



ANNUAL REPORT 2021/22

Partnerships for a **Sustainable Tomorrow**



ENERGY AND WATER SECTOR EDUCATION AND TRAINING AUTHORITY

“The youth employment challenge requires various decisive actions across a range of fronts, including measures to promote economic development, and active measures to encourage labour market insertion”

– *Dr Blade Nzimande*



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



Dr Blade Nzimande
Minister of Higher Education,
Science and Innovation



Buti Manamela
Deputy Minister of Higher
Education, Science and
Innovation

PRESENTATION OF ANNUAL REPORT

On behalf of the Accounting Authority and in terms of Section 65 of the Public Finance Management Act, 1 of 1999, I take great pleasure in presenting the Energy and Water Sector Education and Training Authority (EWSETA) Annual Report for the 2021/22 financial period to the Minister of Higher Education, Science and Innovation, Dr Blade Nzimande.

The report reflects the overall performance of the EWSETA in pursuit of its mandate as well as its contributions, with partners and stakeholders, to skills development and training in South Africa's critically important energy and water sectors.

The Auditor-General of South Africa audited the performance information and annual financial statements and the Accounting Authority endorsed the report based on the assurance of accuracy by the EWSETA management and internal audit function.

The EWSETA remains fully committed, in collaboration with the Department of Higher Education and Training, to implementing the outcomes of the National Skills Development Plan (NSDP) 2030 for greater impact in skills development in two sectors that are critical to South Africa's economic and societal well-being.



Dr Limakatso Moorosi
EWSETA Board Chairperson

EWSETA INFORMATION

Registered name:	Energy and Water Sector Education and Training Authority (EWSETA)
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Website:	http://www.ewseta.org.za
RP:	RP123/2022
ISBN:	ISBN: 978-0-621-50321-0
External auditor:	Auditor-General of South Africa
Company Secretary:	Baruch Memoire
Bankers:	First National Bank / Rand Merchant Bank / Standard Bank



"I am honoured to be a part of an organisation whose very existence not only seeks to capacitate the energy and water sectors with the right skills, but is also playing a key role in providing jobs and security for our country's young people."

*– Dr Limakatso Moorosi, Chairperson
EWSETA Board*

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**“Together, may we
give our children the
roots to grow and the
wings to fly”**

A

GENERAL INFORMATION



“All who have accomplished great things have had a great aim, have fixed their gaze on a goal which was high, one which sometimes seemed impossible”

– Orison Swett Marden

ABBREVIATIONS AND ACRONYMS

4IR	4th Industrial Revolution
AET	Adult Education and Training
AGM	Annual General Meeting
AOP	Annual Operational Plan
APP	Annual Performance Plan
AQP	Assessment Quality Provider
ARC	Audit and Risk Committee
ATR	Annual Training Report
CBO	Community Based Organisation
CEO	Chief Executive Officer
CET	Community Education and Training
CFO	Chief Financial Officer
COO	Chief Operating Officer
CSE	Corporate Services Executive
CSIR	Council for Scientific and Industrial Research
CUT	Central University of Technology
DG	Discretionary Grant
DHET	Department of Higher Education and Training
DHSWS	Department of Human Settlements, Water and Sanitation
ECSA	Engineering Council of South Africa
ERRP	Economic Reconstruction and Recovery Plan
ETQA	Education and Training Quality Assurance
EXCO	Executive Committee
FinRemco	Financial and Remuneration Committee
FY	Financial year
GRAP	Generally Recognised Accounting Practice

GSC	Governance and Strategy Committee
HEI	Higher Education Institution
HET	Higher Education and Training
HRDS-SA	Human Resources Development Strategy for South Africa
IMASA	Independent Municipal Allied Trade Union
IOPSA	The Institute of Plumbing South Africa
IPAP	Industrial Policy Action Plan
IRP	Integrated Resource Plan
JET	Just Energy Transition
KOBWA	Komati Basin Water Authority
LMIS	Labour Market Information System
MEF	Monitoring and Evaluation Framework
MoU	Memorandum of Understanding
MIS	Management Information System
NAMB	National Artisan Moderation Body
NBI	National Business Initiative
NDP	National Development Plan
NGP	New Growth Path
NGO	Non-Governmental Organisation
NLPE	Non-Levy Paying Employer
NPO	Non-Profit Organisation
NSDP	National Skills Development Plan 2030
NSDS	National Skills Development Strategy
NUM	National Union of Mineworkers
NUMSA	National Union of Metalworkers of South Africa
NWRS	National Water Resource Strategy

OD	Organisational Design
OFO	Organising Framework for Occupations
OM	Operating Model
PIRB	Plumbing Industry Registration Board
PIVOTAL	Professional, Vocational, Technical and Academic Learning
PFMA	Public Finance Management Act, 1 of 1999
PRM	Performance, Reporting and Monitoring Branch
PSET	Post School Education and Training
QAS	Quality Assurance Standard
QCTO	Quality Council for Trades and Occupations
QMR	Quarterly Management Report
SACNASP	South African Council for Natural Science Professions
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
SCM	Supply Chain Management
SDA	Skills Development Act, 97 of 1998 (as amended)
SDL	Skills Development Levy
SEIFSA	Steel and Engineering Industries Federation of South Africa

SETA	Sector Education and Training Authority
SIP	Strategic Integrated Projects
SLA	Service Level Agreement
SMME	Small Medium Micro Enterprise
SP	Strategic Plan 2020/21 – 2024/25
SSP	Sector Skills Plan
TCTA	Trans Caledon Tunnel Authority
The Minister	Minister of Higher Education Science and Innovation
TUT	Tshwane University of Technology
TVET	Technical Vocational Education and Training
UOT	University of Technology
UP	University of Pretoria
WBL	Work-based Learning
WIL	Work Integrated Learning
WISA	Water Institute of Southern Africa
WITS	University of the Witwatersrand
WoL	War on Leaks
WPPSET	White Paper for Post School Education and Training
WRC	Water Research Commission
WSP	Workplace Skills Plan
WTE	Water Trading Entity



FOREWORD BY THE CHAIRPERSON

EWSETA, like many other organisations, entered the 2021/2022 financial period still reeling from the economic and social impact of COVID-19. The Accounting Authority sadly lost one of our members, Mr Radebe to the pandemic and our hearts still go out to his family and loved ones, who in the space of days not only lost a father but a mother too.

The period under review therefore, was one of serious reflection, re-assessment and re-prioritisation as we ensured amongst other critical aspects, the finalisation of a number of projects and programmes not completed the previous financial period due to pandemic lockdown restrictions. We also placed focus not only on plans for the financial period under review, but for the future, plans that will strengthen the entity's authoritative position in the sector through greater stakeholder engagement and forging of strategic partnerships. It really was a case of 'all hands on deck' and I am proud to be part of a team that rose to the challenge.

As the SETA mandated to drive skills development in two of the country's most critical sectors, both of which are beset by a variety of challenges, we have placed extensive emphasis on the role of skills development in the strategies proposed to address these challenges. It is therefore, necessary to reflect on a few of these challenges as well as developments within the sector that we remain cognisant of whilst ensuring we deliver on our mandate.

The biggest challenge that continues to beleaguer the country is that of load shedding, and together with the sector at large, EWSETA is working with numerous partners including government structures to find solutions in the short term, with the main objective being long term energy security.

One of the most exciting developments during this review period was the announcement by our President on 10 June 2021 that Schedule 2 of the Electricity Regulation Act was amended to increase the licensing threshold for embedded generation projects from 1 MW to 100 MW, and once registered will be able to connect to the grid.

The rapid development of the green hydrogen economy bodes well for South Africa's renewable energy outlook and we have engaged extensively with role players to ensure

that hydrogen skills needs are an integral element of all development. The Hydrogen Society Roadmap, a project of which EWSETA was a key player, forecasts the creation of 20 000 jobs annually by 2030 and 30 000 annually by 2040.

The Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) Bid Window 5, which sought to procure a total of 2 600 Megawatts of which 1 600 MW is from onshore wind and 1 000 MW from Solar PV plants, was released on 12 April 2021 and the preferred bidders were announced by the Minister of Mineral Resources and Energy on 28 October 2021. After a number of years of skills development not being included as a stipulated criteria in the Enterprise Development bid component, we were encouraged to see that in Bid Window 5, skills development was firmly in place. This for us as the Accounting Authority marks a significant milestone, where skills development will need to be taken seriously by the REIPP sector, be aligned to the country's energy sector skills needs and implemented to drive skills localisation.

Another important step taken was the launch of the Women Empowerment and Gender Equality (WEGE) Strategy, which is aimed at ensuring that women become active participants in the Energy Sector. The strategy has a five-year implementation plan and specific deliverables that will ensure equal rights, opportunities, and economic empowerment of South African women in the energy sector. This fed into our own women transformational programmes that included the Wits Business School partnership with EWSETA on the Women in Energy Executive Development Programme.

The Water sector was not unaffected by new developments either, most notable the announcement on 5 August 2021 of Mr Senzo Mchunu as the new Minister of Water and Sanitation.

During his State of the Nation Address in February 2021, President Cyril Ramaphosa announced that the establishment of a National Water Resources Infrastructure Agency would be accelerated. The agency will be responsible to develop and operate water systems, as well as operate existing dams, transmission canals and pipelines.

The greatest challenge in the water sector however, remains water security. EWSETA continues to drive critical water programmes that seek to develop our young unemployed learners and workers with the skills needed to ensure sustainable water management and use. However, the plight of our most vulnerable communities in terms of access to clean water requires greater innovation. It is our intention as EWSETA to ensure that innovative water solutions for the country becomes a key strategic focus.

As the Accounting Authority, we have been encouraged with the progress and work being driven by the Chief Executive Officer and her team. We have provided oversight and guidance in the areas we felt needed greater impetus and through the governance committees that were established during the previous reporting period at the start of our tenure, we have enjoyed rigorous engagement and great strides in the strengthening of governance controls and measures. In addition, the identification and management of organisational risk, combined with robust risk mitigation measures has resulted in a more stable and manageable risk environment.

I appreciate the valued input and support from the Honourable Minister of higher Education, Science and Innovation, Dr Blade Nzimande, his guidance and feedback has kept the EWSETA on course. My sincerest thanks and gratitude to the Accounting Authority and all sub-committees for their expert guidance and

contributions in finding solutions and forging a way forward. The collective experience, expertise, and knowledge of the members bodes well for the high performing organisation we are determinedly building.

I also acknowledge and thank the EWSETA Management team for flying the flag high during what was a challenging year. The Auditor-General of South Africa's unqualified audit opinion is one we can be proud of and is testament to the hard work of all concerned.

To my fellow Accounting Authority members, thank you for keeping our sights firmly on the goal, the vision in our minds and giving us all cause to celebrate our successes when achieved. To all the staff at EWSETA who rose to the challenge, I commend you all on your commitment and dedication, as well as your unwavering determination.

And last, but by no means least, I acknowledge and thank all sector stakeholders who have partnered with us and worked closely with EWSETA during this review period. We would not be able to achieve our mandate if not for the sector stakeholders who remain an important partner in tackling skills development in our sectors.

I am honoured to be a part of an organisation whose very existence not only seeks to capacitate the energy and water sectors with the right skills, but is also playing a key role in providing jobs and security for our country's young people.



Dr Limakatso Moorosi

Chairperson

31 July 2022



CHIEF EXECUTIVE OFFICER'S OVERVIEW

Building a capable workforce for the energy and water sector is top of the agenda for the Energy and Water SETA and the current energy and water challenges in our country has been the driver for partnerships to ensure that this agenda item is well tackled. During the year under review our focus on partnerships yielded results both from a performance perspective and in terms of growing our presence as a skills development authority in the sectors we serve. It was a challenging yet rewarding year looking at what EWSETA together with its partners have achieved. However much ground is still to be covered.

FINANCIAL OVERVIEW

The implementation of a 4-month Skills Development Levy holiday in the previous financial period as a COVID-19 financial relief measure greatly impacted the PSET sector both in the previous period and the period under review. During the 2021/22 financial year, Levy income has recovered to the levels experienced before COVID, at R352m compared to R318m in the 2019/20 financial year. This suggests that at an aggregate level, the energy and water sectors appear to be recovering from the financial impacts of the pandemic.

Despite this recovery in levy income, EWSETA's core expenditure remained similar to the 2020/2021 financial

year. This reflects the continued impact of COVID on skills development efforts, especially in technical sectors such as energy and water where learning largely comprises a practical component. Restrictions prevalent for a significant portion of the year resulted in Discretionary Grant expenditure of R124m, the lowest experienced in the last 5 years. This expenditure is expected to normalise and increase in light of the return to contact learning with no COVID related restrictions.

Mandatory grant and administration expenditure have both increased slightly compared to prior year. The increase in mandatory grants expenditure reflects an increase in the number of sector employers who have submitted skills planning information and therefore qualified to receive these grants. The R73m incurred on mandatory grants was the highest in EWSETA's history.

All relevant expenditure results from a procurement process that is aligned to the SCM policy and standard operating procedures, which in turn reflects all relevant legislation and National Treasury prescripts. The entity has not received any unsolicited bids during the period under review.

The financial loss for the reporting period results from a significant once-off impairment presented in accordance with the relevant financial reporting standards. Despite this accounting adjustment, the EWSETA retains a substantial cash balance and accumulated surplus and therefore is reported as a going concern. The entity will be applying to National Treasury to retain its surplus funds towards existing commitments and other significant and much-needed skills development interventions in the energy and water sector.

While the entity has received an unqualified audit opinion on its financial statements, it continues to implement the recommendations of the Auditor-General and other assurance providers to improve the financial control environment under the oversight of the Audit and Risk Committee.

RESPONSE TO CHALLENGES EXPERIENCED

The challenge of timely certification of learners was magnified during the previous financial period and the backlog of certification reached unacceptable levels. To clear the backlog, we partnered with the National Artisan Moderating Body and Quality Council for Trades and Occupations to ensure effective finalisation of outstanding certificates. In addition, we employed the services of interns and contract employees from TVET colleges to assist. By the end of the financial period the team involved in this key project had made significant headway.

The entire PSET sector was impacted by the pandemic lockdown. Extensively in the previous financial period and to a lesser degree in the 2021/22 financial period, but operations continued to be disrupted. By the end of the financial period we had returned to a relative level of normality, but the EWSETA team, together with partners had to put in the efforts to make up for lost training time in the prior year and to respond to the changing world of work post covid. The entire team at EWSETA stepped up to the plate and we finished the year strong.

We are an organisation that is working to rebuild itself into a more effective and efficient entity that is able to

take its rightful place as a skills development authority in the energy and water sectors. The Organisational Design (OD) process that commenced in the latter part of the previous financial period gained extensive momentum during the review period.

The development of the Operating Model and accompanying Organisational Structure has required a freeze on all permanent employment, which has resulted in under-capacitation in several operational areas. Where possible, we have appointed consultants and contractors on a fixed-term basis to address capacity challenges. A number of critical senior management roles were vacant and affected optimal efficacy of operations.

OUR ROLE IN THE SECTOR

In her foreword, our Chairperson has outlined developments in our sectors and the role we are required to play in these developments.

Our mandate is a big one, that we are working to achieve with a limited budget. Through extensive sector research and collaboration with all the relevant stakeholders, combined with a robust approach to partnerships, we have plotted a way forward that will ensure the highest possible return on investment and skills development impact.

EWSETA's strategic plan remains a key guide in delivering the skills needed in our sectors. The strategy which incorporates key national policies and plans such as the Integrated Resource Plan 2019, the ERRP, Water and Sanitation Master Plan, relevant SDGs, and numerous others drove skills development activities in this financial period.

South Africa has in the last few years placed a great deal of emphasis on renewable energy (RE) that has an important role to play in the country's energy mix by 2030 and we need to address RE skills. We cannot however, ignore the skills needs within traditional fossil fuel energy as this will continue to be a dominant source of energy in our energy mix.

I have already mentioned that the R73million paid out in mandatory grants is the highest in EWSETA's history. This is encouraging as it indicates increased participation by levy paying employers in our sector and whilst we are pleased with this increase, 206 of our 1094 levy paying employers submitted WSPs and ATRs, which represents only 18.8% participation.

This remains one of our biggest challenges and we urge more employers to participate in the submission of WSPs and ATRs for two reasons. Firstly, critical sector research is conducted via the submission of WSPs to determine skills needs and secondly, more employers are participating in skills development activities. Our Minister has repeatedly expressed the importance of workplaces being training spaces and we could not agree more. Our sector needs all employers to become part of the provision of skills for the sector.

The changes in the energy landscape arising from the transition to clean energy brings about opportunities to improve the financial outlook of the SETA. IPPs are playing an increasingly important role in the energy mix. In addition, the President's announcement in June 2021 regarding the increase to the licensing threshold for embedded generation projects from 1 MW to 100 MW has opened the playing field. Subsequently, during

the 2022/23 financial period, the 100MW threshold has been lifted, opening the field to many more potential alternative energy producers.

It is anticipated that these factors will result in an increase in SMMEs and a shift to renewable energy by many companies.

ACKNOWLEDGEMENTS AND APPRECIATION

First, my gratitude to our stakeholders in the energy and water sector who have demonstrated the spirit of collaboration and meaningful partnerships to ensure skills capacitation of the labour force and the unemployed. I thank the industry associations for their meaningful engagements as we seek to capacitate the sector with the skills it needs both now and in the future.

I would like to extend my appreciation to the Minister of Higher Education, Science, and Innovation, Dr Blade Nzimande for entrusting us with capacitation of the energy and water sector and his valuable leadership in the Post School Education and Training sector.

Thank you to the Accounting Authority for its strategic direction, guidance and support that has fostered a healthy environment conducive to innovation and growth. I would like to acknowledge the Chairperson, Dr Limakatso Moorosi and the SETA's Accounting Authority, for entrusting me with the responsibility to deliver on our strategic mandate.

To the team at EWSETA, I thank you for your fortitude, hard work and dedication during what has been a

challenging year. Without your commitment, resilience, initiative, and enthusiasm we would not be here, able to report back on a successful financial period in which we proved to ourselves that 'we can'. Thank you!

The EWSETA is on an upward trajectory, and I look forward with eagerness to the next financial period where the exciting projects commenced in previous years will begin to bear fruit. I am confident that EWSETA will achieve its skills development goals in the sectors it serves and I invite you to join us on this very exciting journey.



