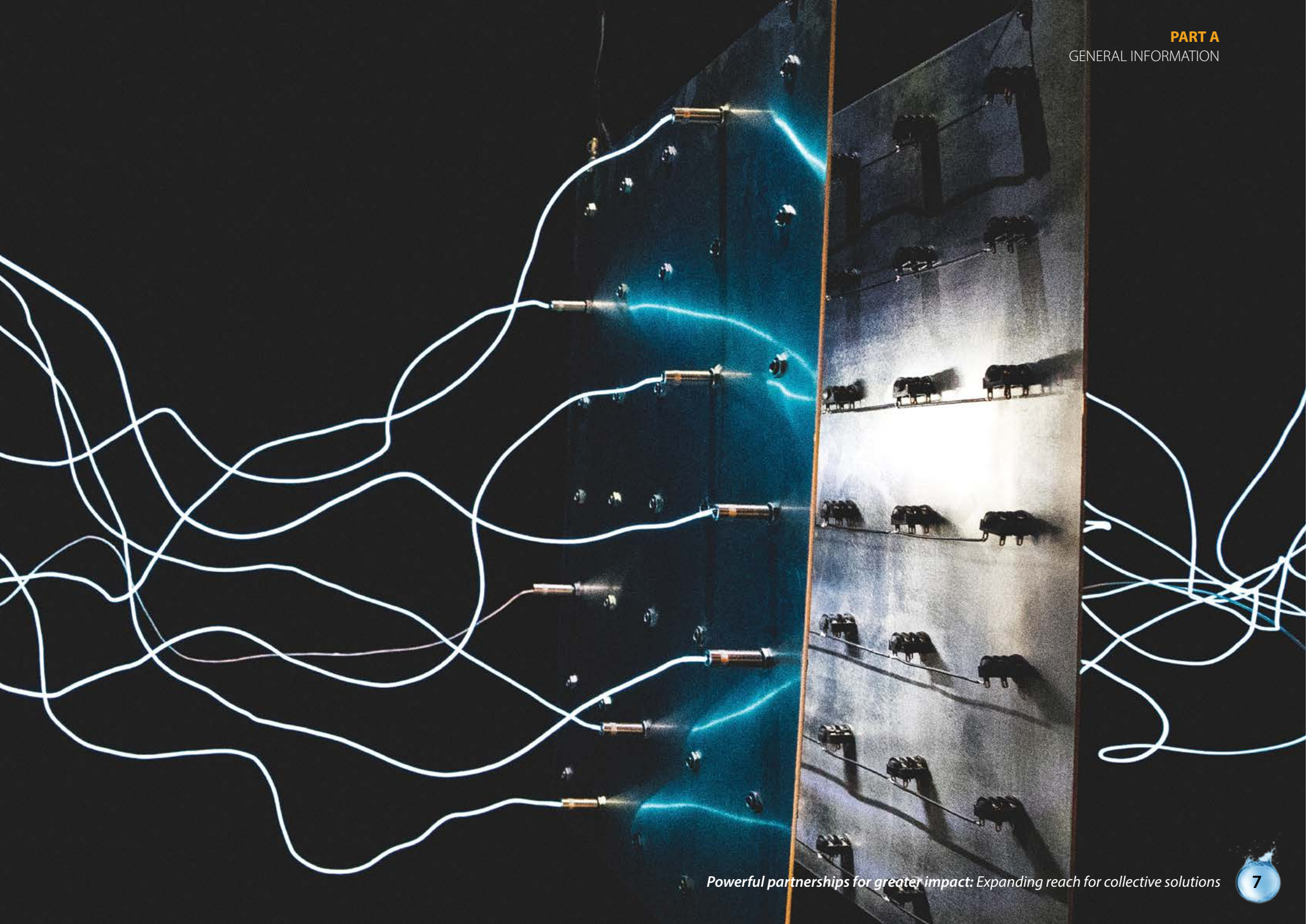
External auditor:

Auditor-General of South Africa

Bankers:

First National Bank / Rand Merchant Bank / Standard Bank





ABBREVIATIONS AND ACRONYMS

| | | | |
|----------------|------------------------------------------------|-----------------|-------------------------------------------------------|
| AET: | Adult Education and Training | EXCO: | Executive Committee |
| AGM: | Annual General Meeting | GRAP: | Generally Recognised Accounting Practice |
| AI: | Artificial Intelligence | GSC: | Governance and Strategy Committee |
| AOP: | Annual Operational Plan | HEI: | Higher Education Institution |
| APP: | Annual Performance Plan | HR: | Human Resources |
| ARC: | Audit and Risk Committee | HRD: | Human Resources Development |
| ATR: | Annual Training Report | HRDS-SA: | Human Resources Development Strategy for South Africa |
| B-BBEE: | Broad-based Black Economic Empowerment | HySA: | Hydrogen South Africa |
| BRICS: | Brazil, Russia, India, China, South Africa | ICT: | Information and Communication Technology |
| CBO: | Community Based Organisation | IMATU: | Independent Municipal and Allied Trade Union |
| CEO: | Chief Executive Officer | IOPSA: | The Institute of Plumbing South Africa |
| CET: | Community Education and Training | IoT: | Internet of Things |
| CETC: | Community Education and Training College | IPAP: | Industrial Policy Action Plan |
| CFO: | Chief Financial Officer | IRP: | Integrated Resource Plan |
| CPD: | Continous Professional Development | KOBWA: | Komati Basin Water Authority |
| CSE: | Corporate Services Executive | M&E: | Monitoring and Evaluation |
| CSIR: | Council for Scientific and Industrial Research | MIS: | Management Information System |
| CUT: | Central University of Technology | NAMB: | National Artisan Moderation Body |
| DDM: | District Development Model | NBI: | National Business Initiative |
| DHET: | Department of Higher Education and Training | NDP: | National Development Plan |
| DMRE: | Department of Mineral Resources and Energy | NGP: | New Growth Path |
| DWS: | Department of Water and Sanitation | NGO: | Non-governmental Organisation |
| DSI: | Department of Science and Innovation | NIASA: | Nuclear Industry Association of South Africa |
| ECSA: | Engineering Council of South Africa | NLPE: | Non-Levy Paying Employer |
| ERP: | Enterprise Resource Planning | NLRD: | National Learner Records Database |
| ERRP: | Economic Reconstruction and Recovery Plan | NPO: | Non-Profit Organisation |
| ETQA: | Education and Training Quality Assurance | NQF: | National Qualifications Framework |

| | |
|-----------------|-------------------------------------------------------------|
| NSA: | National Skills Authority |
| NSDP | National Skills Development Plan 2030 |
| NUM: | National Union of Mineworkers |
| NUMSA: | National Union of Metalworkers of South Africa |
| PEWA: | Power Electricity World Africa |
| PFMA: | Public Financial Management Act, No. 1 of 1999 |
| PIRB: | Plumbing Industry Registration Board |
| POPIA: | Protection of Personal Information Act |
| PSET: | Post-school Education and Training |
| QAC: | Quality Assurance and Compliance |
| QAS: | Quality Assurance Standard |
| QCTO: | Quality Council for Trades and Occupations |
| R&D: | Research and Development |
| RES4A: | Renewable Energy Solutions for Africa |
| RPL: | Recognition of Prior Learning |
| SABYA: | South African BRICS Youth Association |
| SACNASP: | South African Council for Natural Science Professions |
| SAIAMC: | South African Institute for Advanced Materials Chemistry |
| SAMWU: | South African Municipal Workers Union |
| SANEA: | South African National Energy Association |
| SANEDI: | South African National Energy Development Institute |
| SAPVIA: | South African Photovoltaic Industry Association |
| SAQA: | South African Qualifications Authority |
| SASSETA: | Safety and Security Sector Education and Training Authority |
| SAWEA: | South African Wind Energy Association |
| SDA: | Skills Development Act, No. 97 of 1998 (as amended) |
| SDP: | Skills Development Provider |

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



**Dr. Limakatso
Moorosi**

FOREWORD BY THE CHAIRPERSON

It was with great delight that EWSETA was able to return to “business as usual” during the period under review, following the lifting of many of the COVID-19 restrictions that had been in place over the previous two financial years. It was therefore able to focus fully on achieving its mandate of managing the skills development and training needs of its primary sectors to meet the targets of the National Skills Development Plan by 2030. In the process, it made much progress in creating a sustainable future for its stakeholders.

Through skills development, EWSETA strives to promote economic growth and address the country’s triple challenge of unemployment, poverty and inequality. Its strategic initiatives are making an important contribution to the achievement of government’s priorities, and the development of an educated, skilled and capable workforce.

In support of the Economic Reconstruction and Recovery Plan, EWSETA has a particular concern with the challenges related to the country’s energy and water resources, and their impact on equitable, inclusive economic growth. As the SETA mandated to support these two critical sectors, extensive emphasis is placed on skills development in the strategies proposed to address the challenges that plague these sectors. It is therefore necessary to reflect on a few of these challenges, as well as developments within these sectors, while ensuring that we deliver on our mandate.

In the energy sector, the biggest challenge that continues to plague the country is its reliance on coal-fired power and the effect of loadshedding, which impacts energy security. The development of the green hydrogen economy and enhancing skills in renewable energy are among the solutions

being put forward by the government. As a basic requirement for the sustainability, stability and growth of the economy, a continuous supply of energy is one of several critical interventions to achieve government's key aims concerning reconstruction and recovery. As energy demand far exceeds supply, improving and diversifying the current infrastructure must be geared towards the efficiency and reliability of energy supply.

In the water sector, key factors contributing to the country's water scarcity include drought conditions, infrastructure deficiencies, inequitable water distribution, pollution, and compromised water quality. EWSETA's investment in skills development can contribute to the prioritisation of sustainable water management practices, which can lead to a more resilient water future. Based on current usage trends, South Africa is projected to face a water deficit of 17% by 2030, and physical water scarcity by 2025. This is aggravated by the effects of climate change, and threatens to compromise long-term human and environmental health.

The establishment of strategic partnerships with key stakeholders in the energy and water sectors, as well as employers, technical vocational education and training colleges, and institutions of higher learning, is contributing to EWSETA's performance. This is reflected in the achievement

of its targets in terms of increasing skills development support for entrepreneurial activities and increasing access to intermediate and high-level skills for both employed and unemployed individuals.

As the Accounting Authority, the Board is encouraged by the progress that has been achieved during the reporting period under the leadership of the Chief Executive Officer. We have provided oversight and guidance in the areas we felt needed greater impetus. Through the governance committees, we have enjoyed rigorous engagement and have made great strides in strengthening governance control.

I appreciate the valued support of the Honourable Minister of Higher Education, Science and Innovation, Dr Blade Nzimande. His guidance has kept EWSETA on track. I also appreciate the input of the Board and its subcommittees for their members' expert guidance and contributions to finding solutions and forging a way forward. Their collective experience, expertise and knowledge bodes well for the high-performing organisation EWSETA is becoming.

In conclusion, I wish to acknowledge and thank all our sector stakeholders who have worked closely with EWSETA during the period under review.

I am honoured to have served an organisation that seeks to capacitate the energy and water sectors with the right skills, and to play such a key role in providing jobs and security for our country's youth.



Dr. Limakatso Moorosi

Chairperson

31 July 2023



**Mpho
Mookapele**

CHIEF EXECUTIVE OFFICER'S OVERVIEW

Improving economic participation by creating an educated, skilled and capable workforce that will result in a productive labour force to support economic growth, employment creation and social development is at the top of EWSETA's priorities. This is reflected in the entity's five strategic pillars. During 2022/23, EWSETA's focus on forging powerful partnerships for greater impact has succeeded in expanding its reach and crafting collective skills development solutions for the energy and water sector. The two sectors continue to experience major challenges affecting service delivery. Skills development plays a critical role in ensuring a capable workforce.

FINANCIAL OVERVIEW

The organisation's financial position has strengthened compared to the prior year. This also facilitated the noted organisational performance improvement.

EWSETA achieved a surplus of R26.7 million, reflecting that over 90% of the R340 million in levy income received during the year was allocated towards disbursements. Of the total expenditure of R338 million, 78% was disbursed towards EWSETA's core business – mandatory grants to levy payers who contribute towards skills planning, and discretionary grants to facilitate skills delivery for our sectors.

Mandatory grant expenditure increased slightly to R74 million, which was distributed quarterly to employers who participated in EWSETA's skills planning processes by submitting Workplace Skills Plans (WSPs) and annual training reports (ATRs). This increase will allow employers to upskill the current workforce to close skills gaps in the sectors. The total number of employers during the period under review increased from 2809 in 2021/22 to 3106 in

2022/23. This contributed to the submission of 202 WSPs and ATRs in the 2022/23 financial period.

Discretionary grants expenditure of R190 million increased significantly from the R140 million in expenditure recognised in the prior period. This reflects an increased number of discretionary grant projects allocated during 2021/22 and 2022/23, and the improved pace of implementation now that COVID-19 no longer affects our skills development interventions.

This increase in expenditure remains underpinned by a sufficient cash balance and reserves, and strong financial viability. The majority of these disbursements continues to be towards the energy sector, where the most skills development activity is observed. This is the larger of our two allocated sectors. Nearly 80% of EWSETA's levy income was from the energy sector. However, in allocating discretionary grants, EWSETA continually ensures that a fair amount of funding is allocated towards the water sector (17% of all allocations in 2022/23) or skills development interventions that cut across both sectors (35% of all allocations in 2022/23).

EWSETA's previous financial statements reflected R334 million of surplus funds that were not disbursed. EWSETA applied to National Treasury and the Department of Higher Education and Training (DHET) for the retention of those funds. Approval was obtained from the DHET on 15 March 2023. This did not

allow sufficient time for the entire surplus to be committed and disbursed as intended. The remaining surplus continues to be allocated to EWSETA's strategic focus areas, as per the approval that was granted. The Auditor-General South Africa's audit report reflects ongoing deliberations between National Treasury and the DHET regarding the appropriate approval process to retain these funds. Although, these deliberations were not yet resolved at the time of writing, EWSETA will adhere to the approval process as guided by these departments.

UNQUALIFIED AUDIT OPINION

We are pleased with the overall unqualified outcome achieved once again this year, and furthermore that the material findings reported on performance information in the prior year were resolved this year. The overall audit outcome reflects improvement in the entity's control environment.

Expenditure management continues to be a focus area to ensure improved compliance in the disbursement of funds in line with the relevant prescripts. EWSETA will continue to disburse funds in line with its mandate and will engage relevant authorities on how this can be achieved without resulting in audit report matters. There were no material events after the reporting date.

STRATEGIC PERFORMANCE

The entity continues with its transformation journey as it builds on the cornerstones of strengthening its strategy to become an "authority", focusing on customer/stakeholder centricity and operational excellence.

Organisational performance against the targets set out in its Annual Performance Plan saw an improvement against its set targets. EWSETA achieved 79% of its targets in the Annual Performance Report. The performance achieved is testament to the work done collectively with industry and the post-school education and training system. EWSETA continues to advocate for skills development among its local and strategic partners to improve the skills landscape for the energy and water sectors.

As the unemployment rate increases, EWSETA continues to work with industry to focus on skills development initiatives that will ensure meaningful participation in the limited economic activities in the relevant sectors. The transformation agenda to drive the inclusion of women, youth and people with disabilities remains our focus as we implement skills development initiatives.

Where targets have not been achieved, measures will be put in place to ensure that the performance targets and overall objectives are met.

ACKNOWLEDGEMENTS AND APPRECIATION

Reflecting on achievements during the year, I wish to express my gratitude to our stakeholders in the energy and water sectors, who demonstrated the spirit of collaboration and meaningful partnerships to ensure the skills capacitation of the labour force and the training of the unemployed to facilitate access to employment opportunities. I would also like to recognise the hard work and dedication of Team EWSETA. Without the team's commitment, resilience, initiative and enthusiasm, we would not have been able to report back on such a successful financial period.

I also wish to thank the Accounting Authority for its strategic direction, guidance and support, which has fostered a healthy environment that is conducive to innovation, growth and impact.

Finally, I wish to extend my appreciation to the Minister of Higher Education, Science and Innovation, Dr Blade Nzimande, for entrusting us with the capacitation of the energy and water sectors, and his valuable leadership in the post-school education and training sector. I am confident that EWSETA will continue to achieve its skills development goals in the sectors it serves and will continue to contribute to building the country we want to live in.



Mpho Mookapele

Chief Executive Officer

31 July 2023



STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY

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

- All information and amounts disclosed in this annual report are consistent with the annual financial statements audited by the Auditor-General.
- The annual report is complete, accurate and is free from any omissions.
- The annual report has been prepared following the guidelines on the annual report as issued by National Treasury. The Annual Financial Statements (Part E) have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) applicable to a public entity.
- The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information. The Accounting Authority is responsible for establishing and implementing a system of internal controls that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information, and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.
- In our opinion, the annual report fairly reflects the operations, performance information, human resources information, and financial affairs of the entity for the financial year ended 31 March 2023.

Yours faithfully



Chief Executive Officer

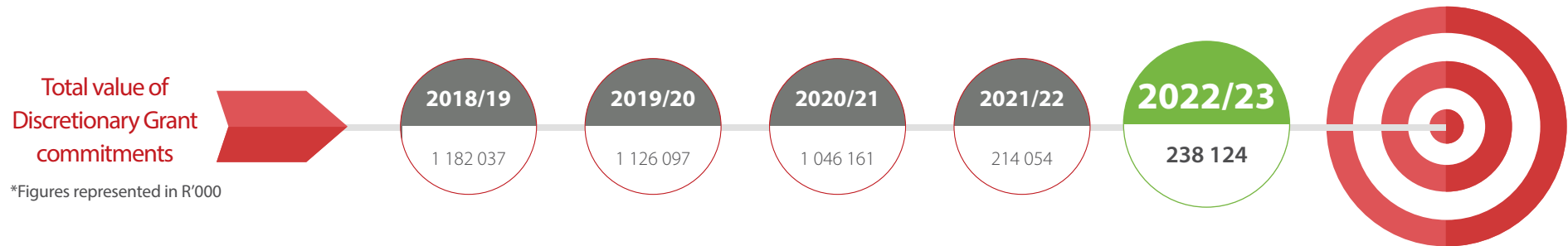
Mpho Mookapele
31 July 2023



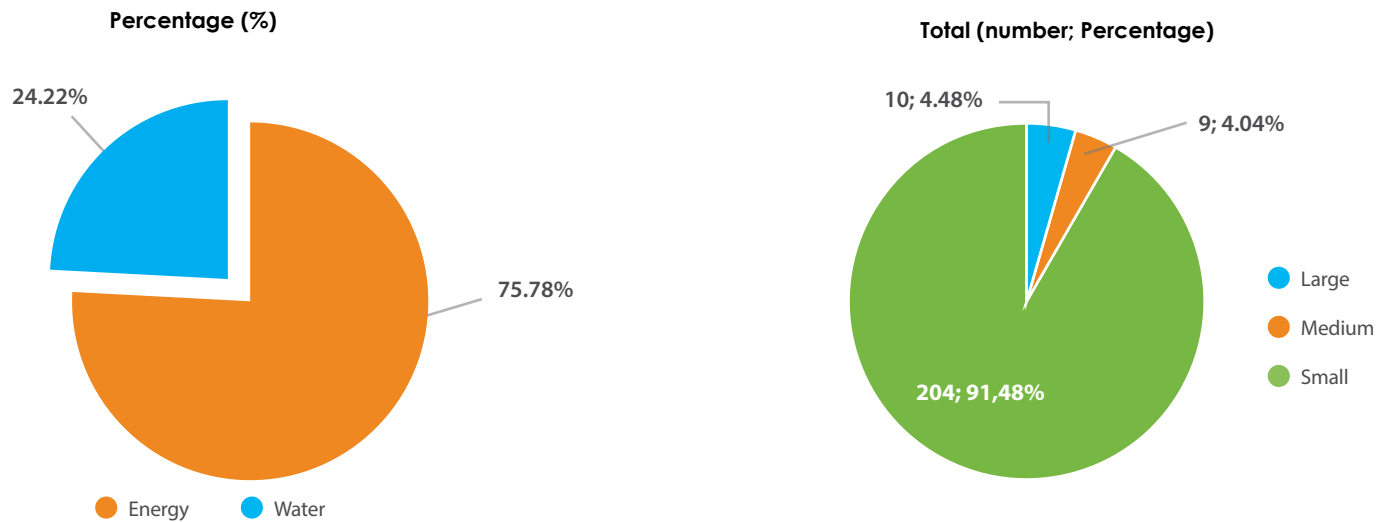
Chairperson of the Accounting Authority

Dr. Limakatso Moorosi
31 July 2023

2022/23 AT A GLANCE



WSP/ATR SUBMISSIONS FOR 2022/23

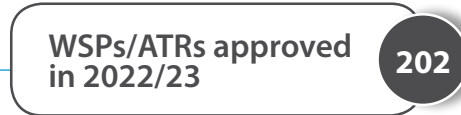
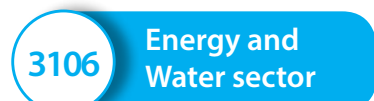


TOTAL WSP/ATR'S APPROVED FOR 2022/23

LEVY PAYERS:



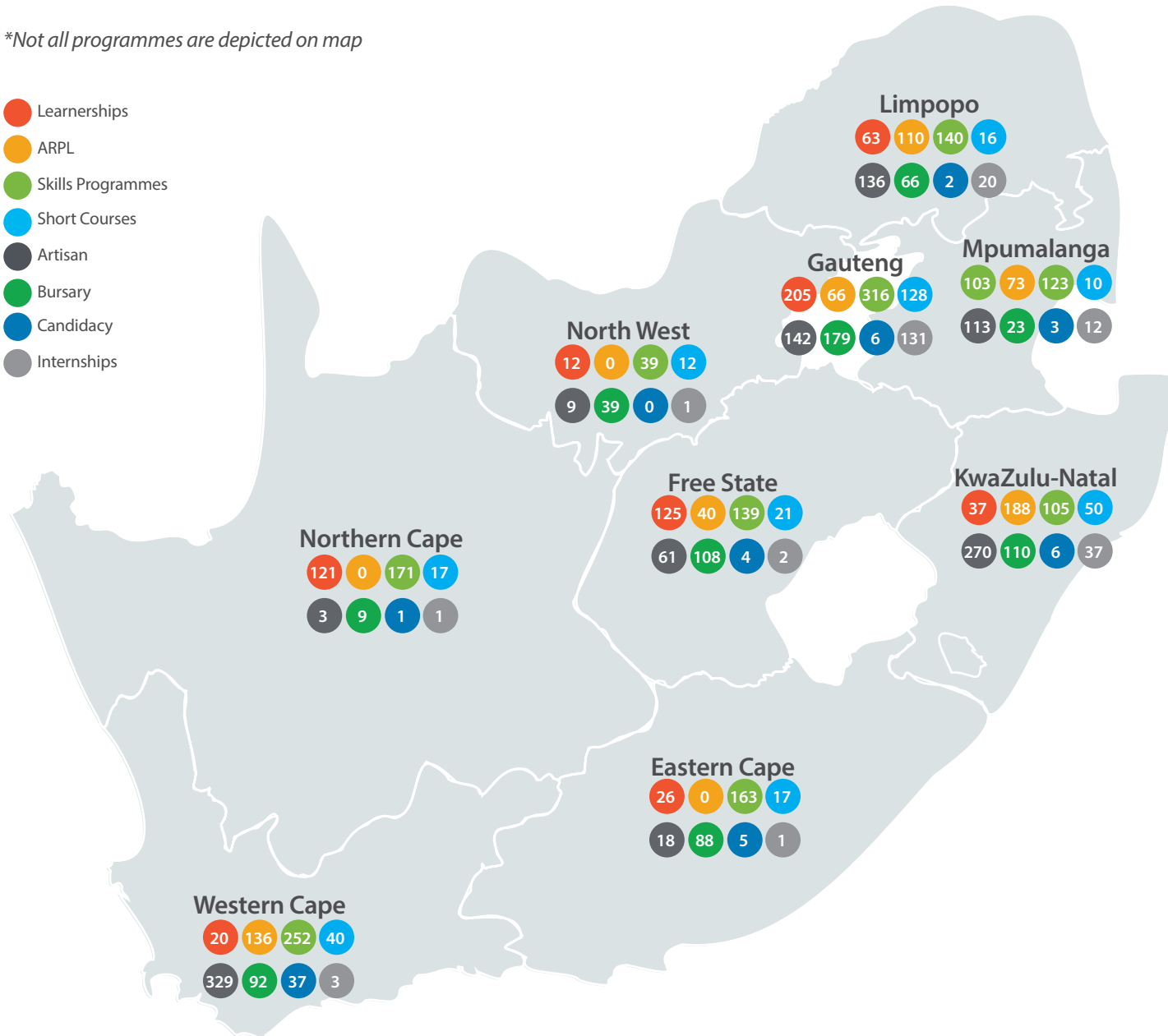
TOTAL EMPLOYERS:



OVERVIEW OF ENROLMENTS DURING 2022/23

*Not all programmes are depicted on map

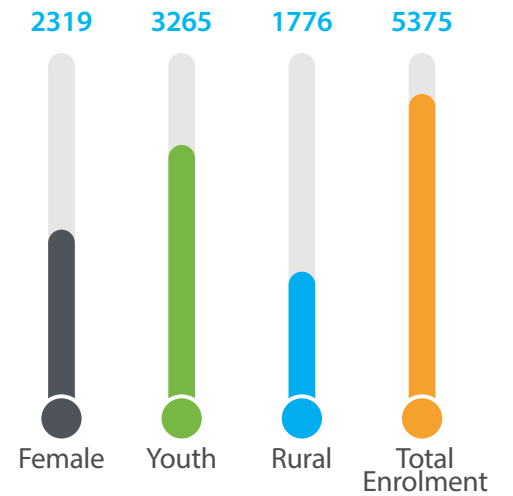
- Learnerships
- ARPL
- Skills Programmes
- Short Courses
- Artisan
- Bursary
- Candidacy
- Internships



GENDER REPRESENTATION FOR ENROLMENTS



PERFORMANCE DASHBOARD



TOP OPERATIONAL ACHIEVEMENTS FOR 2022/23

PROVINCIAL OPERATIONS AND PROJECTS

- Exceeded the APP target for employed and unemployed entered bursaries and met the APP target for employed completed bursaries.
- Successfully implemented inductions for projects approved in Quarter 3 and Quarter 4, which contributed to the achievement of the APP targets for 2022/23.
- Improved project monitoring through greater internal collaboration with relevant departments, which resulted in no findings on sampled and visited projects.

QUALITY ASSURANCE AND COMPLIANCE

- Registered South Africa's first hydrogen skills programme.
- Fully automated ETQA accreditation and registration processes on EWSETA's Management Information System, including the registration of assessors and moderators, and workplace approval applications.
- Successfully completed of the Certification Backlog Special Project.

SKILLS DELIVERY AND LEARNING PROGRAMMES

- Achieved 85% towards increased access for occupations in high demand in the energy and water sectors.
- Launched an online learner registration platform for external stakeholders and resolved system-based online queries within the established turnaround time.
- Reduced complaints from external stakeholders regarding learner enrolments to zero.

SKILLS PLANNING

- Improved from achieving a DHET assessment rating of 35% for EWSETA's Sector Skills Plan in 2015/16 to achieving 96% in 2022/23.
- Improved from achieving a DHET assessment rating of 67% for the Strategic Plan and Annual Performance Plan for 2015/16 to achieving 94% in 2022/23.
- Twenty research and monitoring and evaluation studies were completed by the end of 2022/23, and several research articles were drafted, all of which will be published in the forthcoming financial year.

ENERGY SECTOR

- Revolutionised EWSETA's support for small, medium and micro enterprises (SMMEs) with the Council for Scientific and Industrial Research's focus on technology incubation and commercialisation.
- Partnered with DSI through the South African Institute for Advanced Materials Chemistry at the University of the Western Cape to support government's plans to develop battery energy storage system technology for South Africa through lithium-ion batteries, biofuels and green hydrogen.
- Established a partnership to enable the implementation of the Energy Performance Certificate skills programme in line with the EPC Regulation to drive demand-side management. The licensing will come into effect on 7 December 2025.

WATER SECTOR

- Through bursary programmes, supported lecturers from the Sekhukhune TVET College in BSc Environmental Management, and lecturers from the University of South Africa and Tshwane University of Technology in an Advanced Diploma in Technical and Vocational Teaching.
- Developed an incubation opportunity at the Innovation Hub for SMMEs to drive water innovation ideas.
- Partnered with the Department of Water and Sanitation (DWS) in implementing EWSETA's new registered occupational qualification: Water Works Management Practitioner.

RISK MANAGEMENT

- Developed a central repository for policy governance.
- Complied with the requirements of the B-BBEE Commission.
- Achieved awareness of the Protection of Personal Information Act (POPIA) and a clean internal audit on POPIA compliance.

SUPPLY CHAIN MANAGEMENT

- Supply Chain received zero findings from the Auditor-General.
- Achieved significant internal resource improvements through departmental collaboration and focus on training and development of the Supply Chain Management (SCM) team.
- Achieved an improved response time for procurement requests.

FINANCE MANAGEMENT

- Achieved the automation of financial systems.
- Eliminated the limitation of scope audit findings through improved response turnaround times.
- Achieved a significant improvement in financial controls.

MARKETING

- EWSETA expanded its brand presence both locally and internationally through increased strategic partnerships at sector conferences and events.
- Enhanced EWSETA's Career Guidance Strategy by incorporating science, technology, engineering and mathematics support for rural schools, launching a career guidance portal and introducing world-of-work learning journeys.
- Established EWSETA as a trusted source of information through the well-received Chronicle publications, planning documents, and the Energy Skills Roadmap database, among others.

HUMAN RESOURCES

- Achieved important milestones in the organisational design implementation project, including the finalisation of the operating model, re-engineered business processes, job description reviews, the approval of the new structure, continuous consultation and change management.
- Implemented a new performance management system with a key focus on organisational and individual performance alignment to the Strategic Plan and Annual Performance Plan.

- Enhanced employee wellness and staff support by introducing confidential on-site counselling sessions conducted by Independent Counselling and Advisory Services (ICAS) for staff members voluntarily seeking counselling.

INFORMATION AND COMMUNICATION TECHNOLOGY

- Launched InteGREAT (EWSETA's in-house Management Information System-Enterprise Resource Planning System) with a number of key operational modules in the online production environment for stakeholder convenience and accessibility.
- A hot site has been fully established and tested at a sister SETA, providing EWSETA with a robust backup regime.
- The organisation's secure infrastructure supported compliance with data protection legislation to maintain network security and data integrity.