Mpho Mookapele
Chief Executive Officer
31 July 2022

"The achievement of 74% of our APP targets during the period under review is a clear indication that the EWSETA is on the right track. This achievement would not have been possible without hard work and dedication from the team at EWSETA, combined with support for our mandate by our sector stakeholders"

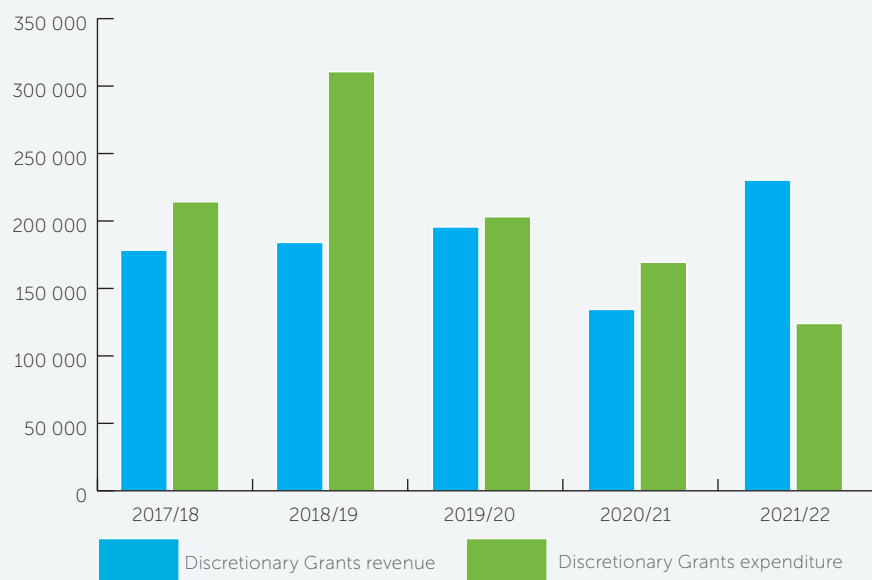
 Every workplace must
be a training space
– Dr Blade Nzimande



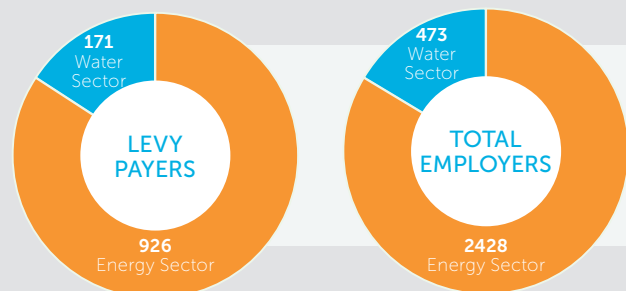
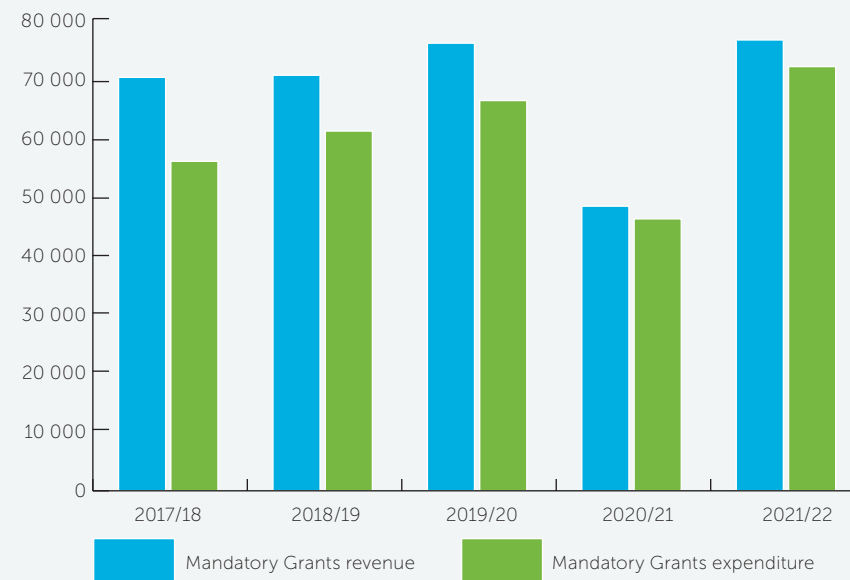
YEAR AT A GLANCE

	2017/18	2018/19	2019/20	2020/21	2021/22
Total Discretionary Grants Commitments	1 432 510	1 182 037	1 126 097	1 046 161	222 899

Discretionary Grants: Revenue vs Expenditure over 5 financial years



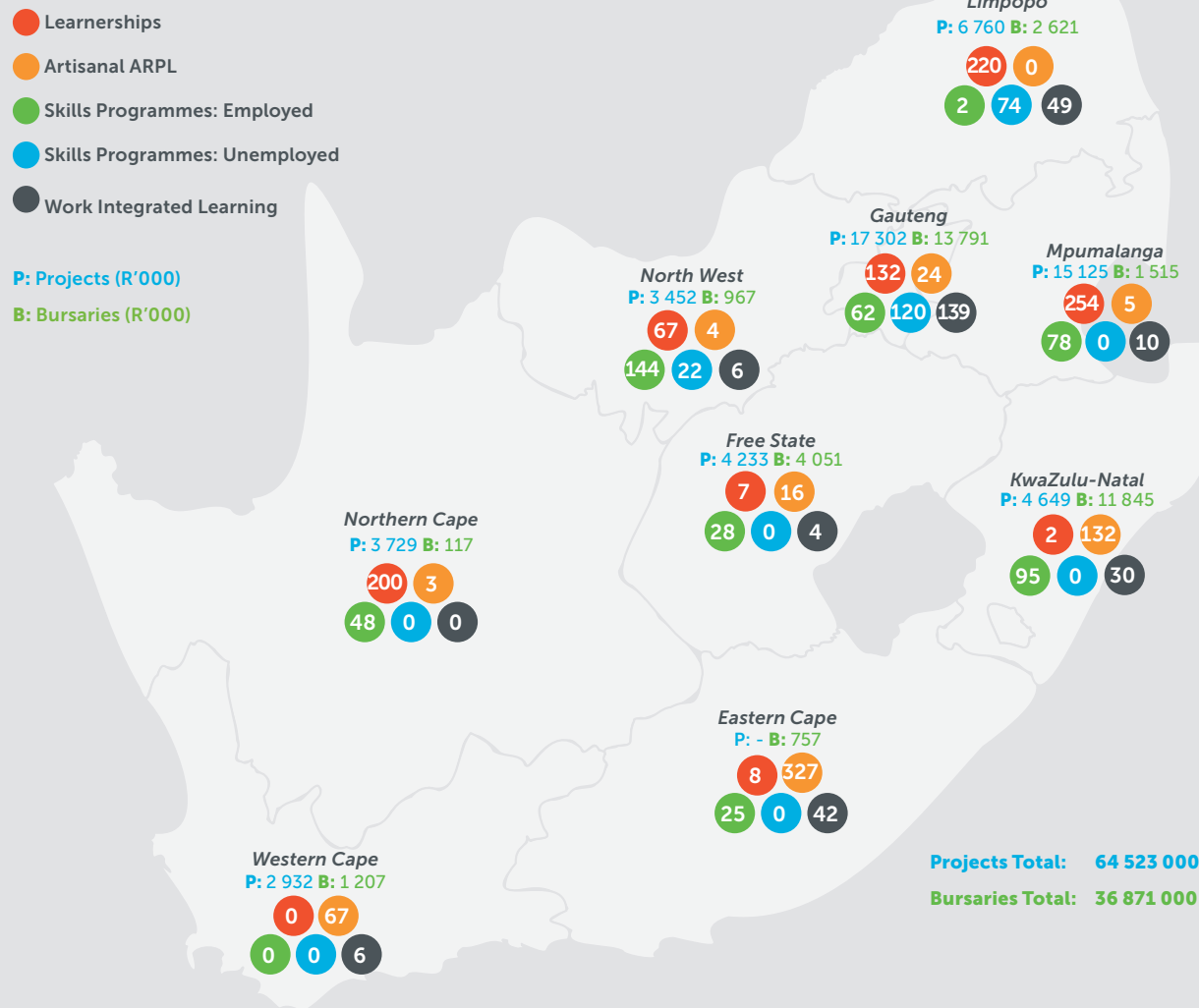
Mandatory Grants: Revenue vs Expenditure over 5 financial years





206 WSPs/ATRs submitted in April 2021
1 097 Total Levy Payers

18.8%
Participation

OVERVIEW OF ENROLMENTS DURING 2021/22 FINANCIAL PERIOD



GENDER REPRESENTATION FOR ENROLMENTS

		
37%	Learnerships	63%
70%	Artisanal ARPL	30%
54%	Skills Programmes: Employed	46%
55%	Skills Programmes: Unemployed	45%
51%	Work Integrated Learning	49%

AGE BREAKDOWN FOR ENROLMENTS

	UNDER 25	25 - 35	OVER 35
Learnerships	360	501	33
Artisanal ARPL	98	263	218
Skills Programmes: Employed	62	211	209
Skills Programmes: Unemployed	76	128	12
Work Integrated Learning	147	137	3

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of our knowledge and belief, we confirm the following:

- All information and amounts disclosed in the 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 in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards 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, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2022.

Yours faithfully



Chief Executive Officer
Mpho Mookapele
31 July 2022



Chairperson of the Accounting Authority
Dr Limakatso Moorosi
31 July 2022

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), 97 of 1998, as amended, and reports to the Honourable Minister of Higher Education, Science and Innovation. The information provided here is aligned to the EWSETA's five-year strategy (2020/21 – 2024/25), of which implementation started on 1 April 2020, thus the period under review would be the second year of the EWSETA Strategic Plan implementation

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 create an environment conducive to a high-performance organisational culture.

RESPECT: A sense of value and trust towards each other and stakeholders

INTEGRITY: We act with honesty and integrity, not compromising the truth

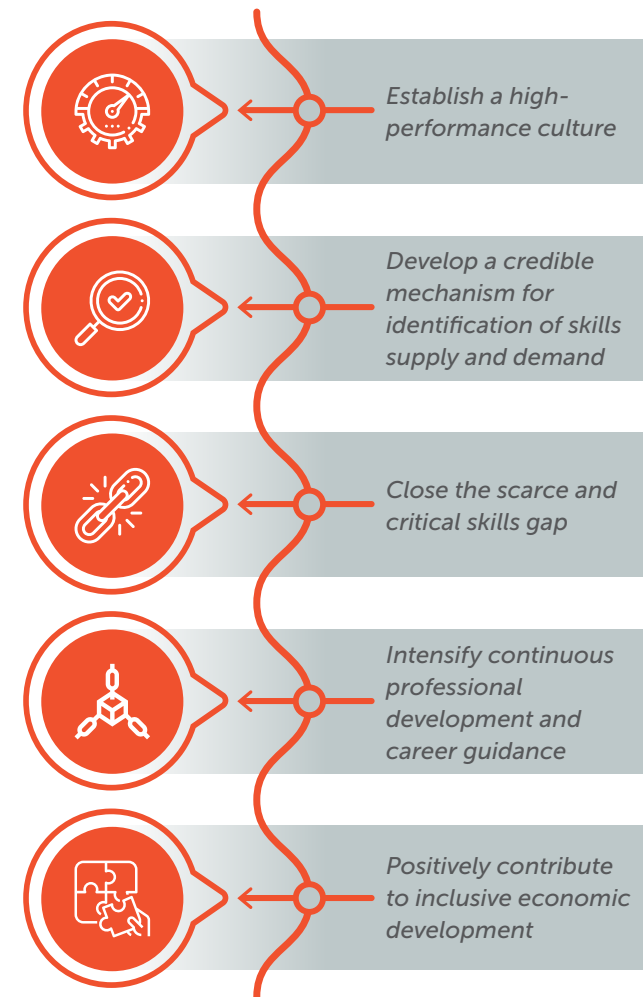
TEAMING: Positively contributing and collaborating towards the greater vision

EXCELLENCE: Striving for the best in all our actions

OUR STRATEGIC INTENT

The 2030 vision set out in the National Development Plan (NDP) requires the country to achieve high levels of economic growth and the need to address unemployment, poverty and inequality. It therefore, calls on social partners to work together and invest in skills development in order to achieve the outcomes of the National Skills Development Plan (NSDP) 2030, which is an educated, skilled and capable workforce for South Africa. The EWSETA will work towards contributing to the achievement of government priorities as set out in the Medium-Term Strategic Framework (MTSF 2019 - 2024).

The EWSETA has identified the following strategic pillars to ensure that the desired impact in the skills development space is achieved.



The implementation of EWSETA's strategic plan to 31 March 2025, will be monitored and evaluated to ensure that the short-term outcomes and the intended impact is achieved. Management will ensure adequate resources such as finance, human capital and infrastructure are in place to drive the implementation of the strategy.

SCOPE

Within our scope, that comprises South Africa's energy and water sectors, we also serve the energy sub-sectors of electricity, gas, nuclear and renewable energy and the water sub-sectors of collection, purification and distribution, waste and sewage and refuse and sanitation.

LEGISLATIVE AND OTHER MANDATES

CONSTITUTIONAL MANDATE

The Constitution of the Republic of South Africa forms the basis of an education system that values human dignity, equality, human rights, freedom, non-racism and non-sexism. Section 29 (1) guarantees the right to a basic education (including adult basic education) for all and to continued education that the state must make progressively available and accessible. Section 22 enshrines the right of every citizen to choose their trade, occupation or profession freely. The EWSETA therefore, is required to facilitate access to education and training for all, with a focus on trade occupational qualifications, in the energy and water sectors.

LEGISLATIVE MANDATE

EWSETA derives its mandate from the Skills Development Act (SDA), 97 of 1998, as amended. Within that mandate, our key responsibilities are to:

- Develop a Sector Skills Plan (SSP) within the framework of the National Skills Development Plan 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 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 SSP

The legislation, regulations and policies listed here inform and guide our strategy and operations:

Skills Development Levies Act, 9 of 1998 (as amended 9 of 1999):

- To provide for the imposition of a skills development levy

National Qualifications Framework Act, 67 of 2008):

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

Further Education and Training Act, 98 of 1998:

- To establish a national, coordinated, further education and training system that promotes co-operative governance and provides programme-based further education and training

Public Finance Management Act, 1 of 1999:

- To secure transparency, accountability and sound management of the revenue, expenditure, assets and liabilities of the institutions to which the Act applies

Promotion of Access to Information Act, 2 of 2000:

- To give effect to the constitutional right of access to state-held information

Promotion of Administrative Justice Act, 3 of 2000)

- To give effect to administrative action that is lawful, reasonable and procedurally fair

Preferential Procurement Policy Framework Act, 5 of 2000:

- To guide procurement in government where a preference point system must be followed

White Paper for Post-School Education and Training, 2013:

- To improve post-school education and training system capacity
- To set policies that guide the DHET and institutions for which it is responsible to contribute to building a developmental state with a vibrant democracy and a flourishing economy

NATIONAL STRATEGIES, POLICIES, PLANS AND FRAMEWORKS

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

- **The South African Economic and Reconstruction Plan (ERRP):** aimed at stimulating equitable and inclusive growth
- **The National Development Plan (NDP):** Overarching long term plan for South Africa to eliminate poverty and reduce inequality by 2030 through faster and more inclusive economic growth
- **The National Skills Development Plan (NSDP) 2030:** 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):** The District Development Model aims to improve the coherence and impact of government service delivery with focus on 44 Districts and 8 Metros around the country as development spaces that

can be used as centres of service delivery and economic development, including job creation

- **The Human Resource Development Strategy for South Africa (HRDS-SA):** Coherent, national human resource development framework within which all HRD-oriented policies operate
- **Industrial Policy Action Plans (IPAP 2):** Sets out key actions and timeframes for the implementation of industrial policy
- **National Infrastructure Plan, including 18 Strategic Integrated Projects (SIPs):** Plan to transform the economic landscape, create new jobs, strengthen the delivery of basic services and support the integration of African economies
- **New Growth Path (NGP):** Series of State/private sector partnerships to enhance growth, employment creation and equity with a target of 5 million jobs by 2020

SECTOR-SPECIFIC FRAMEWORKS AND REGULATIONS

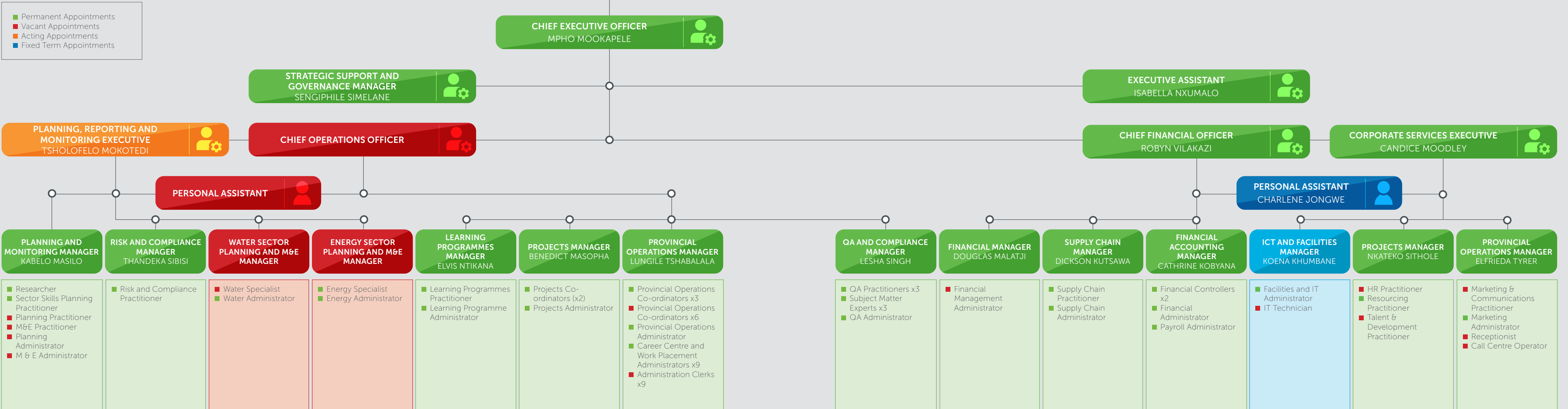
The EWSETA's operations are informed and influenced by a number of sector-specific frameworks and regulations:

- **Integrated Resource Plan (IRP) 2019:** Refers to the co-ordinated schedule for generation expansion and demand-side intervention programmes, taking into consideration multiple criteria to meet electricity demand
- **The Strategic Framework for Water Services, 2003:** Sets out a comprehensive approach for the provision of water services.

- **The National Water and Sanitation Master Plan:** The plan that identifies key actions in the water sector and allocates roles and responsibilities to all in the water sector, from the various tiers of government, the private sector and other stakeholders for the implementation of the plan.
- **Water Services Act, 108 of 1997:** Provides for the right of access to basic water supply and sanitation and sets national standards and tariffs.
- **National Water Act, 36 of 1998:** Acknowledges the National Government's overall responsibility for, authority over and use of the nation's water resources.
- **Municipal Structures Act, 117 of 1998:** Provides for the establishment of municipalities.
- **The Municipal Systems Act, 32 of 2000:** Provides for the core principles, mechanisms and processes that enable municipalities to socially and economically, uplift local communities.
- **Municipal Finance Management Act, 56 of 2003:** Promotes good financial management to maximise service delivery.
- **Nuclear Energy Act, 46 of 1999:** Provides for the establishment of the South African Nuclear Energy Corporation Limited.
- **National Nuclear Regulator Act, 47 of 1999:** Provides for the protection of persons, property and the environment against nuclear damage through safety standards and regulatory practices.
- **National Energy Act, 34 of 2008:** Promotes the availability of diverse energy resources in sustainable quantities and at affordable prices.

ORGANISATIONAL STRUCTURE

As at 31 March 2022



EWSETA OPERATING MODEL AND ORGANISATIONAL DESIGN PROJECT GAINS MOMENTUM

The implementation of the National Skills Development Plan 2030 in April 2020 provided SETAs the opportunity to reassess their delivery models to ensure that the outcomes of the NSDP 2030 are efficiently and effectively delivered utilising a structure that is appropriate to the size of the sector/s served and the levy income received.

Through EWSETA's own assessment, it became clear that there were areas in its operating model that required vast improvement to allow for, amongst others, the demolition of existing silos to ensure seamless operations throughout the organisation, improved organisational performance and financial sustainability.

In 2020, the EWSETA embarked on an Operating Model and Organisational Design development process that sought to critically review the EWSETA's organisational system holistically, ensuring alignment with its strategic direction and mandate. This process included the assessment of the people, processes and technology required for the entity to deliver on its mandate as an 'Authority'.

A critical first step was the assessment of the core and support capabilities required for the EWSETA to deliver on its value proposition, as well as an analysis of the entity's 'As Is' state. The process then required that the EWSETA clarify how an 'Authority' on skills

and development within the energy and water sectors would function. The information gathered and findings made served to inform the desired 'Future' state.

Based on the aspirations of the organisation to operate more effectively within its role as a Sector Authority, organisational functioning and capabilities should facilitate the transition from being very transactional, to more strategic. It is important, therefore, to define who will be responsible to ensure value creation within the organisation and how these functions or capabilities will be organised.

As a result, the organisational design effort includes the redesign of the current organisational structure.

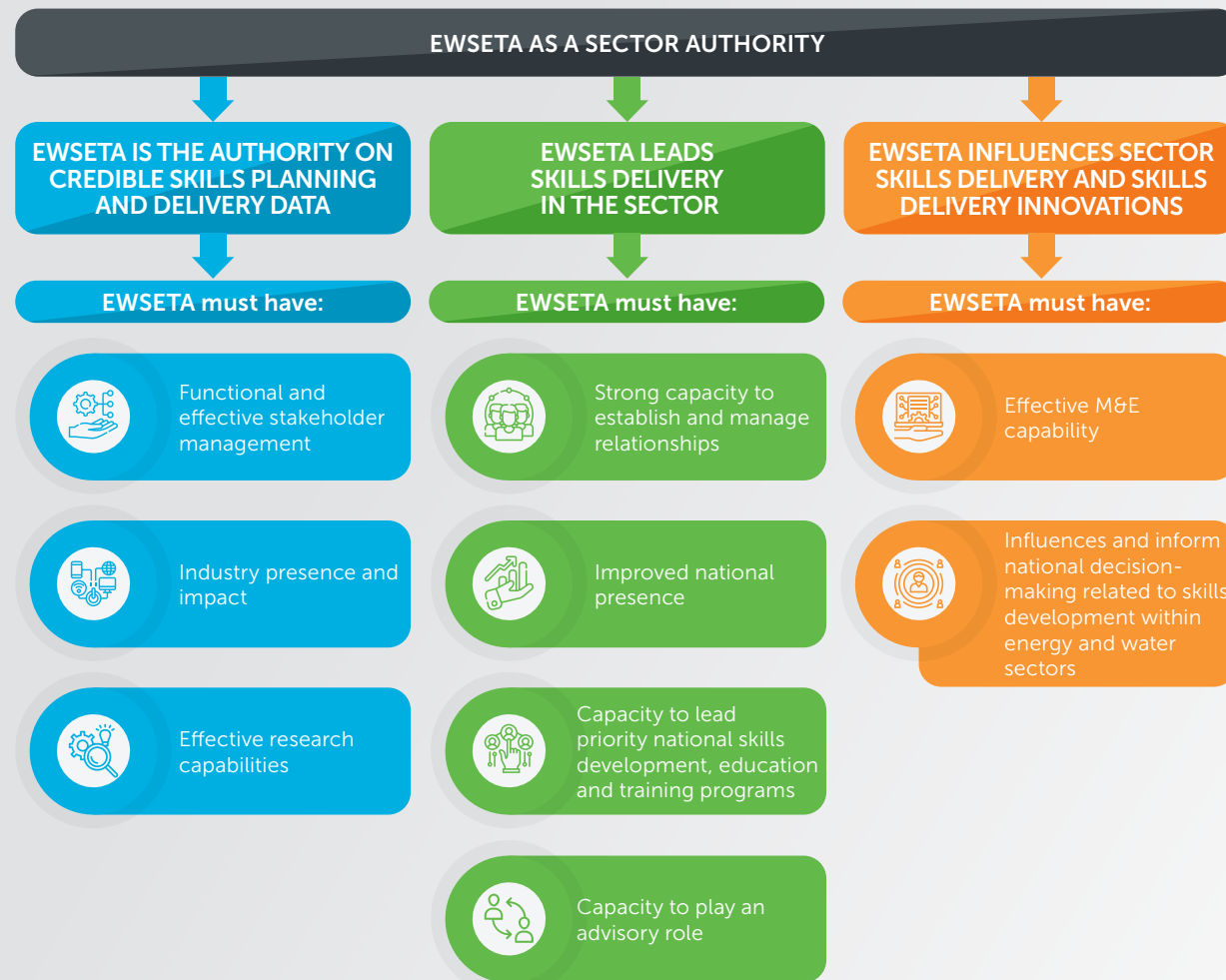
The EWSETA requires a structure that will enable improved operational efficiencies, as well as customer or stakeholder centricity. This implies that the proposed structure would be required to bridge the gaps as identified during the as is assessment and propel the organisation towards its desired state or towards functioning as an authority.

It is important to define who will be responsible to ensure value creation within the organisation and how these functions or capabilities will be organised. As a result, the organisational design effort includes the redesign of the current organisational structure.

Based on the "As is" assessment conducted, it was evident that the EWSETA required a fit for purpose structure that would address the challenges experienced by the organisation. These included:



These improvements would enable the organisation to achieve a suitable level of operational efficiency to function as an Authority. Similarly, the proposed structure would have to address the skills needs of the organisation associated with increased sector impact. This implies that more specialist roles and improved stakeholder engagement and partnerships capabilities would need to be incorporated in the structure.

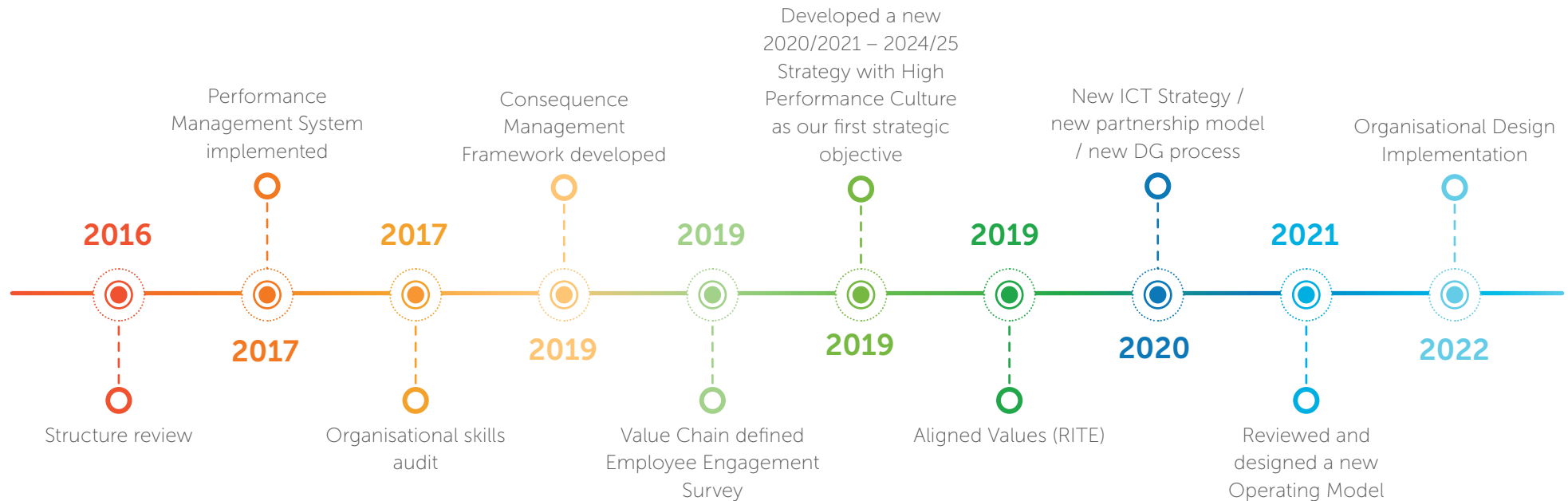


The EWSETA would need to be structured in a manner that replicates the design principles of the operating model by enabling improved operational efficiencies and customer or stakeholder centricity. This implies that the proposed structure would be required to bridge the gaps as identified during the “As is” assessment and propel the organisation towards its desired state or towards functioning as an Authority.

The 2022/2023 financial period will focus on the implementation of the Operating Model, as well as Organisational Design requirements to implement the model.

“Collectively, the elements in the new Operating Model will ensure the highest sector impact by reconfiguring core skills planning and delivery processes, as well as thought leadership capabilities.”

THE EWSETA'S TRANSFORMATIONAL JOURNEY



Many of EWSETA's stakeholders may regard the development of our Operating Model and Organisation Design as the start of our transformational journey towards becoming a high-performing entity. However, our transformational journey has been progressing over many years, as reported in previous annual reports and across many of our engagement platforms.

The commendable improvement in the Annual Performance Report achievement for 2021/22 financial period is testament to the fact that the entity has begun to reap the rewards of this journey as envisioned in our first strategic objective "driving a high-performance culture" and is firmly on the road towards operating more effectively to meet the needs of its stakeholder base.

EWSETA STEPS UP TO THE PODIUM AT SOLAR POWER AFRICA 2022

The programme for the inaugural Solar Power Africa Conference and Exhibition held from 16 - 18 February 2022 in Cape Town placed extensive importance on skills development in South Africa's renewable energy (RE) sector.

The EWSETA participated as a speaker in two breakaway sessions that focused on the importance of skills development in the successful deployment of solar power in the country.

On Day 1 of the event, EWSETA CEO, Mpho Mookapele, joined a panel of industry experts to discuss 'unlocking potential, performance and productivity' that focused on the role that proactive skills development and training will play in fully realising South Africa's solar potential.

Candice Moodley, EWSETA's Corporate Services Executive, joined the skills development breakaway session on Day 2 of the event where the theme was 'building a workforce that works for the workers'. In this session, focus was placed on priorities that need to be addressed that will ensure the 'just energy transition' is indeed 'just' for current and future workers in the energy sector.

A key message communicated by EWSETA in its sessions highlighted that as clean energy deployment gains momentum in South Africa, it is vital that the country puts in place the building blocks now for a diverse and equitable workforce.

The South African Photovoltaic Industry Association (SAPVIA) consists of key players in South Africa's photovoltaic market who have the knowledge, experience, initiative and determination to drive the growth of the industry. The association aims to represent the photovoltaic (PV) industry before provincial and national authorities, as well as government, to promote a higher penetration of the technology, and to advise key decision makers on the most adequate policies to develop a sustainable PV market.

Whilst on site at the Solar Power Africa Conference and Exhibition, the EWSETA and SAPVIA concluded an important collaboration agreement that will see the two organisations working together to drive skills development in the sector.

Seen in the photograph to the right are Mpho Mookapele, EWSETA CEO Candice Moodley, EWSETA Corporate Services Executive and Niveshen Govender ex-COO of SAPVIA and current CEO of SAWEA.



"As clean energy deployment gains momentum in South Africa, it is vital that the country puts in place the building blocks now for a diverse and equitable workforce."

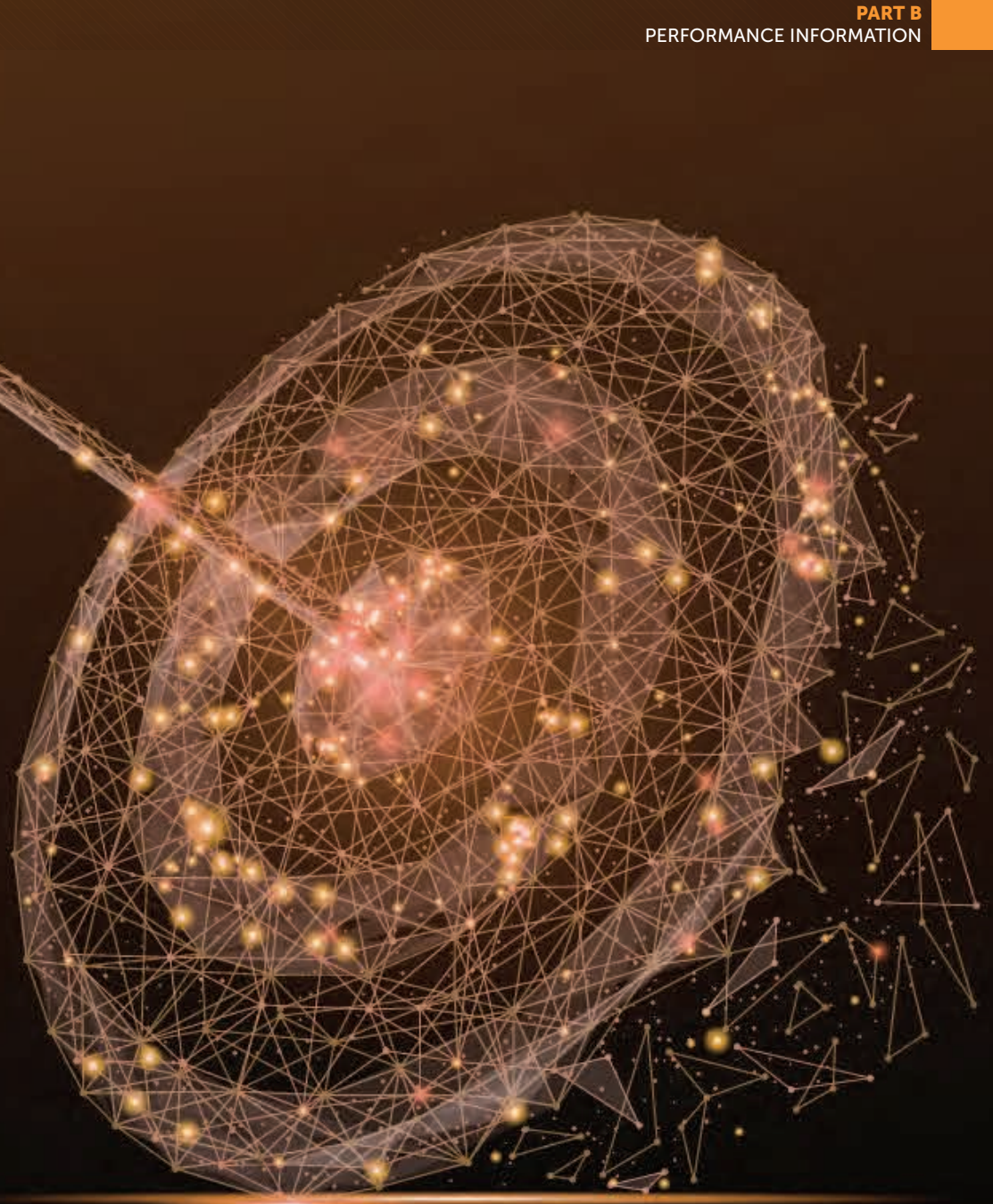


B

PERFORMANCE INFORMATION

“Circumstances may cause interruptions and delays, but never lose sight of your goal. Prepare yourself in every way you can by increasing your knowledge and adding to your experience, so that you can make the most of opportunity when it occurs.”

— Mario Andretti



STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

The EWSETA's Chief Executive Officer is responsible for the Authority's performance information and related judgements, as well for establishing and implementing internal controls that reasonably assure the integrity and reliability of the performance information.

In my opinion, the performance information in this annual report reflects fairly our achievements against the strategic objectives, indicators and targets in the EWSETA Strategy 2020/21 – 2024/25 and the Annual Performance Plan 2021/22 for the financial year ended 31 March 2022. The external auditor's report on EWSETA's annual performance report can be found on pages 77 - 78 of this document.

The Accounting Authority of the EWSETA approved the performance information set out in this document.



Mpho Mookapele

Chief Executive Officer 31 July 2022

AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

Review this information within the Auditor-General's report that can be found on pages 92 - 96.

PERFORMANCE OVERVIEW

SERVICE DELIVERY ENVIRONMENT

The EWSETA is mandated to serve South Africa's critical energy and water sectors, that are in turn divided into 15 sub-sectors. During the period under review, the EWSETA stakeholder base comprised 2901 companies. Of this, 1097 were levy-paying employers. The fact that non-levy paying employers far outweigh the number of levy-paying organisations poses a financial challenge for the EWSETA.

Industry partnerships are critical to the success of the EWSETA exercising its skills development mandate. The 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, SANEDI, water tribunals, catchment agencies, the Water Trading Entity (WTE), Water Boards, Komati Basin Water Authority (KOBWA) and domestic water user associations.

In addition, the EWSETA works closely with:

- Professional Bodies: ECSA, PIRB and SACNASP
- Labour relations and collective bargaining bodies: NUM, NUMSA, IMATU, SAMWU
- Other industry bodies: WISA, NBI, SANEA, SAPVIA, IOPSA, CSIR
- Public HEIs, private HEIs, TVET Colleges, CET Colleges and private colleges
- Research Agencies: Water Research Commission (WRC).

ORGANISATIONAL ENVIRONMENT

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

To this end, during the period under review, the EWSETA placed extensive focus on the Operating Model and Organisational Design process that has been covered in detail on pages 20 to 22 of this document.

KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

During the period under review, the only significant change in legislation that impacted the operations of the EWSETA was the National Treasury Instruction Note 3 of 2021/22. It comprised the repeal of Standard Bidding Documents 4, 8 and 9 and replaced by the new SBD4; internal approval on variations above 15% (20% for construction services) whereas previously these were approved by NT; additional reporting on variations approved above 15% (20% for construction services); and clarification on the restriction of persons doing business with government.

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

In February 2022, EWSETA entered into a partnership with the Council for Scientific and Industrial Research (CSIR) that will, among other benefits, strengthen the EWSETA's research agenda.

During his address at the function held to commemorate the conclusion of the partnership between the EWSETA and CSIR, the CEO for the CSIR, Dr Thulani Dlamini, described water as being transversal in nature and that the EWSETA plays a key role in two enabling sectors. He highlighted the point that natural synergies exist between the CSIR and EWSETA, hence the importance of this particular partnership.

Seen here are Mpho Mookapele, EWSETA CEO and Dr Thulani Dlamini, CSIR CEO.



PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

Part C of the EWSETA's Strategic Plan for 2020/21 to 2024/25 focuses on how EWSETA measures its own performance.

The EWSETA's impact statement that underpins all of its activities is: 'Improved Economic Participation'. In addition, establishing the organisation's intended impacts and outcomes as detailed in the Strategic Plan, takes into consideration outcomes outlined in the National Skills Development Plan 2030 and the priorities of the Medium-Term Strategic Framework for 2019 – 2024.

Outcome 1: Improved SETA Performance comprises the following outcome indicators:

- Percentage of targets achieved against approved APP targets
- Annual Stakeholder satisfaction survey index
- AGSA audit outcome where the baseline requirement is an unqualified audit
- Development and implementation of an Operating Model (OM) and Organisational Design (OD)

The EWSETA is performing well against these outcomes. The one area where we are lagging is the annual stakeholder satisfaction survey index. A supplier was appointed during the last quarter of the 2021/22 period to establish a baseline score during the 2022/23 period. The development and implementation of an OM and OD has progressed

well and by the conclusion of the 2021/22 financial period a supplier had been appointed to address the implementation of an OD that responds to the OM.

Outcome 2 focuses on enhanced learning programmes for occupations in high demand and our performance in regards this outcome has been measured through research activities. This research seeks to determine how EWSETA programmes are performing and whether they relate to the work learners undertake. More work is required though in terms of increased employability of completers/graduates, although the country's ongoing unemployment challenge is a factor that impacts this.

In regards, Outcome 3 that relates to improved organisational learning on performance of programmes, the EWSETA continues to perform monitoring and evaluation (M&E) with respect to the implementation of its programmes. A mid-term assessment will provide information about progress on implementing the EWSETA's Strategic Plan after the first two and a half years of the current strategic plan, with reference to delivery of outcomes. An end-term assessment will indicate the extent of progress and achievement in implementing the Strategic Plan.

Outcome 4 relates to increased access for occupations in high demand within the energy and water sector by 2024. EWSETA has worked hard to perform its role as an intermediary between the demand and supply side of the post school education and training system and

to this end has placed extensive focus on partnerships. In addition, a great deal of groundwork has been done during the first two years of the strategic plan to meet these outcomes.

The number of workplace-based learning interventions and number of workers participating in learning programmes are the outcome indicators for Outcome 5: Increased skills capacity through workplace-based learning. The EWSETA is progressing well in terms of workers participating in learning programmes. More work is needed in terms of the number of workplace-based learning interventions. The EWSETA places extensive focus on engaging with employers to open up their places of work as places of training.

Outcome 6: Increased economical participation of CBOs/NGOs/NPOs/SMMEs within the energy and water sector is an area of improvement for the EWSETA. This is being addressed through the EWSETA's discretionary grant and partnership activities.

The outcome indicator for Outcome 7: Increased support for the growth of the college system is 'number of public colleges supported'. During the first two years of the current strategy, the EWSETA had reached 15 against a target of 35 and is on track with this particular target.

Outcome 8 deals with a labour force that is updated with current skills required for the sector. To meet this outcome, EWSETA conducts extensive

research. Advocacy, awareness and capacity building sessions are implemented to ensure that the sector is conversant with current skills. EWSETA has focused on career development services (including material) that is accessible to all especially in rural areas and targeted beneficiaries. EWSETA will continue to prioritise the support of career development services related to the sector and government priorities.

Outcome 9 focuses on the increased uptake of careers in the energy and water sectors. The outcome indicators for this outcome comprise career guidance events where the EWSETA is exposed to high school learners, and workshops with career development practitioners where details on careers in the energy and water sectors are provided. The EWSETA has achieved extensive traction against this outcome, having successfully rolled out a series of events during the 2019/20 and 2020/21 financial periods, with the momentum continuing in the 2022/23 financial year. This was achieved in spite of the COVID-19 lockdown restrictions that prevented access to high school learners and career development practitioners, for a substantial part of the reporting period

For Outcome 10: Updated qualifications that are aligned to the current skills training needs, the outcome indicator requires the development of qualifications as per industry needs. Whilst the target was achieved, EWSETA will work closer with the sector to assess the qualifications needs considering that in many instances, engagements have revealed a greater need for Skills Programmes and Short Learning Programmes. It is anticipated that the appointment of a Quality Assurance & Compliance Manager in January 2022, will see increased focus and developments with regards this function at the SETA.



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 the EWSETA mandate Promote the 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 human resource 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 Review and update the SSP annually
Programme 3: Learning Programmes and Projects.	<ul style="list-style-type: none"> Increased access to occupations in high demand within the energy and water sector by 2024 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/SMMes within the energy and water sector 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 sector 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 the 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

CAPACITATION OF FEMALE MANAGERS IN THE ENERGY AND WATER SECTOR

According to the EWSETA 2019/20 Sector Skills Plan, in 2019 the energy and water sectors employed 34% women and 66% men. The same report details that only 38% of managerial positions are occupied by women. As the SETA mandated to drive skills development in the energy and water sectors, the EWSETA is further required to ensure these sectors are more equitably represented by women.

During the year under review, a group of 20 women representing both sectors were put through their paces on the Wits Business School Executive Development Programme that has been designed to provide women in management positions with the skills they need to succeed.