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 to 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

As outlined in the National Development Plan (NDP), the country must achieve high economic growth levels and address unemployment, poverty, and inequality by 2030. For the NSDP 2030 to achieve its goals, social partners must collaborate and invest in skills development. As a result, South Africa will have an educated, skilled, and capable workforce. In accordance with the Medium-term Strategic Framework

(MTSF 2019-2024), EWSETA will contribute to the achievement of government's priorities.

EWSETA has identified the following strategic pillars to achieve the desired impact in the skills development space.

- Establish a high-performance culture
- Develop a credible mechanism for the identification of skills supply and demand
- Close the scarce and critical skills gaps
- Intensify continuous professional development and career guidance
- Positively contribute to an inclusive economic development

EWSETA's strategic plan will be monitored and evaluated through to 31 March 2025 to ensure that the intended short-term outcomes and impacts are realised. During the implementation of the strategy, management will ensure that adequate resources are available, such as finance, human capital, and infrastructure.

SCOPE

The major focus of EWSETA is the energy and water sectors in South Africa. Also included in this scope are the energy subsectors of electricity, gas, nuclear energy, and renewable energy, and the water subsectors of collection, purification, distribution, waste management, and refuse disposal.

LEGISLATIVE AND OTHER MANDATES

CONSTITUTIONAL MANDATE

In accordance with 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 the 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

NATIONAL STRATEGIES, POLICIES, PLANS AND FRAMEWORKS

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

- **The 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 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 will increase to over 400 000 by 2030.

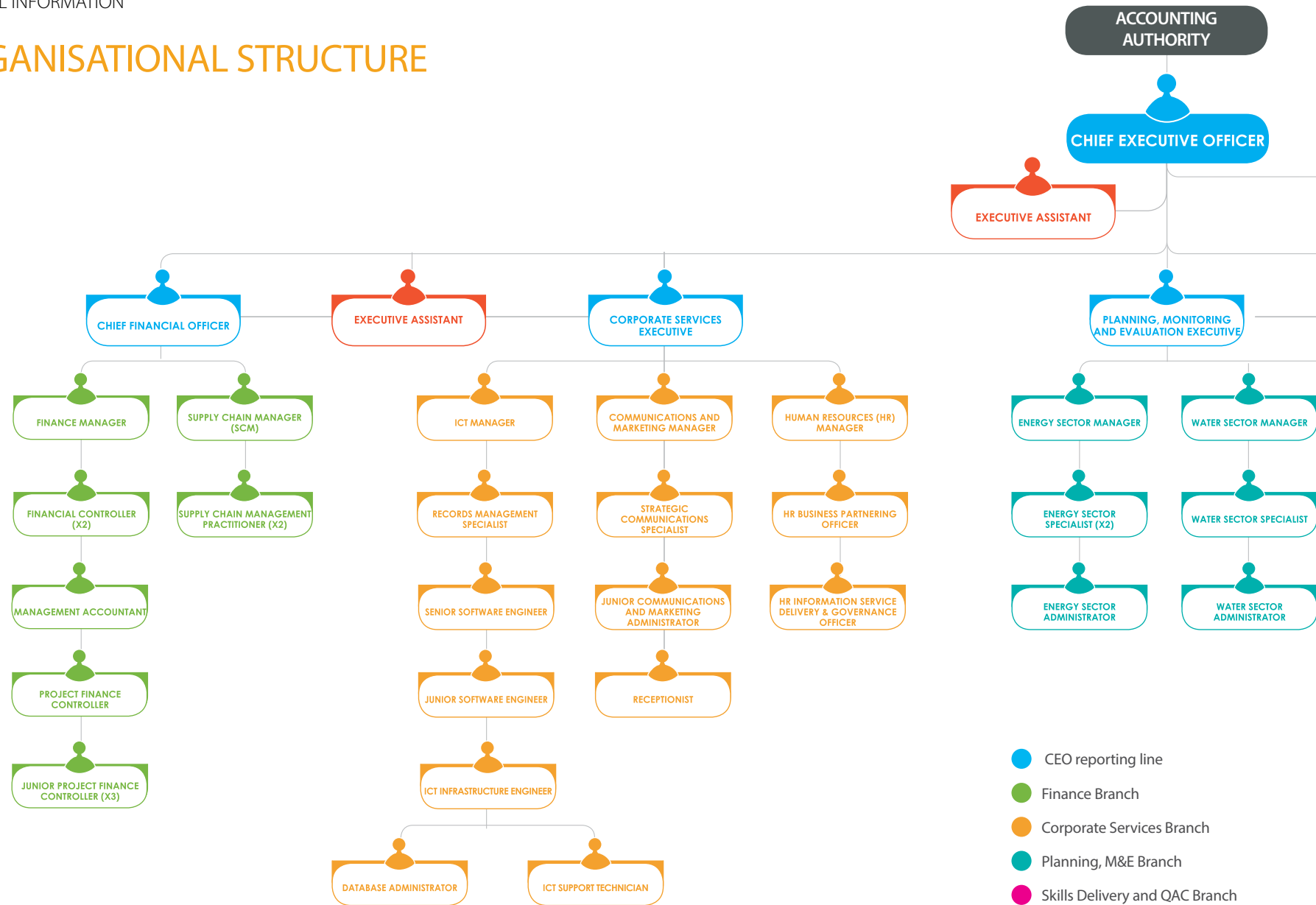
SECTOR-SPECIFIC FRAMEWORK REGULATIONS

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

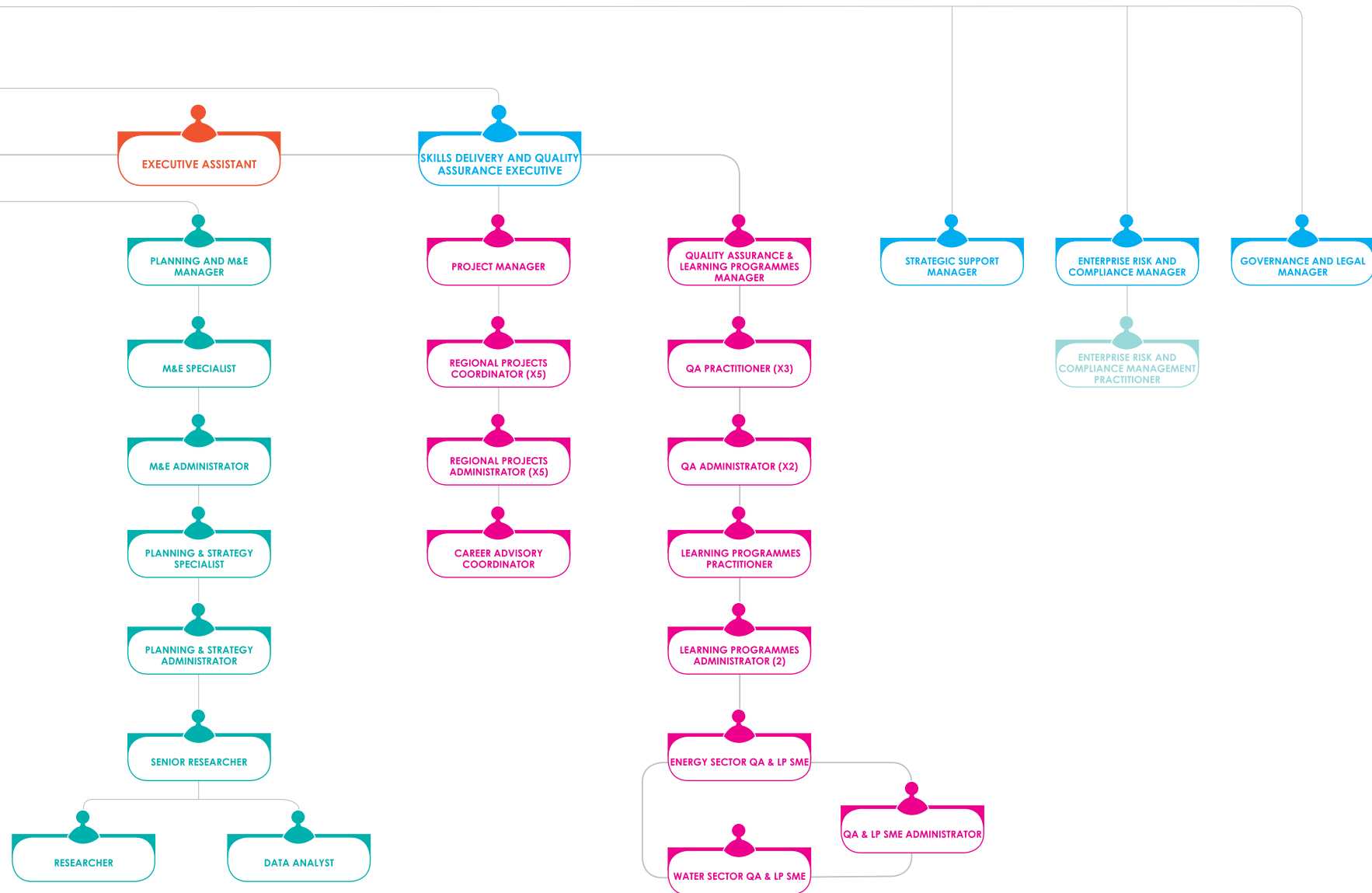
- **Integrated Resource Plan (IRP):** This refers to the coordinated schedule for generation expansion and demand-side management intervention programmes, taking into consideration multiple criteria to meet electricity demand.
- **The Strategic Framework for Water Services, 2003:** This sets out a comprehensive 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 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.



ORGANISATIONAL STRUCTURE



Board Secretariat services were outsourced for 2022/23.



OPERATING MODEL AND ORGANISATIONAL DESIGN UPDATE

The organisational design implementation process that the EWSETA embarked on in February 2022 is Phase 2 of the Operating Model and Organisational Design project and is an important element in the entity's transformation journey as it builds the cornerstones of its strategy to become an "authority" underpinned by two critical principles: customer/stakeholder centricity and operational excellence. The year 2022/23 was one in which EWSETA embarked on a number of organisational design activities, all directed at ensuring that its new operating model was supported by reviewed and enhanced processes, systems and capable resource capacity.

Achievements for 2022/23 include the following:



Project Governance Framework in place and monitored through a Project Steering Committee



Change Management Strategy implementation and change champions capacitated



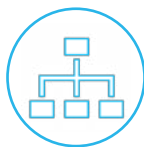
More than 100 processes re-engineered in the business process "as is" review



More than 60 job descriptions developed and aligned to new processes. Job evaluations conducted and proposed structure stakeholder consultations concluded



IT systems enhanced to support the operating model and organisational design principles of customer-centricity and operational excellence



New organisational structure and Implementation Plan approved by the Board



Organisational Design Implementation Plan stakeholder consultations concluded



Phased recruitment as per approved Implementation Plan



Continuous resourcing of new structure into 2023/24

EMPOWERING SOUTH AFRICA'S GREEN ECONOMY: EWSETA'S IMPACTFUL INDUSTRY PARTNERSHIPS



EWSETA innovation pitch awards hosted at the WISA Biennial Conference 2022. The overall winner of the innovative awards, Mr. Paseka Lesolang from Water Hygiene Convenience/ Digi Aqua.

EWSETA is committed to driving industry-driven learning programmes through strategic partnerships with various organisations. These collaborations have yielded significant impact on skills development, work experience and employment opportunities within the green economy. This is aligned to the concept of powerful partnerships for greater impact: expanding reach for collective solutions. Three key partnerships are highlighted in this case study: Institute of Energy Professionals Africa (IEPA), Water Institute of Southern Africa (WISA), and South African Wind Energy Association (SAWEA). These partnerships have been instrumental in ensuring a capacitated and sustainable energy and water sector.

INSTITUTE OF ENERGY PROFESSIONALS AFRICA

The IEPA is a non-profit organisation dedicated to providing high-quality accredited skills and training programmes to the sub-Saharan African market. The collaboration between EWSETA and IEPA aimed to achieve skills development, mentorship and work experience for 150 learners over two years, with a specific focus on international certification for the Energy Performance Certificate (EPC) Practitioner Skills Programme. The EPC practitioner qualification serves as a gateway for young professionals to enter the green economy and pursue international certification programmes, while meeting the demand created by the Energy Performance Certificate Regulations.

Impactful outcomes include the following:

- **Empowering young professionals:** The partnership equips younger professionals with work-integrated learning experiences, paving the way for a younger, more dynamic cohort of energy-efficiency professionals in South Africa. This influx of fresh ideas will contribute to a just energy transition.
- **Collaboration with stakeholders:** The project engages partners from industry associations, government organisations, funders and training partners, fostering a collaborative approach to addressing energy challenges and promoting sustainable solutions.
- **Driving energy efficiency:** Training interns and learners to identify and implement energy reduction solutions will lead to increased energy stability, more secure jobs and contribute to global efforts to reduce carbon emissions.

WATER INSTITUTE OF SOUTHERN AFRICA

As the recognised professional body in the water sector, WISA aims to upskill water and wastewater process controllers through the National Certificate: Water and Wastewater Treatment Process Operations. The project targets staff already involved in these tasks, with a focus on employees from the country's water boards, empowering them with economically valuable skills aligned with national goals.

Impactful outcomes include the following:

- **Meeting occupational demand:** By accurately identifying and addressing current and future occupational demands, the project ensures that qualified personnel are available to operate and maintain water and wastewater treatment works effectively and efficiently.
- **Ensuring water quality:** Well-operated and maintained water and wastewater treatment works guarantee access to clean, potable water for all and uphold the Department of Water and Sanitation's requirements for Green Drop and Blue Drop standards.
- **Broadening employment opportunities:** The project benefits unemployed learners seeking opportunities in the water sector, potentially leading to increased employment in the industry.

SOUTH AFRICAN WIND ENERGY ASSOCIATION

Collaborating with EWSETA, SAWEA launched the Wind Industry Internship Programme, targeting young professionals who recently graduated or are pursuing postgraduate studies. The programme offers practical work experience and exposure to sustainable energy solutions, benefiting unemployed graduates in South Africa and increasing the skills pool in the renewable energy industry.

Impactful outcomes include the following:

- **Empowering unemployed graduates:** The Wind Industry Internship Programme provides practical skills and hands-on experience, positioning graduates for potential employment opportunities in the renewable energy sector, specifically wind.

Contributing to green energy growth: By exposing interns to sustainable energy solutions, the programme supports South Africa's renewable energy ambitions and the ongoing growth of the wind energy industry.

- **Industry-wide impact:** Based on a three-year award, the programme aims to exponentially increase the skills pool to meet the industry's current and future demands, benefiting both SAWEA members and the entire wind energy value chain. The implementation is at mid-point with 2023/24 being the final year to measure impact.

Conclusion

Through strategic partnerships with industry bodies such as IEPA, WISA and SAWEA, EWSETA has made significant strides in empowering the energy and water sectors. These partnerships have fostered skills development, work experience and employment opportunities in the green economy. By ensuring a capacitated sector, EWSETA continues to play a crucial role in driving South Africa's sustainable energy and water future.








PERFORMANCE INFORMATION





“ EWSETA continues to transform as it builds on strengthening its strategy to become an “authority”, focusing on customer/stakeholder centricity and operational excellence.”

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 2023/24. Furthermore, it aligns with the goals specified in the 2023/24 Annual Performance Plan.

The external auditors have provided their evaluation of EWSETA's performance in their report, located on pages 114 to 120 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 2023

AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

Review this information within the Auditor General's Report found on pages 114 to 120 under paragraphs 16 to 21.

“EWSETA’s strategic initiatives are making an important contribution to the achievement of government’s priorities, and the educated, skilled and capable workforce”



ENVIRONMENTAL ANALYSIS

ORGANISATIONAL ENVIRONMENT

The National Skills Development Plan 2030 requires SETAs to establish an operational structure appropriate to the size of the sector/s served and the levy income received. This then informs the administration budget limits.

To this end, EWSETA placed extensive focus on the operating model and organisational design process during 2022/23.

KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

During the period under review, the only significant changes in legislation impacted on supply chain management operations withing EWSETA. These included the following:

- The promulgation of the Preferential Procurement Regulations, 2022
- The introduction of the new cost-containment measures relating to travel and subsistence

EWSETA made the necessary changes to the relevant policies, standard operating procedures, reporting templates and delegations of authority to accommodate these changes.

IMPLICATIONS FOR SKILLS DEVELOPMENT



KEY ROLE PLAYERS

Subdued industry performance, especially due to load shedding, may undermine sector growth, which in turn could harm education and training imperatives.



ECONOMIC PERFORMANCE

Subdued industry performance, especially due to load shedding, may undermine sector growth, which in turn could harm education and training imperatives.



SECTOR GROWTH

A gradual increase in the number of firms operating in the sector may indicate more opportunities for training and development.

Higher level qualifications such as Master's and PhD's must remain a priority for innovation in the sector.



LABOUR MARKET PROFILE

There is evidence of a decline in the impact of COVID-19 on the sector thereby allowing business operations and learning programmes to continue without further COVID-related disruptions.



ECONOMIC RECONSTRUCTION AND RECOVERY

Increasing energy and water demand will require advanced knowledge and skills.

The retrofitting of buildings and properties due new regulations will require training and development of new and existing workers.

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 three year's annual audited reports.

| Outcomes | Outcome indicators | Baseline | Five-year target (to 31 March 2025) | Three year achievement as at 31 March 2023 |
|------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------------------------------------------|--------------------------------------------|
| 1. Improved SETA performance | 1.1 Annual Stakeholder Satisfaction Survey Index | 90% | 90% | - |
| | 1.2 AGSA audit outcome | Unqualified audit | Unqualified audit without emphasis on matter | Unqualified audit |
| | 1.3 Development and implementation of an operating model and organisational design | N/A | 100% implementation of organisational design strategy | 80% |
| 2. Enhanced learning programmes for occupations in high demand | 2.1 (%) Learners confirming their learning programme is directly related to the work they undertake | N/A | 80% | 79.4% |
| | 2.2 (%) Increased employability of completers/graduates | N/A | 70% | 54.2% |
| 3. Improved organisational learning on performance of programmes | 3.1 Rating of organisational learning by employees | N/A | 80% positive rating | 0% |
| 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 = 30:44:21 |
| | 4.2 Number of learners enrolling in EWSETA occupations in high demand | 6 976 | 7 000 | 7 593 |
| 5. Increased skills capacity through workplace-based learning | 5.1 Number of workplace-based learning interventions | 150 | 200 | 104 |
| | 5.2 Number of workers participating in learning programmes | 5 635 | 6 000 | 8 212 |
| 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 | 88 |
| | 6.2 Number of entrepreneurship enterprises and cooperatives developed | 26 | 50 | 39 |
| 7. Increased support for the growth of college system | 7.1 Number of public colleges supported | 25 | 35 | 30 |
| 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 | 196 |
| | 8.2 Workshops with career development practitioners where details on careers in the energy and water sectors are provided. | New indicator | 40 | 699 |
| 9. Updated qualifications aligned to the current skills training needs | 9.1 Number of new qualifications developed as per Industry needs. | 18 | 20 | 10 |

INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

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

COLLABORATION WITH LOCAL AND GLOBAL PARTNERS IMPACTS ON LEARNERS' LIVES



Deputy Minister Mr Manamela with the beneficiaries at the Launch of the Mpumalanga RE Skills Programme for women in partnership with USAID

During the period under review, EWSETA successfully forged strategic partnerships with key entities in the energy and water sectors, both locally and globally. These partnerships foster skills development and capacity building in the energy sector. This case study highlights three notable collaborations: with the Council for Scientific and Industrial Research (CSIR), Renewable Energy Solutions for Africa (RES4Africa) Foundation and the United States Agency for International Development (USAID).

COUNCIL FOR SCIENTIFIC AND INDUSTRIAL RESEARCH

In conjunction with the CSIR, EWSETA supported the establishment of the Energy Industry Support Programme (EISP) for the incubation and capacity building of small, medium and micro enterprises (SMMEs). The objectives of the EISP are threefold: to foster innovation and empower

both innovators and the workforce with the requisite skills to contribute to economic development in the energy sector; to facilitate innovation by providing technical expertise to aid industry's technological ambitions; and to promote the utilisation of intellectual property (IP) through the commercialisation of relevant technologies where demand exists.

This five-year programme is designed to equip individuals seeking to participate in the energy sector who lack the necessary skills, technological know-how and resources. It aims to train 100 SMMEs through capacity building and 45 SMMEs through technical incubation. The programme's focus on SMMEs stems from their vital role in the economy, as they have the potential to significantly contribute to employment generation and economic development through their adaptability and innovation. Moreover, the EISP is expected to contribute to South Africa's just energy transition substantially.

RENEWABLE ENERGY SOLUTIONS FOR AFRICA FOUNDATION

The RES4Africa Foundation supports Africa's just energy transition in alignment with the United Nations' Sustainable Development Goal 7: Ensuring access to affordable, reliable, sustainable and modern energy for all. The foundation identifies capacity building as a critical enabler for a successful transition towards inclusive training. The centrepiece of its efforts is the two-week advanced training course that addresses key technical, regulatory, financial and sustainability aspects of renewable energy.

In partnership with the Enel Foundation, the Italian Ministry of Foreign Affairs and International Cooperation, and the European Investment Bank, the advanced training course is conducted annually in Milan in collaboration with the Politecnico di Milano Graduate School of Management and SDA Bocconi. Since its inception in 2014, the course has trained 570 individuals from various African countries.

In the training session held from 21 November to 2 December 2022, three lecturers from the Nkangala and Gert Sibande Technical and Vocational Education and Training (TVET) colleges in Mpumalanga had the opportunity to benefit from this valuable training. The sessions focused on renewable energy, covering technical, economic and regulatory core competencies and advanced tools to assess and deploy energy solutions in diverse contexts.

As Mpumalanga is a key region, significantly affected by the just energy transition, efforts are underway to ensure that employees currently engaged in coal-fired power plants in the province receive reskilling and upskilling opportunities. The involvement of Mpumalanga's TVET colleges in reskilling initiatives is crucial to meet the demand for skilled resources in clean energy generation.

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

EWSETA partnered with USAID to collaborate with three TVET colleges in Mpumalanga: Nkangala, Gert Sibande and Ehlanzeni, under the Southern Africa Energy Programme (SAEP). The primary focus of this joint initiative is to support

South Africa's just energy transition, with a particular emphasis on Mpumalanga.

The SAEP aims to enhance electricity supply and access in Southern Africa by advancing energy policy and regulatory reforms and expediting investments to boost power generation and electricity accessibility across the region. By strengthening the enabling environment and facilitating public and private transactions, the programme leverages private investment momentum to support the reform of national and regional energy ecosystems effectively.

As part of this collaboration, EWSETA plays a pivotal role in various skills development activities related to the just energy transition. These include identifying relevantly accredited and qualified skills development providers (SDPs) who provide training after being appointed and contracted by SAEP. Additionally, EWSETA ensures that Mpumalanga's three TVET colleges deliver specialised renewable energy training for women artisans and electricians, emphasising the importance of quality control and adherence to appropriate unit standards. Moreover, EWSETA undertakes the verification and accreditation of learners and TVET colleges involved in the programme.

CONCLUSION

The strategic collaborations with local and global partners have significantly impacted learners' lives in the energy sector. The initiatives with the CSIR, RES4Africa Foundation and USAID have developed targeted skills, capacity building and inclusive training opportunities. These efforts empower individuals with the necessary skills and knowledge to contribute to economic development and ensure a smoother transition to cleaner and sustainable energy practices. EWSETA's commitment to fostering collaboration with partners has played a pivotal role in driving positive change within the energy and water sectors, ultimately advancing South Africa's goals for a just energy transition.



PERFORMANCE AGAINST THE TARGETS OF THE ANNUAL PERFORMANCE PLAN

EWSETA submitted its APP for the 2022/2023 period to Parliament by 28 February 2023. During the period under review, there were no revisions to the APP.

This section uses a series of infographics to illustrate our performance against our APP targets. EWSETA's performance against its APP targets for the 2022/23 period is detailed in the tables on pages 63 to 74.

“Skills are the currency of progress, and partnerships are the vaults that safeguard and multiply this currency. In the energy and water sector, collaboration between stakeholders ensures that skills are cultivated, upgraded, and distributed to shape a brighter future.”



OPERATIONS OVERVIEW

The 2022/23 period was one in which the core Operations Branch was divided between the Corporate Services Executive and the Chief Financial Officer to oversee and manage, as the position of Chief Operations Officer was placed on hold pending the finalisation of the organisational design and approval of a new organisational structure.

This arrangement, while placing immense pressure on the executive team, allowed departments to work closer together to achieve results, evidence of which is in the 81% achievement of targets for 2022/23.

Furthermore, the Planning, Monitoring and Reporting Executive position vacancy from 1 April 2022 to the present has required executives, including the CEO, to assist and guide. It also necessitated the procurement of temporary sector specialists to close Energy and Water Manager capacity gaps. Therefore, an overview of the Energy, Water and Skills Planning departments will be included in this section and not under a separate executive section, as has been the norm in past annual reports.

The core Operations Branch comprises the following departments:

Project Management

- Custodian of EWSETA's commitment schedule
- Initiate the conclusion of funding agreements for Discretionary Grant-approved SETA-funded projects
- Implement approved project service-level agreement inductions
- Project payment preparation processes

Provincial Operations

- Manage EWSETA's provincial operations, stakeholder management and reporting
- Conduct learner inductions for all approved projects
- Work with approved project implementers to ensure adherence to approved project plans and facilitate any service-level agreement amendments as and when required
- Implement best practices for skills delivery in SETA-funded projects, ensuring the implementation of its Monitoring and Evaluation Strategy
- Oversee the coordination of skills development programmes, conduct advocacy on skills development, offer advisory services and support learner career guidance

Skills Delivery

- Ensure adherence to the qualification prerequisites on learner registration
- Implement the accurate and timely registration of learners
- Coordinate SETA and non-SETA-funded performance information for accurate and timely quarterly reporting on the SETA Management Information System (SETMIS) and National Learner Records Database (NLRD), among others

Quality Assurance and Compliance

- Develop relevant and industry-needed qualifications, skills programmes and qualification assessment addendums Approve implementation plans in line with the qualification's principles and timelines
- Monitor accredited skills development providers

- Conduct exit moderations for all EWSETA-accredited programmes and certify qualifying learners
- Allocate serial number for trade tests in energy- and water-related artisan programmes
- Support the monitoring of all SETA-funded projects to ensure the quality delivery of training against the approved project plans
- Register moderators, assessors, facilitators and Recognition of Prior Learning (RPL) advisors

OPERATIONS HIGHLIGHTS

Despite of the capacity challenges at a leadership level, which included the vacancy of a project manager for the full period under review, the Operations Branch has recorded some significant improvements, which have directly impacted on the improved performance results for 2022/23.

Some of the key highlights include the following:

- **A more efficient Discretionary Grant process**

EWSETA's low performance achievement in the past has, to a large extent, been a result of delayed, unclear and protracted Discretionary Grant processes, which resulted in poor response from the sector and - ultimately - the late implementation of projects ultimately affecting performance reporting at the financial year-end. In 2022/23, under the leadership of the Chief Financial Officer, EWSETA reviewed its Discretionary Grant processes and systems, ensuring that the 2022/23 Discretionary Grant window was advertised earlier, and that the submission evaluations, due diligence, recommendations and

awarding was streamlined. While improvements have been noted for 2022/23, further enhancements will result in a much improved and efficient process going forward.

- **Improvement in the monitoring and evaluation of approved projects**

EWSETA has successfully addressed challenges in monitoring and evaluating approved projects by implementing effective solutions. To overcome capacity constraints, subject matter experts were engaged to support project monitoring and evaluation through collaboration with the Quality Assurance and Compliance (QAC) Department. This strategic move has significantly enhanced the expertise in project monitoring, enabling the timely identification and resolution of any training gaps or issues.

This collaborative 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.

- **Dedicated focus on project payment improvement**

Acknowledging that project payment is an area of serious stakeholder dissatisfaction, EWSETA engaged the services of a project management consultancy to assist the organisation in reviewing its project management environment. This includes but is not limited to the assessment, development and implementation of project payment processes to eliminate unnecessary delays in project payment. These reviewed processes and the new structure, which situates project payments within the Finance Department, will eliminate operational deficiencies and streamline payments going forward.

SKILLS PLANNING AND SECTOR OVERVIEW

The EWSETA is mandated to serve South Africa's critical energy and water sectors, which are, in turn, divided into 15 sub-sectors. In 2022, 1028 levy-paying and 2078 non-levy-paying companies were registered with EWSETA. The fact that the number of non-levy-paying employers far outweighs the number of levy-paying organisations poses a financial challenge for EWSETA.

Industry partnerships are critical to the success of EWSETA in exercising its skills development mandate. Hence, EWSETA's robust partnership model has yielded notable achievements for 2022/23.

Among the strategic partners it has secured, EWSETA works in direct collaboration with the Department of Higher Education, Science and Innovation, the Department of Mineral Resources and Energy, and the Department of Human Settlements, Water and Sanitation.

Industry key role players include Eskom, Independent Power Producers, municipalities, the Southern African Power Pool, domestic and industrial users of energy and water, the South African National Energy Development Institute (SANEDI), the water tribunals and catchment agencies, the Water Trading Entity (WTE), the water boards, the Komati Basin Water Authority (KOBWA) and domestic water user associations.

In addition, EWSETA works closely with the following:

- Professional bodies: Engineering Council of South Africa (ECSA), Plumbing Industry Registration Board (PIRB) and South African Council for Natural Science Professions (SACNASP)

- Labour relations and collective bargaining bodies: National Union of Mineworkers (NUM), National Union of Metalworkers of South Africa (NUMSA), Independent Municipal and Allied Trade Union (IMATU) and South African Municipal Workers Union (SAMWU)
- Other industry bodies: Water Institute of Southern Africa (WISA), National Business Initiative (NBI), South African National Energy Association (SANEA), South African Photovoltaic Industry Association (SAPVIA), Institute of Plumbing South Africa (IOPSA) and Council for Scientific and Industrial Research (CSIR)
- Public higher education institutions, private higher education institutions, technical vocational education and training colleges, community education and training colleges and private colleges
- Research agencies: Water Research Commission (WRC).

SKILLS PLANNING

WORKPLACE SKILLS PLAN AND ANNUAL TRAINING REPORTS

In its endeavour to achieve enhanced learning programmes for occupations in high demand, this subprogramme achieved two of its three targets for 2022/23. Targets for small firms and large firms were both exceeded. However, it was unable to meet its target for Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs) approved for medium firms, which could be attributed to the fact that the number of employees in a firm changes over periods of time due to various factors. This invariably leads to a change in the size of firms. Additionally, a few firms did not comply with the relevant requirements for approval.