In funding this programme, the EWSETA sought to capacitate women operating in mid- to senior-level management positions with the skills they require to gain their rightful place in what for too long has been a male-dominated environment. Ultimately, the intention was to help women in leadership positions gain skills for their own growth, to help other women do the same, and to build networks of similarly minded individuals who will bring gender transformation to the sector.



PARTICIPANT TESTIMONIALS

"The knowledge and experiences shared by other ladies was enriching. I am empowered to become the better version of myself"
– Course Participant

"The process assisted me to restore confidence in my abilities as a professional, that I am a capable, skilled, experienced and competent woman in the energy industry. More so, the programme allowed me to navigate where my contribution can create a ripple effect in a transformative way" – Course Participant

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

The EWSETA submitted its APP for the 2021/22 period to Parliament by the legislated date of 28 February 2021. During the period under review, there were no revisions to the APP. In this section, our performance against APP targets has been represented as a series of infographics.

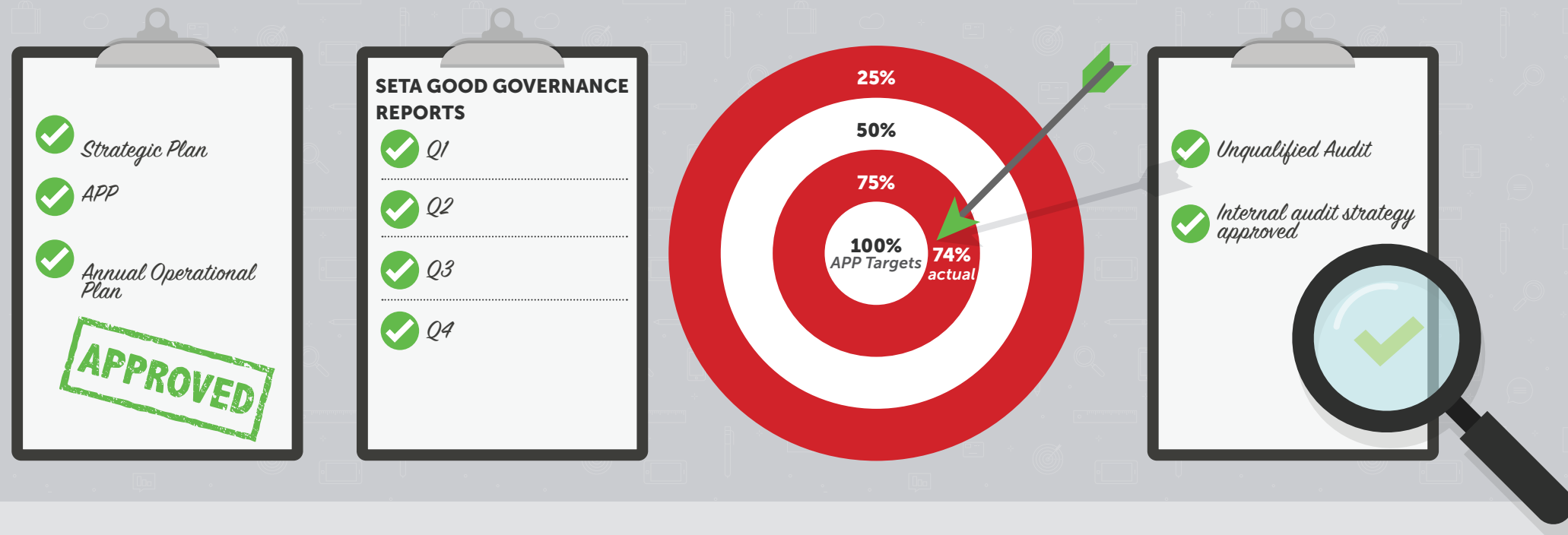
In this section, a series of infographics have been used to illustrate our performance against targets in our APP. The full Annual Performance Report for the 2021/22 financial period can be found on pages 48 - 62.



PROGRAMME 1: ADMINISTRATION:

The purpose of Programme 1 is to exercise oversight responsibility for financial, performance reporting, compliance and related internal controls; to promote good corporate governance and practices; as well as support organisational operations with HR, ICT and Marketing services.

STRATEGIC MANAGEMENT



PLEASE NOTE: Most of the APP targets are represented with a numerical value and achievement against a target is also represented numerically. However, there are some APP targets where the target is represented as a single action. Where this is the case, achievement of a target is represented with a ✓ or a ✗.



OVERVIEW BY THE CORPORATE SERVICES EXECUTIVE

In December 2019, when the first cases of COVID-19 were detected, and then subsequently the first cases in South Africa in March 2020, that brought about the National State of Disaster and the lockdown, no-one could ever have guessed to what extent the pandemic would disrupt life as we know it.

COVID-19 greatly impacted the EWSETA during the 2020/21 period and we had hoped that during the 2021/22 period we would be able to catch up. The PSET sector, like many others, has had to take a step back and re-evaluate what needed to be done and whilst we had very much wanted to get back on track, during the period under review, we have not really been able to catch up, let alone get ahead.

We have constantly felt as if we are on the back foot and it has been a challenging year, but if anything, 2020/21 showed us just how important adaptability and agility is in the face of disruption.

With that mindset, I can confidently attest to 2021/22 being an incredibly exciting year and one in which we took great strides as a branch, as is evident in the 100% achievement of all Corporate Services Annual Performance Report indicators.

Looking at some of the critical operational projects being implemented at EWSETA, many of which are driven by the Corporate Services branch, our transformational journey towards becoming a high-performance entity, is one that is paying dividends.

The most notable of these operational projects is the finalisation of our Operating Model that is covered in detail on pages 20 to 22 of this Annual Report. A key element of the Operating Model is a detailed review, and where necessary, an overhaul of processes, systems and procedures that would result in the EWSETA operating more effectively.

INFORMATION COMMUNICATIONS AND TECHNOLOGY (ICT) REPORT

ICT has long been considered an important enabler to business in achieving its strategic objectives. However, what became apparent through the Operating Model development, was that ICT must be recognised and positioned as a 'Business Partner', collaboratively working with business to drive strategy.

To this end, extensive focus has been placed on ICT systems and during the period under review we commenced implementation of an integrated Management Information System (MIS) and Enterprise Resource Planning (ERP) solution. This strategic decision was a first for EWSETA, given that historically we have always been reliant on third party vendors for the provision of our Management information System (MIS). The decision to develop our integrated ERP and MIS in-house was an ambitious yet calculated, one that has seen not only our Accreditation Process being automated and system-driven, but the very first successful completion of the Workplace Skills Plans and Annual Training Report submissions for 2022 being concluded via our Mandatory Grant module, which went live in February 2021.

Our ICT projects have demonstrated the importance, relevance and efficiencies that can be derived from inter-SETA collaborations. With regard to our ERP and MIS development specifically, EWSETA entered into an agreement with the Health and Welfare Sector Education and Training Authority (HWSETA) to acquire and utilise their source code for mandatory grant, discretionary grant, national learner resource database (NLRD) and finance modules. HWSETA's system, which has been developed and enhanced over time, was the most appropriate and logical starting point for our development team, and we greatly appreciate the support provided by the HWSETA CEO, ICT Manager and team in this collaboration.

This code served as a foundation for the EWSETA to create our own bespoke systems, suited to the specific needs of the EWSETA. The ERP System is a web-based solution which will ultimately enable the following processes to be fully automated:

- Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs)
- DG Applications
- National Learner Resource Database management
- Accreditation and registration processes
- Enrolment processes for work integrated learning programmes
- Help Desk and query tracking systems

Over and above the various modules that went live in the 2021/2022 period, we have also developed a Help Desk Support Module, aligned to Information Technology Infrastructure Library (ITIL) standards, that went live in February 2022. The Help Desk module is used by both

internal and external stakeholders and acts as the single point of contact between EWSETA's Technical Support team and the users. Through the Help Desk we are able to effectively manage logged incidents and requests and communicate with the users timeously.

We further mirrored the web-based module as a Mobile Application. In this way, stakeholders are able to log queries from anywhere and track progress on their logged queries on-the-go. This is just one way we are trying to improve our stakeholder service delivery.

We view this achievement with great pride and will continue to refine and update our ERP and MIS systems as and when required to meet the needs of our stakeholders.

During the previous reporting period, ICT disaster recovery and governance was identified as an area of weakness, and subsequently, a risk for the organisation. As part of our mitigation plan, EWSETA undertook a comprehensive disaster recovery plan (DRP) assessment that resulted in a detailed report on actions required to strengthen our DRP environment.

Armed with this knowledge, during the period under review, we successfully migrated a number of our servers to the cloud, procured various essential licenses, reviewed back-up and restore processes and we also entered into an MOU with the Safety and Security SETA (SASSETA) to establish 'hot site' co-hosting, which essentially serves as a replication of our ICT systems at each other's premises. An inter-SETA collaboration of this nature, is a first in the SETA environment and supports the notion that greater SETA collaboration will see a strengthening of operations across the SETA landscape.

The collaboration with the HWSETA and SASSETA during this period talks directly to the 'Partnerships for a Sustainable Tomorrow' theme of this Annual Report and highlights the importance of partnerships in achieving organisational goals. We are grateful to these SETAs for the role that they have played in supporting EWSETA achieving a more effective and stable ICT environment.

King IV highlights the importance of effective ICT governance and I am pleased to report that we have matured a great deal in this area. We have developed a more robust governance framework. An ICT project steering committee has been established to drive ICT strategy, capability and investment in the organisation forward, as well as to oversee project progress and financial management of the projects. Members of the ICT steering committee underwent both POPIA and ICT Governance training in the period to capacitate committee members to fulfil the role required of them.

ICT Governance has also been strengthened through the review and development of several ICT policies, all of which were approved during this period. These include: the Information Privacy Policy and PAIA Manual that will play an important role in the EWSETA adhering to the requirements of the POPI Act; the Acceptable Use Policy, ICT Security Policy, Records Management Policy and the Records Retention and Disposal Policy.

Our Audit and Risk Committee has played a pivotal role in strengthening ICT governance at the EWSETA and we are grateful to the members of this committee for their invaluable guidance and input.

An area of weakness for the EWSETA for a number of years has been records management and during this reporting period a consultant was appointed to critically

review records management and develop the required processes and systems to address this extremely important aspect of the SETA's operations. The consultant has worked closely with all branches and departments in the period under review and by the close of the financial period, extensive progress had been made.

Having achieved extensive success in our ICT environment during the year under review has allowed us to close out on internal and external audit findings relating to this functional area in the previous financial period.

A challenge has been the inability to appoint a permanent ICT and Facilities Manager due to the finalisation of the Organisational Design process, however, our temporary ICT and Facilities Manager has done exceptionally well in driving ICT as the business partner we envision it to be.

FACILITIES REPORT

After calling Sunnyside Office Park home for 11 years, in September 2021, we moved into new offices situated at 22 Wellington Road, Parktown. We were able to do this through a robust procurement process that saw us effecting the move with minimal downtime and service delivery disruption.

The offices were COVID-19 Risk assessed by the Health and Safety Committee and monitored by the Disaster Management Committee (DMC). Plans were implemented to address any gaps identified from a health and safety perspective.

EWSETA's new head office is conducive to a high-performance culture, through its formal and informal

"collaboration" areas, its bright and modern ambience and open plan.

The matter of Cape House has been submitted to the Honourable Minister of Higher Education, Science and Innovation. We currently await the Executive Authority's response with regards to the submission.

MARKETING AND COMMUNICATIONS REPORT

A drive towards more frequent and strategic communication with sector partners during this period has resulted in increased visibility for the EWSETA in the sector. This in turn has served to drive sector collaboration and partnerships that have been a key focus for the SETA.

A series of industry events provided us the opportunity to interact directly with our stakeholders in the sector. The SANEA Conference and launch in October 2021, the Solar Power Africa Exhibition in February 2022 and the Africa Energy Indaba in March 2022 are just three of the industry events where our CEO and our Executives were afforded the platform to raise the importance of skills development and training for economic development of the country.

Through our partnership with the 4IR Aquatech Business Accelerator, the EWSETA was a key player in the 4IR Aquatech Hackathon held in collaboration with the Eastern Cape Provincial Government on 26 and 27 June 2021. The event sought to explore and develop sustainable solutions to address challenges within the food-energy-water nexus. Then in September 2021, the EWSETA partnered with the MTN App of the Year Awards that on an annual basis seeks to address challenges faced by the country through development of digital apps.

The EWSETA organised several of its 'own' events that enjoyed extensive participation by industry stakeholders. During Women's Month, EWSETA reflected on the success of the EWSETA / Wits Business School Executive Development Programme.

Additionally, in October, we joined forces with Fasset, PSETA, National Skills Authority, DHET and SAICA to unpack the importance of ethics in the skills development landscape.

The 2020/21 AGM was held as a hybrid event on 3 December 2021 and in February 2022, three online capacitation sessions for Skills Development Facilitators on the submission of WSPs and ATRs via our new system were held and extremely well attended.

Part of our COVID-19 communications strategy adaptation was extensive focus on digital communication that resulted in remarkable growth across all our digital platforms. During the period under review, we once again enjoyed phenomenal growth on our social media platforms, which we attribute mainly to our increased focus on strategic communication, thought leadership pieces and information sharing.

Our quarterly EWSETA Chronicle remains an important and strategic communication tool to update, inform and inspire sector stakeholders on the work being done in our sectors, as well as to highlight success stories and passionate people. We have also intensified our internal communications to employees through the implementation of our Employee Engagement Strategy aptly branded "Yenza Kahla".

One of the really inspiring and hugely successful Yenza Kahle initiatives was our Summer Shape Up Campaign

which ran from September to November 2021 and saw 22 employees sign up.

Finally, despite learners being able to go back to school, access to schools was still a challenge, although the 100% achievement of our Programme 3 career guidance targets may tell a different story.

To deliver on our career guidance mandate, our marketing team had to once again, adapt and demonstrate a very agile approach to how we engaged youth on our careers. This approach saw us travelling to numerous provinces to participate in career guidance events, as well as to visit schools in some of the more rural reaches of the country.

The series of AgriSETA events arranged at various agricultural colleges around the country provided the EWSETA the ideal opportunity to strengthen its relationship with yet another SETA, as well as gain access to young learners situated in rural areas of the country.

HUMAN RESOURCES REPORT

An update on HR activities during this period has been included in the Human Resources section of this document on pages 82 - 83.

In the HR report, I have detailed how the roles and responsibilities that would ordinarily fall under the Chief Operations Officer, a role that has remained vacant for the period under review, were re-assigned.

I have for the most part of the year under review been responsible for the activities of the Quality Assurance & Compliance Department, as well as the Learning Programmes Department.

Feedback on how these departments fared during this period is available in the Annual Performance Report of the document on pages 48 - 62.

ACKNOWLEDGMENT AND THANKS

I appreciate and thank the Accounting Authority, Governance Committees, the CEO and my fellow Executives for their leadership, support and guidance during the period under review.

I would like to acknowledge my Corporate Services' and Operations' Managers and their teams for their hard work and dedication in a challenging year and I also recognise the rest of the organisation for their contributions during the year.

Our performance achievement for 2021/22 is indicative of the commitment, dedication, and hard work of every single EWSETA employee and one we can truly be proud of.

I respect and admire the way we as an organisation have faced the challenges in the last year head on and have emerged a stronger, more close-knit team.



Candice Moodley

Corporate Services Executive

PROGRAMME 1: ADMINISTRATION:

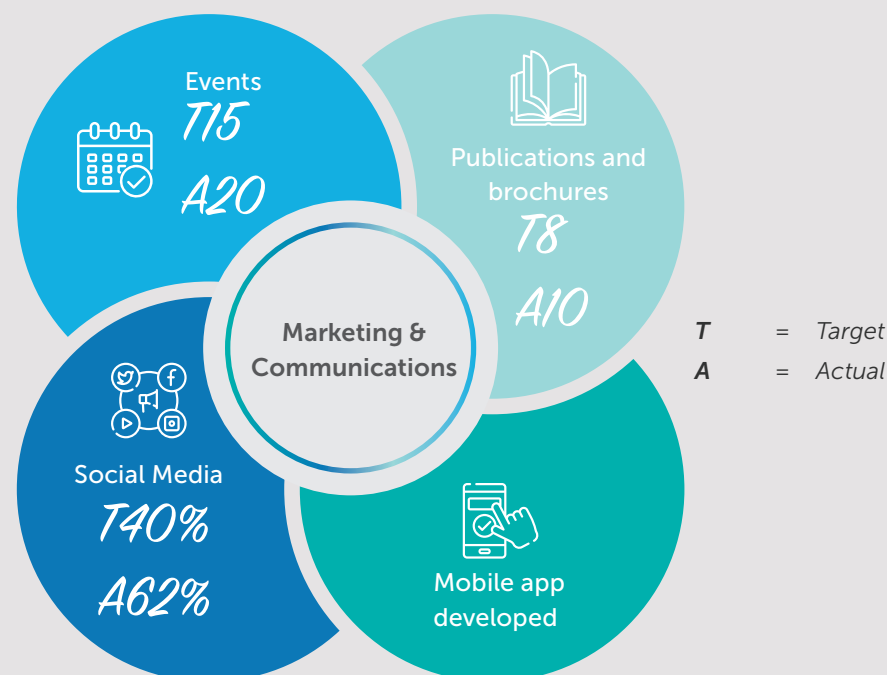
CORPORATE SERVICES



To this end, extensive focus has been placed on ICT systems and during the period under review we commenced implementation of an integrated Management Information System (MIS) and Enterprise Resource Planning (ERP) solution. This strategic decision was a first for EWSETA, given that historically we have always been reliant on third party vendors for the provision of our Management information System (MIS). – Candice Moodley, EWSETA Corporate Services Executive



T&D = Training and Development
OD = Organisational design
OM = Operating model





OVERVIEW BY THE ACTING PLANNING, REPORTING & MONITORING ACTING EXECUTIVE

The EWSETA's Planning, Reporting and Monitoring Branch is largely responsible for the implementation of Programme 2 in the Annual Performance Plan.

The purpose of Programme 2 is to ensure implementation of evidence-based research and evaluation to inform programme planning and implementation. This is achieved through Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs) to gather credible information from the workplaces to understand the demand for skills and occupations within the energy and water sectors.

In addition, the PRM Branch informs skills development planning, as well as monitoring and evaluation to ensure that credible and objective evidence from evaluation is used in planning, budgeting, organisational improvement, policy review, as well as ongoing programme and project management, to improve performance.

All activities undertaken are aligned to the national skills development strategic plan.

Through tactical stakeholder engagements and collaboration, the branch monitors and evaluates the planning of skills delivery. It is within this branch that we anticipate occupations and skills that are in high demand for higher, intermediary, and elementary levels within our sectors. The entire EWSETA value chain depends on the efficient delivery of this process, without which, the EWSETA would not be able to fulfil its mandate to the energy and water sectors.

During the year under review, we received 206 submissions of the WSP and ATR, which is the highest submission to date and represents an 11% increase on submissions received during the previous reporting period. A number of factors contributed to this achievement, not least of which are the Skills Development Facilitator capacitation sessions that took place in March 2021.

COMPARISON OF WSP AND ATR SUBMISSIONS FOR 2019/20 TO 2021/22

	2019/20	2020/21	2021/22
WSPs/ATRs approved for small firms	95	125	141
WSPs/ATRs approved for medium firms	32	37	33
WSPs/ATRs approved for large firms	22	23	32
TOTAL	149	185	206

SECTOR RESEARCH REMAINS AN IMPORTANT PRIORITY

The past three years have seen a steady increase in the EWSETA research output and the year under review was no exception. While EWSETA has now institutionalised the annual tracer and biennial impact studies, further research projects have been undertaken. During the

period under review, the following research activities were implemented:

- In collaboration with Tshwane University of Technology, EWSETA undertook multi-disciplinary research on a variety of topics in relation to wastewater and solid waste management.
- The EWSETA funded research into the skills needs of established and emergent cooperatives in the energy and water sector. This research also placed significant emphasis on the role of skills development in the development of cooperatives, actions required to bridge the gap between the skills development environment and cooperatives, as well as to identify learning interventions required in these environments. This research was undertaken by the University of Pretoria.
- Similar research was undertaken by a private research company, Mzabalazo Advisory Services, and funded by the EWSETA, but in this instance the focus was on emergent enterprises.
- Research undertaken by WITS, and funded by the EWSETA, sought to profile the post-school education and training (PSET) system; establish the link between skills development, public and private institutions, employers, and the labour market; as well as define the links between skills, qualifications and jobs in the Energy and Water Sector.
- Collaborative Research undertaken with the Central University of Technology focused on the development of courses within the renewable energy sub-sector, with a focus on solar energy. Furthermore, this study investigated the development of a learning programme for the optimisation of renewable energy in communities, as well as to collect data in the field of solar energy to support renewable energy innovation.
- A tracer study conducted by Masazi Development

Solutions and funded by the EWSETA, sought to establish the whereabouts of learners post-completion of EWSETA learning programmes. The study also aimed to determine learner outcomes linked to the successful completion of respective EWSETA learning programmes.

PURSUIT OF SECTOR PARTNERSHIPS YIELDS RESULTS

Driving sector partnerships to grow skills development in the energy and water sectors is a strategic priority for the EWSETA.

The Department of Higher Education and Training's Sector Skills Plan (SSP) Framework defines partnerships as "A collaborative agreement between two or more parties intended to achieve specified outcomes directed towards addressing mutually inclusive skills priorities or objectives within a specified time frame".

The EWSETA understands partnerships as mutually empowering relationships and focused on mutual growth, organisational and sector development and above all, on achieving impact. We believe that programmes implemented in partnership increase the collective knowledge, skills, reach, and experience applied to an initiative. They are also likely to be better at encouraging and enabling real participation and investment of employers and learners.

During the period under review, the EWSETA entered into numerous partnerships with employers, industry associations and higher education institutions.

We entered into employer partnerships with the following organisations in the energy sector: Eskom, City Power, Proconics, Kelvin Power, CSIR, SANEDI,

CEF, NYDA, Innovation Hub and LGYDF. From a water employer perspective, we partnered with Rand Water, Bloem Water, the Water Research Commission, the South African Institute of Civil Engineering and the Swiss-South African Cooperation Initiative.

Partnerships with Higher Education Institutions included: King Hintsa TVET College, Taletso TVET College, Goldfields TVET College, Central Johannesburg TVET College, University of Venda, University of Johannesburg, Cape Peninsula University of Technology, Wits University, and University of Cape Town.

Sector Associations have an important role to play in driving skills development in the sectors we serve. To this end, during the period under review the EWSETA entered into partnerships with SAPVIA, SANEA, SAWEA, NIASA and WINSA.

All these partnerships supported the delivery of some of Programme 2 (Research Partnerships) and Programme 3 (Learning Programmes Partnerships).

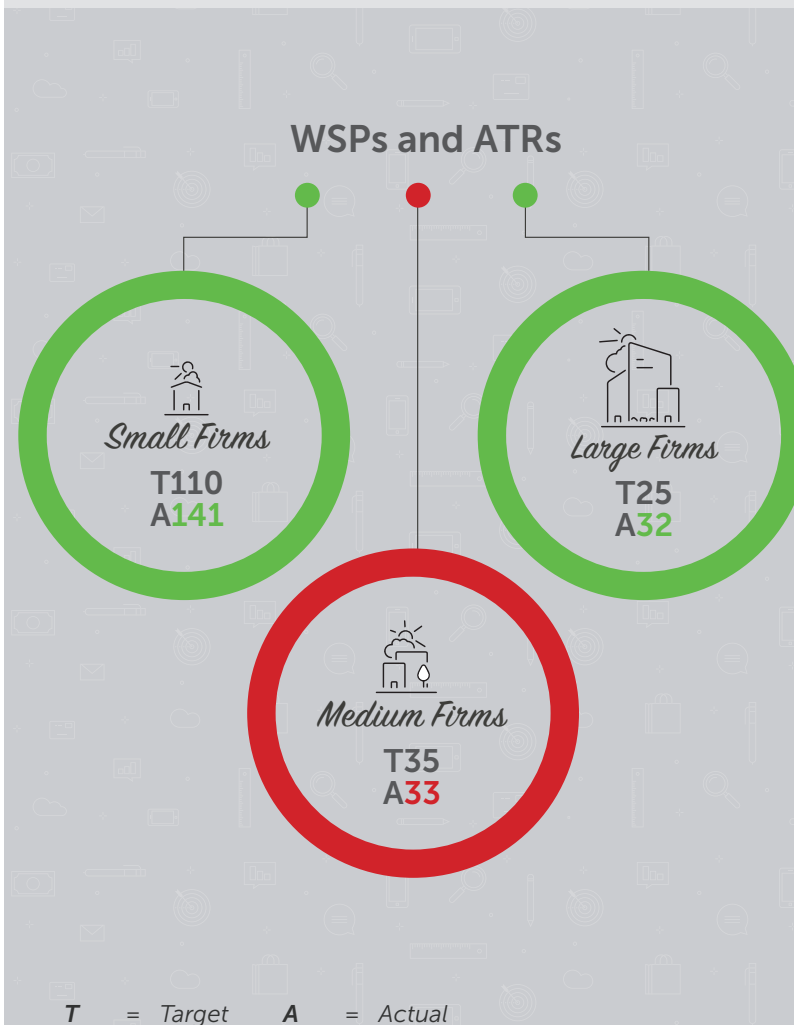
EWSETA, through the PRM branch, will have to ensure ongoing, real-time anticipation of high demand skills and jobs, while ensuring in all circumstances that the supply meets the demand. How we position ourselves to respond from a skills development point of view will determine our relevancy to the industry.

We must therefore continue to lead in identifying the occupations in high demand, whether it be for re-skilling, upskilling, or the introduction of new skills. As part of the ERRP skills plan implementation, PRM will respond adequately to the needs of Just Energy Transition, focusing mainly on solar PV and wind skills, as outlined in the CSIR JET research project.



Kabelo Masilo
Acting Executive PRM

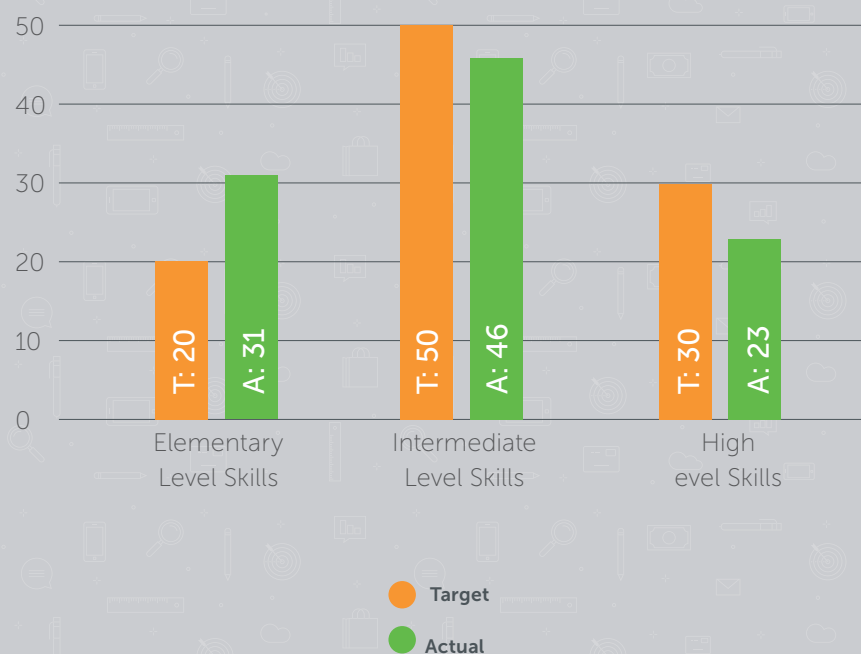
PROGRAMME 2: SKILLS PLANNING



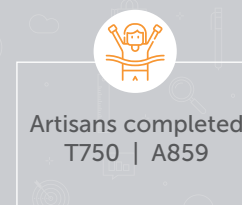
PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS

The purpose of Programme 3 is 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.

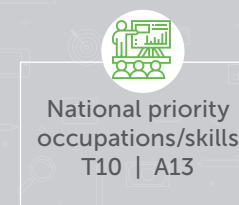
DG BUDGET ALLOCATION %



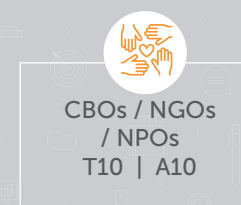
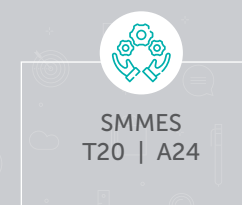
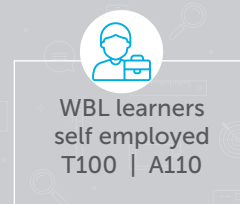
ARTISAN DEVELOPMENT



SUPPORT FOR CO-OPS



OTHER INTERVENTIONS










T = Target A = Actual

2 411 learners supported

SUPPORT FOR THE UNEMPLOYED		T	A
 BURSARIES	 New Enrolments	300	261
	 Continuing	100	57
	 Completed	40	42
 INTERNSHIPS	 Enrolled	100	68
	 Completed	80	27
 SKILLS PROGRAMMES	 Enrolled	300	216
	 Completed	250	393
 LEARNERSHIPS	 Enrolled	750	754
	 Completed	500	593
 CANDIDACY PROGRAMMES	 Enrolled	20	-
	 Completed	20	-
		T	A
 RPL/ARPL	 Enrolled	10	443
	 Completed	10	14

2 319 learners supported

SUPPORT FOR THE EMPLOYED		T	A
 LEARNERSHIPS	 Enrolled	300	141
	 Completed	200	257
	 New entries	50	64
 BURSARIES	 Continuing	50	3
	 Completed	30	22
 SKILLS PROGRAMMES	 Enrolled	1500	482
	 Completed	1300	1300
 AET PROGRAMMES	 Enrolled	50	-
	 Completed	30	50
		T	A
 PARTNERSHIPS	 TVET	5	10
	 HEI	3	5
	 CET	2	2
	 Employer	5	17
	 Strategic	7	17

T = Target A = Actual



SUPPORT FOR TVET COLLEGES

	T	A
✓ SETA Offices	4	4
✓ COS Supported	2	2
✓ TVET Lecturers	10	12
✓ TVET Managers	10	17
✗ Bursaries for Lecturers	5	0
✓ Infrastructure Development	1	1

COS = Centres of Specialisation



SUPPORT FOR CET COLLEGES

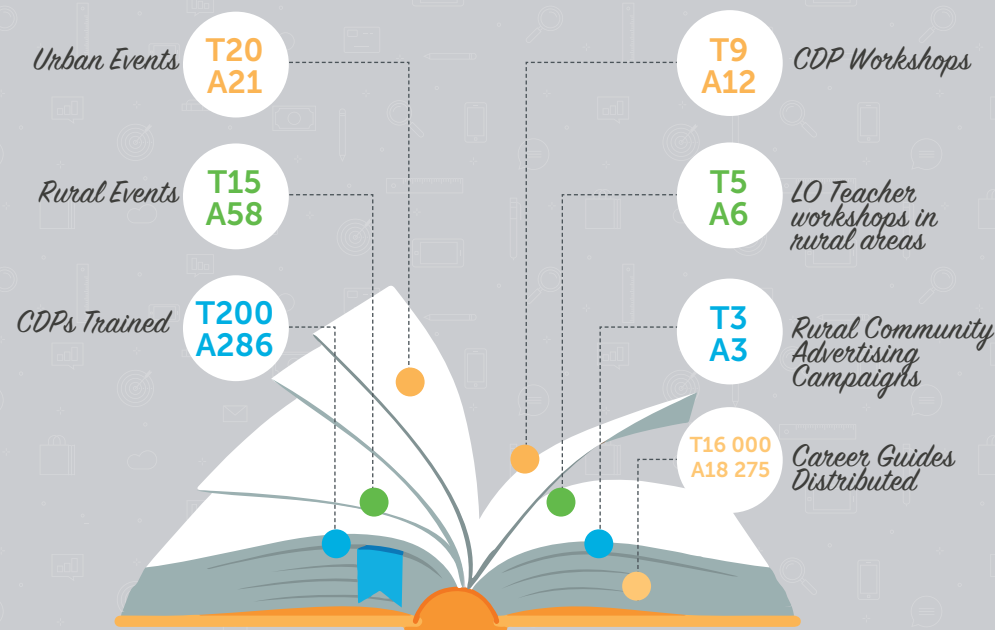
	T	A
✗ Lecturer Development	5	0
✓ Infrastructure Development	1	1
✓ Managers Trained	5	1
✓ Learners accessed AET Training	50	50



UNIVERSITY STUDENTS SUPPORTED

	T	A
✓ Students placed in WIL	100	100
✓ Students completed in WIL	80	15

CAREER GUIDANCE



TVET STUDENTS SUPPORTED

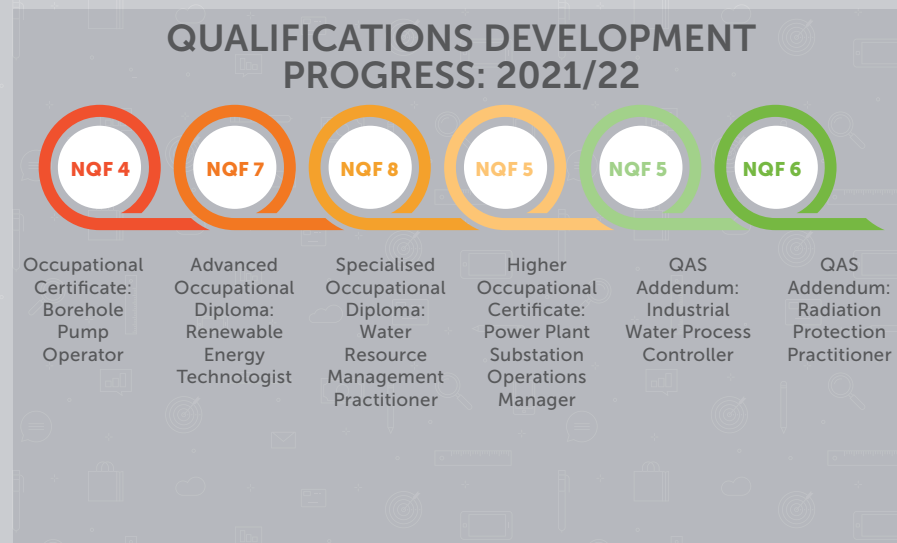
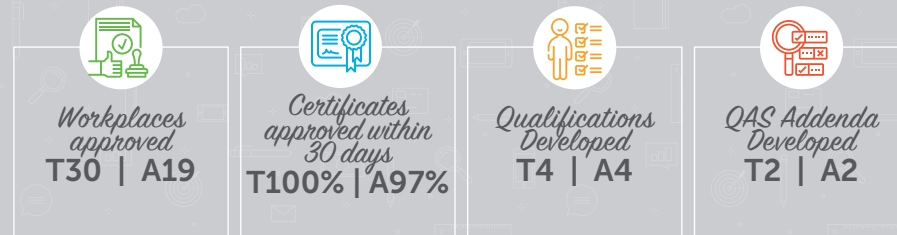
	T	A
✓ Students placed in WIL	100	119
✗ Students completed in WIL	80	0

T = Target A = Actual



PROGRAMME 4: QUALITY ASSURANCE

A great deal happened from a quality assurance and compliance (QA&C) perspective during the 2021/22 financial period. Most importantly, after having been without a manager for an extended period, in January 2022, a QA&C manager was appointed and by the end of the financial period, the incumbent successfully brought much-needed structure and guidance in the department.



Development of qualifications



Accreditation of skills development providers



Registration of assessors, moderators, facilitators and RPL advisors



Assessment centre accreditation and workplace approvals



DG project monitoring and evaluation



Statement of results and certification

NEW ONLINE ACCREDITATION SYSTEM INTRODUCED

To streamline and improve accreditation processes, during the period under review, the EWSETA introduced a new online accreditation system that offered a variety of benefits to stakeholders. These include:

- Online application
- An easy and fully integrated system
- Improved and 'real time' collaboration between EWSETA and stakeholders, including 'live chat' capability
- System functionality that maintains an activity log and allows for tracking of an application from submission to final outcome
- Simplified processes
- Fully integrated with other EWSETA business processes i.e. learner management, as

well as mandatory and discretionary grant processes

- Centralised information
- Elimination of manual operations
- Improved document control
- Access to documents and communication any time and in one central location
- Ability to choose/ select qualification, learning programmes and unit standards
- Functionality that links Assessors and Moderators to a provider when doing a registration
- On successful completion of a document, each recipient receives a copy straight to their inbox

CERTIFICATION BACKLOG PROJECT

During the previous financial period, the challenge of timely certification of learners was magnified, and the backlog of certification reached unacceptable levels.

To clear the backlog, a partnership with the National Artisan Moderating Body and Quality Council for Trades and Occupations was strengthened to ensure effective finalisation of outstanding certificates. In addition, capacity to address the backlog was ramped up through the appointment of interns and contract employees.

By the end of the financial period the team involved in this key project had made significant headway.

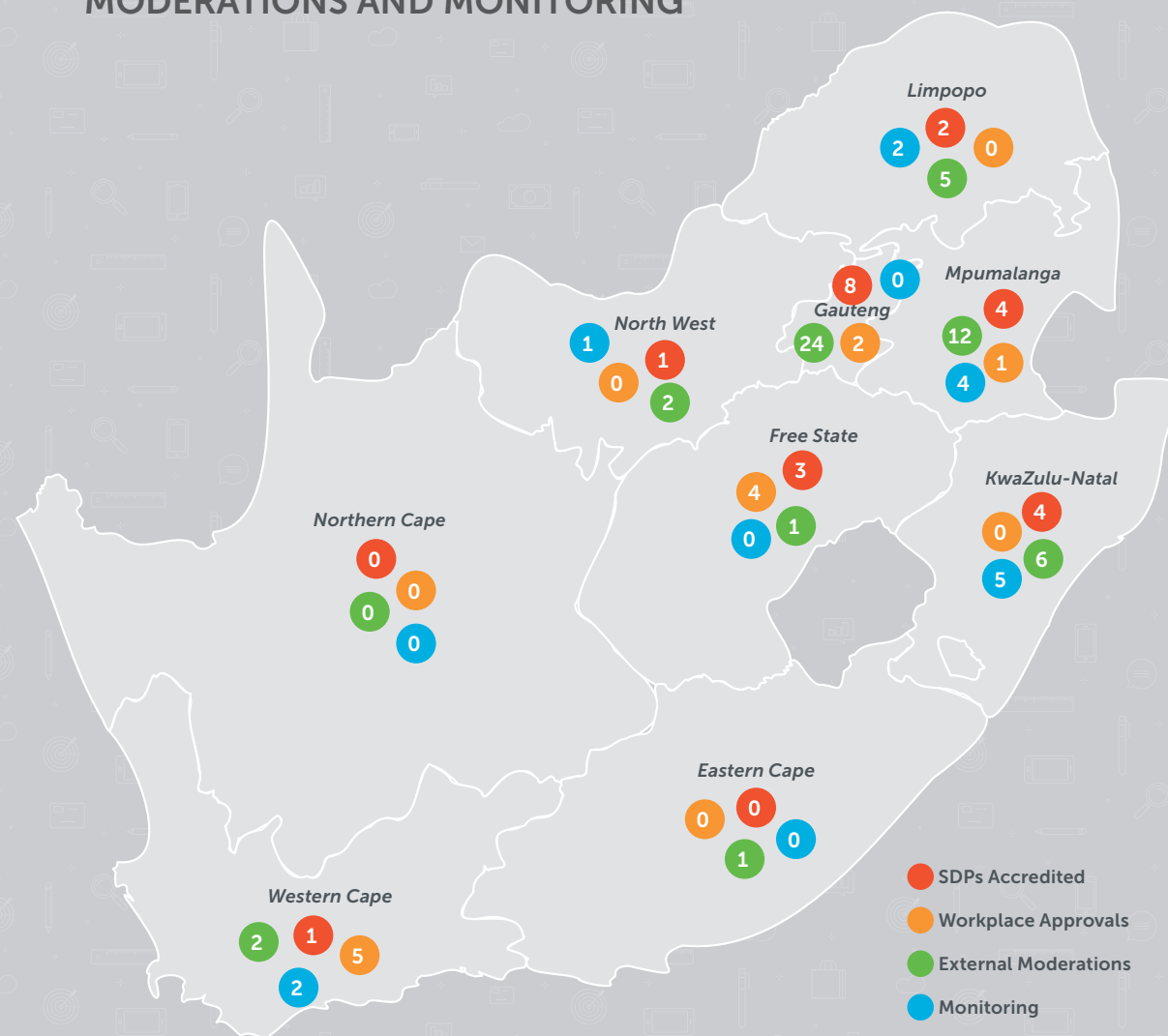
The project was divided into two phases, and phase 1 commenced in June 2021. A driven approach to the task at hand saw the certification backlog team complete phase 1 by the end of September 2021 allowing phase 2 to commence in October 2021.

At the conclusion of the financial period 47% of certificates allocated to phase 2 had been finalised. Finalisation of the balance of certificates continued during the new financial period.

The backlog on Eskom certificates also commenced in June 2021 and was treated as a separate project. By the end of the financial period, 52% of the phase 2 certificates had been concluded.