In 2022/23, EWSETA received 206 WSP and ATR submissions, which is the same number of submissions received in the previous financial year. However, unlike the previous period, in which all 206 submissions were approved, in 2022/23, only 202 were approved. This represents an overall decrease of 2%.

Comparison of WSP and ATR submissions for the last three years

Breakdown of approved WSP and ATR submissions by company size for the last three years

| | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|-------------------------------------|------------|------------|------------|------------|
| WSPs/ATRs approved for small firms | 95 | 125 | 142 | 142 |
| WSPs/ATRs approved for medium firms | 32 | 37 | 33 | 31 |
| WSPs/ATRs approved for large firms | 22 | 23 | 31 | 29 |
| Total | 149 | 185 | 206 | 202 |

SECTOR SKILLS PLAN

In its endeavour to achieve enhanced learning programmes for occupations in high demand, this subprogramme achieved all its targets for 2022/23. This included approving the annual Sector Skills Plan for 2023/24.

EWSETA continued its two research agreements with the Tshwane University of Technology (TUT) and the Central University of Technology (CUT). The TUT project focused on wastewater and solid waste management research, while

the CUT project focused on research on renewable energy. Both projects will contribute to skills development within the sector by conducting research and developing support to establish a sector skills pipeline with a positive impact on employment creation.

EWSETA completed two research projects in the form of feasibility studies related to the hydrogen economy. The first project was conducted in partnership with SANEDI. The Department of Science and Innovation (DSI) is implementing the government's approved Hydrogen South Africa (HySA) Strategy through a 15-year research, development and innovation HySA Programme. The HySA Programme is aimed at developing hydrogen and fuel cell technologies, with a focus on beneficiating South Africa's Platinum Group Metals resource base, as well as supporting South Africa's international commitments to the green economy – in particular, the development of the appropriate skills and facilities that can support the rapid growth of the green economy, and at scale over time. It also has the potential to facilitate the just energy transition and, in turn, increase youth employment in significant and sustainable ways. The project's objective is to contribute to the just energy transition, to increase sustainable youth employment in the green economy significantly, and to revitalise and re-invent post-school education and training in South Africa to meet the new needs of the hydrogen economy.

The second project was conducted in partnership with CUT. It entailed conducting a mapping exercise within the EWSETA sectors for programmes that can capacitate incubators and entrepreneurs in the hydrogen economy platform.

Finally, EWSETA contracted the University of Pretoria to conduct a tracer study to determine the whereabouts of learners previously registered with EWSETA.

Insights gained from all the studies will map a way forward on how EWSETA can enhance its programmes to better support the sector.

MONITORING AND EVALUATION

In its endeavour to achieve improved organisational learning on the performance of programmes, this subprogramme achieved all its targets for 2022/23. This included approving its internal Monitoring and Evaluation Framework and submitting four quarterly monitoring and evaluation reports to the DHET.

Through tactical stakeholder engagements and collaboration, the branch monitors and evaluates the planning of skills delivery. Within this branch, EWSETA anticipates occupations and skills in high demand for higher, intermediary and elementary levels within its sectors. The entire EWSETA value chain depends on the efficient delivery of this process, without which EWSETA could not fulfil its mandate to the energy and water sectors.

RESEARCH AGENDA

The Research Unit worked on the first draft of its Research Agenda for 2023/24 to 2025/26, which was to be submitted to the DHET in June 2023.

The primary purpose of the Research Agenda was to enable skills development processes by building knowledge, informing skills planning and strategic objectives, increasing public awareness, encouraging synergies among stakeholders and enhancing evidence-based decision-making processes. It describes EWSETA's research needs for the period 2023 to 2026, which will serve to inform critical aspects of the organisation's skills development functions.

EWSETA's research-policy nexus aims to contribute to explicit knowledge of post-school education and training in South Africa. Through its research agenda, EWSETA, therefore, aims to do the following:

- Enhance the internal capacity of the Research Unit to plan, conduct, manage, interpret, disseminate and apply research
- Increase EWSETA's knowledge base
- Support mutually beneficial research partnerships and collaborations with public research institutions, including universities
- Use research outputs (such as evidence-based findings and recommendations) as inputs into primary activities (such as sector skills planning, strategic planning and annual performance planning)

It is important to note that EWSETA continues to face internal challenges such as financial and human resources limitations. Therefore, research partnerships and/or collaborations can support the research effort through the increased number of researchers available to undertake various research projects.

Research conducted by EWSETA during 2022/23

| Research partner | Name of study | Functional area |
|--------------------------------------------------------------------------|------------------------------------------------------------------------|---------------------------|
| SANEDI | Infrastructure Fund with SANEDI | Research |
| CUT Innovation Services (Central University of Technology, Bloemfontein) | The Hydrogen Economy Platform Mapping Exercise | Research |
| University of Pretoria | Tracer Study | Monitoring and Evaluation |
| N/A | Mapping occupations and qualifications in the energy and water sectors | Research |
| Khumbula Consulting | Qualitative research (sector/industry stakeholder interviews) | Research |
| Tshwane University of Technology Research Partnership | TUT Research Partnership | Research |
| Urban-Econ | Tracer Study | Monitoring and Evaluation |

ENERGY SECTOR

Within the Planning, Reporting and Monitoring Branch, strategic partnerships were concluded within the energy sector to support strategic partners with targeted skills development interventions.

The following strategic partnerships were completed during the period under review::

- **Council for Scientific and Industrial Research (CSIR):** Collaboration in implementing job creation strategies within skills development projects as they relate to the partners' mandates.
- **Nuclear Industry Association of South Africa (NIASA):** Collaboration with employers to meet the skills supply and demand of the sector through active participation in EWSETA's value chain.
- **Technology Innovation Agency (TIA):** Stimulation of a culture of innovation and commercialisation by incorporating skills development in the support services to establish technology-based enterprises, access

business assessment and develop a planning tool for implementing innovative projects.

- **Renewable Energy Solutions for Africa (RES4Africa) Foundation:** Alignment to skills interventions related to South Africa's Just Energy Transition (JET) for employed and unemployed learners.
- **Department of Science and Innovation (DSI):** Establishment of a partnership for skills development in the energy, waste-to-energy, sanitation and water sectors.
- **Department of Mineral Resources and Energy (DMRE):** Collaboration in energy policy planning and the implementation of skills interventions.
- **Mpumalanga Green Economic Cluster:** Responding to the Mpumalanga JET mitigation strategies by building a capable skills pipeline.
- **South African Photovoltaic Industry Association (SAPVIA):** Collaboration with employers to meet the skills supply and demand of the sector through active participation in EWSETA's value chain.

Skills development projects were undertaken in collaboration with the following employee partners:

- **Eskom:** Formalising existing relationships to advance learning programmes that seek to secure the current and future operational requirements of the power utility by upskilling and reskilling the current workforce while increasing access to workplaces for unemployed learners.
- **City Power:** Formalising existing relationships to advance learning programmes that seek to reskill and upskill the current workforce while increasing access to workplaces for unemployed learners.
- **South African National Energy Development Institute (SANEDI):** Advancing learning programmes aimed at developing energy-efficiency skills capacity.
- **Scatec:** Advancing learning programmes aimed at developing energy-efficiency skills capacity.
- **Lesedi Nuclear:** Establishment of a skills academy (the Lesedi Skills Academy), accredited for artisan training programmes to produce quality skills in the nuclear and broader energy sector.
- **Coega Development Corporation:** Enabling the Coega Development Corporation to drive liquefied natural gas (LNG) and gas-to-power as the home of the Dedisa Peaking power station. Coega plans to expand LNG, and its Gas Readiness Programme seeks to outline the initial stages of upscaling its gas-to-power infrastructure. Skills needs that will be required for this initiative have been outlined.

Projects were also undertaken in collaboration with the following community education and training colleges, and university partners:

- **KwaZulu-Natal Community Education and Training College (CETC):** Building capacity for adult education and training, and skills programmes to build skills capacity for

unemployed learners to take advantage of emerging work and enterprise development opportunities at independent power producers and for skills programmes that seek to respond to water challenges.

- **Mpumalanga CETC:** Building capacity for adult education and training, skills programmes to build skills capacity for the JET, and skills programmes that respond to water challenges.
- **University of the Witwatersrand, University of Venda, University of Johannesburg and the Vaal University of Technology:** Driving skills development from undergraduate to intermediary to high-level skills through bursaries, short courses and internships, among others.

The energy sector continues to engage partners to promote collaboration based on the partnership model to drive the country's JET and national imperatives, such as South Africa's Hydrogen Valley, the Economic Reconstruction and Recovery Plan, energy security and inclusive economic growth.

The following factors contributed to meaningful projects:

- Partners' readiness to implement skills development projects
- Aligning to partners' strategic focus and governance structures
- Legislative mandates, i.e. the Energy Performance Certificate Regulation and the Integrated Resource Plan 2019, which is currently being reviewed
- EWSETA's agility to deliver projects in line with partners' implementation plan

WATER SECTOR

The key factors that contribute to South Africa's water crisis include conditions of drought, infrastructure deficiencies, inequitable water distribution, pollution and water quality. These challenges result in water scarcity, compromised water quality and socio-economic impacts, particularly affecting marginalised communities.

To address these issues, government bodies, water authorities, stakeholders and communities must enhance infrastructure, promote water conservation, improve water governance and ensure equitable access to clean water for all citizens. By prioritising sustainable water management practices and investing in long-term solutions, South Africa can work towards overcoming its water challenges and building a more resilient water future.

EWSETA aims to work with the government through the Department of Water and Sanitation (DWS) and the water boards, irrigation boards and catchment management agencies to address the water-related targets outlined in the United Nations' Sustainable Development Goals through collaborative action and policy implementation.

The support of the water and sanitation sector ensures the contribution of relevant skills to the sector and the upskilling of the workforce. To achieve this, EWSETA has engaged in the following strategies:

- **Identify skills gaps:** EWSETA conducted research and engaged with stakeholders in the water and sanitation sector to identify skills gaps and future needs.
- **Development of training interventions:** EWSETA developed and implemented targeted training programmes for the water and sanitation sector based on the identified skills gaps. These programmes cover a wide

range of areas, including water resource management, wastewater treatment, water quality monitoring, sanitation infrastructure maintenance, water resource management and water conservation practices.

- **Accreditation and quality assurance:** EWSETA ensures that training providers deliver programmes in the water and sanitation sector that meet the required training and quality standards. This involves conducting assessments and monitoring and evaluating the quality of training delivered.
- **Partnerships with industry:** EWSETA established collaborations with industry stakeholders, including water utilities, government agencies and professional associations. These partnerships assist in aligning training programmes with industry needs, ensure that the skills taught are relevant, and create opportunities for work-integrated learning and the workforce.
- **Research and development (R&D):** EWSETA supports R&D initiatives in the water and sanitation sector. By investing in innovation and technology development, and contributing to advancements in water treatment, sanitation systems and sustainable water management practices, it ultimately enhances the skills required in the sector.
- **Continuous professional development (CPD):** EWSETA promotes and facilitates CPD with partners for workers in the water and sanitation sector by providing access to ongoing training, workshops, conferences and other learning opportunities to keep the workforce up to date with the latest industry trends and practices.
- **Small business support for incubation programmes:** EWSETA enhances small businesses' innovation technologies, and promotes products and business principles ethics.

By implementing these strategies, EWSETA contributes to developing a skilled and capable workforce in the water and sanitation sector, ensuring that the relevant skills are available to address the challenges in South Africa.

According to the National Water and Sanitation Master Plan, EWSETA should focus on the following:

- Establishing regulations for developing the required qualifications for senior and technical positions in the DWS, the catchment management agencies, the water boards and municipal services institutions.
- The development and implementation of a mandatory, modular, hands-on qualification for municipal water managers to be run over 18 months and accredited by EWSETA to include aspects such as asset management, tariffs and revenue management, drought management, stakeholder engagement and customer relations.
- Partnering with institutions to fund the training of water sector practitioners in the curation, management and use of data, as well as associated technologies.
- Building water quality management capacity through recruitment, education and training.
- Continue to support programmes that enable the development of critical skills and exposure to emerging innovations, such as the Young Engineers Programme.
- Reviewing all relevant guidelines, and R&D products to understand where training modules need to be developed around new knowledge.

The partnerships established between EWSETA and various stakeholders, including TVET colleges, employers, and universities, further enhance the efforts in addressing skills development, knowledge sharing and promoting innovation in the water and sanitation sector with continued collaboration, policy implementation, and investment in R&D.







**Candice
Moodley**

CORPORATE SERVICES EXECUTIVE OVERVIEW

It has been a year of significant progress and success as we strive towards being the envisioned “authority” for skills development and training within South Africa’s energy and water sectors. The 79% achievement against our 2022/23 APP is evidence that our staff’s hard work, perseverance and dedication, despite the unfortunate setbacks of previous years and the year under review, has been worth it. The vastly improved organisational performance is a historical first for EWSETA despite operating for a full reporting year without two of our critical executive positions being permanently filled due to the ongoing implementation of our organisational design process (reported in more detail under Human Resources in Section D on of this annual report: see pages 90 to 99).

I am pleased to report that, out of the 14 APP targets that fall within the direct responsibility of Corporate Services, the Branch was able to meet 93%, with only one target not being met. However, as a business partner across the entire organisation, the Corporate Services departments were able to support and contribute to the overall organisational performance result through focused delivery aligned to the achievement of our strategic business objectives.

In the year under review, I have also been responsible for the executive oversight of Learning Programmes and Projects (Programme 3) (see pages 66 to 73) and Quality Assurance and Compliance (Programme 4) (see pages 74)

In its endeavour to achieve improved performance for the entity, the Corporate Services/Strategic Management subprogramme achieved all its targets for 2022/23. The Minister approved the Strategic Plan and Annual Performance Plan. The Accounting Authority approved the Annual Operating Plan. Furthermore, four quarterly good government reports were submitted to the DHET.

The Governance, Audit and Risk subprogramme ensured that the entity received an unqualified audit opinion in the 2021/22 financial year, thus achieving its target for an unqualified audit based on the Auditor-General South Africa's audit opinion..

OVERVIEW OF KEY PROJECTS

INFORMATION COMMUNICATIONS AND TECHNOLOGY

In its endeavour to achieve improved performance for the entity, the Information Technology subprogramme achieved 75% of its targets for 2022/23. It succeeded in reviewing and approving the ICT strategy and implemented the integrated Enterprise Resource Planning (ERP)/Management Information System (MIS) as planned. It also achieved its target of implementing the disaster recovery and business continuity plan. However, the enterprise architecture process could not be fully implemented as planned. This process commenced on 1 November 2022. Due to the complex nature of the project and internal capacity limitations, the current environment assessment could not be completed before the financial year-end.

EWSETA's ICT strategy aims to position the entity as the authority in skills planning and delivery and to drive improved customer service by delivering ICT services that increase

efficiencies while maximising effectiveness and minimising the cost of doing business. EWSETA's stakeholders expect the entity's ICT environment to enable and support them in carrying out critical functions across EWSETA's value chain.

More importantly, implementing this strategy improves the effectiveness and efficiency of the organisation. It is envisioned that, by continuously delivering customer satisfaction enabled by architecture technology, EWSETA can foster and create a platform for operational excellence and culture for high performance in the organisation through a collaborative partnership with stakeholders.

The strategy is anchored on five strategic imperatives:

1. Strengthen ICT governance: Ensure that the ICT strategy is aligned, directed, and monitored to support the specific goals and objectives of the organisation, which emphasises shared commitment.

The entity has developed and continues implementing an ICT Governance Framework in line with the Department of Public Administration's Corporate ICT Governance Policy Framework. The necessary infrastructure is in place, including an ICT Governance Committee. One of the requirements of this policy is the development of enterprise architecture to ensure business-ICT alignment, guide ICT investment, and ensure the organisation's security posture, among other critical key components. EWSETA's Enterprise Architecture and Technology Roadmap are under development and will be completed within the 2023/24 financial year. This is the one target the Branch was unable to achieve in the APP due to the complex and detailed nature of the project.

2. Build to share and digital by design: Create shared ICT services to support integration throughout the organisation to drive efficiency, standardisation and consolidation, reduce duplication, and control costs.

In EWSETA's previous annual report, Corporate Service reported that it had begun digitising key transactional services and increasing the use of ICT to deliver improved efficiency within its core operations to provide new digital services to its stakeholders and staff. I am pleased to report that developing our integrated MIS and ERP solution – InteGREAT – is a key project that has progressed significantly in the period under review.

The processing and management of mandatory grants, discretionary grants, accreditation, quality assurance, and learner administration are now fully integrated with the production environment. These services are available online and, therefore, accessible from wherever our stakeholders may be located, enhancing our stakeholders' interaction with EWSETA and their overall customer experience.

One of the key objectives of the new operating model was to streamline business processes to ensure a robust and efficient system, transform service delivery and create a foundation for building a high-performance culture. ICT strives to deploy the latest technologies to deliver innovative and effective processes and ensure secure and easy access to data, minimising effort and duplication.

3. Information and data as a precious asset: The advent of technology such as the Internet of Things (IoT), Artificial Intelligence (AI) and robotics has introduced major improvements in business and personal life, including removing physical barriers across the globe. People transact, communicate and share information, including personal information. This leads to personal harm, such as identity theft, and in some instances, economic harm.

In line with statutory obligations and data protection guidelines, the ICT Department facilitates increased data sharing and the innovative use of data across the organisation. This enables the delivery of integrated services and improves decision making, openness and transparency between EWSETA and its stakeholders.

An Information Privacy Policy was developed to ensure compliance with the Protection of Personal Information Act of 2013. This policy and accompanying statements are incorporated into EWSETA's digital platforms, and compliance is encouraged throughout the organisation. To this end, with no findings, EWSETA received a "satisfactory" outcome from Internal Audit concerning its Protection of Personal Information Act (POPIA) Compliance Review.

Data integrity, consistency, accuracy and reliability are central to creating a single version of the truth throughout the organisation and supporting management with credible information for decision making. Migrating data from disparate databases, including spreadsheets and paper-based submissions, has challenged achieving parity.

The focus of ICT on data quality in 2022/23 was aimed at achieving the following:

- Unlocking the value of data through improved

management, access and analysis to gain insight and better inform decision-making.

- Embracing the principles of sharing data with EWSETA's partners and stakeholders while maintaining confidentiality, integrity and availability through compliance with data protection legislation and using secure information-sharing platforms.

4. Moderate ICT security risk to a manageable level: ICT has designed and continuously implements and maintains a security programme that protects EWSETA's resources and assets against unauthorised access, use, modification and loss. In implementing this programme, the organisation is mindful of the availability of financial resources to implement the best security solutions. Thus, an incremental approach has been adopted to carry out this programme.

In accordance with the entity's agreement with the Safety and Security Sector Education and Training Authority (SASSETA) to ensure that business and EWSETA can recover from any disruption of services as a result of an unforeseen disaster, core system replication is set up at their premises as EWSETA's official offsite disaster recovery environment. During the period under review, EWSETA conducted a highly successful organisation-wide disaster recovery test. It took less than two hours to be up and running (return to normal operation) after the declaration of the disaster. All the necessary protocols were observed in declaring a disaster, including communication, Disaster Recovery Committee meetings, and enlisting the Recovery Team and service providers.

5. ICT capabilities: ICT's biggest challenge is ensuring that the necessary ICT skills and resources are available to meet EWSETA's current and future ICT needs. This is exacerbated

by the supply and demand of experienced skills set and the salary scales commanded by these resources. The 2022 Critical Skills List, published by the South African government, found that South Africa lacks at least 70 000 ICT professionals. Competing with bigger enterprises and the private sector is thus a real challenge for organisations like EWSETA to attract and retain the required ICT expertise. However, through EWSETA's organisational design process, the entity has strengthened its internal ICT resource capabilities in the new organisational structure. It is confident that, through its market-aligned Total Rewards Strategy, it will be able to attract the ICT skills needed to continue to service its stakeholders in the manner they have become accustomed to and continuously enhance EWSETA's ICT environment.

FACILITIES

EWSETA continues to operate from its Parktown Head Office with three provincial offices located in the Western Cape (False Bay TVET College, Westlake Campus), Free State (Motheo TVET College) and North West (Orbit TVET College). Plans are underway to relocate the Western Cape office within the 2023/24 financial year.

MARKETING AND COMMUNICATIONS

Through its organisational design process, EWSETA has placed considerable focus on strategic communications and engagement as it strives to strengthen its "authority" brand and profile in the energy and water sectors. To influence, collaborate and co-create impactful learning interventions that address the skills challenges our sectors face, EWSETA needs to be seen, heard and felt.

Thus, 2022/23 was a year that saw the entity's executives, managers and specialists inundated with invitations from their industry partners and prominent events to be speakers, panellists, participants and contributors. The EWSETA brand has been increasingly visible in the sector, its skills advocacy "voice" louder than ever, and its commitment to inclusive economic participation deeply felt within the borders of South Africa and globally. Consequently, it participated in no less than 22 events for 2022/23. This exceeded the previous year's 20 events and its annual target in the 2022/23 APP.

Its 2022/23 events calendar kicked off with an EWSETA Stakeholder Breakfast. EWSETA was able to share its strategy and key sector focus areas with attending stakeholders. The robust engagement and exchange of knowledge allowed the entity to streamline its sector interventions to respond to some of the challenges experienced in the sectors it serves. Several partnerships were also realised from the session, resulting in a few innovative projects being implemented.

Aside from EWSETA's participation at key sector events such as Africa Energy Indaba, Power Electricity World Africa (PEWA), the WISA Biennial Conference, Solar Power Africa, Hydrogen Africa and the Windaba Conference, EWSETA placed considerable focus on supporting events targeted at youth, women, and entrepreneurs.

One such event was the Brazil, Russia, India, China, South Africa (BRICS) Youth Innovation Summit held in March 2023 and organised by the South African BRICS Youth Association (SABYA), a non-profit organisation registered with the South African Department of Social Development. SABYA's vision of advancing and promoting cooperation in the Global South as a leading voice on youth engagement and participation within BRICS and multilateral platforms is one EWSETA felt strongly deserved its support. EWSETA's mission is to

provide youth with the tools and opportunities to participate meaningfully in BRICS relations from an African perspective.

Moreover, it supports the initiative to create a network of young experts who can respond to global challenges for a better world by strengthening existing linkages or networks, institutional cooperation and people-to-people exchanges within BRICS and multilateral platforms.

The Empower Women in Energy Leadership Summit, held in September 2022, saw EWSETA's CEO, Mpho Mookapele, alongside prominent business leaders, discuss strategies and share insights that impact transformation within the sector. The event focused on women and how they can be empowered to access the immense opportunities that the Just Energy Transition is ushering in and to transform and create gender parity within the dominantly male-driven sector.

The Green Youth Indaba remains an event that EWSETA holds close to its heart, given its humble beginnings and growth, into a primary event for young entrepreneurs and innovators who want to learn more about the immense opportunities within the green economy space. Given the country's commitment to the Paris Agreement and moving towards a low-emission economy, skills adaptation and the emergence of new "green" skills are paramount to driving its commitments to CO₂ reduction. The opportunities for young people in the renewable, energy-efficiency and sustainability space are immense. Together with the Green Youth Network, EWSETA was once again able to share its vision and strategic focus areas with the attendees – and award some very talented young innovators as part of the annual Green Innovators Pitch.

The World Skills Competition was a global event that saw EWSETA sponsor a learner from Mpumalanga, Siphesihle Masina, who was the South African winner and therefore a global participant in the Plumbing and Heating category

of the competition held in Lahr, Germany. Although he did not earn a place in the competition, it most certainly put him through his paces and allowed him to benchmark his capabilities against the best in the world.

EWSETA once again exceeded all its career guidance targets for 2022/23, but what stands out as highlights are some of the new initiatives introduced in its offering to continuously improve its career guidance strategy. For the first time, EWSETA implemented a formal science, technology, engineering and mathematics (STEM) support programme in the Northern Cape.

Another first was EWSETA's Career Guidance Poster Competition, initiated as part of the FutureME Career Festival in the Western Cape. EWSETA called for high school learners to submit a poster on one of eight preselected careers in the energy and water sector. The creativity displayed in the final submissions was truly impressive. Still, there could only be three winners whose prizes, sponsored by EWSETA, ranged from cash prizes for themselves and their schools to JoJo tanks.

EWSETA also launched its "Learning Journey" initiative, with the first event taking place in partnership with the Atlantis Special Economic Zone (SEZ).

Here, EWSETA and Atlantis SEZ hosted 20 top maths and science students from five schools in the Western Cape and took them on a learning journey. They were exposed to the world of work through presentations from business leaders within the energy and water sectors and visits to a world-class engineering company and the Witzands Acifer Nature Reserve. This is EWSETA's way of igniting young learners' interest in careers within the energy and water sectors. The feedback received from the learners was incredibly heart-warming and positive, confirming that the Learning Journey was impactful. EWSETA will be rolling out many more sessions of this initiative across other provinces.

Acknowledging that EWSETA's reach is limited through physical careers and wanting to impact the career choices of so many more learners, in March 2023, the entity launched its Career Guidance Portal. Within the first month of the launch, it recorded over 1 000 unique visits to the portal. This is a testament to the fact that young people are desperate for access to information about the careers available to them. Through the portal, we hope that the entity can excite, encourage, inform and support learners as they consider some of the current and new career opportunities available in the energy and water sector.

Internal Communications also saw increased activity and more visibility around the office on essential projects, policies and general wellness. Monthly Staff Connect sessions remain EWSETA's primary communication touchpoint for staff updates and interaction, supported by dedicated group sessions for important projects such as the organisational design and implementation project.

To improve the entity's performance, the Marketing and Communications subprogramme achieved all its targets for 2022/23. It exceeded its target for participation in hosting EWSETA events by 10%. Due to a robust stakeholder engagement strategy, EWSETA was afforded numerous opportunities to participate in industry events, particularly as a panel or plenary presenter. The subprogramme also achieved its target for the number of EWSETA publications or brochures published.

HUMAN RESOURCES

To achieve improved performance for the entity, the Human Resources subprogramme achieved all its targets for 2022/23. It exceeded its target for implementing a training and development plan aligned to the skills audit outcome by 30%. This was because increased training and development activities for staff took place during the year to address the skills gap and respond to the new operating model. Additional training was also conducted to update staff on key changes. The subprogramme also achieved its target of developing and implementing an operating model and organisational design.

An update on HR activities during this period has been included the Section D of this annual report (pages 90 to 98).

ACKNOWLEDGMENT AND THANKS

I would like to express my heartfelt appreciation and gratitude to the Accounting Authority, Governance Committees, CEO, and my esteemed fellow executives for their exceptional leadership, unwavering support, and invaluable guidance throughout the past financial year.

I sincerely acknowledge the Corporate Services and Operations managers and their remarkable teams, whose tireless efforts and unwavering dedication were instrumental in achieving many of our highlights and navigating the challenges encountered during this demanding year. Their commitment to excellence has been truly commendable.

Furthermore, I want to recognise and commend every member of our organisation for their significant contributions throughout the year. Each individual's dedication, hard work, and unwavering commitment to our shared goals have been pivotal in our achievements during 2022/23. The EWSETA family can take immense pride in the outstanding performance we have collectively attained and comfort that we are indeed achieving our "high performance" goals.

Our organisation's fearlessness in confronting challenges has earned the respect and admiration of our stakeholders. Despite these hurdles, we have remained united and persevered to emerge as a stronger, more cohesive team. Through this unwavering spirit and collaborative mindset, we have fulfilled EWSETA's strategic objectives and effectively executed its mission.

In conclusion, I sincerely thank our partners who have been instrumental in our journey over the past financial year. We have achieved such remarkable success through your unwavering support, commitment, and belief in our mission.



Candice Moodley

Corporate Services Executive

PROGRAMME 1: ADMINISTRATION

The purpose of Programme 1 is to provide strategic leadership, management and administrative support.

The programme consists of the following subprogrammes:

- **Strategic Management:** This subprogramme aims to exercise oversight responsibility for financial, performance reporting, compliance and related internal controls.
- **Governance, Audit and Risk:** This subprogramme aims to promote good corporate governance and practices.
- **Human Resources:** This subprogramme aims to implement human resources management practices to recruit adequate and appropriately skilled human resources.
- **Marketing and Communications:** This subprogramme aims to promote EWSETA's reputation and visibility among stakeholders.
- **Information Technology:** This subprogramme aims to provide ICT systems and services to deliver EWSETA's mandate.

The programme contributes to the following institutional outcomes:

- Improved SETA performance
- Compliance with statutory requirements
- Improved operational performance

| | |
|-------------------|-----|
| Targets | 11 |
| Achieved | 10 |
| Not Achieved | 1 |
| Total Achievement | 91% |



PROGRAMME 2: SKILLS PLANNING

The purpose of Programme 2 is to ensure that sectoral human resources development information is available and contributes to skills development planning.

The programme consists of the following subprogrammes:

- **Workplace Skills Plans and Annual Training Reports:** This subprogramme aims to gather credible information from workplaces to understand the demand for skills and occupations within the energy and water sectors.
- **Sector Skills Plan:** This subprogramme aims to develop the annual Sector Skills Plan and conduct complementary research that informs skills development planning.
- **Monitoring and Evaluation:** The purpose of this subprogramme is to ensure that credible and objective evidence from the evaluation is used in planning, budgeting, organisational improvement, policy review, and ongoing programme and project management to improve performance.

The programme contributes to the following institutional outcomes:

- Enhanced learning programmes for occupations in high demand
- Improved organisational learning on performance of programmes

| | |
|-------------------|-----|
| Targets | 7 |
| Achieved | 6 |
| Not achieved | 1 |
| Total Achievement | 86% |



PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS

The purpose of Programme 3 is to increase productivity in the energy and water sectors through skills development.

The programme consists of the following subprogrammes:

- **Implementation of learning programmes per NSDP outcomes:** The purpose of this subprogramme is to promote and support artisan and other middle- and high-level programmes, and establish partnerships to lead and manage agreed projects and programmes.
- **Career and vocational guidance:** The purpose of this subprogramme is to promote occupational learning pathways for scarce skills through career guidance initiatives.

The programme contributes to the following institutional outcomes:

- Increased access to occupations in high demand within the energy and water sectors by 2025.
- Increased skills capacity through workplace-based learning.
- Increased support for the growth of the college system.
- Increased economic participation of CBOs, NGOs, NPOs and SMMEs within the energy and water sectors.
- Labour force that is updated with current skills required for the sector.

| | |
|-------------------|-----|
| Targets | 66 |
| Achieved | 49 |
| Not Achieved | 17 |
| Total Achievement | 74% |

LEARNING PROGRAMMES: A FEW ACHIEVEMENT HIGHLIGHTS

Discretionary Grant for high-level skills exceeded by 9% due to industry demand.