Whilst addressing the backlog, the EWSETA remained committed to ensuring that current Trade Test Centre applications were processed within reasonable timeframes.

NATIONAL OVERVIEW OF ACCREDITATIONS, APPROVALS, MODERATIONS AND MONITORING



INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

PROGRAMME 1: ADMINISTRATION

Outcomes	Output Indicators	Audited 2019/20 Achievements	Audited 2020/21 Achievements	2021/22 Annual Targets	Achievement milestones	Variance	Reasons for variance
Sub – programme 1.1: Corporate Services / Strategic Management							
1 Improved SETA performance	1.1 Approved SP, APP and AOP	Target achieved	Target achieved	SP, APP and AOP approved	The final draft APP (including SP and SSP) were submitted to the DHET on 30 Nov 2021	-	Target achieved
	1.2 % of APP targets achieved	69%	68%	100%	74 %	-26 %	Target not achieved Reasons for variances against all targets not achieved have contributed to not achieving 100% of APP targets
	1.3 No. of SETA good governance reports in line with the Governance template from DHET with 100% achievement	Target achieved	Target achieved	4 SETA good governance reports	4 Quarterly SETA good governance reports submitted to DHET	-	Target achieved
	1.4 Establishment of chambers approved by DHET.	-	-	EWSETA constitution approved by DHET.	-	-	Target not achieved EWSETA revised constitution not approved by DHET as yet
Sub – programme 1.2							
1 Compliance with statutory requirements	1.5 AGSA audit opinion	Unqualified Audit	Unqualified Audit	Unqualified audit	Unqualified audit	-	Target achieved
	1.6 Approved internal audit strategy	-	Target not achieved	3 – year rolling internal audit strategy approved by 30/06/21	3-year rolling Internal Audit Strategy approved	-	Target achieved

Outcomes	Output Indicators	Audited 2019/20 Achievements	Audited 2020/21 Achievements	2021/22 Annual Targets	Achievement milestones	Variance	Reasons for variance
Sub – programme 1.3							
1 Improved Operational Performance	1.7 Signed performance contracts for all staff	Target achieved	Target not achieved	100%	100%	-	Target achieved
	1.8 Performance evaluations conducted for all staff	50%	Target achieved	100%	100%	-	Target achieved
	1.9 % Implementation of a training and development plan that is aligned to the skills audit outcomes	-	35%	60%	63%	-	Target achieved
	1.10 Development and Implementation of an Operating Model and Organisational Design	-	Organisation review consultant appointed	Aligned Organisational Structure to EWSETA Strategic Plan and Operational Model	Reviewed Organisational Structure was presented to Board in July 2021.	-	Target achieved
	1.11 Employment equity reports submitted to DoL.	Target achieved	Target achieved	1	1	-	Target achieved
Sub – programme 1.4							
1 Improved Operational Performance	1.12 No of sector events participated in and EWSETA events hosted	4	10	15	20	+ 5	Target achieved Due to a robust stakeholder engagement strategy, EWSETA was afforded numerous opportunities to participate in industry events, particularly as panel / plenary presenters

Outcomes	Output Indicators	Audited 2019/20 Achievements	Audited 2020/21 Achievements	2021/22 Annual Targets	Achievement milestones	Variance	Reasons for variance
	1.13 Number of EWSETA publications / brochures	9	7	8	10	+2	Target achieved Improved stakeholder engagement through various interventions and communication channel included more publications
	1.14 Communications app for mobile devices	-	-	Development and roll out of digital App	Digital App developed and rolled out	-	Target achieved
	1.15 Implementation of social media operational plan	-	Target achieved	40% increase in followers across all active social media platforms	62%	+ 22%	Target achieved With increased focus on digital marketing, there has been constant activity on social media platforms which has resulted in the steady growth across our platforms particularly on Facebook and LinkedIn
Sub – programme 1.5							
1 Improved Operational Performance	1.16 Implementation of reviewed ICT strategy	Target achieved	Target achieved	50% of ICT Strategy achieved.	Targeted servers migrated to cloud. In addition, the new stakeholder management system viz. ERP_MIS is deployed in this environment and ready to go-live	-	Target achieved
	1.17 Implemented EWSETA stakeholder portal and reporting dashboard	Developed and designed EWSETA ERP/MIS architecture	Implemented EWSETA website and stakeholder portal	Implement integrated ERP / MIS architecture.	ERP _MIS modules: MG, NLRD and Help desk in production environment. DG module in testing. Data cleaning and migration realised	-	Target Achieved
	1.18 Implementation of the disaster recovery and business continuity plan.	-	50%	100%	100%	-	Target achieved

PROGRAMME 2: SKILLS PLANNING

Outcomes	Output Indicators	Audited 2019/20 Achievements	Audited 2020/21 Achievements	2021/22 Annual Targets	Achievement milestones	Variance	Reasons for variance
Sub – programme 2.1: Work Skills Plans and Annual Training Reports							
2 Work Skills Plans and Annual Training Reports	2.1 Number of WSPs and ATRs approved for small firms.	95	125	110	141	+ 31	Target achieved Improved stakeholder engagement through various Stakeholder interventions including, roadshows; participation at Sector events and constant communication resulted in improved employer participation
	2.2 Number of WSPs and ATRs approved for medium firms.	32	37	35	33	- 2	Target not achieved
	2.3 Number of WSPs and ATRs approved for Large firms	22	23	25	32	+ 7	Target achieved Improved stakeholder engagement through various Stakeholder interventions including, roadshows; participation at Sector events and constant communication resulted in improved employer participation
Sub – programme 2.2: Sector Skills Plan							
2 Sector Skills Plan	2.4 Sector Skills Plan reviewed and approved	Annual SSP reviewed and approved	Annual SSP reviewed and approved	Annual SSP 2022-2023 approved	The final draft SSP was submitted to the DHET on 2 August 2021	-	Target achieved

Outcomes	Output Indicators	Audited 2019/20 Achievements	Audited 2020/21 Achievements	2021/22 Annual Targets	Achievement milestones	Variance	Reasons for variance
	2.5 Number of sector research agreements signed for TVET growth occupationally directed programmes	-	-	2 research agreements signed (energy + water) implemented	2	-	Target achieved
	2.6 Identified skills needs of established and emergent cooperatives	-	-	1 skills report	1 skills report	-	Target achieved
	2.7 Identified skills needs of small and emerging enterprises	-	-	1 skills report	1 skills report	-	Target achieved
	2.8 No of topical research reports	-	-	1 research report	1 research report	-	Target achieved
Sub – programme 2.3: Monitoring and Evaluation							
3 Improved organisational learning on performance of programmes	3.1 Approved internal M&E framework	-	M&E framework developed	M&E framework reviewed	M&E framework approved	-	Target achieved
	3.2 No of monitoring reports	Target achieved	Target achieved	4 quarterly reports	4 Quarterly monitoring reports submitted to DHET	-	Target achieved
	3.3 No of evaluation reports	1	1	-	-	-	-
	3.4 No of tracer study reports	1	1	1 Tracer Study Report	1	-	Target achieved

PROGRAMME 3 : LEARNING PROGRAMMES AND PROJECTS

Outcomes	Output Indicators	Audited 2019/20	Audited 2020/21	2021/22 Annual Targets	Achievement milestones		Variance	Reasons for variance
		Achievements	Achievements		SETA FUNDED	NON-SETA FUNDED		
Sub – programme 3.1: Learning Programmes and Projects								
4 Increased access to occupations in high demand within the energy and water sector by 2024	4.1 Percentage of discretionary grant budget allocated at developing high level skills	-	28%	30%	23 %	-	-7 %	Target not achieved Achievement was impacted by non-achievement of artisan entries target.
	4.2 Percentage of discretionary grant budget allocated at developing intermediate level skills	-	48%	50%	46 %	-	-4 %	Target not achieved Due to lower demand for projects that respond to high-level skills, funding was redirected.
	4.3 Percentage of discretionary grant budget allocated at developing elementary level skills	-	23%	20%	31%	-	+11 %	Target achieved EWSETA did not meet the following funding allocation targets listed above: 1. Percentage of discretionary grants budget allocated at developing high level skills 2. Percentage of discretionary grant budget allocated as developing intermediate level skills Funding from not meeting these two targets was reallocated. As such, the entity was able to exceed the target for funding allocated towards developing elementary level skills demanded by the sector.
	4.4 Number of learners who completed workplace-based learning programmes absorbed into employment or self-employment)	-	0	100	110	-	+ 10	Target achieved Target has been exceeded due to learners who were absorbed into employment from one of our funded projects, which supplemented the number confirmed in our tracer study reports

Outcomes	Output Indicators	Audited 2019/20 Achievements	Audited 2020/21 Achievements	2021/22 Annual Targets	Achievement milestones		Variance	Reasons for variance
					SETA FUNDED	NON-SETA FUNDED		
4 Increased access for occupations in high demand within the energy and water sector by 2024	4.5 Number of established or emergent cooperative trained on sector and national priority occupations or skills	-	0	10	13	-	+3	Target achieved Post COVID-19 has seen a high demand for the development of cooperatives to respond to economic recovery.
	4.6 Number of small and emerging enterprises trained on sector and national identified priority occupations or skills	-	-	10	24	-	+ 14	Target achieved Post COVID-19 has seen a high demand for the development of small and emerging business training to respond to economic recovery.
	4.7 Number of people trained on entrepreneurship supported to start their business	3	11	10	20	-	+ 10	Target achieved Post COVID-19 has seen a high demand for the development of small and emerging business training to respond to economic recovery.
	4.8 Number of rural development projects initiated	-	20	20	20	-	0	Target achieved
	4.9 Number of artisan learners enrolled	851	619	1000	540	39	- 421	Target not achieved EWSETA planned to respond to the demand for artisans through Recognition of Prior Learning (RPL). However, due to low Artisan RPL demand, the target could not be achieved.
	4.10 Number of artisan learners completed	652	720	750	403	456	+109	Target achieved Greater number of Trade Test Applications from industry resulted in more learners being certified as artisans
	4.11 Number of unemployed learners granted Bursaries (new enrolments)	337	72	300	261	-	- 39	Target not achieved Bursaries were awarded to employers to respond to specific industry needs. The beneficiary registration process was not completed in time. Therefore, the target was not met within the reporting period.

Outcomes	Output Indicators	Audited 2019/20 Achievements	Audited 2020/21 Achievements	2021/22 Annual Targets	Achievement milestones		Variance	Reasons for variance
					SETA FUNDED	NON-SETA FUNDED		
4 Increased access for occupations in high demand within the energy and water sector by 2024	4.12 Number of unemployed learners granted Bursaries (continuing)	-	17	100	57	-	- 43	Target not achieved The EWSETA bursary funding model is not as competitive as bursary programmes offered by industry. Learners who received better bursary offers during the year were released from the EWSETA bursary programme.
	4.13 Number of unemployed learners granted Bursaries completed their studies	247	42	40	42	-	+2	Target achieved
	4.14 Number of learners enrolled RPL/ARPL	100	10	10	429	14	+ 433	Target exceeded SETA could not cover full artisan programmes with a limited budget, hence we opted to drive artisans through ARPL approach, which bears a minimum cost.
	4.15 Number of learners completed RPL/ARPL	-	17	10	14	09	+ 13	Target achieved Post COVID-19 has seen a high demand for the development of cooperatives to respond to economic recovery.
	4.16 Number of TVET partnerships established	9	2	5	10	-	+ 5	Target achieved Increased focus on partnerships and strengthening of the PSET system for meaningful impact has resulted in exceeding the planned target.
	4.17 Number of HEI partnerships established	6	5	3	5	-	+2	Target achieved Increased focus on partnerships and strengthening of the PSET system for meaningful impact has resulted in exceeding the planned target.
	4.18 Number of CET partnerships established	-	2	2	2	-	0	Target achieved

Outcomes	Output Indicators	Audited 2019/20 Achievements	Audited 2020/21 Achievements	2021/22 Annual Targets	Achievement milestones		Variance	Reasons for variance
					SETA FUNDED	NON-SETA FUNDED		
4 Increased access for occupations in high demand within the energy and water sector by 2024	4.19 Number of SETA-Employer partnerships established	15	12	5	17	-	+ 12	Target achieved Industry led discretionary grant projects were undertaken in partnership with employers, contributing to the number of SETA-employer partnerships.
	4.20 Strategic partnerships established	-	-	7	17	-	+10	Target achieved The EWSETA Stakeholder Engagement Strategy and Partnership Model implementation resulted in greater collaboration with the sector
5 Increased skills capacity through workplace-based learning	5.1 Number of TVET students requiring work integrated learning to complete their qualifications placed in workplaces	0	0	100	119	-	+ 19	Target achieved The Presidential Youth Employment Incentive (PYEI) scheme was announced in SONA and this drove higher sector demand.
	5.2 Number of TVET students completed their Work Integrated Learning placements	139	50	80	-	-	-80	Target not achieved Continued COVID-19 disruption at workplaces impacted on the timely commencement and completion of WIL placements
	5.3 Number of university students requiring Work Integrated Learning to complete their qualifications placed in workplaces	-	21	100	100		0	Target achieved
	5.4 Number of university students completed their Work Integrated Learning placements	-	55	80	15	-	- 65	Target not achieved A low intake of learners on HET placement during the prior financial year resulted in low completion rate
	5.5 Number of unemployed learners enrolled Internships	36	45	100	68		- 32	Target not achieved Internship applications received were mostly for non-EWSETA occupations.

Outcomes	Output Indicators	Audited 2019/20 Achievements	Audited 2020/21 Achievements	2021/22 Annual Targets	Achievement milestones		Variance	Reasons for variance
					SETA FUNDED	NON-SETA FUNDED		
5 Increased skills capacity through workplace-based learning	5.6 Number of unemployed learners completed Internships	117	0	80	27	-	- 53	Target not achieved A low intake of learners on internship programmes during the prior financial year resulted in low completion rate
	5.7 Number of unemployed learners enrolled Skills programmes	308	635	300	0	216	- 84	Target not achieved Insufficient demand communicated to EWSETA through the discretionary grant funding opportunities advertised, resulted in the target not being met.
	5.8 Number of unemployed learners completed Skills programmes	70	21	250	74	319	+143	Target achieved High number of Skills Programme interventions supported and funded by the industry contributed to the target being exceeded
	5.9 Number of unemployed learners enrolled Learnerships programmes	1 315	309	750	686	68	+4	Target achieved
	5.10 Number of unemployed learners completed Learnerships programmes	1 380	1 029	500	140	453	+93	Target achieved
	5.11 Number of unemployed learners enrolled for Candidacy programmes	21	20	20	0	-	-20	Target not achieved Candidacy programmes target employed learners. Therefore, no demand for candidacy programmes for unemployed learners.
	5.12 Number of unemployed learners completed Candidacy programmes	21	0	20	-	-	-20	Target not achieved Candidacy programmes target employed learners. Therefore, no demand for candidacy programmes for unemployed learners.

Outcomes	Output Indicators	Audited 2019/20 Achievements	Audited 2020/21 Achievements	2021/22 Annual Targets	Achievement milestones		Variance	Reasons for variance
					SETA FUNDED	NON-SETA FUNDED		
5 Increased skills capacity through workplace-based learning	5.13 Number of workers enrolled in Learnerships programmes	458	250	300	32	109	-159	Target not achieved With the ERRP focus on reskilling and upskilling through short courses and on-the-job learning, we are seeing reduced demand for full learnerships. This is supported by the ERRP Skills Strategy
	5.14 Number of workers completed Learnerships programmes	279	375	200	0	257	+57	Target achieved High number of Learnership completions from industry contributed to the target being exceeded
	5.15 Number of workers granted Bursaries (new entries)	34	15	50	64	-	+ 14	Target achieved Through increased partnerships with employers, EWSETA was able to access higher numbers of workers for funding of training interventions
	5.16 Number of workers granted Bursaries (continuing)	-	4	50	3		-47	Target not achieved Low number of workers granted bursaries in previous year resulted in not achieving this target
	5.17 Number of workers granted Bursaries completed their studies	5	0	30	22	-	- 8	Target not achieved Low number of workers granted bursaries in previous year/s resulted in not achieving this target
	5.18 Number of workers enrolled Skills programmes	1 340	801	1 500	339	143	- 1 018	Target not achieved Funding was awarded to large national projects that respond to this target. However, the coordination of logistics required for reporting was a challenge given the scale.
	5.19 Number of workers completed Skills programmes	955	1 194	1 300	427	873	0	Target achieved

Outcomes	Output Indicators	Audited 2019/20 Achievements	Audited 2020/21 Achievements	2021/22 Annual Targets	Achievement milestones		Variance	Reasons for variance
					SETA FUNDED	NON-SETA FUNDED		
5 Increased skills capacity through workplace-based learning	5.20 Number of workers enrolled AET programmes	50	50	50	0	-	-50	Target not achieved Inadequate submission through the discretionary grant funding opportunity advertised, resulted in the target not being met.
	5.21 Number of workers completed AET programmes	0	0	30	50		+ 20	Target achieved Completion of a large project awarded in the previous year, resulted in the target being achieved
	5.22 Number of Federations / Trade Unions supported through the relevant skills training interventions	-	5	5	6		+ 1	Target achieved Training demand from Federation/ Trade Union was higher than anticipated
6 Increased economical participation of CBOs/NGOs/ NPOs/SMMs within the energy and water sector	6.1 Number of cooperatives funded for skills that enhance enterprise growth and development	1	9	10	10	-	0	Target achieved Post COVID-19 has seen a high demand for the development of cooperatives to r
	6.2 Number of small businesses funded for skills that enhance growth and development	20	0	20	24	-	+ 4	Target achieved Post COVID-19 has seen a high demand for the development of small business training and the SETA responded accordingly, in support of the ERRP
	6.3 Number of people trained on entrepreneurships supported to start their businesses	-	0	5	5		0	Target achieved
	6.4 Number of CBOs/ NGOs/ NPOs funded for skills that enhance the development and sustainability of their organisation activities	3	11	10	10		0	Target achieved

Outcomes	Output Indicators	Audited 2019/20 Achievements	Audited 2020/21 Achievements	2021/22 Annual Targets	Achievement milestones		Variance	Reasons for variance
					SETA FUNDED	NON-SETA FUNDED		
7 Increased support for the growth of college system	7.1 Number of SETA offices established and maintained in TVET colleges	-	4	4	4	-	0	Target achieved
	7.2 Number of Centres of Specialisation supported	-	1	2	2		0	Target achieved
	7.3 Number of TVET Lecturers exposed to the industry through Skills programmes	8	11	10	12		+ 2	Target achieved The funded TVET college had a higher demand than anticipated.
	7.4 Number of Managers receiving training on curriculum related studies	-	6	10	17		+7	Target achieved TVET College demand for manager training was higher than anticipated.
	7.5 Number of TVET college Lecturers awarded Bursaries	-	5	5	0		-5	Target not achieved An SLA was signed with a college to respond to this target, however, identification of suitable bursary programmes only occurred after year end
	7.6 TVET colleges infrastructure development (equipment / workshops)	-	1	1	1		0	Target achieved
	7.7 Number of CET college lecturers awarded skills development programmes	-	7	5	-		- 5	Target not achieved Whilst partnerships were concluded with CET Colleges, identification of suitable lecturer development programmes only occurred after year end
	7.8 CET colleges infrastructure development support (equipment/ workshops/ Connectivity/ ICT)	-	1	1	1		0	Target achieved

Outcomes	Output Indicators	Audited 2019/20 Achievements	Audited 2020/21 Achievements	2021/22 Annual Targets	Achievement milestones		Variance	Reasons for variance
					SETA FUNDED	NON-SETA FUNDED		
7 Increased support for the growth of college system	7.9 Number of Managers receiving training on curriculum related studies	-	5	5	1	-	- 4	Target not achieved Whilst partnerships were concluded with CET Colleges, identification of suitable manager development programmes only occurred after year end
	7.10 Number of CET learners accessing AET programmes	-	0	50	50	-	0	Target achieved
Sub – programme 3.2:								
8 Labour force that is updated with current skills required for the sector	8.1 Number of Career Development Events in urban areas on occupations in high demand	-	27	20	21	-	+ 1	Target achieved
	8.2 Number of Career Development Events in rural areas on occupations in high demand	-	37	15	58	-	+ 43	Target achieved Partnering with SETAs on career guidance activities and additional opportunities presented by various organisations and Government Departments
	8.3 Number of Career Development Practitioners trained	-	112	200	286	-	+ 86	Target achieved Partnering with Departments of Basic Education in various provinces that provided greater access to career development practitioners
	8.4 Number of capacity building workshops on Career Development Services initiated	-	11	9	12	-	+ 3	Target achieved Partnering with Departments of Basic Education in various provinces that provided greater access to career development practitioners and therefore, more workshops could be held
	8.5 Number of workshops for life orientation teachers in rural communities.	-	7	5	6	-	+ 1	Target achieved Increase in career event opportunities allowed for more LO teacher workshops

Outcomes	Output Indicators	Audited 2019/20 Achievements	Audited 2020/21 Achievements	2021/22 Annual Targets	Achievement milestones		Variance	Reasons for variance
					SETA FUNDED	NON-SETA FUNDED		
8 Labour force that is updated with current skills required for the sector	8.6 Rural community advertising campaigns implemented.	-	4	3	3	-	0	Target achieved
	8.7 Number of career guides distributed	12 373	13 244	16 000	18 275	-	+ 2275	Target achieved Partnering with SETAs on career guidance activities and additional opportunities presented by various organisations and Government Departments. Increased downloads of career guide from website also contributed to us exceeding target.

PROGRAMME 4: QUALITY ASSURANCE

Outcomes	Output Indicators	Audited 2019/20	Audited 2020/21	2021/22 Annual Targets	Achievement milestones		Variance	Reasons for variance
		Achievements	Achievements		SETA FUNDED	NON-SETA FUNDED		
Sub – programme 4.1:								
9 Updated qualifications that are aligned to the current skills training needs	9.1 No of workplaces approved.	31	3	30	19	-	- 11	Target not achieved Lower than anticipated applications from employers for workplace approvals
	9.2 % of applications for certificate received and processed within 30 days.	100%	62%	100%	97%	-	- 3%	Target not achieved
	9.3 No of qualifications developed as per industry needs.	-	2	4	4	-	0	Target achieved
	9.4 No of QAS addendum developing on the registered qualifications.	-	2	2	2	-	0	Target achieved

APPROVED BY ACCOUNTING AUTHORITY

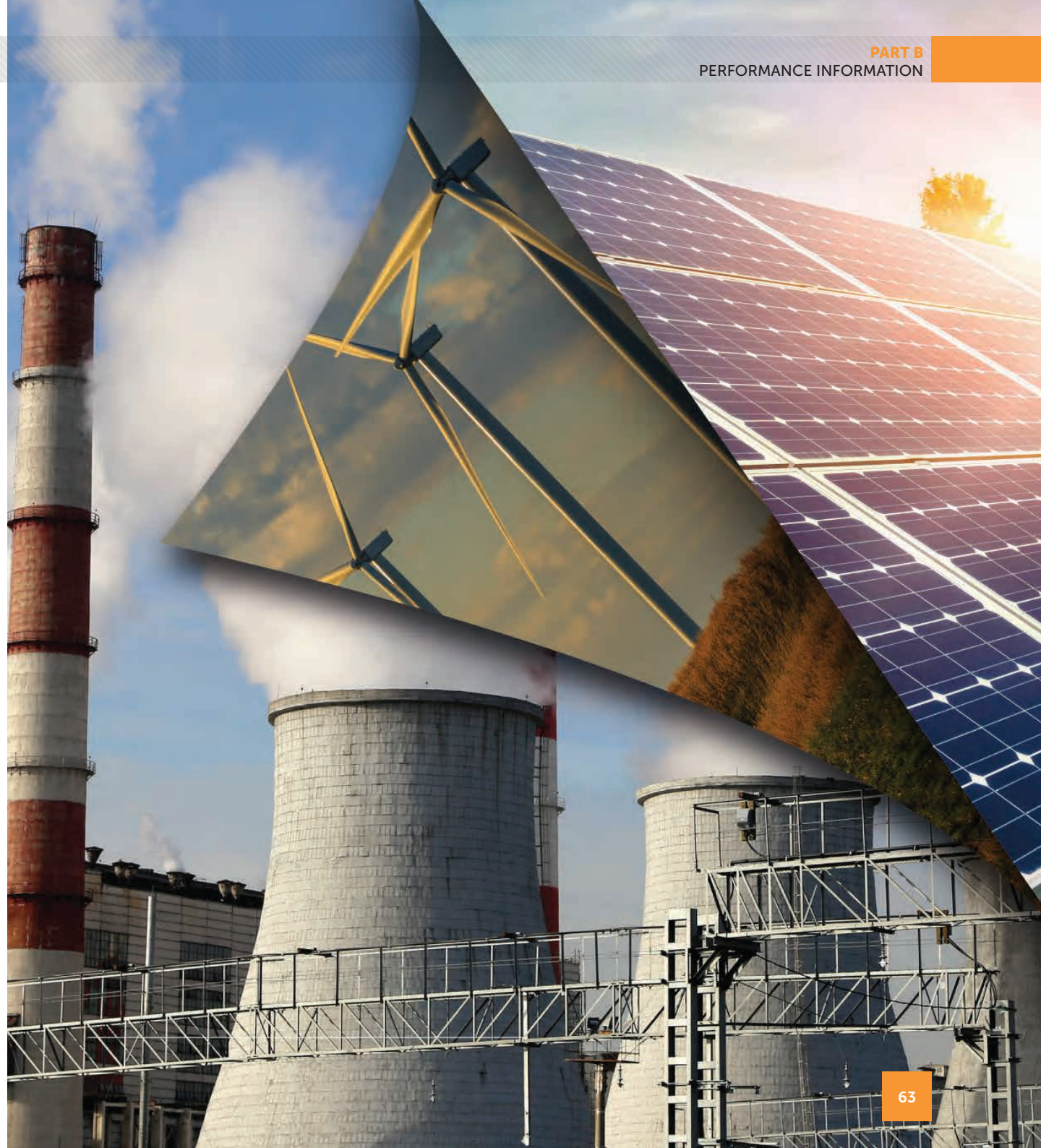
SIGNED BY EWSETA CHAIRPERSON:



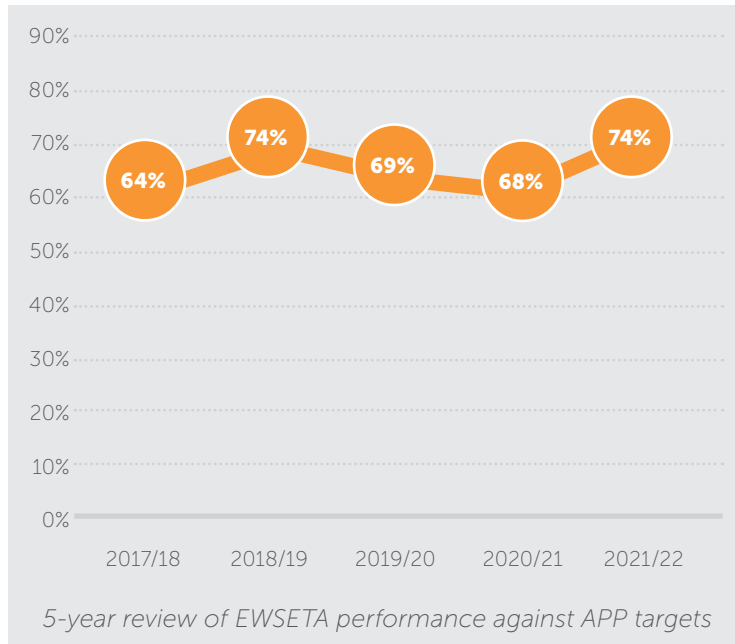
DATE SIGNED: 31 July 2022



“As part of ensuring a just transition, we will need to put measures in place that plan for workforce reskilling and job absorption, social protection and livelihood creation, incentivising new green sectors, diversifying coal dependent regional economies, and developing labour and social plans as and when ageing coal-fired power plants are decommissioned”
– President Cyril Ramaphosa



STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE



During the period under review, the EWSETA performed well against its APP targets in Programme 1 and 2.

Having achieved 66% against targets in Programme 3: Learning Programmes, requires that the EWSETA implement strategies and activities to improve performance in this programme during the next financial period.

Early advertising of DG Windows has been identified as a key activity, as this will allow for earlier approval of successful projects, which means that reporting on enrolments will increase.

Another key focus area is the pursuit of partnerships. To this end, partnerships will be pursued consistently throughout the year to ensure we are able to respond to sector needs

as they arise. Furthermore, we have shifted our focus from the number of partnerships, to the value generated by the partnerships. This will translate into mutually beneficial relationships that will yield improved performance over a multi-year period.

We anticipate that this approach to partnerships will provide traction on ARPL targets where we intend partnering with Government and SETA entities especially for enterprise development. We will also focus on projects that address a number of strategic priorities simultaneously.

In terms of Programme 4, we anticipate the appointment of a QA&C Manager in January 2022 will assist in driving the achievement of targets in this programme.

“When performance is measured, performance improves. When performance is measured and reported, the rate of improvement accelerates”

– Thomas S Monson

LINKING PERFORMANCE WITH BUDGETS

	2020/21			2021/22		
Programme/ Activity/ Objective	Budget R'000	Actual Expenditure R'000	(Over)/ Under Expenditure	Budget R'000	Actual Expenditure R'000	(Over)/ Under Expenditure
Administration	83 379	56 773	26 606	83 694	60 390	-23 304
Mandatory Grants	51 872	46 854	5 018	66 406	73 112	6 706
Skills Planning	9 343	1 271	8 072	14 343	3 741	-10 602
Discretionary grants	130 399	163 024	-32 625	142 974	122 813	-20 161
Special Projects	-	3 606	-3 606	-	3 439	3 439
Career Guidance	800	572	228	2 180	703	-1 477
Qualification Assurance	6 580	576	6 004	11 650	1 157	-10 493

REVENUE COLLECTION

	2020/21			2021/22			
Source of Revenue	Estimate R'000	Actual Collection R'000	Over/ under Collection R'000	Source of Revenue	Estimate R'000	Actual Collection R'000	Over/ under Collection R'000
Levies	246 783	209 213	37 570	Levies	312 435	349 709	37 274
Other income	-	106	(106)	Other income	-	135	135
Interest income	15 266	9 363	5 903	Interest income	20 442	13 243	7 199
Special Project	-	5 151	(5 151)	Special Project	-	2 391	2 391

CAPITAL INVESTMENT

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

INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

The period under review marked the second year of operations within the protocols and restrictions in response to the COVID-19 pandemic.

The guidelines listed below were developed in the 2020/21 financial period and were applied during this period, and updated as required, to respond to the varying risk-adjusted alert levels instituted in the 2021/22 period:

- COVID-19 Workplace Plan
- Return to Work Protocols
- COVID-19 Travel Guidelines
- COVID-19 Travel Online Feedback Survey Form
- COVID-19 Case Management Guidelines

The monitoring systems, as detailed below, were implemented during the previous financial period and their implementation continued during the period under review:

- Travel survey
- Electronic screening (to access offices of EWSETA)
- Compliance Reporting

- Business Impact Assessment Tracking Matrix
- Monitoring and Evaluation by the Disaster Management Committee, Health and Safety Committee and COVID-19 compliance officer

EWSETA has consistently maintained the number of staff permitted into the offices, as per the Workplace Plan. At Alert level 4 this did impact on certain processes, the audit being one, but arrangements were made to accommodate the critical teams.

During the period under review six EWSETA staff were diagnosed with COVID-19 but we are pleased to report a 100% recovery rate for all cases.

A number of staff lost loved ones due to the COVID-19 Pandemic and this has certainly taken its toll on their mental and physical wellbeing. Therefore, through the employee engagement strategy "Yenza Kahle", greater focus was placed on employee wellness support initiatives like the EWSETA Summer Shape-Up Campaign which is highlighted under the Corporate Services Executive Report on pages 34 to 38 and continuous implementation of the ICAS support programme, which extends to the direct dependents of all employees.

Sadly, as highlighted in the 2020/21 annual report, one Board Member, Mr John Ndlela Radebe passed away from COVID-19 complications in August 2021 and the loss is still deeply felt by all.

COVID-19 Protocols were regularly communicated and consistently enforced in the organisation and the constant capacitation has assisted in management of the pandemic within EWSETA's environment. The EWSETA Disaster Management Committee was responsible for monitoring the pandemic, as well as the business impact and mitigation plans in place.

The effect of COVID-19 on Discretionary Grant projects implemented remained a matter of great concern. Whilst the entities' 2020/21 performance was affected by the pandemic in so far as most of the training being halted due to the National Lockdown and learners not being able to attend classes etc, which affected project timelines needing to be adjusted, in 2021/22 the continued impact has been on the number of completions reported, which in many instances is due to the later start or extended period required for the training intervention.

COVID-19 Protocols were regularly communicated and consistently enforced in the organisation and the constant capacitation has assisted in management of the pandemic within EWSETA's environment.

EWSETA CAPACITATES ENTREPRENEURS TO ADDRESS EASTERN CAPE FOOD-ENERGY-WATER CHALLENGES THROUGH 4IR SOLUTIONS

During the period under review, the EWSETA partnered with the 4IR-AquaTech Business Accelerator programme to capacitate young entrepreneurs with skills through a 6-month mentorship programme designed to identify, develop, support, fund and upscale a new generation of 4IR enabled solutions to address food-energy-water challenges, with a particular focus on the drought crisis in the Eastern Cape.

Twenty 4IR-AquaTech companies were put through their paces on an intensive 6-month training, coaching and mentoring programme.

An important element of the programme was the online 4IR Aquatech Hackathon held on 26 and 27 June 2021. The event was held in collaboration with the Eastern Cape provincial government, and it brought together young entrepreneurs and innovators, community leaders, activists, as well as thought and practice leaders to work on exploring and developing sustainable solutions, as collective action plays a vital role in building an inclusive and sustainable future for all.

As a precursor to the Hackathon, on 24 June 2021, a socio-technical debate took place to focus on the current water, energy and food security challenges in the Eastern Cape. In his opening address, Director-General for the Province, Mr Mbulelo Sogoni, stated: "Without the leadership provided by the CEO of EWSETA, we would not be here today."


These events were a direct result of a joint collaborative agreement entered into between the EWSETA with the Office of the Premier in the Eastern Cape which seeks to drive skills development initiatives and to capacitate entrepreneurs in the Eastern Cape region with skills to implement 4IR enabled solutions to solve the energy, water, and food challenges in the province.



A hackathon is a gathering of like-minded people ranging from programmers, scientists, designers, entrepreneurs, community leaders, cultural creatives, thought and practice leaders to solve social or business-related problems using technology.



Agriculture in the Eastern Cape accounts for one percent of the country's total maize production, which is around 15 000 tonnes of wheat. The crippling drought in the region has severely affected not only wheat and maize output, but fruit yields have been affected too.

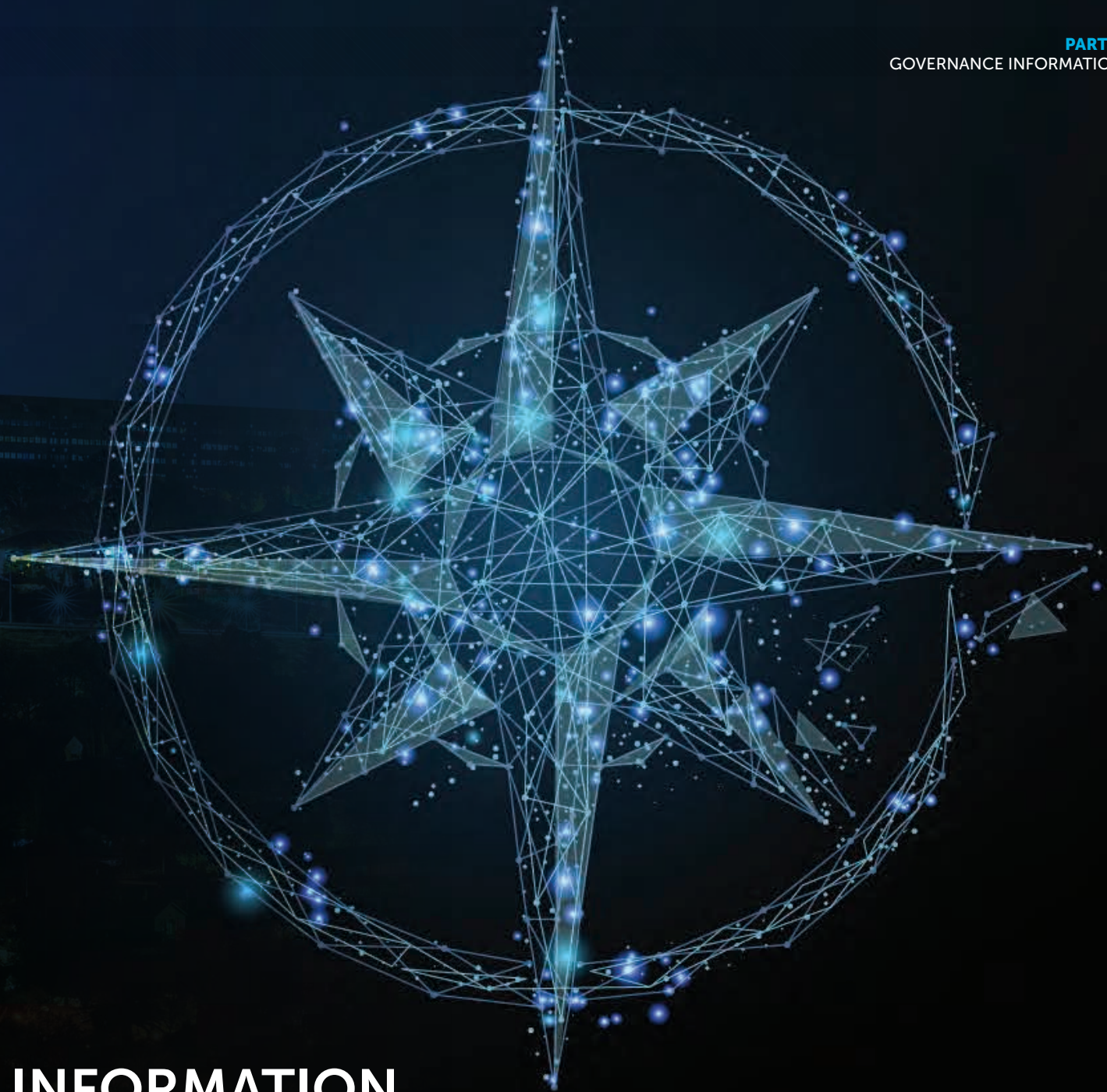


"Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align the interests of individuals, corporations and society."

– Dominic Cadbury

C

GOVERNANCE INFORMATION



COMPOSITION OF THE EWSETA ACCOUNTING AUTHORITY



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



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



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



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



Dumisane Magagula
Organised Labour
NTC, DipTh



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



Monica Malunga
Organised Employers
BSc., BTech (Management)



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



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



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



Nomava Nobatana
Organised Labour
BA (Communication), HRM
Dip, Hons (IP), PostGrad
Dip. Labour Law



Ruth Ntlokotse
Organised Labour
NDip (Analytical Chem),
BA (IR and Political Studies)
BA Hons (Labour Policy &
Globalisation)



Keagile Pholoba
Organised Labour
BA, Higher Education
Diploma, BEd (Curriculum
Design)



Ndlela Radebe
Organised Labour
Labour Law, Labour
Relations

Ruth Ntlokotse: 01 April 2020 – 28 May 2021 (resignation).

Ndlela Radebe: 01 April 2018 – 04 August 2021 (deceased)

***As at the end of the financial period, 3 Board positions representing organised labour were vacant*

GOVERNANCE INFORMATION

Corporate governance is a system of rules, practices and processes by which the EWSETA is directed, controlled and held to account. In addition to legislative requirements, corporate governance at EWSETA is applied through precepts of the SDA and runs in tandem with the principles contained in King's Report on Corporate Governance.

THE EXECUTIVE AUTHORITY

The Accounting Authority of EWSETA accounts to the Minister of Higher Education, Science and Innovation, who in turn accounts to Parliament and the Parliamentary Portfolio Committee on Higher Education, Science and Innovation. In terms of Section 13 of the enabling legislation, the Minister must approve the Constitution of the EWSETA. Thus, in executing accountability and responsibility functions, the Executive Authority exercises its powers in terms of the PFMA, the SDA, the Constitution of EWSETA 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 SDA.

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

- To govern and manage EWSETA in accordance with legislation,
- To set organisational culture,
- To provide policy and strategic direction and oversee implementation,
- To review management performance and oversee risk management,
- To ensure the objectives and functions of EWSETA comply with the constitutional, legislative and policy mandates.

THE ACCOUNTING AUTHORITY CHARTER

The EWSETA Constitution serves as the Accounting Authority charter. The Constitution is to be read in conjunction with the SDA 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 terms of Sections 8(2)(d) of the Constitution, the Accounting Authority may establish Committees to assist in the execution of its responsibilities.

During the year under review, leadership attended and participated in the meetings of the Accounting Authority and its Committees as shown on the next page.