Entrepreneurship training surpassed the target.

RPL/ARPL enrollments surpassed 418; completions exceeded by 6.

Target for the number of unemployed learners enrolled in skills programmes was exceeded by 148. The target for unemployed learners who completed skills programmes was exceeded by 467.

Rural development project target achieved.

TVET partnerships exceeded by 6; higher education and SETA-employer partnerships exceeded by 3.

Target for unemployed learners enrolled and completed for candidacy programmes was achieved.

Artisan learner enrollment exceeded target by 81; completions exceeded by 25.

CET partnerships achieved; strategic and inter-SETA partnerships met target.

Target for unemployed learners who completed learnership programmes was exceeded by 202.

Enrollment into CPD accredited programmes exceeded by 100 registered professionals.

Target of workers enrolled in skills programmes was exceeded by 250. Workers who completed skills programmes was exceeded by 44.

Cooperatives trained met target; SMMEs trained exceeded by 18 due to sector demand.

Target of number of workers enrolled in learnership programmes was exceeded by 54, while the completion target was exceeded by 406.

Workers enrolled in AET programmes was exceeded by 12.

100% of career and vocational guidance targets achieved.



PROGRAMME 4: QUALITY ASSURANCE AND COMPLIANCE

The purpose of Programme 4 is to enable EWSETA to execute the delegated functions of the QCTO. This includes the development of qualifications, accrediting skills development providers, approving workplaces, verifying learning and certification, and monitoring projects.

The programme consists of the following subprogramme:

- Quality Assurance: This subprogramme aims to identify appropriate qualifications for each occupation and to develop and register occupational qualifications where there are gaps.

The programme contributes to the following institutional outcome:

- Updated qualifications that are aligned to the current skills training needs

| | |
|-------------------|------|
| Targets | 6 |
| Achieved | 6 |
| Not Achieved | 0 |
| Total Achievement | 100% |





QUALITY ASSURANCE

QUALIFICATIONS DEVELOPMENT

The focus of this Programme for 2022/23 was on the development of occupational programmes due to the expiry of the legacy unit standard-aligned qualifications. The Department strives to ensure that all legacy programmes will be realigned to the Occupational Qualifications Sub-framework before the end of their phasing-out period.

The following dates pertain to the legacy programmes:

- Last date of SAQA registration: 30 June 2023
- Last date for new learner enrolment: 30 June 2024
- Last date for learners to be phased out: 30 June 2027

In addition to realigning legacy qualifications, Quality Assurance and Compliance received numerous motivations from the energy and water sectors to develop occupational programmes related to hydrogen, wind energy, solar, battery energy storage and water conservation.

In response to the Integrated Resource Plan (2019) and the drive towards decarbonisation, EWSETA has developed a Skills Programme (NQF 5) specifically targeted at understanding the background and displaying technical knowledge in the operation of hydrogen fuel cells. Hydrogen is pivotal in the energy sector as it is storable, energy-dense and produces no direct emissions of pollutants. successful incorporation of hydrogen in the generation of energy will assist in ensuring clean, secure and affordable energy in future. This is the first

credit-bearing hydrogen skills programme to be registered in South Africa.

The following qualifications were developed during 2022/23:

- Qualifications developed and submitted to QCTO for registration:
 - Occupational Certificate: Borehole Pump Operator NQF 4
 - Advance Occupational Diploma: Renewable Energy Technologist NQF 7
- Qualifications registered by SAQA:
 - Occupational Certificate: Cable Joiner (Electric Cable Joiner) NQF 6
 - Occupational Certificate: Low Voltage Electric Cable Joiner NQF 6
- Application to develop skills programmes approved by QCTO:
 - Battery Energy Storage
 - Water Conservation
- Skills programmes approved by QCTO:
 - Hydrogen Fuel Cell System Practitioner NQF 5
- Quality Assurance Standard addendum and assessment tools developed and submitted to QCTO:
 - Industrial Water Plant Operator NQF 4
 - Gas Turbine Power Plant Process Controller NQF 6

TRADE TEST CERTIFICATION BACKLOG PROJECT

EWSETA commenced with the certification backlog project in June 2021 to address the challenge of trade certificates outstanding due to the lack of supporting documents. NAMB and QCTO supported this initiative. EWSETA is proud to report that the Trade Test Certification Backlog Project is 100% complete. A similar project was undertaken to resolve the Eskom certification backlog. This is 80% complete.



NATIONAL OVERVIEW OF ACCREDITATIONS, APPROVALS AND VERIFICATION OF LEARNING

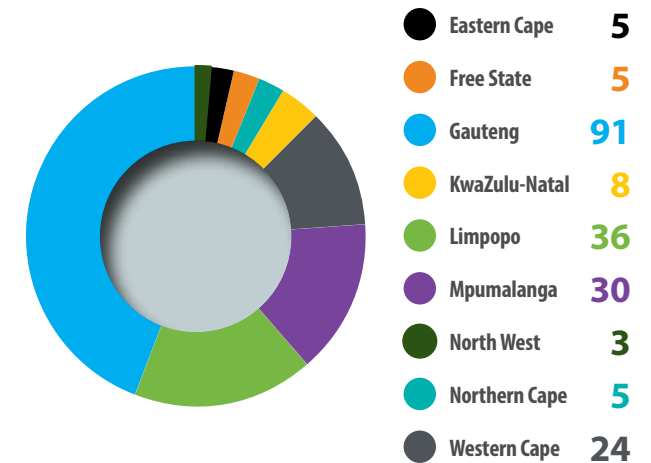
During 2022/23, EWSETA accredited 25 skills development providers, approved 13 new workplaces to host learners for workplace-based learning and upheld 88 external moderations.

| Provinces | Work Place Approvals | SDP Accreditation | External Moderations |
|----------------|----------------------|-------------------|----------------------|
| Eastern Cape | - | 2 | 3 |
| Free State | 1 | - | 2 |
| Gauteng | 3 | 12 | 27 |
| Kwa-Zulu Natal | 2 | 5 | 4 |
| Limpopo | 1 | 2 | 6 |
| Mpumalanga | 3 | - | 40 |
| Northern Cape | - | 1 | - |
| North West | - | 3 | 3 |
| Western Cape | 3 | - | 1 |

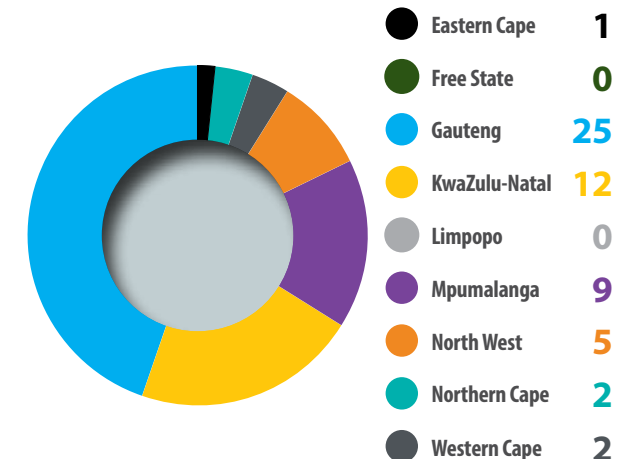
REGISTRATION OF ETDP PRACTITIONERS

The number of ETDP practitioners registered by EWSETA in 2022/23:

ASSESSORS: 207



MODERATORS: 56





ANNUAL PERFORMANCE REPORT FOR 2022/23

PROGRAMME 1: ADMINISTRATION

* Only variances greater than 10% have been further explained by providing reasons.

| Outcomes | Output indicators | 2022/23 annual targets | Achievement milestones | Variance | Reasons for variance* |
|--------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------------------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Subprogramme 1.1: Corporate Services / Strategic Management | | | | | |
| Improved SETA performance | 1.1 Approved SP, APP and AOP | SP, APP and AOP approved | SP and APP approved by the Minister. AOP approved by the Accounting Authority. | - | Target achieved |
| | 1.2 Quarterly SETA good governance reports | Four SETA good governance reports | Four quarterly SETA good governance reports submitted to DHET | - | Target achieved |
| Subprogramme 1.2: Governance, Audit and Risk | | | | | |
| Improved SETA performance | 1.3 AGSA audit opinion | Unqualified audit | Unqualified audit opinion in the 2021/22 financial year. | - | Target achieved |
| Subprogramme 1.3: Human Resources | | | | | |
| Improved SETA performance | 1.4 Percentage implementation of a training and development plan that is aligned to the skills audit outcomes | 70% | 100% | + 30% | Target achieved There was increased training and development for staff during the year to address the skills gap and respond to the new operating model. Additional training to update staff on key changes was also conducted |
| | 1.5 Development and implementation of an operating model and organisational design | 80% achievement of approved implementation of approved plan achieved | 80% | - | Target achieved |
| Subprogramme 1.4: Marketing and Communications | | | | | |
| Improved SETA performance | 1.6 Number of sector events participated in and EWSETA events hosted | 20 | 22 | +2 | Target achieved Due to a robust stakeholder engagement strategy, EWSETA was afforded numerous opportunities to participate in industry events, particularly as a panel or plenary presenters. |
| | 1.7 Number of EWSETA publications or brochures | 8 | 8 | 0 | Target achieved |

| Outcomes | Output indicators | 2022/23 annual targets | Achievement milestones | Variance | Reasons for variance* |
|-------------------------------------------------|---------------------------------------------------------------------------|--------------------------------------------------|---------------------------------------------------------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Subprogramme 1.5: Information Technology | | | | | |
| Improved SETA performance | 1.8 Implementation of reviewed ICT strategy | ICT strategy reviewed and approved | Policies reviewed and approved | - | Target achieved |
| | 1.9 ICT investment aligned to EWSETA strategic plan | Implementation of transitional architecture 100% | Enterprise architecture has been implemented as planned | - | Target not achieved The enterprise architecture process commenced on 1 November 2022. Due to the complex nature of the project and internal capacity limitations, the current environment assessment could not be completed before the financial year-end. |
| | 1.10 Implemented EWSETA stakeholder portal and reporting dashboard | Implement integrated ERP/MIS system | Integrated ERP/MIS implemented as planned | - | Target achieved |
| | 1.11 Implementation of the disaster recovery and business continuity plan | 100% | 100% | - | Target achieved |

PROGRAMME 2: SKILLS PLANNING

| Outcomes | Output indicators | 2022/23 annual targets | Achievement milestones | Variance | Reasons for variance |
|------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|---------------------------------------------------|-----------------------------------------------------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Subprogramme 2.1: Work Skills Plans and Annual Training Reports | | | | | |
| Enhanced learning programmes for occupations in high demand | 2.1 Number of WSPs and ATRs approved for small firms. | 135 | 142 | + 7 | Target achieved |
| | 2.2 Number of WSPs and ATRs approved for medium firms. | 45 | 31 | - 14 | Target not achieved The number of employees in a firm changes over periods due to various factors. This invariably leads to a change in the size of firms. A few firms did not comply with the relevant requirement for approval. |
| | 2.3 Number of WSPs and ATRs approved for large firms | 28 | 29 | + 1 | Target achieved |
| Subprogramme 2.2: Sector Skills Plan | | | | | |
| Enhanced learning programmes for occupations in high demand | 2.4 Sector Skills Plan reviewed and approved | Annual SSP 2023–2024 approved | The Sector Skills Plan approved. | - | Target achieved |
| | 2.5 Number of sector research agreements signed for TVET growth occupationally directed programmes | Two research agreements signed (energy and water) | Two research agreements signed | - | Target achieved |
| | 2.6 Identified skills needs of established and emergent cooperatives | - | - | - | - |
| | 2.7 Identified skills needs of small and emerging enterprises | - | - | - | - |
| Subprogramme 2.3: Monitoring and Evaluation | | | | | |
| Improved organisational learning on performance of programmes | 2.8 Approved internal M&E framework | M&E framework reviewed | M&E framework approved | - | Target achieved |
| | 2.9 Number of monitoring and evaluation reports | Four quarterly reports | Four quarterly monitoring reports submitted to DHET | - | Target achieved |

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS

| Outcomes | Output indicators | 2022/23 annual targets | Achievement milestones | | Variance | Reasons for variance |
|---------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | SETA-funded | Non-SETA-funded | | |
| Subprogramme 3.1: Implementation of learning programmes per NSDP outcomes | | | | | | |
| Increased access to occupations in high demand within the energy and water sectors by 2024 | 3.1 Percentage of Discretionary Grant budget allocated at developing high-level skills | 30% | 39% | - | 9% | Target achieved Significant opportunities to fund postgraduate studies that contribute towards energy- and water-related research have resulted in a higher allocation towards these programmes. |
| | 3.2 Percentage of Discretionary Grant budget allocated at developing intermediate-level skills | 50% | 38% | - | - 12% | Target not achieved Due to significant opportunities to fund postgraduate research (high-level skills), the relative percentage of funding towards intermediate and low-level skills declined. |
| | 3.3 Percentage of Discretionary Grant budget allocated at developing elementary-level skills | 20% | 9% | - | - 11% | Target not achieved Due to significant opportunities to fund postgraduate research (high-level skills), the relative percentage of funding towards intermediate and low-level skills declined. |
| | 3.4 Number of learners who completed workplace-based learning programmes absorbed into employment or self-employment | 100 | 53 | - | -47 | Target not achieved According to the EWSETA Tracer Study of 2022, youth in South Africa continue to be disadvantaged in the labour market with an unemployment rate higher than the national average. According to the Quarterly Labour Force Survey (QLFS) for the first quarter of 2022, the unemployment rate was 63.9% for those aged 15–24 and 42.1% for those aged 25–34 years, while the current official national rate stands at 34.5%. The national absorption rate in Quarter 1 of 2022 was recorded at 37.3% and remains lower at 9% among those aged 15–24 years. |
| | 3.5 Number of established or emergent cooperatives trained on sector and national priority occupations or skills | 10 | 10 | - | 0 | Target achieved |

| Outcomes | Output indicators | 2022/23 annual targets | Achievement milestones | | Variance | Reasons for variance |
|---------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | SETA-funded | Non-SETA-funded | | |
| | 3.6 Number of small and emerging enterprises trained on sector and national identified priority occupations or skills | 15 | 33 | - | + 18 | Target achieved New commercialisation opportunities for SMMEs in the energy sector prompted the support of additional beneficiaries. |
| | 3.7 Number of people trained in entrepreneurship supported to start their business | 5 | 19 | - | +14 | Target achieved New commercialisation opportunities for SMMEs in the energy sector prompted the support of additional beneficiaries. |
| | 3.8 Number of rural development projects initiated | 20 | 20 | - | 0 | Target achieved |
| | 3.9 Number of artisan learners enrolled | 1 000 | 708 | 373 | + 81 | Target achieved There is an increased need for recognition of prior learning for artisan development to drive reskilling and upskilling for the inclusive economic participation of those who are experienced but not qualified. Sector funded training contributed to the target being met and resulted in the SETA limiting its funding allocation towards the target during the year. |
| Increased access for occupations in high demand within the energy and water sector by 2024 | 3.10 Number of artisan learners completed | 750 | 382 | 393 | + 25 | Target achieved Sector funded learners already enrolled with the SETA contributed to target being met. |
| | 3.11 Number of unemployed learners granted bursaries (new enrolments) | 300 | 542 | - | + 242 | Target achieved Institutions accepted higher than expected rates of unfunded learners and EWSETA availed additional funding to support those learners.. |
| | 3.12 Number of unemployed learners granted bursaries (continuing) | 100 | 58 | - | - 42 | Target not achieved Some of the learners who have entered study programmes based on EWSETA funding transferred to different funding programmes during the subsequent years of study. |
| | 3.13 Number of unemployed learners granted bursaries completed their studies | 300 | 10 | - | - 290 | Target not achieved Throughput rates, particularly at TVET colleges, are low and university bursars have either not been completed as yet or have opted for another bursary provider. In some cases, learners are still in the programme. A review of the bursary model is being undertaken. |

| Outcomes | Output indicators | 2022/23 annual targets | Achievement milestones | | Variance | Reasons for variance |
|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|---------------------------|------------------------|-----------------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | SETA-funded | Non-SETA-funded | | |
| | 3.14 Number of learners enrolled in RPL/ARPL | 200 | 613 | 5 | + 418 | Target achieved Due to high demand from the stakeholders in the energy and water sectors. Sector funded learners already enrolled with the SETA contributed to target being met. |
| | 3.15 Number of learners completed RPL/ARPL | 150 | 25 | 131 | + 6 | Target achieved Sector funded learners already enrolled with the SETA contributed to target being met. |
| | 3.16 Number of TVET partnerships established | 5 | 11 | - | + 6 | Target achieved Robust implementation of EWSETA's partnership model has resulted in the target for TVET partnerships being exceeded. |
| | 3.17 Number of HEI partnerships established | 2 | 5 | - | + 3 | Target achieved Robust implementation of EWSETA's partnership model has resulted in the target for HEI partnerships being exceeded. |
| | 3.18 Number of CET partnerships established | 2 | 3 | - | + 1 | Target achieved The country's need to capacitate CET colleges by means of lecturers, management development programmes support and infrastructure support contributed to the target being exceeded. |
| | 3.19 Number of SETA- employer partnerships established | 5 | 8 | - | + 3 | Target achieved Robust implementation of EWSETA's partnership model and stakeholder engagement strategy has resulted in the target for employer partnerships being exceeded. |
| | 3.20 Strategic partnerships established | 4 | 6 | - | + 2 | Target achieved Robust implementation of EWSETA's partnership model and stakeholder engagement strategy has resulted in the target for strategic partnerships being exceeded. |
| | 3.21 Number of inter-SETA partnerships established | 2 | 2 | - | 0 | Target achieved |
| Increased skills capacity through workplace-based learning | 3.22 Number of TVET students requiring work-integrated learning to complete their qualifications placed in workplaces | 400 | 106 | - | - 294 | Target not achieved Several TVET students were awarded for WIL. Implementation with TVET colleges did not progress as planned and projects were delayed, for example due to requests received from some project implementers to convert WIL to internships. |
| | 3.23 Number of TVET students completed their work-integrated learning (WIL) placements | 80 | - | - | - 80 | Target not achieved Extended WIL period requests granted to allow for learners to meet the 24-month requirement. Other programmes still in progress. |

| Outcomes | Output indicators | 2022/23 annual targets | Achievement milestones | | Variance | Reasons for variance |
|----------|--------------------------------------------------------------------------------------------------------|---------------------------|------------------------|-----------------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | SETA-funded | Non-SETA-funded | | |
| | 3.24 Number of university students requiring WIL to complete their qualifications placed in workplaces | 30 | 0 | | - 30 | Target not achieved Awarded projects were not implemented before year-end and are still in progress |
| | 3.25 Number of university students completed their WIL placements | 80 | 37 | - | - 43 | Target not achieved Awarded projects were not complemented before year-end due to contractual challenges and are still in progress. |
| | 3.26 Number of unemployed learners enrolled in internships | 500 | 219 | 23 | - 258 | Target not achieved Implementation of some awarded projects was delayed due to the comprehensive recruitment process of awardees. |
| | 3.27 Number of unemployed learners completed internships | 80 | 36 | - | - 44 | Target not achieved A low intake of learners on internship programmes during the prior financial year resulted in a low completion rate. |
| | 3.28 Number of unemployed learners enrolled in skills programmes | 300 | 411 | 37 | + 148 | Target achieved Rapid changes in the energy sector have driven a higher demand for skills programmes. |
| | 3.29 Number of unemployed learners completed skills programmes | 250 | 0 | 252 | + 2 | Target achieved Sector funded learners already registered with the SETA contributed to target being met. |
| | 3.30 Number of unemployed learners enrolled in learnership programmes | 750 | 499 | 59 | - 192 | Target not achieved A number of awarded project delayed to commence on planned time, resulting in lower number of learners entering the programme. |
| | 3.31 Number of unemployed learners completed learnership programmes | 500 | 215 | 487 | + 202 | Target achieved More EWSETA-registered industry-led learnerships were completed in the reporting period due to intensified exit moderation. Sector funded learners already enrolled with the SETA contributed to target being met. |
| | 3.32 Number of unemployed learners enrolled for candidacy programmes | 20 | 30 | - | + 10 | Target achieved Due to a high demand from the stakeholders in the energy and water sectors. |
| | 3.33 Number of unemployed learners completed candidacy programmes | 20 | 20 | - | 0 | Target achieved |

| Outcomes | Output indicators | 2022/23 annual targets | Achievement milestones | | Variance | Reasons for variance |
|-------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|---------------------------|------------------------|-----------------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | SETA-funded | Non-SETA-funded | | |
| | 3.34 Number of registered professionals entered continuing professional development (CPD) accredited interventions | 200 | 300 | - | + 100 | Target achieved The high intake of learners who completed their short courses and earned CPD points in their respective profession contributed to the target being exceeded. The higher intake aligns with the changing world of work, which requires a higher focus on professional upskilling. |
| | 3.35 Number of learners entered short courses | 400 | 406 | - | + 6 | Target achieved |
| | 3.36 Number of learners completed short courses | 350 | 352 | - | + 2 | Target achieved |
| Increased skills capacity through workplace-based learning | 3.37 Number of workers enrolled in learnership programmes | 100 | 74 | 80 | + 54 | Target achieved A high number of learners enrolled on Learnerships from industry, contributed to the target being exceeded. Sector funded training contributed to target being met and resulted in the SETA limiting its funding allocation towards the target during the year. |
| | 3.38 Number of workers completed learnership programmes | 100 | 75 | 431 | + 406 | Target achieved More EWSETA registered industry led learnerships were completed in the reporting period due to intensified exit moderation. Sector funded learners already enrolled with the SETA contributed to target being met. |
| | 3.39 Number of workers granted bursaries (new entries) | 50 | 110 | - | + 60 | Target achieved The increased partnerships with employers and the need to upskill the workforce for the sector resulted in the noted increase in bursary uptake by employers. |
| | 3.40 Number of workers granted bursaries (continuing) | 40 | 5 | - | - 35 | Target not achieved The majority of prior-year bursaries for workers were grants for one-year programmes only. These were mainly executive and management development programmes. |
| | 3.41 Number of workers granted bursaries completed their studies | 30 | 32 | - | + 2 | Target achieved |
| | 3.42 Number of workers enrolled in skills programmes | 750 | 902 | 98 | 250 | Target achieved The increased partnerships with employers and the need to upskill the workforce for the sector to respond to new industry development resulted in the noted increase in the uptake of skills programmes by employers. |

| Outcomes | Output indicators | 2022/23 annual targets | Achievement milestones | | Variance | Reasons for variance |
|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | SETA-funded | Non-SETA-funded | | |
| | 3.43 Number of workers completed skills programmes | 1 300 | 215 | 1 045 | - 40 | Target not achieved Skills development providers not ready for exit moderation and those already moderated could not supply supporting documents in time for the SOR to be issued. Contributions by the sector funded training already enrolled with the SETA contributed to target being met. |
| | 3.44 Number of workers enrolled Adult Education and Training (AET) programmes | 50 | 50 | 12 | + 12 | Target achieved The additional intake of learners by the industry contributed to the target being exceeded. |
| | 3.45 Number of workers completed AET programmes | 30 | 0 | - | - 30 | Target not achieved Projects did not commence as planned, therefore resulting in delayed completion. Throughput rates in other projects were lower than planned. |
| | 3.46 Number of federations or trade unions supported through the relevant skills training interventions | 5 | 0 | - | - 5 | Target not achieved Due to implementation challenges with several trade unions, a new approach was adopted in the current year, which could not be fully implemented before year-end. |
| Increased economical participation of CBOs, NGOs, NPOs and SMMEs within the energy and water sectors | 3.47 Number of cooperatives funded for skills that enhance enterprise growth and development | 10 | 10 | - | 0 | Target achieved |
| | 3.48 Number of small businesses funded for skills that enhance growth and development | 20 | 33 | - | + 13 | Target achieved New commercialisation opportunities for SMMEs and entrepreneurs in the energy sector prompted the support of additional beneficiaries to improve economic participation. |
| | 3.49 Number of people trained on entrepreneurship supported to start their businesses | 5 | 19 | | 14 | Target achieved A great need for strategic partnership support to enable entrepreneurs to start their businesses contributed to the target being exceeded. |
| | 3.50 Number of CBOs, NGOs and NPOs funded for skills that enhance the development and sustainability of their organisation's activities | 10 | 10 | | 0 | Target achieved |

| Outcomes | Output indicators | 2022/23 annual targets | Achievement milestones | | Variance | Reasons for variance |
|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------|---------------------------|------------------------|-----------------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | SETA-funded | Non-SETA-funded | | |
| Increased support for the growth of the college system | 3.51 Number of SETA offices established and maintained in TVET colleges | 4 | 4 | - | 0 | Target achieved |
| | 3.52 Number of centres of specialisation supported | 2 | 2 | - | 0 | Target achieved |
| | 3.53 Number of TVET lecturers exposed to the industry through skills programmes | 10 | 14 | - | + 4 | Target achieved Due to high demand from stakeholders in the energy and water sectors. |
| | 3.54 Number of TVET managers receiving training on curriculum-related studies | 10 | 0 | - | - 10 | Target not achieved Projects were awarded to TVET colleges, but challenges were experienced with the implementation of the awarded projects. |
| | 3.55 Number of TVET college lecturers awarded bursaries | 5 | 8 | - | + 3 | Target achieved A greater need was identified during the year to capacitate TVET lecturers. |
| | 3.56 TVET colleges infrastructure development (equipment or workshops) | 2 | 2 | 0 | 0 | Target achieved |
| | 3.57 Number of CET college lecturers awarded skills development programmes | 5 | 5 | - | 0 | Target achieved |
| | 3.58 CET colleges infrastructure development support (equipment and workshops, connectivity or ICT) | 2 | 2 | - | 0 | Target achieved |
| | 3.59 Number of CET managers receiving training on curriculum-related studies | 5 | 5 | - | 0 | Target achieved |
| | 3.60 Number of CET learners accessing AET programmes | 50 | 50 | - | 0 | Target achieved |

| Outcomes | Output indicators | 2022/23 annual targets | Achievement milestones | | Variance | Reasons for variance |
|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|------------------------|------------------------|-----------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | SETA-funded | Non-SETA-funded | | |
| Subprogramme 3.2: Career and Vocational Guidance | | | | | | |
| Labour force that is updated with current skills required for the sector | 3.61 Number of career development events in urban areas on occupations in high demand | 20 | 29 | - | + 9 | Target achieved Due to increased opportunities received from stakeholders to participate in career development events, this target was exceeded. |
| | 3.62 Number of career development events in rural areas on occupations in high demand | 20 | 24 | - | + 4 | Target achieved Due to increased opportunities received from stakeholders to participate in career development events, this target was exceeded. |
| | 3.63 Number of career development practitioners trained | 300 | 301 | - | + 1 | Target achieved |
| | 3.64 Number of capacity-building workshops on career development services initiated | 9 | 20 | - | + 11 | Target achieved EWSETA capitalised on the increased career development events, and additional workshops aligned with those events were initiated. |
| | 3.65 Develop and implement career guidance portal | 1 000 | 1 187 | - | + 187 | Target achieved A targeted marketing campaign ensured high interest in the career portal launch. |
| | 3.66 Number of STEAM support programme | 1 | 1 | - | 0 | Target achieved |

PROGRAMME 4: QUALITY ASSURANCE AND COMPLIANCE

| Subprogramme 4.1: Quality Assurance | | | | | | |
|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|------------------------|------------------------|---|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Outcomes | Output indicators | 2022/23 annual targets | Achievement milestones | | Variance | Reasons for variance |
| Updated qualifications that are aligned to the current skills training needs | 4.1 Number of workplaces approved. | 10 | 12 | - | + 2 | Target achieved EWSETA received excess applications for workplace approvals. |
| | 4.2 Number of skills development providers accredited | 10 | 10 | - | 0 | Target achieved |
| | 4.3 Percentage of applications for certificates received and processed within 60 days | 80% | 100% | - | + 20% | Target achieved The organisation has implemented an improved certification process and enhanced capacity. |
| | 4.4 Number of qualifications developed | 4 | 4 | - | 0 | Target achieved |
| | 4.5 Number of skills programmes developed | 3 | 6 | - | +3 | Target achieved Changes in the world of work have led to increased requests and motivations from the sector to develop skills programmes to respond to immediate skills needs. |
| | 4.6 Number of Quality Assurance Standards addendums developed | 2 | 2 | - | 0 | Target achieved |

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

In pursuit of excellence, we have outlined a comprehensive roadmap for the forthcoming financial year. Our core focus continues to transform under-performing areas into thriving pillars of success. This report encapsulates the strategies and initiatives to drive our organisation towards enhanced performance and sustainable growth.

Leveraging strategic partnerships for Progress

Strategic partnerships remain the bedrock of our endeavours. Collaborative alliances provide us with the collective strength needed to surmount challenges in under-performing areas. These partnerships amplify our capabilities, enabling us to pool resources and insights to create innovative solutions that yield significant impact.

Operational model reinvention

The successful completion of our new operating model marks a pivotal milestone. This model, meticulously developed to align with our strategic vision, has been completed. Through internal operational reengineering and external partner collaboration, we are paving the way for a high-performing organisation that thrives in a dynamic landscape through internal operational reengineering and external partner collaboration.

Reimagining stakeholder centricity

Our core model of stakeholder centricity has undergone a profound reimagination. This transformation has been necessitated by our organisational development journey. Although capacity posed challenges, our commitment has

culminated in completing this process. As we stride into 2023, our Board-approved structure empowers us to proceed with a comprehensive resourcing strategy.

Empowering through co-funding

To overcome the limitations of financial resources, we are intensifying our efforts in co-funding initiatives. Recognising that strategic performance is enhanced through collaborative financial commitments, we are dedicated to bolstering our insourcing co-funding endeavours. This approach not only multiplies our resources but expands the sphere of our impact.

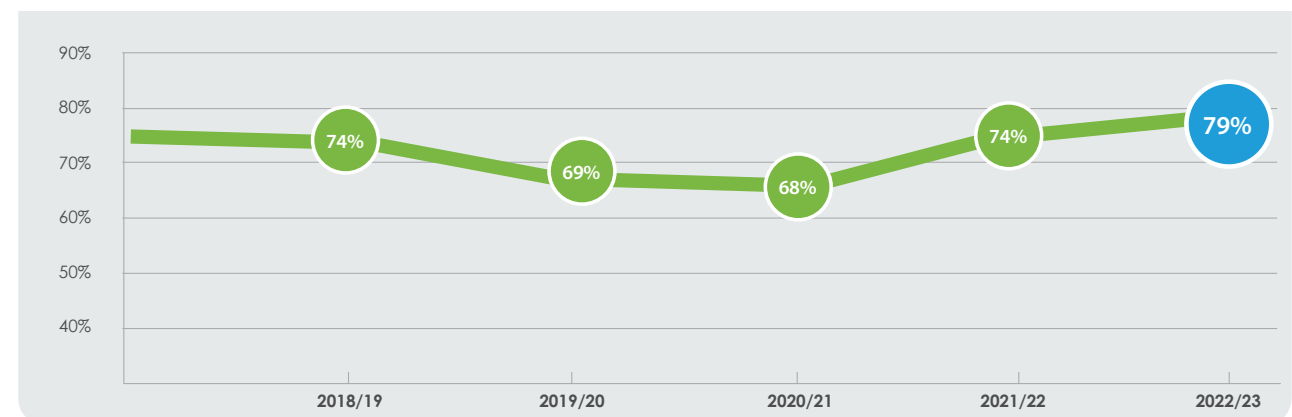
Targeted calls and timely advertising

Precision is the cornerstone of our strategy in the upcoming year. We are introducing targeted calls to the market through our Discretionary Grant window. This strategic shift ensures that our programmes address specific needs and deliver

meaningful outcomes. Moreover, by commencing advertising efforts earlier, we secure the necessary room to select initiatives that best align with our revitalised strategy.

As we forge ahead, we also reflect on lessons from the past year. Our commitment to progress remains unwavering. We will continually reassess and adjust our strategies to align with evolving challenges and opportunities. Through resolute collaboration, operational refinement, stakeholder empowerment, co-funding and targeted initiatives, we are poised to not only overcome areas of under-performance, but to establish a new benchmark for excellence.

This report encapsulates our dedication to innovation, collaboration and sustainable growth. We look forward to embarking on this transformative journey and sharing the fruits of our collective efforts in the next financial year.



5-year review of EWSETA performance against APP targets

LINKING PERFORMANCE WITH BUDGETS

| Programme, activity or objective | 2021/22 | | | 2022/23 | | | 2022/23 variance explanations |
|----------------------------------|--------------|--------------------|---------------------------|--------------|--------------------|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Budget R'000 | Actual expenditure | (Over-/under-expenditure) | Budget R'000 | Actual expenditure | (Over-/under-expenditure) | |
| Administration | 83 694 | 60 390 | -23 304 | 82 939 | 73 432 | -9 507 | Underspent due to cost savings. |
| Mandatory Grants | 66 406 | 73 112 | 6 706 | 73 687 | 74 110 | 423 | Slightly above budget due to more levy payers that qualified and were approved for mandatory grants in the current financial year. |
| Skills Planning | 14 343 | 3 741 | -10 602 | 5 460 | 7 485 | 2 025 | Due to energy supply challenges in South Africa, there is a need for renewable energy alternatives. Hydrogen is a viable option. EWSETA initiated two hydrogen research projects to assess skills needed for the growing hydrogen economy. |
| Discretionary grants | 142 974 | 122 813 | -20 161 | 150 649 | 179 398 | 28 749 | 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 | 3 439 | 3 439 | 0 | 1 949 | 1 949 | Special project expenses are not budgeted for as they are fully recoverable from the Department of Water and Sanitation's conditional grant. |
| Career Guidance | 2 180 | 703 | -1 477 | 2 600 | 1 648 | -952 | |
| Qualification Assurance | 11 650 | 1 157 | -10 493 | 9 881 | 0 | -9 881 | Due to the non-implementation of planned initiatives. The position of a manager in this department was filled in the current financial year. |

REVENUE COLLECTION

| Source of revenue | 2021/22 | | | 2022/23 | | | |
|-------------------|----------------|-------------------------|---------------------------|--------------|-------------------|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Estimate R'000 | Actual collection R'000 | (Over-/under-expenditure) | Budget R'000 | Actual collection | (Over-/under-expenditure) | |
| Levies | 312 435 | 349 709 | 37 274 | 322 626 | 338 264 | -15 638 | EWSETA collected a slightly higher revenue from levies compared to budget, which indicates an improvement in economic recovery and new employers joining the energy and water sector. |
| Other income | | 135 | 135 | | 112 | 112 | |
| Interest income | 20 442 | 13 243 | 7 199 | 10 160 | 24 467 | -14 307 | Mainly attributable to interest earned on higher cash balances and the SARB increase of interest rates. |
| Special Project | | 2 391 | 2 391 | 0 | 1 949 | 1 949 | 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. These expenses are financed by a conditional grant from the Department of Water and Sanitation. |

CAPITAL INVESTMENT

The entity did not have any infrastructure projects in progress during 2022/23. The only capital expenditure related to the purchase of intangible assets (software) and is outlined in the financial statements.

Powerful partnerships for greater impact: Expanding reach for collective solutions

NURTURING TALENT THROUGH COLLABORATIVE WORKPLACE EXPERIENCE



Livhuwani Rasoesoe, an assistant engineer, excitedly shared his newfound skills.

In pursuit of fostering young talent and preparing them for the challenges of the corporate world, EWSETA embarked on a transformative collaboration with Proconics, a local company renowned for executing agile multidisciplinary engineering projects. This project showcases the impact of this partnership through the story of Livhuwani Rasoesoe, a dynamic young assistant engineer, whose journey from intern to valued team member has been nothing short of remarkable.

THE BEGINNINGS

When Livhuwani Rasoesoe joined Proconics' internship programme, he believed his university knowledge and experience would seamlessly integrate him into the corporate world. However, the realities of the professional realm soon

unfolded before him. Livhuwani realised that he needed to start afresh, learning everything, from the company's systems to the intricacies of technical tasks.

LESSONS IN TIME MANAGEMENT

One of the most critical lessons Livhuwani learnt during his first year at Proconics was the importance of time management. The corporate world operates on deadlines, and efficient time management has become the key to meeting these timelines successfully. This realisation not only enhanced his productivity, it also honed his ability to handle projects more effectively.

AN ENVIRONMENT FOR GROWTH

Despite the initial challenges, Livhuwani discovered that Proconics was a haven for professional development. The company's diverse projects, aimed at solving critical infrastructure problems, provided him with exciting opportunities to learn and grow continuously. Unlike repetitive tasks, each project presented its unique challenges, allowing Livhuwani to expand his knowledge and expertise in various areas.

ASPIRATIONS AND AMBITIONS

Now a full-fledged member of Proconics, Livhuwani has set his sights on further educational pursuits to augment his engineering qualifications and knowledge. His goals include gaining exposure to different projects, registering as a professional engineer, and honing essential soft skills such as communication, critical thinking, decision-making and time management.

WORK ETHIC AND INSPIRATION

Livhuwani attributes much of his success to the work ethic instilled in him by his colleagues at Proconics. Taking immense pride in their work and delivering high-quality outputs within designated timeframes became second nature to him. This work ethic enhanced his performance and motivated him to strive for excellence in every endeavour.

WORDS OF WISDOM

As Livhuwani reflects on his transformative journey, he offers valuable advice to other interns seeking to make the most of their internship programmes. His wisdom lies in being willing to learn, asking questions, showing genuine interest and remaining humble throughout the learning process.

CONCLUSION

The partnership between EWSETA and Proconics has proven to be a resounding success, as exemplified by the growth and development of young talent like Livhuwani Rasoesoe. The case of Livhuwani serves as a powerful testament to the importance of workplace experience in preparing individuals for the corporate world. Through collaborative efforts, we can continue to nurture the next generation of professionals, equipping them with the skills, knowledge and work ethic required to make a positive impact in their chosen fields.





GOVERNANCE INFORMATION



“There is immense power when a group of people with similar interests gets together to work toward the same goals.”

- Idowu Koyenikan

GOVERNANCE

INTRODUCTION

Corporate governance is a system of rules, practices and processes by which EWSETA is directed, controlled and held to account.

In addition to legislative requirements, corporate governance at EWSETA is applied through precepts of the Skills Development Act and runs in tandem with the principles contained in King's Report on Corporate Governance.

THE EXECUTIVE AUTHORITY

EWSETA's Accounting Authority accounts to the Minister of Higher Education, Science and Technology, who, in turn, accounts to Parliament and the Parliamentary Portfolio Committee on Higher Education, Science and Technology.

In terms of section 13 of the enabling legislation, the Minister must approve EWSETA's Constitution. 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, EWSETA's Constitution and any other applicable legislation.

THE ACCOUNTING AUTHORITY

The Accounting Authority is the governing body of EWSETA, and members have a collective responsibility to meet the fiduciary duties enshrined in the primary legislation and various governance codes. The composition of the Accounting Authority complies with the requirements of section 11 of the Skills Development Act.

In addition to provisions on accountability within the legislative framework and governance prescripts, the Accounting Authority has the following responsibilities:

- a) Govern and manage EWSETA in accordance with legislation
- b) Set organisational culture
- c) Provide policy and strategic direction and oversee implementation
- d) Review management performance and oversee risk management
- e) Ensure the objectives and functions of EWSETA comply with the constitutional, legislative and policy mandates

THE ACCOUNTING AUTHORITY CHARTER

EWSETA's Constitution serves as the Accounting Authority Charter. The Constitution will be read in conjunction with the Skills Development Act and other committees' terms of reference.

COMPOSITION OF THE ACCOUNTING AUTHORITY

The Accounting Authority is constituted and composed in terms of section 8(5) of the Constitution. In 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, leadership attended and participated in the meetings of the Accounting Authority and its committees as shown below:

ACCOUNTING AUTHORITY AND COMMITTEES' RECORD OF ATTENDANCE

| Total number of meetings held in 2022/23 | | | | | |
|------------------------------------------------------------|-----|------|-----|-----|-----|
| Meetings scheduled | AA | EXCO | ARC | FRC | GSC |
| Scheduled | 4 | 2 | 4 | 4 | 4 |
| Special | 4 | 2 | 2 | 3 | 1 |
| Strategy | 1 | — | — | — | — |
| Members of the Accounting Authority and its committees | | | | | |
| Limakatso Moorosi (Chairperson) | 9/9 | 4/4 | — | — | — |
| Raletjatji Bokaba | 5/9 | — | 5/6 | — | — |
| Esmé Coetzer | 7/9 | — | — | 6/7 | — |
| Lester Goldman ² | 9/9 | 4/4 | — | 5/5 | 1/1 |
| Dumisane Magagula | 9/9 | 4/4 | — | 6/7 | 5/5 |
| Nandi Malumbazo ³ | 9/9 | 4/4 | — | — | 4/4 |
| Monica Malunga ⁴ | 2/2 | 1/1 | — | 2/2 | — |
| Verena Meyer-Singh | 8/9 | — | — | — | 5/5 |
| Hilda Mhlongo | 5/9 | — | — | 5/7 | — |
| Nhlanhleni Ngidi ⁵ | 7/9 | 3/3 | — | — | 4/5 |
| Nomava Nobatana | 9/9 | — | 6/6 | — | — |
| Keagile Pholoba ⁶ | 0/4 | — | — | — | 0/4 |
| Independent members of the Audit and Risk Committee | | | | | |
| Mariana Strydom (Chairperson) | 9/9 | — | 6/6 | — | — |
| Faizal Docrat | — | — | 6/6 | — | — |
| Lwazi Giba | — | — | 6/6 | — | — |
| Sedzani Musundwa ⁷ | — | — | 6/6 | — | — |
| Co-opted members of the Finance and Remuneration Committee | | | | | |
| Lethabo Manamela | — | — | — | 4/7 | — |
| Moshupi Mokgobinyane | — | — | — | 6/7 | — |

| Executive Management | | | | | |
|-----------------------|-----|-----|-----|-----|-----|
| Mpho Mookapele (CEO) | 8/9 | 3/4 | 7/7 | 7/7 | 4/5 |
| Robyn Vilakazi (CFO) | 9/9 | 3/4 | 7/7 | 7/7 | 5/5 |
| Candice Moodley (CSE) | 3/9 | 4/4 | 7/7 | 7/7 | 5/5 |

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

²Lester Goldman was moved from chairing the GSC and was appointed Chairman of the FRC with effect from 28 July 2022

³Nandi Malumbazo was appointed Chairman of the GSC with effect from 28 July 2022.

⁴Monica Malunga resigned as a member of the AA with effect from 17 June 2022. Her resignation compelled committee member rotation. See ², ³ & ⁴.

⁵Nhlanhleni Ngidi was appointed as a member of EXCO with effect from 28 July 2022.

⁶Keagile Pholoba absconded from the AA.

⁷Sedzani Musundwa resigned as an independent member of the ARC with effect from 7 February 2023.



COMPOSITION OF THE ACCOUNTING AUTHORITY



Limakatso Moorosi
Chairperson
DVM, MSc Agriculture,
Management Development



Solomon Bokaba
Organised employer
BJuris, LLB, LLM
(Administrative and
Municipal Law)



Esmé Coetzer
Organised employer
BA (Hons) (Psychology), MBL,
DBL



Lester Goldman
Professional bodies
Diploma Business
Management, BCom (Acc),
MBA, DBA



Dumisane Magagula
Organised labour
NTC, DipTh



Nandi Malumbazo
Community organisations
BSc. (Chemistry,
Biochemistry, Microbiology),
BSc(Hons), MSc (Synthesis
Organic Chemistry), PhD
(Chemical Engineering)



Monica Malunga
Organised employers
BSc, BTech (Management)



Verena Meyer-Singh
Organised employer
BSc Agriculture Microbiology,
BSc(Hons) (Water Utilisation),
MSc (Water Utilisation), MEd
Environmental Education



Hilda Mhlongo
Organised employer
BCom, Bcom(Hons)
(Management) (IP), HRM, MBL



Nhlanhleni Ngidi
Organised employer
BTech (Electrical
Engineering), MDP, MBL



Nomava Nobatana
Organised labour
BA (Communication),
HRM Diploma, Hons (IP),
Postgraduate Diploma in
Labour Law

VACANT *Organised labour*
VACANT *Organised labour*
VACANT *Organised labour*
VACANT *Organised labour*

REMUNERATION OF THE ACCOUNTING AUTHORITY

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, Science and Technology.

According to Circular 2 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 identify in board meetings, such as verbal and non-verbal communication, ethical behaviour, reflection on running effective board meetings, and the application of basic governance practices.

COMPANY SECRETARY

The services of a Company Secretary are outsourced to a service provider who advises the Accounting Authority on governance protocols, obligations and compliance with applicable legislation. The Company Secretary coordinates the activities and provides full support to the Accounting Authority and its committees.

RISK MANAGEMENT AND COMPLIANCE

EWSETA’s risk management function operates within an approved Risk Management Strategy and Policy. Operational risk assessments are in place and are 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 risk planning, risk orientation, risk assessment, risk response and monitoring. The Audit and Risk Committee oversees 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 improving 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 the overall internal control environment and required action plans, mitigation measures and improvements. During the current year, the Department improved EWSETA’s overall compliance environment by enhancing the compliance universe and supporting monitoring measures.

INTERNAL AUDIT AND AUDIT COMMITTEES

The entity has appointed an outsourced independent internal audit function, which 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 following audits were conducted during the 2022/23 financial year:

- Learning programmes
- Audit of predetermined objectives
- Information technology general control environment review
- Firewalls assessment
- Information technology security audit
- Human capital audit
- POPIA assurance review
- Financial controls review
- Supply chain management
- Projects, contracts and 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 by using a compliance universe. Compliance requirements are cascaded to the responsible departments and monitored centrally by the Risk and Compliance Department, which monitors 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 preventing fraud. Progress against the plan is reported quarterly to the applicable governance committees, while fraud risks are included in operational and strategic risk registers for monitoring.

All employees and Governance Committee members ascribe to EWSETA's Code of Conduct which prescribes the expected level of ethical conduct. The entity has a Whistle-blowing Policy and hotline in place. The Risk and Compliance Department investigates reported incidents and reports them to the Audit and Risk Committee quarterly.

MINIMISING CONFLICT OF INTEREST

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

AUDIT AND RISK COMMITTEE REPORT

We are pleased to present the Audit and Risk Committee (ARC) report for the financial year ending 31 March 2023.

ARC 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 discharged all its responsibilities as contained therein.

MEMBERS OF THE ARC

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

- Ms Mariana Strydom: independent Chairperson
- Mr Faizal Docrat: independent member
- Mr Lwazi Giba: independent member
- Dr Sedzani Musundwa: independent member (resigned on 7 February 2023)
- Mr Raletjatji Bokaba: a member of the Accounting Authority (organised employers)
- Ms Nomava Nobatana: a member of the Accounting Authority (organised labour)

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



Mariana Strydom

MEETINGS HELD BY THE AUDIT AND RISK COMMITTEE

The members attended six scheduled meetings during the financial year ending 31 March 2023, with key stakeholders as reflected in the table below:

| Name | 22 April 2022 | 25 May 2022 | 20 July 2022 | 26 July 2022 | 28 October 2022 | 27 January 2023 |
|-------------------|---------------|-------------|--------------|--------------|-----------------|-----------------|
| Mariana Strydom | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Raletjatji Bokaba | ✓ | A | ✓ | ✓ | ✓ | ✓ |
| Nomava Nobatana | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Faizal Docrat | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Sedzani Musundwa | ✓ | ✓ | ✓ | A | ✓ | ✓ |
| Lwazi Giba | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

THE EFFECTIVENESS OF INTERNAL CONTROLS

The ARC confirms that the system of internal controls applied by the entity over financial management is effective and efficient, and compliant with the PFMA. The internal controls that need some improvement relate to risk management and the control environment, as reported by the internal auditors.

FINANCIAL MANAGEMENT ENVIRONMENT

The ARC noted that the financial management environment significantly improved from the previous financial period under the leadership of the CFO.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The ARC did the following:

- Reviewed the audited annual financial statements 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.

INTERNAL AUDIT

The ARC is satisfied that the outsourced internal audit function performed its work in accordance with the approved Charter, Internal Audit Plan and three-year rolling plan. The ARC and AGSA found the internal audit function to operate effectively and efficiently as an independent assurance provider.

AUDITOR-GENERAL OF SOUTH AFRICA

The ARC concurs with and accepts the opinion expressed by the AGSA on the annual financial statements. The ARC is of the opinion that the audited annual financial statements be accepted and read together with the report of the AGSA.



On behalf of the Audit and Risk Committee

Ms Mariana Strydom

Chairperson of the Audit and Risk Committee

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 done in line with EWSETA's Supply Chain Management Policy, which is aligned with the preferential procurement prescripts of the PFMA. |
| Determining qualification criteria for the sale of state-owned enterprises? | N/A | 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 Black Economic Empowerment? | Yes | EWSETA's Grants Policy prescribes the criteria and guidelines used to determine the allocation of Mandatory and Discretionary Grants. |

ACHIEVING GENDER PARITY IN THE ENERGY SECTOR



Women in the Oil and Gas sector enrolled in the WBS Executive Development Programme

This project highlights the significant impact made by EWSETA through its partnership with the Executive Development Programme for Women in the Oil and Gas Sector at the Wits Business School (WBS) at the University of the Witwatersrand (Wits University). The programme aims to address the under-representation of women in senior management positions within the energy and water sectors by providing targeted training and development opportunities. By empowering women executives, EWSETA is driving positive change, fostering gender parity, and enhancing the overall growth and sustainability of the industry.

THE STRATEGIC PARTNERSHIP WITH WITS BUSINESS SCHOOL

EWSETA's collaboration with Wits Business School, a leading training and education provider, underscores the

organisation's commitment to advancing knowledge and expertise in South Africa's energy and water sector. With a focus on critical thinking, innovation and sustainability, the partnership aims to equip energy professionals with the skills to navigate the evolving African energy landscape.

ADDRESSING THE GENDER IMBALANCE

Recognising the low representation of women in senior management roles in the energy and water sectors, the Executive Development Programme is strategically designed to prepare women for leadership positions. The programme nurtures agile and competent leaders who can drive positive change in the industry by offering comprehensive courses covering various management areas, leadership competencies and talent management.

CONTRIBUTING TO TRANSFORMATIONAL IMPERATIVES

The development programme aligns with EWSETA's transformational goals by actively promoting gender diversity in the energy and water sectors. The programme's focus on encouraging the participation of black African delegates and individuals with disabilities underscores EWSETA's commitment to inclusivity and diversity.

EMPOWERING WOMEN ENTREPRENEURS

In addition to developing leadership competencies, the programme seeks to empower women to become entrepreneurs in the energy and water sectors. By providing networking opportunities, mentorship support and potential pathways for further academic growth, such as the Postgraduate

Diploma in Energy Leadership or the Master of Management in Energy Leadership, the programme aims to foster career advancement and entrepreneurship among its beneficiaries.

ENVISIONING A TRANSFORMED ENERGY AND WATER SECTOR

EWSETA's proactive approach towards increasing women's representation in senior management positions is anticipated to transform the face of the energy and water sectors. With more women at the helm, the industry will be better equipped to meet its transformational goals and inspire the next generation of female professionals to pursue careers in these sectors.

CONCLUSION

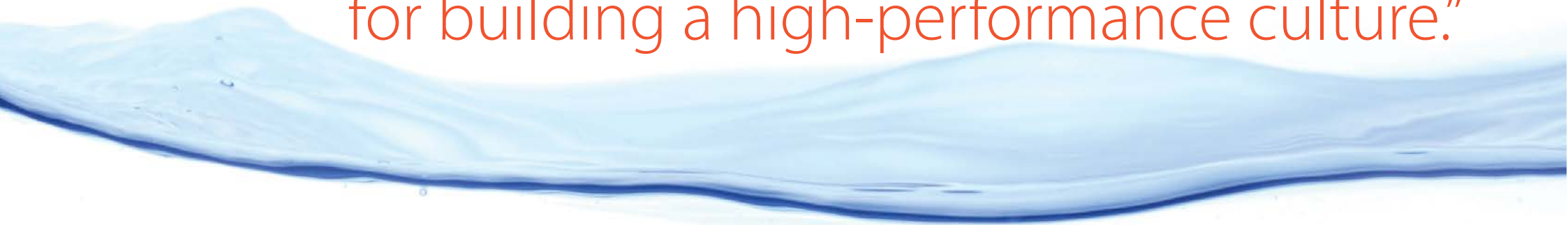
The partnership between EWSETA and Wits Business School has demonstrated tangible progress in promoting gender parity in the energy and water sectors. By empowering women through targeted training and development, the programme has opened doors for increased career opportunities and entrepreneurship, fostering positive economic growth in communities and beyond. EWSETA's commitment to promoting diversity and inclusivity in the energy sector stands as a shining example of its dedication to driving meaningful change and ensuring a sustainable future for the industry.





HUMAN RESOURCES INFORMATION

“EWSETA’s new operating model ensures a robust and efficient system, transforms service delivery and creates a foundation for building a high-performance culture.”



HUMAN RESOURCES OVERVIEW

Human Resources' commitment and effort in leading and supporting an enabling organisation climate that promotes a high-Performance culture to maximise stakeholder centricity and operational excellence is indeed paying off. It may not be immediately evident at the surface level. Still, in terms of driving a process that seeks to ensure a more capacitated and capable EWSETA workforce that can competently respond to the needs of our stakeholders, we are realising tangible results.

While the organisational design process was one of EWSETA's main strategic projects for the period under review (see Operating Model and Organisational Update on pages 26 of this annual report), our commitment to develop, nurture and retain the existing staff complement has remained a priority and at the centre of supporting the organisational slogan, "creating a sustaining tomorrow today". EWSETA's values of Respect, Integrity, Teaming and Excellence are the lighthouse beacon steering the implementation of HR's strategic objectives through a year wrought with departmental and organisational capacity challenges towards some significant milestones, as is evident in the entity's overall APP performance results.

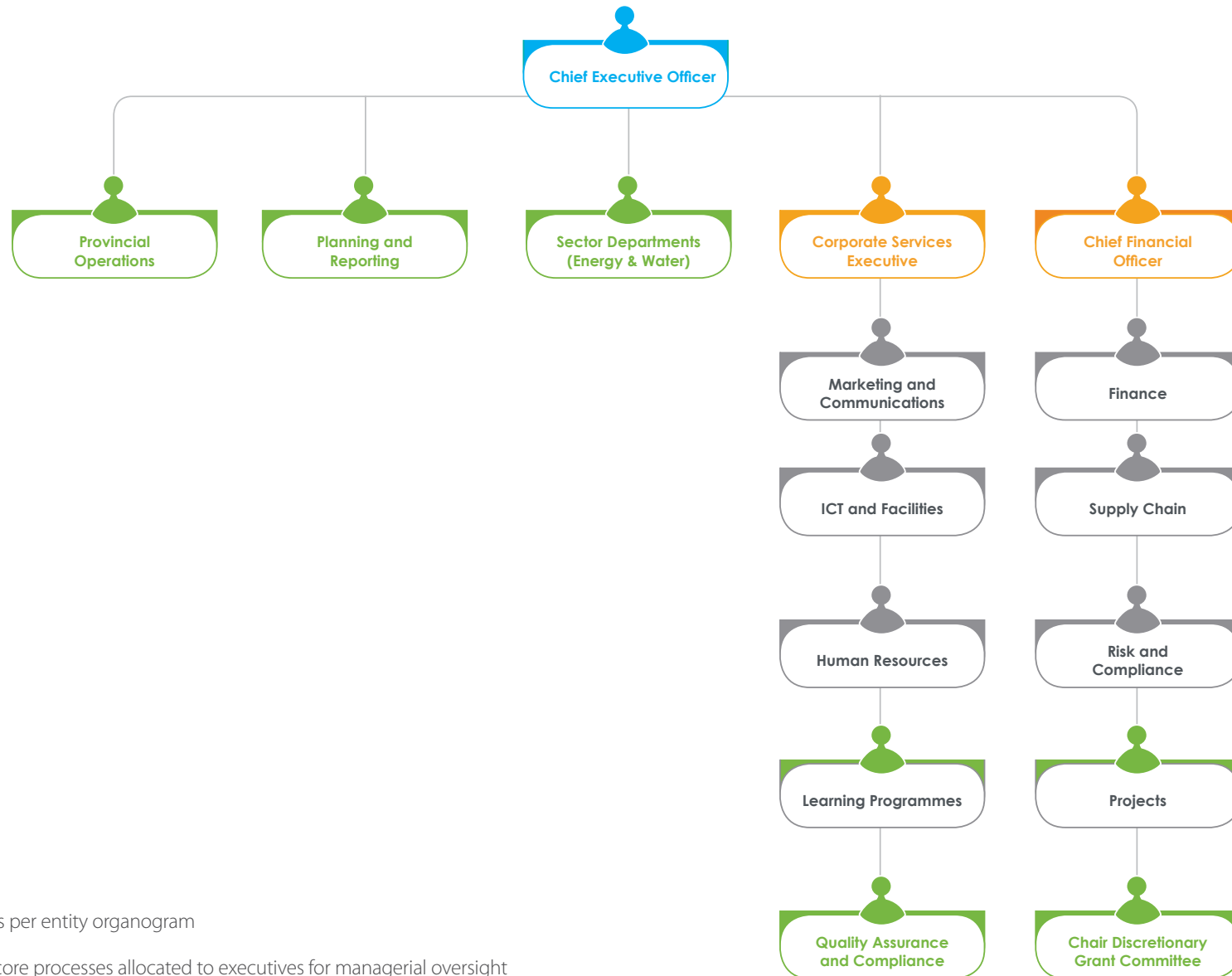
The organisational design implementation project has been part of EWSETA's transformation journey towards becoming a high-performance entity, which began in 2017 and continues today. The operating model, improved business processes, a new aligned "fit-for-purpose" organisational structure and a comprehensive structure resourcing implementation plan have been a few of the documented successes of this fiscal year, with commendable support from our Board, all internal stakeholders, management, organised labour and all our employees.

The moratorium placed on recruitment for permanent positions until the new structure was developed and approved, coupled with the exiting of some fixed-term contractors due to contract effluxion of time, placed considerable strain and additional pressure on staff across the organisation, particularly those who assisted with critical processes outside of their day-to-day functions. Maintaining a healthy work-life balance has not been easy for EWSETA employees. The organisation has achieved an 79% overall performance

which has come at great sacrifice to staff, especially at the executive level, where between two executives and the CEO (alleviated for four months with the appointment of an Acting Planning, Monitoring and Reporting Executive), the organisation maintained momentum, improved performance results, increased stakeholder engagement, drove thought leadership, adapted with agility to rapid sector changes and transitioned to an "authority", as envisioned.

Where critical processes were at risk, external service providers and consultants were temporarily appointed (project management, energy and water specialists).

The structure below indicates which additional responsibilities were assumed by the executive team.



Legend:

- Filled executive positions
- Reporting departments as per entity organogram
- Additional departments/core processes allocated to executives for managerial oversight

It has therefore been necessary for EWSETA to strengthen the relationship with its wellness partner, ICAS, to supply ongoing support 24/7 to its staff and their immediate family members, as well as to work towards creating a safe environment in which one could address all of life's challenges and difficulties across varying social categories that impact us on a professional and personal level. As part of the organisational design change management initiatives and understanding that the process is a daunting one that can elevate already existing anxieties, HR ensured that a trained ICAS professional was on-site at the entity's head office three times a week so that the support was easily accessible to anyone requiring a consultation.

As a journey towards being a high-performing entity, EWSETA is relentlessly working to improve the culture of the organisation. However, all the culture change initiatives and employee engagement strategies, like the "Yenza Kahle" programme, will not succeed if we do not have people reinforcing the positive messaging and leading by example. Therefore, the entity launched and trained staff-nominated change champions to actively become EWSETA change agents.

Performance management is an invaluable tool to monitor and measure progress towards the organisation's expected goals. This function enables and supports one of EWSETA's strategic objectives of a "high-performance culture" through living the values of Respect, Integrity, Teaming and Excellence and instilling a culture of ownership, accountability and impact of every action taken across every level of operation.

Another recorded major success was sourcing and partnering with a new performance management system partner, who brings best practices in measuring performance against national and organisational strategic documents from senior to junior staff members, to map every employee's contribution and promote teamwork through excellence.

The training and development of our workforce is another success indicator, given that 100% of employees undertook some form of training in 2022/23. This ranged from receiving study assistance towards full qualifications to short courses directed towards upskilling the individual within their own role. EWSETA also rolled out a First Aid training course to all staff, irrespective of whether they are part of the Health and Safety Committee since the nature of the work a SETA does requires extensive travelling for some, and being empowered to respond calmly and confidently can make a huge difference in medical emergencies.

HR must champion all EWSETA policies to protect the employer and employee relationship. It consistently endeavours to improve the employer-employee relationship through the solid base of a mutual bargaining agreement for gainful employment. The improved relationship with organised labour has been progressive and professional in addressing complex labour issues that supplied an outcome satisfying both parties.

Finally, EWSETA's HR Governance has been monitored. All necessary policies due for review or where changes were required to align them to legislative changes and/or process amendments were tabled and approved accordingly.

The following tables reflect important HR data for 2022/23.

HUMAN RESOURCE STATISTICS UPDATE

PERSONNEL COST BY PROGRAMME

Personnel cost by salary programme

| Programme | Personnel expenditure (R) | Personnel expenditure as a % of total expenditure | Number of employees | Average personnel cost per employee (R) |
|---------------|---------------------------|---------------------------------------------------|---------------------|-----------------------------------------|
| Admin* | R24 691 332 | 61,75% | 23 | R1 073 536 |
| War on leaks | R1 187 526 | 2,97% | 7 | R169 647 |
| Project admin | R14 107 039 | 35,28% | 30 | R 470 234 |
| Total | R39 985 897 | 100% | 60 | R1 713 417 |

*Included in Admin staff cost is salaries related to reception temp and water specialist (R606,342.66). Three temporary staff contracts were extended.

Personnel cost by salary band

| LEVEL | Personnel Expenditure (R) | % of personnel exp. to total personnel cost | No of employees | Average personnel cost per employee (R) |
|------------------------|---------------------------|---------------------------------------------|-----------------|-----------------------------------------|
| Top Management | R5 036 042 | 12,59% | 3 | R1 678 680 |
| Senior Management | R12 087 997 | 30,23% | 12 | R1 007 333 |
| Professional Qualified | R10 821 507 | 27,06% | 19 | R569 552 |
| Skilled | R4 515 132 | 11,29% | 5 | R903 026 |
| Semi-Skilled | R7 525 219 | 18,82% | 21 | R358 343 |
| Unskilled | - | - | - | - |
| TOTAL | R39 985 897 | 100% | 60 | R666 432 |

PERFORMANCE REWARDS

Performance Rewards

| Level | Performance Rewards (R) | Personnel Expenditure (R) | % of performance rewards to total personnel cost |
|------------------------|-------------------------|---------------------------|--------------------------------------------------|
| Top Management | R248 051,20 | R5 036 042,82 | 5% |
| Senior Management | R270 065,03 | R12 087 997,67 | 2% |
| Professional Qualified | R349 863,09 | R10 821 505,92 | 3% |
| Skilled | R42 751,35 | R4 515 131,70 | 1% |
| Semi-Skilled | R266 435,01 | R7 525 219,50 | 4% |
| Unskilled | | | |
| TOTAL | R1 177 165,68 | R39 985 897,61 | 15% |

TRAINING COSTS

Training Costs

| Directorate/Business Unit | Personnel Expenditure (R) | Training Expenditure (R) | Training Expenditure as a % of Personnel Cost. | No. of employees trained | Average training cost per employee |
|----------------------------------|---------------------------|--------------------------|------------------------------------------------|--------------------------|------------------------------------|
| Operations | R15 294 566,35 | R53 440 | 0,3% | 3 | R17813 |
| Planning, Reporting & Monitoring | R3 833 136,96 | R19 840 | 0,5% | 2 | R9920 |
| Finance | R7 558 942,64 | R223 359 | 3,0% | 8 | R27920 |
| Corporate Services | R6 187 790,45 | R95 412 | 1,5% | 5 | R19082 |
| Chief Executive Office | R7 111 461,21 | R36 540 | 0,5% | 2 | R18270 |
| Total | R39 985 897,61 | R428 591 | 1,1% | 20 | |

HR Tables – 31 March 2023

EMPLOYMENT CHANGES

| Level | Employment at beginning of period | Appointments | Terminations | Employment at end of period |
|--------------------------|-----------------------------------|--------------|--------------|-----------------------------|
| Top Management | 1 | 0 | 0 | 1 |
| Senior Management | 2 | 0 | 0 | 2 |
| Professionally Qualified | 14 | 0 | 2 | 12 |
| Skilled | 45 | 0 | 6 | 39 |
| Semi - Skilled | 4 | 0 | 1 | 3 |
| Unskilled | 0 | 0 | 0 | 0 |
| TOTAL | 66 | 0 | 9 | *57 |

*Three temporary staff contracts were extended.

EQUITY TARGETS, EMPLOYMENT EQUITY STATUS AND DISABLED STAFF STATUS

MALE

| Level | African | | Coloured | | Indian | | White | |
|--------------------------|------------|----------|----------|----------|----------|----------|----------|----------|
| | Current | target | Current | target | Current | target | Current | target |
| Top Management | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Professionally Qualified | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Skilled | 12 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| Semi-skilled | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unskilled | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | *21 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |

*As per employment equity targets set.

FEMALE

| Level | African | | Coloured | | Indian | | White | |
|--------------------------|-----------|----------|----------|----------|----------|----------|----------|----------|
| | Current | target | Current | target | Current | target | Current | target |
| Top Management | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 0 |
| Professionally Qualified | 3 | 0 | 0 | 0 | 1 | 0 | 1 | 0 |
| Skilled | 30 | 0 | 2 | 0 | 0 | 0 | 0 | 0 |
| Semi-skilled | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unskilled | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 35 | 0 | 3 | 0 | 2 | 0 | 1 | 0 |

Due to the organisational design recruitment moratorium of Senior Management and lower-level positions, some of the targets for race in the professionally qualified level were not met.

REASONS FOR TERMINATIONS

| Reason | Number | % of total number of staff leaving |
|--------------------|----------|------------------------------------|
| Death | 0 | 0% |
| Resignation | 3 | 5,26 |
| Dismissal | 0 | 0% |
| Retirement | 1 | 1,75 |
| Ill – health | 1 | 1,75 |
| Expiry of contract | 4 | 7,01 |
| Other | 0 | 0% |
| TOTAL | 9 | |

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

| Nature of disciplinary action | Number |
|-------------------------------|----------|
| Verbal warning | 0 |
| Written warning | 0 |
| Final written warning | 1 |
| Suspension | 2 |
| Dismissal | 0 |
| TOTAL | 3 |

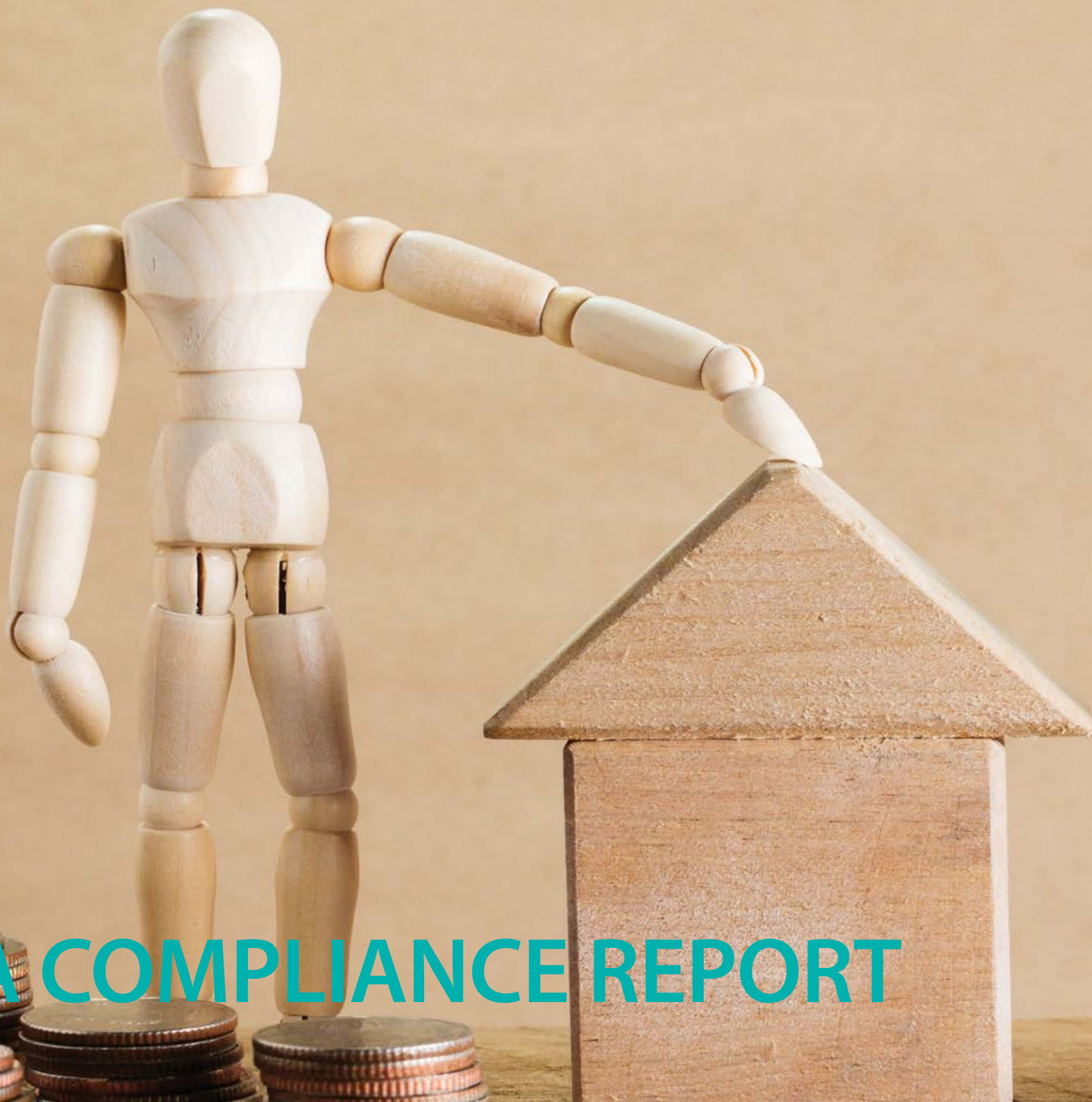
STAFF WITH DISABILITIES

EWSETA did not have Employment Equity targets for employing staff with disabilities.





PFMA COMPLIANCE REPORT





**“When you need to
innovate, you need
collaboration.”**
- Marissa Mayer

IRREGULAR EXPENDITURE, FRUITLESS AND WASTEFUL EXPENDITURE

IRREGULAR EXPENDITURE

a) Reconciliation of irregular expenditure

| Description | 2022/2023 | 2021/2022 |
|-----------------------------------------------------------|----------------|----------------|
| | R'000 | R'000 |
| Opening balance | 401 842 | 392 228 |
| Add: Irregular expenditure confirmed | 8 714 | 10 956 |
| Less: Irregular expenditure condoned | - | - |
| Less: Irregular expenditure not condoned and removed | - | (1 342) |
| Less: Irregular expenditure recoverable | - | - |
| Less: Irregular expenditure not recovered and written off | - | - |
| Total | 410 556 | 401 842 |

The accounting authority approved the removal of irregular expenditure relating to rental of office space. R1 341 966.18 was paid for rental space in the 2021/22 financial year.

RECONCILING NOTES TO THE ANNUAL FINANCIAL STATEMENT DISCLOSURE

| Description | 2022/2023 | 2021/2022 |
|-------------------------------------------------------------------------|--------------|---------------|
| | R'000 | R'000 |
| Irregular expenditure that was under assessment in 2021/22 | - | - |
| Irregular expenditure that relates to 2021/22 and identified in 2022/23 | - | - |
| Irregular expenditure for the current year | 8 714 | 10 956 |
| Total | 8 714 | 10 956 |

Irregular expenditure amounting R4 600.00 and R149 900.00 incurred in the 2022/23 and 2021/22 financial years, respectively, relates to expenses incurred without an approved requisition and purchase order. The employees responsible for the irregular expenditure have left the entity.

Irregular expenditure amounting R2 736 519.00 (2021/22: R7 816 588.90) relates to non-compliance with the grant relations, i.e. exceeding 7.5% of project admin cost.

Payments amounting R221 888.95 and R2 989 816.36 made in the 2022/23 and 2021/22 financial years, respectively, relate to multi-year contracts. These contracts have been terminated.

Irregular expenditure of R5.2m was incurred in the current year (2021/22: Rnil) because the entity's reported expenditure exceeded its approved budget by this amount.

Irregular expenditure amounting to R515 000.00 relating to board fees was incurred in the current financial year.

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

| Description | 2022/2023 | 2021/2022 |
|-------------------------------------------|--------------|--------------|
| | R'000 | R'000 |
| Irregular expenditure under assessment | | - |
| Irregular expenditure under determination | 5 241 | 7 966 |
| Irregular expenditure under investigation | | - |
| Total | 5 241 | 7 966 |

Irregular expenditure amounting R4 600.00 and R149 900.00 incurred in the 2022/23 and 2021/22 financial years, respectively, relates to expenses incurred without an approved requisition and purchase order. The employees responsible for the irregular expenditure have left the entity.

Irregular expenditure of R5.2m was incurred in the current year (2021/22: Rnil) because the entity's reported expenditure exceeded its approved budget by this amount.

Irregular expenditure amounting R7 816 588.90 incurred in the 2021/22 financial year relates to non-compliance with the grant relations – exceeding 7.5% project cost.

c) Details of current and previous year irregular expenditure condoned

| Description | 2022/2023 | 2021/2022 |
|--------------------------------|-----------|-----------|
| | R'000 | R'000 |
| Irregular expenditure condoned | - | - |
| Total | - | - |

No irregular expenditure was condoned in the 2021/22 and 2022/23 financial years.

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

| Description | 2022/2023 | 2021/2022 |
|------------------------------------------------|-----------|----------------|
| | R'000 | R'000 |
| Irregular expenditure NOT condoned and removed | - | (1 342) |
| Total | - | (1 342) |

The Accounting Authority approved the removal of irregular expenditure relating to the provision of office rental (Growthpoint) and irregular appointment of some members of the accounting authority amounting R21 841 867.01 and R856 000.00 respectively. Payments to Growthpoint for the financial year ending 31 March 2022 amounts to R1 341 966.18

e) Details of current and previous year irregular recovered

| Description | 2022/2023 | 2021/2022 |
|---------------------------------|-----------|-----------|
| | R'000 | R'000 |
| Irregular expenditure recovered | - | - |
| Total | - | - |

No irregular expenditure was recovered in the 2022/2023 and 2021/22 financial years.

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

| Description | 2022/2023 | 2021/2022 |
|-----------------------------------|-----------|-----------|
| | R'000 | R'000 |
| Irregular expenditure written off | - | - |
| Total | - | - |

No irregular expenditure was written off in the 2022/23 and 2021/22 financial years.

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)

| Description |
|--------------|
| N/A |
| Total |

(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)

| Description | 2022/2023 | 2021/2022 |
|--------------|-----------|-----------|
| | R'000 | R'000 |
| N/A | - | - |
| Total | - | - |

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

| Description |
|----------------------------------------------------------------------------------------------------------------------------|
| The responsible persons for irregular expenditure in the previous and current years are no longer in the employ of EWSETA. |
| |

FRUITLESS AND WASTEFUL EXPENDITURE

(a) Reconciliation of fruitless and wasteful expenditure

| Description | 2022/2023 | Restated 2021/2022 |
|------------------------------------------------------|-----------|-----------------------|
| | R'000 | R'000 |
| Opening balance | 13 | 9 |
| Fruitless and wasteful expenditure confirmed | 3 | 4 |
| Less: fruitless and wasteful expenditure written off | - | - |
| Less: fruitless and wasteful expenditure recoverable | - | - |
| Closing balance | 16 | 13 |

RECONCILING NOTES TO THE ANNUAL FINANCIAL STATEMENT DISCLOSURE

| Description | 2022/2023 | Restated 2021/2022 |
|--------------------------------------------------------------------------------------|-----------|-----------------------|
| | R'000 | R'000 |
| Fruitless and wasteful expenditure that was under assessment in 2021/2022 | - | 4 |
| Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23 | - | - |
| Fruitless and wasteful expenditure for the current year | 3 | - |
| Total | 3 | 4 |

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

| Description | 2022/2023 | 2021/2022 |
|--------------------------------------------------------|-----------|-----------|
| | R'000 | R'000 |
| Fruitless and wasteful expenditure under assessment | - | - |
| Fruitless and wasteful expenditure under determination | 3 | 4 |
| Fruitless and wasteful expenditure under investigation | - | - |
| Total | 3 | 4 |

During the 2021/22 financial year fruitless and wasteful expenditure amounting R273.83 was identified. At the end of the financial year, the determination test for this expenditure was in progress. The outcome of the determination test revealed that the amount incurred for fruitless and wasteful expenditure is R4 007.76. The expenditure relates to interest on late payments sent to SARS. Fruitless and wasteful expenditure incurred in the 2022/23 financial year amount to R2 600.00. This relates to a no-show at a hotel. The determination test is in progress.

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

| Description | 2022/2023 | 2021/2022 |
|----------------------------------------------|-----------|-----------|
| | R'000 | R'000 |
| Fruitless and wasteful expenditure recovered | - | - |
| Total | - | - |

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

| Description | 2022/2023 | 2021/2022 |
|------------------------------------------------|-----------|-----------|
| | R'000 | R'000 |
| Fruitless and wasteful expenditure written off | - | - |
| Total | - | - |

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

| Disciplinary steps taken |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| For SARS penalties, the recommendation from the determination test was that the breach occurred under highly exceptional circumstances. EWSETA must provide counselling under extremely exceptional circumstances. |

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

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

| Material losses through criminal conduct | 2022/2023 | 2021/2022 |
|------------------------------------------|-----------|-----------|
| | R'000 | R'000 |
| Theft | - | - |
| Other material losses | 29 | |
| Less: Recovered | (19) | |
| Less: Not recovered and written off | - | |
| Total | 10 | - |

The insurance claim for the theft of furniture valued at R9 678.03 is in progress.

The assets recovered from insurance consist of a laptop and an iPad.

(b) Details of other material losses

| Nature of other material losses | 2022/2023 | 2021/2022 |
|---------------------------------|-----------|-----------|
| | R'000 | R'000 |
| <i>iPads</i> | - | - |
| <i>Laptops</i> | 19 | - |
| <i>Furniture</i> | (19) | - |
| Total | 29 | - |

No carrying amount is attached to the iPads as they are contracted. The laptop stolen in 2021/22 financial year had a Rnil carrying amount.

Losses relating to the 2022/23 financial year consist of furniture valued at R9 678.03, a laptop valued at R9 687.03 and an iPad with a nil book value.

(c) Other material losses recovered

| Nature of other material losses | 2022/2023 | 2021/2022 |
|---------------------------------|-----------|-----------|
| | R'000 | R'000 |
| <i>Laptops</i> | 19 | - |
| Total | 19 | - |

Insurance replaced the laptop and iPad.

(d) Other material losses written off

| Nature of losses | 2022/2023 | 2021/2022 |
|------------------|-----------|-----------|
| | R'000 | R'000 |
| <i>N/A</i> | | |
| Total | | |



FINANCIAL INFORMATION





“With a stable revenue trend, EWSETA significantly increased its mandatory and discretionary grant disbursements during 2022/23 to R264 million.”

CHIEF FINANCIAL OFFICER'S OVERVIEW

The last few years have brought about a breathtaking wave of rapid change in the energy, water and skills development sectors, requiring an EWSETA that can rapidly respond to its environment. As we reflect on the 2022/23 financial year, it has been an honour to lead the Finance branch as we continued to support the implementation of EWSETA's mission, vision and strategy during this exciting time in our history.

After the uncertainty brought about by the COVID-19 pandemic, EWSETA's financial performance and outlook stabilised during 2022/23. Our levy income has mostly normalised at R340 million, albeit slightly lower than the previous year's R352 million. With this stability, we can continue our vital skills development and planning work. In contrast, we continue actively seeking meaningful partnerships and collaborations to expand our reach and impact.

With this stable revenue trend, we could significantly increase our mandatory and discretionary grant disbursements during 2022/23 to R264 million (from R213 million in the prior year). This increase in disbursements and powerful sector partnerships have resulted in a broader reach and deeper impact on our skills planning and delivery efforts. The results are measurable – EWSETA achieved over 80% of its annual targets during 2022/23, signifying improvement in our reach to skills development beneficiaries throughout all nine provinces.

During 2022/23, we made new discretionary grant allocations to the value of R250 million, a significant increase from the R171 million in new grant allocations in 2021/22. As projects are implemented, these new allocations will be disbursed over the next few years. We have allocated most of



**Robyn
Vilakazi**

our discretionary grant funding to our strategic partners, which assists us in achieving a meaningful impact for every rand spent. Our discretionary grant funding has also been thoughtfully allocated towards various strategic areas such as the Integrated Resource Plan, energy efficiency and the water-energy-food nexus, to mention just a few. The allocation of discretionary grants remains a careful balancing act with our limited resources and requires consideration of numerous factors in a constantly shifting environment. We are therefore grateful to those partners who have come alongside EWSETA to strengthen our efforts by improving the impact of our initiatives or by co-funding some of our initiatives.

EWSETA's R535 million cash balance and R377 million in net assets represent a strong balance sheet that we can rely on to service our existing debts, plus future debt arising from the new discretionary grant allocations made. We will be applying to the relevant authority to retain our surplus funds to this end. The Auditor-General of South Africa's audit report emphasises ongoing deliberations with the National Treasury and the Department of Higher Education and Training regarding the appropriate approval processes to retain these funds. EWSETA intends to honour the outcome of those deliberations.

Our commitment to sound financial management is reflected in the unqualified audit outcome for the year. EWSETA has implemented stringent operational measures to reduce irregular, fruitless and wasteful expenditures through a robust supply chain management environment and risk management initiatives aligned with legislation

and prescripts. We have completely eradicated new irregular expenditure arising from procurement irregularities, another first in our history.

Furthermore, we have significantly improved the quality of the financial statements submitted to the Auditor-General of South Africa for audit. These improvements reflect incremental steps taken over time to improve the overall internal control environment.

We are focused on a few strategic areas as a Finance branch. Firstly, we will continually improve the level of support provided to our internal and external stakeholders in furtherance of EWSETA's mandate. Secondly, we will continue to maximise the impact of our limited budget by collaborating with stakeholders in the co-funding and co-delivery of our skills development mandate. Finally, we will enhance the measures already implemented to strengthen our internal control environment to enable strong governance of our financial resources.

I extend my 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.

I am grateful to our CEO and the executive team for their unwavering support, collaboration and shared focus on taking this organisation forward.

The 2022/23 financial year presented growth opportunities, and I commend the Finance team, and more broadly, the entire EWSETA team, for their dedication and accomplishments throughout this period.



Robyn Vilakazi

Chief Financial Officer

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

OPINION

1. I have audited the financial statements of the Energy and Water Sector Education and Training Authority (EWSETA), set out on pages 124 to 167, which comprise the statement of financial position as at 31 March 2023, the statement of financial performance, the statement of changes in net assets, the cash flow statement and the 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, the financial statements present fairly, in all material respects, the financial position of Energy and Water Sector Education and Training Authority as at 31 March 2023 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 the Skills Development Act 97 of 1998 (SDA).

BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. 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.

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

EMPHASIS OF MATTERS

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

RESTATEMENT OF CORRESPONDING FIGURES

7. As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2022 were restated as a result of errors in the financial statements of the public entity at, and for the year ended, 31 March 2023.

UNCERTAINTY RELATING TO A CONTRACTUAL DISPUTE

8. With reference to note 22 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.

OTHER MATTERS

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

NATIONAL TREASURY INSTRUCTION NOTE 4 OF 2022/23: PFMA COMPLIANCE AND REPORTING FRAMEWORK

10. On 23 December 2022, National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022/23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure, and fruitless and wasteful expenditure. Among the effects of this framework is that irregular, and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 27 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of EWSETA. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure, and fruitless and wasteful expenditure in the annual report.

RETENTION OF SURPLUS FUNDS

11. There are current deliberations with the National Treasury and the Department of Higher Education and Training regarding the appropriate approval processes for the retained surplus of R324 000 000 for the financial year 2021-22, disclosed in note 22. The ultimate outcome of the matter could not be determined, and no provision for any liability was disclosed in the financial statements.

RESPONSIBILITIES 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 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 a 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.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

16. In accordance with the Public Audit Act, No. 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 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 2023 for auditing. I selected programmes that measure 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 | 65 | To ensure implementation of evidence-based research and evaluation to inform programme planning and implementation. |
| Programme 3: Learning Programmes and Projects | 66 - 73 | 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 | 74 | To enable 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
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and 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 what was 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.
 - 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 to report material findings only; and not to express an assurance opinion.
21. I did not identify material findings on the reported performance information of the selected programmes.

OTHER MATTER

22. I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

23. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievements.
24. The public entity plays a key role in delivering services to South Africans. The annual performance report includes the following service delivery achievements against planned targets:

| Key service delivery indicators not achieved | Planned target | Reported achievement |
|------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------|
| Programme 2: Skills Planning | | |
| <i>Targets achieved: 89%</i> | | |
| <i>Budget spent: N/A</i> | | |
| 2.2 Number of WSPs and ATRs approved for medium firms | 45 | 31 |
| Programme 3: Learning Programme and Projects | | |
| <i>Targets achieved: 76%</i> | | |
| <i>Budget spent: 112%</i> | | |
| 3.2 Percentage of discretionary grant budget allocated at developing intermediate level skills | 50% | 38% |
| 3.3 Percentage of discretionary grant budget allocated at developing elementary level skills | 20% | 9% |
| 3.4 Number of learners who completed workplace-based learning programmes absorbed into employment or self-employment | 100 | 53 |
| 3.1.2 Number of unemployed learners granted bursaries (continuing) | 100 | 58 |
| 3.1.3 Number of unemployed learners granted bursaries who completed their studies | 300 | 10 |
| 3.2.2 Number of TVET students requiring work-integrated learning to complete their qualifications placed in workplaces | 400 | 106 |
| 3.2.3 Number of TVET students completed their work-integrated learning placements | 80 | 0 |
| 3.2.4 Number of university students requiring work-integrated learning to complete their qualifications placed in workplaces | 30 | 0 |
| 3.2.5 Number of university students completed their work-integrated learning placements | 80 | 37 |
| 3.2.6 Number of unemployed learners enrolled in internships | 500 | 242 |
| 3.2.7 Number of unemployed learners completed internships | 80 | 36 |
| 3.3.0 Number of unemployed learners enrolled in learnership programmes | 750 | 558 |
| 3.4.0 Number of workers granted bursaries (continuing) | 40 | 5 |
| 3.4.3 Number of workers completed skills programmes | 1 300 | 1 260 |
| 3.4.5 Number of workers completed AET programmes | 30 | 0 |
| 3.4.6 Number of federations or trade unions supported through the relevant skills training interventions | 5 | 0 |
| 3.5.4 Number of TVET managers receiving training on curriculum-related studies | 10 | 0 |

Reasons for the underachievement of targets are included in the annual performance report on pages 65 to 74.

MATERIAL MISSTATEMENTS

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Programme 3: Learning Programmes and Projects. Management subsequently corrected all the misstatements and I did not include any material findings in this report.

REPORT ON COMPLIANCE WITH LEGISLATION

26. 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.
27. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
28. 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.
29. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

ANNUAL FINANCIAL STATEMENTS

30. 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.
31. Material misstatements of provisions, mandatory grant and project expenses and commitments identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

EXPENDITURE MANAGEMENT

32. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure disclosed in the financial statements was caused by overspending on the approved budget.

OTHER INFORMATION IN THE ANNUAL REPORT

33. 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.
34. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation does 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.
35. 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.
36. 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

37. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any assurance on it.
38. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion and the material findings on compliance with legislation included in this report.
39. The review processes implemented by management over the preparation of financial statements and the annual performance report were not always effective since material misstatements were identified in the submitted annual financial statements and the annual performance report.
40. There is inadequate review and monitoring of compliance with applicable laws and regulations.

Auditor-General

Pretoria

31 July 2023



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 public entity's 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:

- Identified and assessed the risks of material misstatement of the public entity's 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.

- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Concluded on the appropriateness of the use of the going-concern basis of accounting in the preparation of the financial statements. I also concluded, 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 the entity to cease operating as a going concern.
- Evaluated overall presentation, structure and content of the financial statements, including the disclosures, and determined 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

| Legislation | Sections or regulations |
|----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Public Finance Management Act No. 1 of 1999 (PFMA) | Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b) Section 66(3)(c); 66(5) |
| Treasury Regulations for departments, trading entities, constitutional institutions, and public entities | Treasury Regulations 8.2.1; 8.2.2 Treasury Regulations 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A 6.2(a) and (b); 16A 6.2(e); 16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A 9.1 16A 9; 16A 9.1(b)(ii); 16A 9.1(c); 16A 9.1(d); 16A 9.1(e); 16A 9.1(f); 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii) Treasury Regulations 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c) Treasury Regulations 31.2.1; 31.2.5; 31.2.7(a) Treasury Regulation 31.3.3 Treasury Regulations 32.1.1(a); 32.1.1(b); 32.1.1(c) Treasury Regulations 33.1.1; 33.1.3 |
| Public Service Regulations | Public Service Regulation 13(c); 18; 18 (1) and (2) |
| Prevention and Combatting of Corrupt Activities Act No. 12 of 2004 | Section 34(1) |
| Construction Industry Development Board Act No. 38 of 2000 (CIDB) | Section 18(1) |
| CIDB Regulations | CIDB Regulations 17; 25(1); 25(5) and 25(7A) |
| PPPFA | Section 1(i); 2.1(a); 2.1(b); 2.1(f) |

| Legislation | Sections or regulations |
|--------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PPR 2017 | Paragraphs 4.1; 4.2 Paragraphs 5.1; 5.3; 5.6; 5.7 Paragraphs 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraphs 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraphs 8.2; 8.5 Paragraphs 9.1; 9.2 Paragraphs 10.1; 10.2 Paragraphs 11.1; 11.2 Paragraphs 12.1 and 12.2 |
| PPR 2022 | Paragraph 3.1 Paragraphs 4.1; 4.2; 4.3; 4.4 Paragraphs 5.1; 5.2; 5.3; 5.4 |
| PFMA SCM Instruction Note 9 of 2022/23 | Paragraphs 3.1; 3.3(b); 3.3(c); 3.3(e); 3.6 |
| National Treasury Instruction Note 1 of 2015/16 | Paragraphs 3.1; 4.1; 4.2 |
| National Treasury Supply Chain Management Instruction Note 3 of 2021/22 | Paragraphs 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.4(c)-(d); 4.6 Paragraph 5.4 Paragraphs 7.2; 7.6 |
| National Treasury Supply Chain Management Instruction Note 4A of 2016/17 | Paragraph 6 |
| National Treasury Supply Chain Management Instruction Note 3 of 2019/20 | Paragraphs 5.5.1(vi); 5.5.1(x) |
| National Treasury Supply Chain Management Instruction Note 11 of 2020/21 | Paragraphs 3.1; 3.4(a) and (b); 3.9; 6.1; 6.2; 6.7 |
| National Treasury Supply Chain Management Instruction Note 2 of 2021/22 | Paragraphs 3.2.1; 3.2.2; 3.2.4(a) and (b); 3.3.1; 3.2.2 Paragraph 4.1 |
| PFMA Supply Chain Management Instruction Note 4 of 2022/23 | Paragraph 4(1); 4(2); 4(4) |
| Practice Note 5 of 2009/10 | Paragraph 3.3 |
| PFMA Supply Chain Management Instruction Note 8 of 2022/23 | Paragraph 3.2 Par. 4.3.2; 4.3.3 |
| National Treasury Instruction Note 4 of 2015/16 | Paragraph 3.4 |
| Second amendment of National Treasury Instruction Note 5 of 2020/21 | Paragraph 4.8; 4.9; 5.1; 5.3 |
| Erratum National Treasury Instruction Note 5 of 2020/21 | Paragraph 1 |
| Erratum National Treasury Instruction Note 5 of 2020/21 | Paragraph 2 |
| Practice Note 7 of 2009/10 | Paragraph 4.1.2 |
| National Treasury Instruction Note 1 of 2021/22 | Paragraph 4.1 |

GENERAL INFORMATION

| | |
|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| Country of incorporation and domicile | South Africa |
| Registered office | Sentinel House (2nd and 3rd floor) Sunnyside Office Park 32 Princess of Wales Terrace Parktown, Johannesburg 2193 |
| Business address | Ground Floor, 22 Wellington Road 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) |

INDEX

The reports and statements set out below comprise the annual financial statements presented to the Parliament:

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Abbreviations used:

| | |
|--------|------------------------------------------------------|
| PFMA | Public Finance Management Act |
| DHET | Department of Higher Education and Training |
| TVET | Technical and Vocational Education and Training |
| SDL | Skills Development Levy |
| GRAP | Generally Recognised Accounting Practice |
| SETA | Sector Education Training Authority |
| EWSETA | Energy and Water Sector Education Training Authority |
| QCTO | Quality Council for Trades and Occupations |
| NSF | National Skills Fund |
| AFS | Annual Financial Statements |
| WOL | War on Leaks |

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

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

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

The annual financial statements are based 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 2024 and, in the 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 124 to 129, which have been prepared on the going concern basis, were approved by the accounting authority on 28 July 2023 and were signed on its behalf by:



Dr. Limakatso Moorosi

Chairperson of the Accounting Authority

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

| | Note(s) | 2023 R'000 | 2022 Restated* R'000 |
|--------------------------------------------|---------|----------------|-------------------------|
| Assets | | | |
| Current Assets | | | |
| Receivables from exchange transactions | 2 | 3 402 | 2 341 |
| Receivables from non-exchange transactions | 3 | 912 | 1 186 |
| Prepayments | 4 | 738 | 295 |
| Cash and cash equivalents | 5 | 534 908 | 483 675 |
| | | 539 960 | 487 497 |
| Non-Current Assets | | | |
| Property, plant and equipment | 6 | 25 107 | 25 439 |
| Intangible assets | 7 | 1 722 | 347 |
| | | 26 829 | 25 786 |
| | | 566 789 | 513 283 |
| Total Assets | | | |
| Liabilities | | | |
| Current Liabilities | | | |
| Payables from exchange transactions | 8 | 8 783 | 8 617 |
| Payables from non-exchange transactions | 9 | 75 544 | 81 331 |
| Unspent conditional grants and receipts | 10 | 34 702 | 36 651 |
| Provisions | 11 | 70 807 | 36 501 |
| | | 189 836 | 163 100 |
| | | 189 836 | 163 100 |
| | | 376 953 | 350 183 |
| Total Liabilities | | | |
| Net Assets | | | |
| Reserves | | | |
| Administration reserve | | 26 829 | 25 786 |
| Mandatory grant reserve | | 61 | 65 |
| Discretionary grant reserve | | 350 063 | 324 331 |
| | | 376 953 | 350 182 |
| | | 376 953 | 350 182 |

STATEMENT OF FINANCIAL PERFORMANCE

| | Note(s) | 2023 R '000 | 2022 Restated* R '000 |
|-------------------------------------------------|---------|------------------|--------------------------|
| Revenue | | | |
| Non-exchange revenue | 12 | 340 213 | 352 100 |
| Exchange revenue | 13 | 112 | 135 |
| Investment revenue | 14 | 24 467 | 13 243 |
| Total revenue from exchange transactions | | 364 792 | 365 478 |
| Expenditure | | | |
| Mandatory grant and project expenses | 15 | (264 347) | (213 901) |
| Administration expenses | 16 | (47 168) | (38 367) |
| Employee related costs | 17 | (24 692) | (27 181) |
| Depreciation and amortisation | | (1 139) | (901) |
| Impairment Loss | | (243) | (300 865) |
| Loss on disposal of assets | | (348) | (41) |
| Repairs and maintenance | | (85) | (53) |
| Total expenditure | | (338 022) | (581 309) |
| Surplus (deficit) for the year | | 26 770 | (215 831) |

STATEMENT OF CHANGES IN NET ASSETS

| | Administration reserve | Mandatory grant reserve | Discretionary grant reserve | Total reserves | Accumulated surplus/(deficit) | Total net assets |
|--------------------------------------------------------|---------------------------|----------------------------|--------------------------------|----------------|----------------------------------|---------------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Opening balance as previously reported | 25 274 | 40 | 536 464 | 561 778 | - | 561 778 |
| Prior year adjustments | - | - | 4 235 | 4 235 | - | 4 235 |
| Restated Balance as at 01 April 2021 | 25 274 | 40 | 540 699 | 566 013 | - | 566 013 |
| Changes in net assets | | | | | | |
| Allocation of surplus (deficit) to reserves* | (325 524) | 4 594 | 105 099 | (215 831) | 215 831 | - |
| Excess funds transferred to/from discretionary reserve | 326 036 | (4 569) | (321 467) | - | - | - |
| Deficit for the year | - | - | - | - | (215 831) | (215 831) |
| Total changes | 512 | 25 | (216 368) | (215 831) | - | (215 831) |
| Opening balance as previously reported | 25 827 | 65 | 338 478 | 364 370 | - | 364 370 |
| Prior year adjustments | (41) | - | (14 147) | (14 188) | - | (14 188) |
| Restated Balance as at 01 April 2022 | 25 786 | 65 | 324 331 | 350 182 | - | 350 182 |
| Changes in net assets | | | | | | |
| Allocation of surplus (deficit) to reserves* | (28 439) | 9 150 | 46 060 | 26 771 | (26 770) | 1 |
| Excess funds transferred to/from discretionary reserve | 29 482 | (9 154) | (20 328) | - | - | - |
| Surplus for the year | - | - | - | - | 26 770 | 26 770 |
| Total changes | 1 043 | (4) | 25 732 | 26 771 | - | 26 771 |
| Balance as at 31 March 2023 | 26 829 | 61 | 350 063 | 376 953 | - | 376 953 |

*Note 18

CASH FLOW STATEMENT

| | Note(s) | 2023 R'000 | 2022 Restated* R'000 |
|-------------------------------------------------------------|---------|------------------|-------------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Cash receipts from customers | | 140 | 1 745 |
| Cash receipts from SDL Levies | | 340 018 | 364 531 |
| Cash receipts from Investments | | 23 281 | 12 671 |
| | | <u>363 439</u> | <u>378 947</u> |
| Payments | | | |
| Cash payments for MG and DG projects | | (236 932) | (200 616) |
| Cash payments to employees | | (24 342) | (27 499) |
| Cash payments to administrative suppliers | | (48 302) | (35 114) |
| | | <u>(309 576)</u> | <u>(263 229)</u> |
| Net cash flows from operating activities | 19 | 53 863 | 115 718 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 6 | (784) | (1 452) |
| Purchase of other intangible assets | 7 | (1 846) | - |
| Net cash flows from investing activities | | (2 630) | (1 452) |
| Net increase/(decrease) in cash and cash equivalents | | | |
| Cash and cash equivalents at the beginning of the year | | 483 675 | 369 409 |
| Cash and cash equivalents at the end of the year | 5 | 534 908 | 483 675 |

The accounting policies on pages 130 to 140 and the notes on pages 141 to 167 form an integral part of the annual financial statements.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis

Statement of Financial Performance Revenue

Revenue from exchange transactions

Other income

Investment income

Total revenue from exchange transactions

Revenue from non-exchange transactions

Transfer revenue

Special project income

Skills development levy income

Interest and penalties income

Total revenue from non- exchange transactions

Total revenue

Expenditure

Employee-related costs

Depreciation and amortisation

Impairment loss/ Reversal of impairments

Rental for the premises

Repair and Maintenance

Loss on disposal of assets

Administrative Expenses

Skills planning and monitoring (including MG expenses)

Learning Programmes and projects (DG expenses)

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference Note 28 |
|--------------------------------------------------------|-----------------|-------------|------------------|------------------------------------|--------------------------------------------|-------------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Revenue from exchange transactions | | | | | | |
| Other income | - | - | - | 112 | 112 | |
| Investment income | 10 160 | - | 10 160 | 24 467 | 14 307 | a |
| Total revenue from exchange transactions | 10 160 | - | 10 160 | 24 579 | 14 419 | |
| Revenue from non-exchange transactions | | | | | | |
| Transfer revenue | | | | | | |
| Special project income | - | - | - | 1 949 | 1 949 | b |
| Skills development levy income | 322 626 | - | 322 626 | 337 496 | 14 870 | c |
| Interest and penalties income | - | - | - | 768 | 768 | |
| Total revenue from non- exchange transactions | 322 626 | - | 322 626 | 340 213 | 17 587 | |
| Total revenue | 332 786 | - | 332 786 | 364 792 | 32 006 | |
| Expenditure | | | | | | |
| Employee-related costs | (30 145) | - | (30 145) | (24 692) | 5 453 | d |
| Depreciation and amortisation | - | - | - | (1 139) | (1 139) | e |
| Impairment loss/ Reversal of impairments | - | - | - | (243) | (243) | |
| Rental for the premises | (2 500) | (1 257) | (3 757) | (3 801) | (44) | |
| Repair and Maintenance | (60) | (63) | (123) | (85) | 38 | |
| Loss on disposal of assets | - | - | - | (348) | (348) | |
| Administrative Expenses | (54 591) | 5 677 | (48 914) | (43 367) | 5 547 | f |
| Skills planning and monitoring (including MG expenses) | (80 396) | 1 249 | (79 147) | (81 595) | (2 448) | g |
| Learning Programmes and projects (DG expenses) | (150 179) | (3 070) | (153 249) | (180 803) | (27 554) | |

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

| Budget on Cash Basis | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference Note 28 |
|--------------------------------|------------------|--------------|------------------|------------------------------------|--------------------------------------------|-------------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Special project expenses | - | - | - | (1 949) | (1 949) | i |
| Quality Assurance | (8 215) | (1 666) | (9 881) | - | 9 881 | j |
| Total expenditure | (326 086) | 870 | (325 216) | (338 022) | (12 806) | |
| Surplus before taxation | 6 700 | 870 | 7 570 | 26 770 | 19 200 | |
| Capital Expenditure | | | | | | |
| Computer equipment | (1 500) | 200 | (1 300) | (767) | 533 | |
| Intangible assets (softwares) | (5 200) | (900) | (6 100) | (1 846) | 4 254 | k |
| Office equipment | - | (55) | (55) | (17) | 38 | |
| Office furniture and fittings | - | (115) | (115) | - | 115 | |
| | (6 700) | (870) | (7 570) | (2 630) | 4 940 | |

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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

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

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

1.1 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

differ from these estimates which may be material to the annual financial statements. Significant judgements and 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 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 dependant 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 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 preparation of the financial statements. EWSETA therefore estimates the performance bonus based on the range of potential bonus payouts. The final bonus amounts are determined after finalisation of performance scores.

Provision for discretionary grants

The provision for discretionary grants relates to bursary programmes and outstanding discretionary grants invoices payable. A provision is raised for claimed discretionary grants where supporting evidence has not 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 evidence supporting 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.

In instance where the receivable is pursued legally, the entity allows a reasonable time for the legal representative to work on recovery strategy and pursue the debt before the receivable is considered for impairment. Based on previous experience, EWSETA consider 18 months as a reasonable time on 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 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.

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 that 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 building. The disposal of the building is subject to processes in accordance with the requirements of the PFMA. At year end, it remains uncertain whether the disposal process will be completed within 12 months of the reporting date.

Furthermore, the costs for refurbishing the building is the subject of ongoing litigation of which further details are disclosed in the contingencies note, and this may impact management's decision on when to sell the building. For these reasons, EWSETA continued to present the building as a non-current asset.

Mandatory grants payout rate

Mandatory grant expenditure and the mandatory grant liability were calculated using a 20% mandatory grant percentage; however, this percentage is subject to legal matter which is pending. Further disclosure of the background and nature of the legal matter is provided in the contingencies note.

1.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets that are held for use in the production 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. Typically 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 bring 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 useful lives to their residual values. EWSETA considers the straight-line basis to reliably reflect the pattern by which assets' service potential are consumed.

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

| Item | Depreciation method | Average useful life |
|------------------------|---------------------|--------------------------------------------------|
| Buildings | Straight-line | 20 to 30 years |
| Furniture and fixtures | Straight-line | 5 to 15 years |
| Motor vehicles | Straight-line | 5 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 parts that are depreciated separately; all items of property, plant and equipment are depreciated as a whole asset.

Annually, EWSETA reviews:

- 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 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.

1.3 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 service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably Typically this is when the software is received by EWSETA.

Intangible assets are initially measured at cost. The cost of an intangible asset is the purchase price/ development cost and 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 intangible assets have a residual value of zero. EWSETA considers the straight-line basis to reliably reflect the pattern by which assets' service potential are consumed.

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 |

Annually, EWSETA reviews:

- 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 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.

1.4 COMPUTER EQUIPMENT

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 of disposal 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.

1.5 GRANTS AND PROJECT EXPENDITURE

Mandatory grant expenditure

Mandatory grants are paid to sector employers in terms of 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% (2022:20%) of the total levies paid by the employer. The payment of 20% is

subject to judgement and is also a contingency. In this respect, additional disclosures are presented in the note for significant judgements and the contingencies note respectively.

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

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 Sector Skills Plan. These parties are required to submit applications for discretionary grant in the prescribed form within the agreed upon cut-off period where applicable. These expenses and the related payable are recognised when the application has been approved, training has taken place 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. These expenses and the related payable are recognised when they are incurred.

Discretionary grant expenditure is measured at the amounts that have been incurred per the contract signed between EWSETA and the applicable counterparty.

Administration expenditure

The Skills Development Levies Act stipulates that a maximum of 10% of the SETA levy income may be used for the SETA's operational administration expenses. An additional 0,5% of the SETA levy income is contributed by the SETA to the 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 signed between EWSETA and the applicable counterparty.

1.6 CONDITIONAL GRANTS AND RECEIPTS

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

1.7 BUDGET INFORMATION

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 2022/04/01 to

2023/03/31 and includes only EWSETA and no other entities. Explanations are provided for all material budget variances, being variances above 10% and R300 000.

1.8 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:

- normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and
- terms and conditions within the normal operating parameters established by that reporting entity's legal mandate.

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

- Executive Managers
- Members of the Accounting Authority

1.9 EVENTS AFTER REPORTING DATE

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

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

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

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

1.10 RESERVES

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

- Administration reserve
- Mandatory grant reserve
- Discretionary grant reserve

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

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

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

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

1.11 FINANCIAL INSTRUMENTS

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

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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

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

Initial recognition

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

Financial assets

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

Cash and cash equivalents

Cash and cash equivalents comprise balances held at banks and short term investments and are at amortised cost, which due to their short term nature, closely approximates their fair value.

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

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

Impairment of financial assets

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

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

The carrying amount of the financial asset is reduced by the impairment loss 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 end of reporting period, EWSETA consider the following among 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:
 - i. adverse changes in the payment status of borrowers in the group (e.g. an increased number of delayed payments); or
 - ii. 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 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.

Statutory receivables

Statutory receivables are receivables that:

- (a) arise from legislation, supporting regulations, or similar means; and
- (b) require settlement by another entity in cash or another financial asset

EWSETA recognise statutory receivables as follows:

- (a) if the transaction is an exchange transaction, using GRAP 9;

- (b) if the transaction is a non-exchange transaction, using GRAP 23; or
- (c) if the transaction is not within the scope of the Standards of GRAP listed in (a) or (b) or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Derecognise a statutory receivable, or a part thereof, when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) EWSETA transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) EWSETA, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity shall:
 - (i) derecognise the receivable; and
 - (ii) recognise separately any rights and obligations created or retained in the transfer.

EWSETA initially measure statutory receivables at their transaction amount unless another GRAP is applicable.

EWSETA measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- (a) interest or other charges that may have accrued on the receivable (where applicable);
- (b) impairment losses; and
- (c) amounts derecognised.

1.12 LEASES

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

Operating leases - lessee

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

1.13 EMPLOYEE BENEFITS

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

Short-term employee benefits

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

Short-term employee benefits include items such as:

- wages, salaries, 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 cellphones) for current employees.

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

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

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

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

1.14 PROVISIONS AND CONTINGENCIES

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.

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.

Unless the possibility of any outflow in settlement is remote, EWSETA disclose 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.

Where an inflow of economic benefits or service potential is probable, EWSETA disclose 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.

1.15 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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 a transaction 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

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions 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.

1.16 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Levy Income

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

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

The skills development levy received is allocated as follows:

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

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

A receivable/payable is recognised for levies receivable as well as estimated SARS adjustments. An estimate, due to retrospective adjustments by SARS, is calculated by comparing the amounts paid by the Employers to SARS and the amounts received from DHET. Changes to prior year estimates are accounted for in revenue in the current period. Levies received from organisations whose payroll is less than R500,000 per annum are not recognised as income, as in terms of the Skills Development Levies Act, these employers should not contribute, therefore amounts contributed by these employers are refundable.

The EWSETA refunds amounts to employers in the form of grants, based on information from SARS. Where SARS retrospectively amends the information on levies collected, it may result in grants that have been paid to certain employers being in excess of the amount the EWSETA is permitted to have granted to employers. A receivable relating to the

overpayment to the employer in earlier periods is raised at the amount of such grant over payment, at the fair value of the consideration receivable or received.

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

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

Government grants income

Government grants are recognised as revenue when:

It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, the amount of the revenue can be measured reliably, and to the extent that there has been compliance with any restrictions and conditions associated with the grant.

The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

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

Interest and Penalties

Interest and penalties on the skills development levies are charged to the employers for late submission of their EMP201. This interest and penalties are recognised by EWSETA when they accrue/ are paid to the entity as per the allocation provided by DHET.

1.17 INVESTMENT INCOME

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

1.18 COMPARATIVE FIGURES

Prior period errors refers omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, 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.

1.19 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.

1.20 IRREGULAR EXPENDITURE

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

- (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.

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

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

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

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.

1.22 GOING CONCERN ASSUMPTION

As at 31 March 2023, EWSETA has conducted a going concern assessment and concluded the following:

- The entity is in a net asset position at year-end and this 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.

- 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.

The annual financial statements have thus been prepared based on the expectation 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.

1.23 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.

1.24 STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the time of authorisation of these financial statements, the following GRAP Standards, Guidelines and Directives are issued but not yet effective. These standards, guidelines and directives have not yet been implemented by EWSETA. An estimation of their impact on EWSETA is outlined below.

GRAP 25 Employee Benefits

This standard prescribes the accounting treatment for employee benefits. The changes prescribed from the currently applicable standards relate mainly to the accounting requirements of defined benefit plans. No effective date has been set for this Standard yet, but the Standard will not have any impact on the financial statements of EWSETA as EWSETA does not have any defined benefit plans.

GRAP 104 Financial Instruments

This standard prescribes recognition, measurement, presentation and disclosure requirements for financial instruments and makes significant modifications to the principles in the previous standards applied in order to:

- simplify the recognition, measurement and disclosure of financial instruments; and
- accommodate the types of financial instruments entered into in the public sector.

The definitions of the various categories of financial instruments in GRAP 104 have been streamlined and replaced which will compel the entity to change its accounting policy accordingly. Additional disclosures will also be required.

The Standard becomes effective 1 April 2023, which is when EWSETA plans to implement it.

Guideline on The Application of Materiality to 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 is not expected to have a material impact on the financial statements of EWSETA.

IGRAP 7: Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding

The interpretation clarifies the accounting treatment of post-employment defined benefits and other long-term employee defined benefits. Since EWSETA does not have any post-employment benefits or other long-term employee benefits, it will not impact the financial statements of the entity.

IGRAP 21 The Effect of Past Decisions on Materiality

This interpretation provides clarity on how accounting policies should be developed for material and immaterial items or groups of items, and how changes in accounting treatment should be disclosed. EWSETA does not have any items or groups of items to which this interpretation currently applies, therefore the interpretation is not anticipated to have any impact on the financial statements.

GRAP 1: Presentation of financial statements

The Standard prescribes the basis of presentation for general purpose financial statements. The amendments prescribe some changes to the presentation of financial statements, but these are unlikely to materially impact the presentation of the EWSETA financial statements. The Standard becomes effective 1 April 2023, which is when EWSETA plans to implement it.

GRAP 103: Heritage assets

The Standard prescribes the accounting for Heritage assets. Since EWSETA does not have any Heritage Assets, it is not applicable to EWSETA. The effective date for the amendments have not yet been determined.

Guideline on Accounting for Landfill Sites

The objective of the Guideline is to provide guidance to entities that manage and operate landfill sites and is thus not applicable to EWSETA. The effective date for the amendments have not yet been determined.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. Receivables from exchange transactions

| | 2023 R'000 | 2022 R'000 |
|------------------|---------------|---------------|
| Trade debtors | 68 | 142 |
| Deposits | 586 | 586 |
| Interest accrued | 2 705 | 1 519 |
| Staff debtors | 43 | 94 |
| | 3 402 | 2 341 |

3. Receivables from non-exchange transactions

| | | |
|-----------------------------------------------------------------------------------------------------------|----------|----------|
| Discretionary grant receivable | 911 | 1 186 |
| Statutory receivables included in receivables from non-exchange transactions above are as follows: | | |
| MG receivables | 2 671 | 2 670 |
| MG receivable impairment | (2 670) | (2 670) |
| | 1 | - |

Past due and impaired

The MG receivables arose because of the SARS adjustments on levy payers with approved WSP. The SDL levies are governed by the Skills Development Act. The receivables disclosed are fully impaired as they are long outstanding, and the probability of recovery is remote.

4. Prepayments

| | | |
|---------------------------------|------------|------------|
| Discretionary Grant prepayments | 451 | 105 |
| Administration prepayments | 287 | 190 |
| | 738 | 295 |

5. Cash and cash equivalents

| | | |
|---------------------------------------|----------------|----------------|
| Cash and cash equivalents consist of: | | |
| Bank balances | 447 937 | 396 998 |
| Short-term investments/instruments | 86 971 | 86 677 |
| | 534 908 | 483 675 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| 2023 | 2022 |
|-------|-------|
| R'000 | R'000 |

Figures in Rand thousand

6. Property, plant and equipment

| | 2023 | | | 2022 | | |
|-------------------------------|------------------|-----------------------------------------------------|----------------|------------------|-----------------------------------------------------|----------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Buildings - Held for disposal | 58 395 | (36 465) | 21 930 | 58 395 | (36 465) | 21 930 |
| Furniture and fixtures | 1 123 | (605) | 518 | 1 135 | (526) | 609 |
| Motor vehicles | 667 | (475) | 192 | 667 | (427) | 240 |
| Office equipment | 163 | (75) | 88 | 180 | (88) | 92 |
| Computer Equipment | 4 372 | (2 346) | 2 026 | 4 817 | (2 701) | 2 116 |
| Leasehold improvements | 497 | (144) | 353 | 497 | (45) | 452 |
| Total | 65 217 | (40 110) | 25 107 | 65 691 | (40 252) | 25 439 |

Reconciliation of property, plant and equipment - 2023

| | Opening balance | Additions | Disposals | Depreciation | Impairment loss | 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) | (13) | - | 88 |
| Computer Equipment | 2 116 | 767 | (18) | (725) | (114) | 2 026 |
| Leasehold improvements | 452 | - | - | (99) | - | 353 |
| | 25 439 | 784 | (26) | (976) | (114) | 25 107 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| 2023 | 2022 |
|--------|--------|
| R '000 | R '000 |

Figures in Rand thousand

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

Buildings - Held for disposal
Furniture and fixtures
Motor vehicles
Office equipment
Computer Equipment
Leasehold improvements

| Opening balance | Additions | Depreciation | Total |
|-----------------|--------------|--------------|---------------|
| 21 930 | - | - | 21 930 |
| 700 | - | (91) | 609 |
| 296 | - | (56) | 240 |
| 69 | 34 | (11) | 92 |
| 1 800 | 922 | (606) | 2 116 |
| - | 496 | (44) | 452 |
| 24 795 | 1 452 | (808) | 25 439 |

Pledged as security

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

Details of properties

EWSETA purchased the Cape House building at 15 McClaren Street, Marshalltown, Johannesburg for R21,7 million 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. EWSETA has been unable to take occupation of the building as it is awaiting the final municipal approval for occupation which has taken a significant amount of time to obtain. As such, depreciation on the building has not commenced.

EWSETA considered the costs, benefits and relative risks of occupying the building as its office space. After extensive consideration of alternatives, EWSETA decided to dispose of the building. As at the reporting date, the exact disposal date and timeline is unknown and still subjected to processes that might not be completed within 12 months.

The impairment loss previously recognised on this building amount to R36.5m.

Other information

- Contractual commitments for the acquisition of property, plant & equipment amounts to R1.89m.
- Repairs and maintenance of R85k were incurred on PPE in the current financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

7. Intangible assets

| | 2023 | | | 2022 | | |
|-------------------|------------------|-----------------------------------------------------|----------------|------------------|-----------------------------------------------------|----------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Computer software | 1 903 | (181) | 1 722 | 5 095 | (4 748) | 347 |

Reconciliation of intangible assets - 2023

| | Opening balance | Additions | Disposals | Amortisation | Total |
|-------------------|-----------------|-----------|-----------|--------------|-------|
| Computer software | 347 | 1 846 | (318) | (153) | 1 722 |

Reconciliation of intangible assets - 2022

| | Opening balance | Disposals | Amortisation | Total |
|-------------------|-----------------|-----------|--------------|-------|
| Computer software | 479 | (41) | (91) | 347 |

All intangible assets are not internally generated.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8. Payables from exchange transactions

| | 2023 R'000 | 2022 R'000 |
|----------------------------|---------------|---------------|
| Trade payables | 3 576 | 4 032 |
| Performance bonus payables | 1 177 | - |
| Payroll accruals | 35 | 17 |
| Accrued expenses | 2 983 | 3 703 |
| Operating lease payables | 1 012 | 865 |
| | 8 783 | 8 617 |

9. Payables from non-exchange transactions

| | | |
|-------------------------------------------------|---------------|---------------|
| Inter SETA Payables | 698 | 698 |
| Skills development grants payable-mandatory | 30 599 | 30 035 |
| Skills development grants payable-discretionary | 44 247 | 50 598 |
| | 75 544 | 81 331 |

10. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

| | | |
|------------------------------------|--------|--------|
| Department of Water and Sanitation | 34 702 | 36 651 |
|------------------------------------|--------|--------|

Movement during the year

| | | |
|--------------------------------------|---------------|---------------|
| Balance at the beginning of the year | 36 651 | 19 128 |
| Additions during the year | - | 20 962 |
| Income recognition during the year | (1 949) | (3 439) |
| | 34 702 | 36 651 |

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

11. Provisions

Reconciliation of provisions - 2023

| | Opening balance | Additions | Utilised during the year | Reversed during the year | Total |
|---------------------|-----------------|---------------|--------------------------|--------------------------|---------------|
| Employer refund | 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 |
| | 36 501 | 56 400 | (11 069) | (11 025) | 70 807 |

Reconciliation of provisions - 2022

| | Opening balance | Additions | Utilised during the year | Reversed during the year | Total |
|---------------------|-----------------|---------------|--------------------------|--------------------------|---------------|
| Employer refund | 7 734 | 163 | (161) | (6 963) | 773 |
| Performance bonus | 2 133 | 797 | (797) | - | 2 133 |
| Discretionary grant | 16 904 | 28 351 | (7 778) | (5 944) | 31 533 |
| Leave provisions | 1 958 | 229 | (125) | - | 2 062 |
| | 28 729 | 29 540 | (8 861) | (12 907) | 36 501 |

The **provision for employer refund** relates to levies contributed by employers whose payroll is less than R500k (below threshold) per year. Provisions are raised for all below threshold employers, but are only paid out to employers who submit a request in the prescribed form within 5 years. The entity does not know which employers will approach it for a refund. As per National Treasury Circular no 9/2013, the SETA can transfer to Discretionary Reserves any amount that is due to the below threshold employers which is older than five years.

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

The **provision for discretionary grants** relate 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 leave balance that would be payable to all employees at year end should they not to take leave as at that date, but were instead to be paid out their leave entitlement in cash. The timing of the leave pay-out is depended on the potential termination of employment which is unknown at year end.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

12. Non-exchange Revenue

Administration

| | 2023 R '000 | 2022 R '000 |
|---------------------------|----------------|----------------|
| Levies received from SARS | 36 933 | 35 136 |
| Levy adjustments | 3 245 | 2 193 |
| Levies from DWS | 1 417 | 1 063 |
| InterSETA transfer-out | - | (112) |
| Levies accrued | 3 558 | 3 469 |
| | 45 153 | 41 749 |

Mandatory grants

| | | |
|---------------------------|---------------|---------------|
| Levies received from SARS | 70 348 | 66 925 |
| Levy adjustments | 6 185 | 4 174 |
| Levies accrued | 6 776 | 6 607 |
| | 83 309 | 77 706 |

Discretionary Grants

| | | |
|---------------------------|----------------|----------------|
| Levies received from SARS | 174 383 | 165 960 |
| Levy adjustments | 15 754 | 46 284 |
| Levies from DWS | 2 844 | 2 125 |
| InterSETA transfer-out | - | (571) |
| Levies accrued | 16 820 | 16 458 |
| | 209 801 | 230 256 |

Special project income

| | | |
|-----------------------------------------------------|--------------|--------------|
| Special project - War on Leaks | 1 949 | 3 439 |
| Special project - Central Energy Fund | - | 460 |
| Special project - Central Energy Fund (Adjustments) | - | (1 510) |
| | 1 949 | 2 389 |

Total Non-exchange Revenue

340 213 352 100

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. There is no effect of future periods. (Prior year presentation has been changed in line with current year presentation.)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| | 2023 R '000 | 2022 R '000 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| 13. Exchange Revenue | | |
| Other income | 112 | 135 |
| 14. Investment revenue | | |
| Interest revenue | | |
| Bank | 24 467 | 13 243 |
| Interest revenue is earned from short-term investments and the positive bank balances on the entity's current accounts. Interest was earned on both the short term investments and positive bank balances at rate of between 4.25% and 7.75% throughout the year. | | |
| 15. Mandatory grant and project expenses | | |
| Mandatory grants | | |
| Mandatory grant expenses | 74 110 | 73 112 |
| Discretionary grants | | |
| Discretionary grant expenses | 159 469 | 116 190 |
| Project administration expenses | 16 763 | 15 959 |
| Qualification development | 1 790 | 728 |
| External moderation | 1 133 | 499 |
| Career guidance | 1 648 | 703 |
| Research chairs | 464 | 1 568 |
| Research | 7 021 | 1 703 |
| | 188 288 | 137 350 |
| Special projects | | |
| Special projects - War on Leaks | 1 949 | 3 439 |
| Total mandatory grant and project expenses | 264 347 | 213 901 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

16. General expenses

| | 2023 R '000 | 2022 R '000 |
|------------------------------------|----------------|----------------|
| Accommodation | 1 169 | 149 |
| Advertising | 742 | 177 |
| Auditors remuneration | 5 075 | 6 916 |
| Bank charges | 81 | 81 |
| Cleaning and facilities management | 396 | 572 |
| Computer expenses | 1 571 | 1 505 |
| Consulting and professional fees | 12 218 | 6 814 |
| Document storage | 1 520 | 1 825 |
| Entertainment | 94 | 65 |
| Governance committee fees | 1 749 | 1 706 |
| Insurance | 498 | 511 |
| Office and printers rental | 4 679 | 4 394 |
| Legal fees | 1 163 | 361 |
| COVID 19 Expenses | 50 | 215 |
| Marketing and communication | 2 832 | 1 615 |
| Moving costs | - | 12 |
| Postage and courier | 54 | 26 |
| Printing and stationery | 633 | 521 |
| Promotions and sponsorships | 1 806 | 842 |
| QCTO expenses | 2 019 | 1 439 |
| Municipal rates | 252 | 263 |
| Security | 846 | 720 |
| Small Assets | 34 | 74 |
| Staff recruitment costs | 48 | 407 |
| Staff welfare | 592 | 269 |
| Licenses and Subscriptions | 1 609 | 2 669 |
| Telephone and fax | 611 | 601 |
| Training costs | 1 726 | 1 292 |
| Travel | 1 776 | 861 |
| Water and Electricity | 285 | 303 |
| Workshop expenses | 1 040 | 1 162 |
| | 47 168 | 38 367 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

17. Employee related costs

| | 2023 R '000 | 2022 R '000 |
|-------------------------------------|----------------|----------------|
| Salary and wages | 21 753 | 23 726 |
| Bonus | 479 | 835 |
| Medical aid - company contributions | 100 | 183 |
| Unemployment insurance fund | 58 | 63 |
| Skills development levy | 201 | 227 |
| Leave expense | 245 | 125 |
| Provident fund | 1 354 | 1 481 |
| Other insurances | 502 | 541 |
| | 24 692 | 27 181 |

18. Accumulated Surplus

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 | 43 707 | 83 260 | 206 267 | - | 206 267 | 333 235 |
| Government levies | 1 417 | - | 2 844 | - | 2 844 | 4 261 |
| Penalties and interest | - | - | 768 | - | 768 | 768 |
| Investment income | - | - | 24 467 | - | 24 467 | 24 467 |
| Special project income | - | - | - | 1 949 | 1 949 | 1 949 |
| Other income | 112 | - | - | - | - | 112 |
| Total revenue | 45 236 | 83 260 | 234 346 | 1 949 | 236 295 | 364 792 |
| Administration expenses | (47 168) | - | - | - | - | (47 168) |
| Employee costs | (24 692) | - | - | - | - | (24 692) |
| Depreciation and amortisation | (1 139) | - | - | - | - | (1 139) |
| Employer grants and project expenses | - | (74 110) | (188 288) | (1 949) | (190 237) | (264 347) |
| Impairment loss | (243) | - | - | - | - | (243) |
| Loss on disposal of assets | (348) | - | - | - | - | (348) |
| Repairs and maintenance | (85) | - | - | - | - | (85) |
| | (28 439) | 9 150 | 46 058 | - | 46 058 | 26 770 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2023
R '000

2022
R '000

18. Accumulated Surplus (Continued)

Allocation of net loss to reserves - 2022

| Revenue | Administration Reserve | Mandatory Grant Reserve | Discretionary Grants | Special Projects | Total per Discretionary | Total P&L |
|--------------------------------------|------------------------|-------------------------|----------------------|------------------|-------------------------|------------------|
| Skills development levy: income | 40 686 | 77 706 | 191 924 | - | 191 924 | 310 316 |
| Government levies | 1 063 | - | 2 125 | - | 2 125 | 3 188 |
| Penalties and interest | - | - | 36 205 | - | 36 205 | 36 205 |
| Investment income | - | - | 13 243 | - | 13 243 | 13 243 |
| Special project income | - | - | - | 2 391 | 2 391 | 2 391 |
| Other income | 135 | - | - | - | - | 135 |
| Total revenue | 41 884 | 77 706 | 243 497 | 2 391 | 245 888 | 365 478 |
| Administration expenses | (38 367) | - | - | - | - | (38 367) |
| Employee costs | (27 181) | - | - | - | - | (27 181) |
| Depreciation and amortisation | (901) | - | - | - | - | (901) |
| Employer grants and project expenses | - | (73 112) | (137 350) | (3 439) | (140 789) | (213 901) |
| Impairment loss | (300 865) | - | - | - | - | (300 865) |
| Loss on disposal of assets | (41) | - | - | - | - | (41) |
| Repairs and maintenance | (53) | - | - | - | - | (53) |
| | (325 524) | 4 594 | 106 147 | (1 048) | 105 099 | (215 831) |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| | 2023 R '000 | 2022 R '000 |
|--------------------------------------------------|----------------|----------------|
| 19. Cash generated from operations | | |
| Surplus (deficit) | 26 770 | (215 831) |
| Adjustments for: | | |
| Depreciation and amortisation | 1 139 | 901 |
| Loss on derecognition of assets | 348 | 41 |
| Impairment loss | 243 | 300 865 |
| Movements in provisions | 34 163 | 7 772 |
| Changes in working capital: | | |
| Receivables from exchange transactions | (1 061) | 929 |
| Other receivables from non-exchange transactions | 274 | 12 119 |
| Prepayments | (443) | 425 |
| Payables from exchange transactions | 166 | 2 880 |
| Taxes and transfers payable (non-exchange) | (5 787) | (11 906) |
| Unspent conditional grants and receipts | (1 949) | 17 523 |
| | 53 863 | 115 718 |

Individual line items in the cash flow statement has been disaggregated to provide more detail and prior year comparatives have been restated accordingly.

20. Financial instruments disclosure

Categories of financial instruments

2023

Financial assets

| | At fair value | At amortised cost | Total |
|--------------------------------------------|----------------|-------------------|----------------|
| Receivables from exchange transactions | - | 3 402 | 3 402 |
| Receivables from non-exchange transactions | - | 912 | 912 |
| Cash and cash equivalents | 534 908 | - | 534 908 |
| | 534 908 | 4 314 | 539 222 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

20. Financial instruments disclosure (continued)

Financial liabilities

Payables from exchange transactions
Payables from non-exchange transactions

| | At amortised cost | Total |
|-----------------------------------------|-------------------|---------------|
| Payables from exchange transactions | 8 783 | 8 783 |
| Payables from non-exchange transactions | 44 247 | 44 247 |
| | 53 030 | 53 030 |

2022

Financial assets

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

| | At fair value | At amortised cost | Total |
|--------------------------------------------|----------------|-------------------|----------------|
| Receivables from exchange transactions | - | 2 341 | 2 341 |
| Receivables from non-exchange transactions | - | 1 186 | 1 186 |
| Cash and cash equivalents | 483 675 | - | 483 675 |
| | 483 675 | 3 527 | 487 202 |

Financial liabilities

Payables from exchange transactions
Payables from non-exchange transactions

| | At amortised cost | Total |
|-----------------------------------------|-------------------|---------------|
| Payables from exchange transactions | 8 617 | 8 617 |
| Payables from non-exchange transactions | 50 598 | 50 598 |
| | 59 215 | 59 215 |

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

2023

Receivables from exchange transactions
Receivables from non-exchange transactions

| | 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 | - | - | 912 | 912 |
| | 2 747 | 11 | 1 556 | 4 314 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

20. Financial instruments disclosure (continued)

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

2022

| | Current 0-30 days | More than 120 days | Total |
|--------------------------------------------|-------------------|--------------------|--------------|
| Receivables from exchange transactions | 1 519 | 822 | 2 241 |
| Receivables from non-exchange transactions | - | 1 186 | 1 186 |
| | 1 519 | 2 008 | 3 527 |

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

2023

| | More than 120 days | Total |
|--------------------------------------------|--------------------|----------------|
| Receivables from exchange transactions | 37 947 | 37 947 |
| Receivables from non-exchange transactions | 313 773 | 313 773 |
| | 351 720 | 351 720 |

2022

| | More than 120 days | Total |
|--------------------------------------------|--------------------|----------------|
| Receivables from exchange transactions | 37 948 | 37 948 |
| Receivables from non-exchange transactions | 313 898 | 313 898 |
| | 351 846 | 351 846 |

Reconciliation of changes in provision for impairment

2023

| | Opening Balance | Additions | Write off | Closing Balance |
|--------------------------|-----------------|-----------|-----------|-----------------|
| Provision for impairment | 351 846 | - | (243) | 351 603 |

2022

| | Opening Balance | Additions | Write off | Closing Balance |
|--------------------------|-----------------|-----------|-----------|-----------------|
| Provision for impairment | 50 975 | 300 865 | (6) | 351 834 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

21. Commitments

Authorised operational expenditure

Discretionary Grants

| | Opening balance 2022/23 Restated | Adjustments 2022/23 | 2022/23 Additional commitments | Utilised 2022/23 | Closing balance 2022/23 |
|---------------------------|-------------------------------------|------------------------|--------------------------------------|------------------|----------------------------|
| ABET Programme | 1 400 | (1 400) | 1 700 | - | 1 700 |
| Apprenticeship Programme | 104 725 | (25 172) | 65 336 | (52 042) | 92 846 |
| Bursaries Programme | - | - | 68 424 | (54 656) | 13 768 |
| Internship Programme | 17 876 | (6 747) | 45 439 | (11 056) | 45 512 |
| Learnership Programme | 43 733 | (2 812) | 28 071 | (26 088) | 42 903 |
| Trade Union Support | 2 500 | (2 000) | - | (500) | - |
| Candidacy Programme | 587 | (201) | 910 | (386) | 910 |
| Skills Programme | 34 029 | (20 736) | 16 666 | (16 919) | 13 040 |
| Research | 80 | - | 1 167 | (722) | 525 |
| Small Business Support | 122 | (12) | 11 510 | (110) | 11 510 |
| Non-Pivotal Programme | 3 250 | (2 000) | 9 959 | (1 554) | 9 655 |
| Research Chairs | 4 119 | - | - | (464) | 3 655 |
| Quality Assurance Support | 1 633 | (403) | 1 670 | (800) | 2 100 |
| | 214 054 | (61 483) | 250 852 | (165 297) | 238 124 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

21. Commitments (continued)

Administration

| |
|------------------------------------|
| Finance |
| HR Support and Training |
| IT and Facilities Management |
| Marketing and Public Relation |
| Internal Audit and Risk Management |
| Legal Services |
| SCM Support |
| Secretarial and Governance Support |
| Provincial Operations |
| Stakeholder Engagement |
| Project Management |

| Opening Balance 2022/23 Restated | Adjustments 2022/23 | Additional commitments 2022/23 | Utilised 2022/23 | Closing balance 2022/23 |
|-------------------------------------|------------------------|--------------------------------------|------------------|----------------------------|
| - | - | 1 190 | (713) | 477 |
| 2 658 | (19) | 6 335 | (3 903) | 5 072 |
| 14 922 | 5 | 18 249 | (15 252) | 17 922 |
| 743 | - | 2 910 | (1 140) | 2 514 |
| 2 916 | - | 498 | (2 360) | 1 054 |
| 808 | - | 1 999 | (1 191) | 1 616 |
| 1 716 | - | 999 | (870) | 1 844 |
| 1 678 | - | - | (1 221) | 457 |
| 84 | - | - | (3) | 81 |
| - | - | 1 385 | (783) | 602 |
| 194 | - | 999 | (645) | 548 |
| 25 719 | (14) | 34 564 | (28 081) | 32 187 |

All EWSETA commitments are fully funded

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

21. Commitments (continued)

Operating leases - as lessee (expense)

Minimum lease payments due

| | | |
|-------------------------------------|---------------|---------------|
| - within one year | 3 673 | 3 480 |
| - in second to fifth year inclusive | 7 983 | 11 656 |
| | 11 656 | 15 136 |

Operating lease payments represent rentals payable by the EWSETA for its office properties and printing machines. Leases are negotiated for an average term of five years and rentals are predetermined for the period. No contingent rent is payable.

Rental expenses relating to operating leases

| | | |
|------------------------|-------|-------|
| Minimum lease payments | 3 480 | 1 551 |
|------------------------|-------|-------|

Restatement of comparatives

The opening balances of commitments have been restated to account for contracts that were either incorrectly classified within the categories or erroneously omitted from the disclosure. The opening balances for DG commitments were restated as follows: Apprenticeship Programme decreased by R11.2m, Candidacy Programme increased by R188k, Internship Programme increased by R3.5m, Learnership Programme decreased by R1.5m, Non-Pivotal Programme decreased by R187k, Quality Assurance Support increased by R674k, Skills Programme increased by R46k and Small Business Support decreased by R368k.

The opening balances for administration commitments were also restated as follows: IT and Facilities increased by R731k, marketing and public relations increased by R50k, internal audit and risk management increased by R778k, SCM support decreased by R20k, provincial operations increased by R84k.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

22. Contingencies

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.

The court, however, did not decide 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 mandatory grants in consultation with the sector. To date, the Minister has not yet made the decision with regard to the mandatory grant percentage.

DHET continued to show the mandatory levies portion as 20% in 2022/23 year in the levy download information provided to the SETA. The SETA also continued to pay and accrue mandatory grants at 20% in the 2022/23 financial year in the absence of a revised percentage which was aligned to the approved annual performance plan. The mandatory grant expenditure - Note 15 and the mandatory grant liability - Note 9 were calculated using a grant percentage of 20.

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

is currently in discussions with BUSA regarding the mandatory grant percentage.

First time employer registrations

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

At the reporting date, it is estimated that additional mandatory grant expenditure of R61k (2021/2022: R65k) will be payable to such employers. 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 National Skills Fund should an application for retention of surplus funds be denied. An application to National Treasury and DHET for the retention of uncommitted surplus funds will be made. The forfeiture of surplus funds is contingent upon approval of National Treasury and DHET. Historically, EWSETA has not forfeited surplus funds because all of its funds were committed to implementation of the strategy. The estimated surplus for the year is R349m (2022: R324m).

Contractual dispute

EWSETA has a contractual dispute with one of its service providers. At the reporting date, significant uncertainties were still prevailing over this matter. The outcome of this matter 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 the event of any potential future legal dispute.

Contingent assets

EWSETA has issued a summons against the service provider for building refurbishment done on the Cape House Property. The supplier failed to deliver on services as per the service level agreement. An amount of R15,955,415 (2021/22: R15,955,415) which was paid in advance is claimable.

23. Related parties

EWSETA has been established by the Department of Higher Education and Training (DHET) in terms of national legislation. 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 within the national government.

Transactions & balance 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 grants allocations and mandatory grants payments. The statement of financial positions and commitments at year end includes balances relating to these transactions.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

23. Related parties (continued)

| Related party balances 2022/23 | Nature of relationship | Transaction type | Balances R'000 | Commitments R'000 |
|------------------------------------------------------------------------|---------------------------------------------------|----------------------------------------------|------------------|-------------------|
| TVET Colleges | Entity under common control | Discretionary grants | (4 767) | (52 934) |
| Universities | 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 | (28 476) | (70 857) |
| Members of the Accounting Authority | Individuals with significant influence | Fees as a member of the Accounting Authority | (228) | - |
| | | | (103 243) | (164 120) |

| Related party balances 2021/22 | Nature of relationship | Transaction type | Balances R'000 | Commitments R'000 |
|------------------------------------------------------------------------|---------------------------------------------------|---------------------------|----------------|-------------------|
| TVET Colleges | Entity under common control | Discretionary grants | (1 651) | (34 342) |
| Universities | Entity under common control | Discretionary grants | (896) | (2 078) |
| Community Education and Training Colleges | Entity under common control | Discretionary grants | - | (1 400) |
| Sector Education and Training Authorities | Entity under common control | Interseta transfers | (698) | - |
| Other entities reporting to Executive Authority | Entity under common control | Discretionary grants | (192) | - |
| Entities with representatives serving on EWSETA's Accounting Authority | Related to individuals with significant influence | Discretionary grants & MG | (1 073) | (45 120) |
| | | | (4 510) | (82 940) |

Restatement of comparatives

In the prior year, EWSETA disclosed more on related party transactions than required by the standards of GRAP. As a result, following amendments were made to the related parties disclosure:

Relationship information removed from the disclosure:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

23. Related parties (continued)

- a. The list of entities under common control
- b. The list of entities with a representative serving on EWSETA's Accounting Authority
- c. The list of members of the Accounting Authority
- d. The list of members of key management.

Balance that were restated:

- A net credit balance of R622k owed to other SETAs was previously disclosed as a breakdown for each SETA. In the current financial year this amount has been disclosed as a net related party balance of R698k with a reinstatement of R76k which relates to inter-seta debtors that were written off in the prior year but erroneously not removed from note.
- A net credit balance of R1.07m owed to entities with a representative serving on the EWSETA's Accounting Authority and a commitment balance of R45,12m were previously disclosed as a breakdown for each related entity. In the current financial year this amount this balances have been disclosed as a net balance/ commitment to entities with a representative on the EWSETA's Accounting Authority.
- A net credit balance of R1.65m owed to TVET Colleges and a balance of R34.3m also committed to TVET Colleges were previously disclosed as a breakdown for each related TVET. In the current financial year these balances have been disclosed as a net balance/ commitment to related TVET Colleges.
- A net credit balance of R896k owed to universities and a balance of R2.08m also committed to universities were previously disclosed as a breakdown for each related university. In the current financial year these balances have been disclosed as a net balance/ commitment to related Universities.

Related party transactions removed from the disclosure:

- a. Fees and reimbursements for members of the Accounting Authority amounting to R1.26m.
- b. Transactions for entities with a representative serving on EWSETA's Accounting Authority amounting to R175.9m.
- c. The transactions with TVET colleges and universities amounting to R21.6m.
- d. Transaction with QCTO amounting to R1.4m

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

24. Key management information

Executive

2023 (R'000)

Ms. M Mookapele (CEO)

Ms R Vilakazi (CFO)

Ms C Moodley (CSE)

Mr K Masilo (PMRE)

| | Basic Salary | Post Employment Benefits | Performance bonus* | Other Benefits | Total |
|--|--------------|--------------------------|--------------------|----------------|--------------|
| | 2 059 | 171 | 86 | 44 | 2 360 |
| | 1 301 | 115 | 58 | 37 | 1 511 |
| | 1 266 | 126 | 64 | 202 | 1 658 |
| | - | - | - | 35 | 35 |
| | 4 626 | 412 | 208 | 318 | 5 564 |

2022 (R'000)

Ms. M Mookapele (CEO)

Ms R Vilakazi (CFO)

Ms C Moodley (CSE)

Mr K Masilo (PMRE)

| | Basic Salary | Post Employment Benefits | Performance bonus | Other Benefits | Total |
|--|--------------|--------------------------|-------------------|----------------|--------------|
| | 1 840 | 41 | 121 | 148 | 2 150 |
| | 1 221 | 114 | 61 | - | 1 396 |
| | 1 191 | 124 | 67 | 213 | 1 595 |
| | - | - | - | 346 | 346 |
| | 4 252 | 279 | 249 | 707 | 5 487 |

*The performance bonus for 2022-23 financial year were not yet finalised at the reporting date. The amount disclosed above is an estimate based on balance sheet provision.

Other benefits include acting allowance.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

24. Key management information (continued)

Non Executive

Accounting Authority Members

2023 (R'000)

M. Malunga (resigned May 2022)

N. Malumbazo

D. Magagula

N. Nobatana

L. Goldman

S. Bokaba

| Meeting fee | Travel Costs | Other Allowances | Total |
|-------------|--------------|------------------|------------|
| 5 | - | - | 5 |
| 189 | 2 | - | 191 |
| 242 | 4 | - | 246 |
| 181 | - | - | 181 |
| 203 | - | - | 203 |
| 127 | - | - | 127 |
| 947 | 6 | - | 953 |

2022 (R'000)

M. Malunga

D. Magagula

N. Nobatana

R. Ntokotse (Resigned Jul 2021)

L. Goldman

| Meeting fee | Travel Costs | Other Allowances | Total |
|-------------|--------------|------------------|------------|
| 99 | - | - | 99 |
| 186 | - | - | 186 |
| 274 | - | - | 274 |
| 26 | - | - | 26 |
| 181 | - | - | 181 |
| 766 | - | - | 766 |

Restatements of comparatives

Executive remuneration

To align the disclosure with the standard of GRAP, the prior year executive remuneration disclosure has been split further to reflect the post-employment benefits and performance bonuses awarded to executives for 2021-22 financial year. The total remuneration for each executive has not changed.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2023
R'000

2022
R'000

Non-executive remuneration

To align the disclosure with the standard of GRAP, the prior year disclosure for remuneration to members of accounting authority has been expanded to reflect the names of the members who received meeting attendance fee from EWSETA. The total remuneration has also been reinstated from R636k to R766k to account for accruals incorrectly omitted in the prior year.

Transactions removed from the disclosure

The disclosure regarding remuneration to members of the Accounting Authority's sub-committees has been removed from the note. The disclosure is not required by the standard of GRAP. Amounts removed from the disclosure consist of fees to audit and risk committee chairperson of R196k and R293k to other members of the audit and risk committee.

25. Risk management

Financial risk management

The EWSETA's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The EWSETA has developed a comprehensive risk strategy in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the heading below:

Liquidity risk

The 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.

2023 (R'000)

Payables from exchange transactions
Payables from non-exchange transactions

| | 0-30 days | 31-90 days | 91 days and more | Carrying Amount |
|--|-----------------|----------------|------------------|-----------------|
| | (3 805) | (217) | (4 761) | (8 783) |
| | (32 685) | (2 800) | (8 762) | (44 247) |
| | (36 490) | (3 017) | (13 523) | (53 030) |

2022 (R'000)

Payables from exchange transactions
Payables from non-exchange transactions

| | 0-30 days | 31-90 days | 91 days and more | Carrying Amount |
|--|-----------------|----------------|------------------|-----------------|
| | (5 873) | (882) | (1 862) | (8 617) |
| | (38 001) | (1 657) | (10 940) | (50 598) |
| | (43 874) | (2 539) | (12 802) | (59 215) |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

25. Risk management (continued)

Credit risk

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

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

2023 (R'000)

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

| | Gross | Impairment | Total |
|--------------------------------------------|----------------|------------------|----------------|
| Receivables from exchange transactions | 41 349 | (37 947) | 3 402 |
| Receivables from non-exchange transactions | 314 685 | (313 773) | 912 |
| Cash and cash equivalents | 534 908 | - | 534 908 |
| | 890 942 | (351 720) | 539 222 |

2022 (R'000)

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

| | Gross | Impairment | Total |
|--------------------------------------------|----------------|------------------|----------------|
| Receivables from exchange transactions | 40 290 | (37 949) | 2 341 |
| Receivables from non-exchange transactions | 321 384 | (320 198) | 1 186 |
| Cash and cash equivalents | 483 675 | - | 483 675 |
| | 845 349 | (358 147) | 487 202 |

Market risk

Interest rate risk

As the EWSETA has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

Restatement of comparatives

Liquidity Risk

The liquidity risk disclosure has been restated due to changes made in the statement of financial position and further elaborated in Note 29: Prior Period Error. The impact is an increase of prior year Payables from exchange transactions from R7.85m to R8.62m and Payables from non-exchange transactions from R33.18m to R50.6m.

Credit Risk

It's for the same reason above, the Receivables from non-exchange transactions has also been restated from R7.54m to R1.19m.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| 2023 R '000 | 2022 R '000 |
|----------------|----------------|
|----------------|----------------|

26. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The SETA's landscape period has been re-established to 31 March 2030.

27. Irregular, Fruitless and Wasteful expenditure

Irregular Expenditure

Fruitless and wasteful expenditure

| | |
|--------------|---------------|
| 8 607 | 10 956 |
| 3 | 4 |
| 8 610 | 10 960 |

Irregular expenditure amounting R4,6k and R149,9k incurred in the 2022/23 and 2021/22 financial years respectively, relates to expenses incurred without an approved requisition and purchase order. The employees responsible for the irregular expenditure have left the entity.

Irregular expenditure amounting R3,9m (2021/22: R7,8m) relates to non-compliance with the grant relations i.e. exceeding 7.5% of project admin cost. In addition to irregular expenditure due to non-compliance with SETA grant regulations, additional irregular expenditure of R4m was incurred in the current year (2021/22: Rnil) because the entity's reported expenditure exceeded its approved budget by this amount.

Payments amounting R221,9k and R2,9m made in the 2022/23 and 2021/22 financial years respectively relate to multi year contracts. These contracts have been terminated.

Irregular expenditure amounting R515k relating to board fees was incurred in the current financial year.

During the 2021/22 financial year fruitless and wasteful expenditure amounting R0.3k was identified. At the end for the financial year the determination test for this expenditure was in progress. The outcome of the determination test revealed that the amount incurred for fruitless and wasteful expenditure is R4k. The expenditure relate to interest on late payment to SARS.

Fruitless and wasteful expenditure incurred in the 2022/23 financial year amount to R2,6k. This relate to a no show of booked accommodation. The determination test is in progress.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

28. Budget differences

Material differences between budget and actual amounts

- (a) The investment income is made up of interest earned on cash balance and short-term call deposits. The income for the year is higher than budget due to (1) the entity holding a higher cash balance than anticipated and (2) The Reserve Bank increasing the repo rates from 4.25 on the 01 April 2022 to 7.75 on the 31 March 2023.
- (b) 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.
- (c) EWSETA collected a slightly higher revenue from levies compare to budget which indicate an improvement in economic recovery and new employers joining the energy and water sector.
- (d) Employee-related costs is lower than budget due to vacant positions within the entity. As a result of the ongoing organisational redesign project, recruitment of certain positions were put on hold pending the implementation of the new structure.
- (e) Depreciation and amortisation are non-cash items not included in the entity budget.
- (f) Administrative expenses are 13% lower than the revised budget due to cost savings.
- (g) Mandatory grant expenditure is slightly above budget due to more levy payers that qualified and were approved for mandatory grants in the current financial year.
- (h) Discretionary grant expenditure is 18% above the budget. 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.
- (i) Special project expenses are not budgeted for as they are fully recoverable from DWS' conditional grant.
- (j) Quality assurance expenditure is lower than budget due to non-implementation of planned initiatives. The position of a manager in this department was filled in the current financial year.
- (k) The development of the entity's management information system (MIS) was still continuing at year end. The expenditure incurred so far is lower than budget, however the funds are committed to the development of this software.

29. Prior period errors

The correction of the error(s) results in adjustments as follows:

| Statement of financial position | Amount previously reported | Prior period error | Reclassification | Restated amount |
|--------------------------------------------|-----------------------------------|---------------------------|-------------------------|------------------------|
| Receivables from non-exchange transactions | 7 543 | (6 357) | - | 1 186 |
| Payables from exchange transactions | (7 849) | (768) | - | (8 617) |
| Payables from non-exchange transactions | (71 582) | (9 749) | - | (81 331) |
| Provisions | (43 494) | 6 993 | - | (36 501) |
| Net assets (Discretionary grant reserve) | (334 243) | 9 881 | - | (324 362) |
| Statement of financial performance | | | | |
| Mandatory grant and project expenses | 200 521 | 13 380 | - | 213 901 |
| Administration expenses | 37 747 | 620 | - | 38 367 |
| Employee costs | 27 036 | 145 | - | 27 181 |
| Repairs & maintenance | 51 | 2 | - | 53 |
| Loss on disposal of Asset | - | 41 | - | 41 |
| Deficit for the year | (201 643) | (14 188) | - | (215 831) |

Mandatory grant and project expenses were erroneously understated by R13.38m due to invoices which were received by EWSETA after the financial statements reporting date (R14.41m) and the accrual reversal for the year (R1.03m).

The correction of this error resulted in an increase in mandatory grant & project expenses and an increase in Payables from non-exchange transactions (DG Accruals) of the same amount in the statement of financial position.

The Payables from non-exchange transactions was also affected by a reduction in MG creditors of R4.21m resulting in a net correction of R9.17m for that account. The reduction in MG creditors was due to the application of GRAP 104 offsetting principles to transactions which qualify for off

setting in the current year. This application has resulted in a reinstatement of comparative figures for MG creditors & MG debtors. It also resulted in a reversal of provision for doubtful debt which was previously raised for MG debtors against DG reserves of a similar amount.

In 2020-2021 financial year an erroneous audit adjustments were raised in EWSETA's financial records. The audit adjustments related to levies, interest & penalties collected and received during the four months SDL holiday for the payroll periods prior to the tax holiday been introduced. The correction of this error resulted in a decrease in Receivables from non-exchange of R6.36m, decrease in Provisions for employer refund of R6.96 and a net effect of R0.6m in DG reserves.

Other immaterial omissions amounting to R0.8m were also corrected in the income statement against Payables from exchange transactions mainly resulting from invoices received by EWSETA after the financial statements were published.

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 instrument is also amended accordingly to reflect the above changes.

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