"It is clear that good corporate governance makes good sense. The name of the game for a company in the 21st Century will be conform while it performs"
– Mervyn King (Chairman: King Report)

ACCOUNTING AUTHORITY AND COMMITTEE MEETINGS, RECORD OF ATTENDANCE

Total Number of Meetings Held in 2021/22					
MEETINGS SCHEDULED	AA	EXCO	ARC	FRC	GSC
Scheduled	4	3	5	4	4
Special	3	4	1	1	2
Strategic Planning	1	–	–	–	–
AGM	1	–	–	–	–
Strategic Risk Workshop	–	–	1	–	–
Board Training	2	–	–	–	–
Members of the Accounting Authority and its Committees					
Limakatso Moorosi (Chairperson)	9/11	7/7	–	–	–
Solomon Bokaba	9/11	–	5/6	–	–
Esmé Coetzer	11/11	–	–	3/5	–
Lester Goldman	11/11	7/7	–	–	6/6
Dumisane Magagula	8/11	6/7	–	5/6	5/6
Nandi Malumbazo	9/11	7/7	–	–	5/6
Monica Malunga	11/11	7/7	–	5/5	–
Verena Meyer-Singh	11/11	–	–	–	6/6
Hilda Mhlongo	7/11	–	–	4/5	–
Nhlanhleni Ngidi	10/11	–	–	–	5/6
Nomava Nobatana	11/11	–	6/6	–	–
Ruth Ntlokotse ¹	1/11	–	–	2/5	–
Keagile Pholoba	5/11	–	–	–	1/6
Ndlela Radebe ²	2/11	–	–	0/5	–
Independent Members of the Audit and Risk Committee					
Mariana Strydom (Chairperson)	11/11	–	6/6	–	–
Faizal Docrat	–	–	6/6	–	–
Lwazi Giba	2/11	–	6/6	–	–
Sedzani Musundwa	2/11	–	6/6	–	–
Co-opted Members of the Finance and Remuneration Committee					
Lethabo Manamela	–	–	–	5/5	–
Moshupi Mokgobinyane	–	–	–	4/5	–

Total Number of Meetings Held in 2021/22					
Executive Management					
Mpho Mookapele (CEO)	11/11	6/7	6/6	5/5	6/6
Candice Moodley (CSE)	2/12	6/7	6/6	5/5	1/6
Robyn Vilakazi (CFO)	11/11	6/7	5/6	5/5	5/6
Tsholofelo Mokotedi (AEPRM) ³	3/12	6/7	5/6	–	6/6

Notes: 1 – Resigned 28 May 2021 | 2 – Deceased August 2021 | 3 – Resigned 30 March 2022

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 Innovation.

According to Circular 2 on “Remuneration Tariffs for Accounting Authority and Committee members of SETAs and non-SETAs that report to the DHET”, daily rates apply for attending and preparing for Accounting Authority 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.

Refer note 24 on pages 133 - 134 in the Annual Financial Statements for details on remuneration received by all Board and Committee Members during the period.

MINIMISING CONFLICT OF INTEREST

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

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 of EWSETA and its committees.

RISK MANAGEMENT AND COMPLIANCE

The EWSETA Risk Management policy and strategy describes a structured approach to risk management, to ensure that the organisation is able to formulate and execute the strategy effectively and efficiently.

EWSETA adopts the three lines of defence approach to risk management. Line Management is the first line of defence, the Risk and Compliance Management function is the second and independent assurance providers is the third. Assurance providers are internal and external auditors. Risks and mitigation plans are continually monitored and reviewed; this includes the identification of emerging risks. Management is responsible for identifying risks and mitigation plans on a quarterly basis. A strategic risk workshop is conducted annually at an Executive level to identify risks that impact on the achievement of organisational objectives.

The entity has also established a Risk Steering Committee comprising managers from all branches. The committee will advise management on the overall system of risk management. It will also define the risk

appetite and risk tolerance levels for the organisation, and otherwise contribute to the improvement of risk management across the organisation. The internal risk management processes are driven by the Risk and Compliance Management function.

The progress of the implementation of mitigation plans are regularly shared with the relevant governance structures to monitor the effectiveness of the system of risk management. Additionally, the entity has an outsourced internal audit function reporting directly to the Audit and Risk Committee, that conducts internal audits in accordance with a three-year rolling plan.

INTERNAL CONTROL UNIT

The entity has a Risk and Compliance Management function that actively co-ordinates the management of risk and implementation, monitoring and improvement of controls. This includes monitoring the implementation of recommendations from internal and external auditors. In addition to its routine activities, the Risk and Compliance management function engaged the services of an independent service provider to assess the organisation's risk maturity during the year under review. Their report diagnosed the entity's risk management status as 'defined'. Management has developed a set of corrective actions with the aim of moving the organisation's risk maturity status to 'managed' within two years.

INTERNAL AUDIT AND AUDIT COMMITTEES

Internal audit conducts its activities in accordance with an approved charter aligned to the requirements of the Institute of Internal Auditors. The objectives of the Internal Audit Function are, amongst others, to provide management with reasonable, but not absolute, assurance that:

- Risks are properly managed;
- Assets are safeguarded;
- Financial and operational information is reliable;
- Operations are effective and efficient; and
- Laws and regulations are complied with to safeguard against fraud and corruption, misstatement, irregular and unauthorised expenditure.

The following audits have been performed during the current year:

Internal Audit

- Audit of Predetermined Objectives
- Information Technology General Control environment (ITGC) Review
- ICT Governance Review
- Internal Financial Controls Review
- Supply Chain Management
- Projects, Contracts & Commitments
- Review of Annual Financial Statements

External Audit

- Interim audit
- Final audit

The EWSETA has an Audit and Risk Committee, which is a sub-committee of the Accounting Authority. The Audit and Risk Committee's duties are in line with the PFMA. Amongst others, the key duties of ARC are to review and make recommendations in respect of:

- The functioning and overall-efficiency and effectiveness of the internal control system;
- The functioning of the service provider appointed by the Accounting Authority to perform the internal audit function;
- The risk areas of EWSETA's operations, which are to be covered by the scope of internal and external audits;
- The adequacy, reliability and accuracy of the financial information provided to the Accounting Authority;
- The scope and results of the external audit and its cost-effectiveness, as well as the independence and objectivity of the external auditors;
- The cooperation and coordination between the internal and external audit functions, and their cooperation and coordination, pertaining to the management of EWSETA;
- The adequacy and effectiveness of the risk management processes followed and the development, maintenance and enhancement of fraud prevention plans;
- The effectiveness of the system for monitoring compliance with laws, regulations and policies, and the results of management's investigation and follow-up action (including disciplinary action) of any instance of non-compliance; and EWSETA's IT controls and IT Governance.

- Review the annual financial statements and establish whether the statements have been prepared in accordance with the PFMA and related Treasury Regulations, including the applicable accounting framework.

COMPLIANCE WITH LAWS AND REGULATIONS

EWSETA operates within a diverse regulatory environment of government legislation. As such, the organisation has a compliance universe in place. The universe has been designed to provide EWSETA management with guidance on the compliance requirements applicable to the entity.

This assists management to identify and manage Legislative and Regulatory Compliance risks. The Risk and Compliance Management function has a professional subscription to receive updates on legislation that might have an impact on EWSETA and uses this to maintain the compliance universe.

The organisation also tracks the implementation of mitigations and recommendation for non-compliance that are raised by the Auditor General. Accounting Authority and EXCO members have also been trained by Institute of Directors South Africa (IoDSA) in terms of corporate governance.

FRAUD AND CORRUPTION

EWSETA has conducted a fraud risk assessment and has in place a fraud prevention plan which sets out the annual fraud risk management implementation plan. The plan is developed to give effect to the Whistle-Blowing policy and is reviewed and approved annually by the Audit and Risk Committee and approved by the Accounting Authority. The plan provides mechanisms for the prevention, early detection and investigation of irregularities.

The entity has an Anonymous Hotline that enables all stakeholders to report concerns about unethical or unlawful behaviour at EWSETA. The hotline details are posted on the website, tender documents and are periodically communicated to all stakeholders.

All irregularities reported through reporting channels are investigated and appropriate action is taken to address them. The Audit and Risk Committee monitors the calls to the hotline on a quarterly basis.

Employees are further encouraged to report unethical behaviour without fear of reprimand or victimisation. All reports are investigated and appropriate action is taken to address them.

MINIMISING CONFLICT OF INTEREST

The entity has established several mechanisms to prevent conflicts of interest. Employees perform an annual declaration of interests. Governance committee members also perform declarations of interest annually and at the start of each meeting. In the procurement process, additionally, Supply Chain Management function employees and members of all bid committees declare their interests at every meeting. The Standard Bidding Document 4 (SBD 4) forms part of the mandatory documents to be signed by every potential bidder. The SBD 4 clearly outlines activities that might lead to conflict and it provides an opportunity for bidders to declare their interests upfront. Failure to declare correctly may lead to the bid being disqualified and reported to National Treasury for blacklisting.

EWSETA's ethics are supported by a set of values that define the EWSETA ethics charter (code of conduct). The EWSETA values are:

- Respect
- Integrity
- Teaming
- Excellence

“Business Continuity Planning is not, and never has been, a once-off project. Once the system has been established, it requires ongoing effort to maintain its currency, ensure its effectiveness and the readiness of staff to operate it when the need arises” – Bernard Vertenten

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?	Y	All bidding documents have evaluation criteria embedded. This sets out the criteria for all evaluation stages from pre-evaluation up to the pricing stage
Developing and implementing a preferential procurement policy?	N	The EWSETA has determined that no internal policy on preferential procurement is required since the entity is guided by National Treasury regulations on preferential procurement
Determining qualification criteria for the sale of state-owned enterprises?	N	This is not applicable to EWSETA
Developing criteria for entering into partnerships with the private sector?	Y	The EWSETA has in place an approved partnership model that guides partnership activities
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	N	This is not applicable to the EWSETA



“Quality education is an important right, which plays a vital role in relation to a person’s health, quality of life, self-esteem, and the ability of citizens to be actively engaged and empowered. However, few can argue with the need to improve the performance of the economy, to expand employment and to equip people to achieve sustainable livelihoods. This means improving partnerships, developing effective and well understood vocational learning and occupational pathways, and improving the quality of the learning and work experiences along those pathways”

– White Paper for Post School Education and Training

AUDIT COMMITTEE REPORT

We are pleased to present the Audit and Risk Committee (ARC) report for the financial year ended 31 March 2022.

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 has discharged all its responsibilities as contained therein.

MEMBERS OF THE ARC

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

Ms. Mariana Strydom	Independent Chairman
Mr. Faizal Docrat	Independent Member
Mr. Lwazi Giba	Independent Member
Dr. Sedzani Musundwa	Independent Member
Mr. Raletjatji Bokaba	Member of the Accounting Authority (Organised Employers)
Ms. Nomava Nobatana	Member of the Accounting Authority (Organised Labour)

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

MEETINGS HELD BY THE ARC

The members attended 6 scheduled meetings during the financial year ending 31 March 2022, with key stakeholders as reflected in the table below:

Member Name	22-Apr-21	26-July-21	16-Sept-21	25-Oct-21	29-Oct-21 Special	26-Jan-22
Mariana Strydom	✓	✓	✓	✓	✓	✓
Raletjatji Bokaba	✓	✓	✓	A	✓	✓
Nomava Nobatana	✓	✓	✓	✓	✓	✓
Faizal Docrat	✓	✓	✓	✓	✓	✓
Sedzani Musundwa	✓	✓	✓	✓	✓	✓
Lwazi Giba	✓	✓	✓	✓	✓	✓

THE EFFECTIVENESS OF INTERNAL CONTROLS

The ARC confirms that the system of internal controls applied by the entity over financial and risk management is effective and efficient, and compliant with the PFMA. The internal controls that need major improvement relate to projects, contracts and commitments, as reported by the Internal Auditors.

FINANCIAL MANAGEMENT ENVIRONMENT

The ARC noted that the financial management environment significantly improved from the previous financial period following the appointment of the Chief Financial Officer on 1 March 2021.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The ARC:

- Reviewed the audited annual financial statements (AFS) to be included in the annual report.
- Reviewed the AGSA's management report and management's response thereto.
- Reviewed the entity's compliance with legal and regulatory provisions.
- Reviewed the audited information on predetermined objectives to be included in the annual report.
- Reviewed significant adjustments resulting from the audit.
- Evaluates 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 National Treasury.

It is important to draw attention to Note 30 of the AFS which relates to a material impairment of receivables. This impairment resulted in a deficit as reflected on the Statement of Financial Performance.

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 3 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 AFS. The ARC is of the opinion that the audited AFS be accepted and read together with the report of the AGSA.

On behalf of the Audit and Risk Committee



Ms. M Strydom

Chairman of the Audit and Risk Committee



HUMAN RESOURCE INFORMATION

“The value of a business is a function of how well the financial capital and intellectual capital are managed by human capital. You’d better get the human capital part right”

– Dave Bookbinder

HUMAN RESOURCES OVERVIEW BY THE CORPORATE SERVICES EXECUTIVE

There is no denying that people are at the centre of any organisation. The EWSETA realises the important role our employees play in achieving the organisation's strategic objectives.

Our 2020/21 Annual Report highlighted the fact that some departments within the EWSETA were under-resourced due to the DHET moratorium on hiring in the early stages of the COVID-19 pandemic. This was followed soon after by a freeze on employing any new staff in a permanent role until the Operating Model and Organisational Design process is finalised.

This challenge continued into the period under review and several departments have found themselves under-resourced. In the interest of maintaining service delivery, various positions were filled with temporary staff, the EWSETA employed the services of several interns and a group of young "unemployed learners from TVET colleges was brought on board in June 2021 to assist with a major backlog in trade test certification.

One of the positions that has remained vacant for an extended period is that of the Chief Operating Officer. Given the fact that this role is one that considerable strategic focus is being given to in the Organisation Design, a business decision was made to not recruit for this role on a permanent basis, but to rather follow

a recruitment process to find a suitable incumbent on a fixed-term contract basis. Unfortunately, this route proved unsuccessful, mainly due to the fact that interest from the market for temporary positions that does not offer job security, is not high. It was at this point that the Executive Team made a call to split the reporting lines among themselves until such time the organisation design process is finalised.

At the same time, other members of staff internally stepped up to the plate and also assumed additional responsibilities to close gaps and to ensure continued operations. What we have witnessed extensively in this period is people who are dedicated to this organisation and to the country, but most importantly to the development of young people. We are extremely grateful to the individuals who have gone the extra mile and salute them for their dedication, knowing very well the additional strain it has placed on their own workload and performance.

A positive side effect of the shared reporting and responsibilities is that the approach demolished any existing silos and provided employees opportunities to cross collaborate and work together, resulting in staff development in areas of business operations that they would not otherwise have been exposed to due to the nature of their role. This is what our Operating Model seeks to achieve.

An important aspect of achieving a high-performance culture is the role played by staff across the organisation. To this end, we devised and started implementing an employee engagement strategy that we have called 'Yenza Kahle' the isiZulu phrase meaning 'step up'. The Yenza Kahle campaign has comprised staff engagement activities ranging from regular monthly 'staff connect sessions' for all staff in the organisation and a focus by Executives to communicate more openly with staff within their branch to staff wellness activities such as the Summer Shape-Up campaign held in the latter part of 2021 and the focus in February 2022 on heart health.

The COVID-19 pandemic has affected humanity in a variety of ways and the staff at EWSETA have not gone unscathed. Sadly, many of our members of staff lost loved ones to COVID-19, extended periods of lockdown impacted people physically and mentally and the financial impact of the pandemic has been devastating for some. Six members of staff contracted COVID-19 during this period, but all have gone on to recover fully.

Our staff wellness partner, ICAS, has played an important role through the provision of support services for staff who have needed it.

On our transformational journey towards driving a high performance culture (see Page 20) you will note that EWSETA undertook an organisation-wide skills audit in 2017. Skills report cards were provided for each employee who participated in the 2017 Skills Audit in which skills gaps were identified in relation to roles occupied. Through a more rigorous training and development approach, EWSETA has noted the following highlights:

- Employees at management and executive level have participated more regularly in governance and management training such as PFMA, PPPFMA, Risk, POPIA, ICT Governance, Board Governance, Conflict Resolution, Leaderships Programmes and other
- Practitioners and Administrator level staff committed to NQF aligned training and we have since produced 8 graduates through the EWSETA staff Study Assistance Programme:
 - 4 Administrators - NWU degrees and national diploma although one was a regrettable loss and left the organisation in May 2021
 - 2 Practitioners - NWU degrees
 - 1 Specialist - post graduate qualification
 - 1 Manager – post graduate qualification

During the period under review and as part of the Operating Model Design process, EWSETA undertook a high-level skills audit at an organisational level, to

assess the current skills and future skills requirements and core organisational competencies aligned to the Operating Model. It was established that the organisation did not meet the minimum core and functional competency requirements to successfully drive high sector impact.

Whilst Personal Development Plans aligned to the 2017 skills audit outcomes continue to inform the EWSETA Workplace Skills Plan, in our 2021 and 2022 WSP submission, we have begun including some of the core and functional skills gaps identified in the 2021/2022 audit to ensure that we continue to develop our employees to the level required to effectively deliver our Operating Model.

In another effort to drive our first strategic objective “driving a high performance culture”, our Accounting Authority approved a reviewed Performance Management Policy in March 2021, wherein payment of performance rewards to staff would be dependent on organisational achievement of a minimum of 70% of its APP targets. Collective responsibility and individual accountability are considered important factors in driving a high-performance culture and given our 74% achievement for 2021/22, this new performance criteria is a demonstration of true leadership from our Accounting Authority.

I am also pleased to report that EWSETA successfully submitted our 2021 Employment Equity Report to

the Department of Employment and Labour before the deadline of 15 January 2022. Therefore, our organisation will appear on the Employment Equity Public Register for 2021 that will be published by the Minister of Employment and Labour in terms of Section 41 of the Employment Equity Act.

It has certainly been a challenging time for the team at the EWSETA, but there is no doubt that this period, although tough, has been rewarding for many – particularly staff who have stretched themselves to achieve more. I have absolutely no doubt that this will serve as an important factor in the EWSETA becoming the high-performing organisation that is poised for great things in the sectors we serve.

On behalf of the EWSETA Executive, I express sincere thanks and appreciation for the sterling work done during this period. You have made us proud.



Candice Moodley
Corporate Services Executive

PERSONNEL COST BY PROGRAMME

Programme	Personnel Expenditure	Personnel Expenditure as a % of total expenditure	No of Employees	Average personnel cost per employee
Administration	27 036	61.1%	32	845
Special Projects (War on Leaks)	3 190	7.2%	7	456
Discretionary Grant Projects	13 999	31.7%	39	359
Total	44 225	100%	78*	567

*The figure of 78 includes interns and temporary staff employed during the year

PERSONNEL COST BY SALARY BAND

Level	Personnel Expenditure	% of personnel expenditure to total personnel cost	No of employees	Average personnel cost per employee
Top Management	5 487	12.4%	4	1 372
Senior Management	14 658	33.17%	12	1 221
Professional Qualified	10 690	24.2%	15	713
Skilled	2 574	5.8%	5	515
Semi-skilled	9 221	20.9%	25	369
Unskilled	1 596	3.6%	17	94
Total	44 225	100%	78*	567

*The figure of 78 includes interns and temporary staff employed during the year

PERFORMANCE REWARDS

	Performance Rewards	Personnel Expenditure	% of performance rewards to total personnel cost
Top Management	168	5 487	3%
Senior Management	383	14 658	3%
Professional Qualified	328	10 690	3%
Skilled	84	2 574	3%
Semi-skilled	194	9 221	2%
Unskilled	-	1 596	-
Total	1 157*	44 225	3%

*This figure is made up of three separate amounts: 797 (refer note 17: Administration; 326 (refer note 15: Allocation to Project administration expenses) and 34 (refer note 15: Allocation to Special projects - War on Leaks)

TRAINING COSTS

	Personnel Expenditure (R '000)	Training Expenditure (R '000)	Training expenditure as a % of Personnel cost	No of employees trained	Average training cost per employee (R '000)
Operations	17 189	156	0.35%	16	9
Planning, Reporting & Monitoring	9 490	221	0.49%	5	44
Finance	7 527	91	0.20%	14	6.5
Corporate Services	4 532	139	0.31%	10	13.9
Office of the CEO	5 487	165	0.37%	2	82.5
Total	44 225	1292*	1.75%		

*The total training spend of R1 292 000 as reported in Note 16 on page 108 of the Annual Financial Statements includes an amount of R518 000 for costs associated with the Operating Model and Organisational Design process

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	3	3	14
Skilled	48	1	4	45
Semi - Skilled	4	13	13	4
Unskilled	0	0	0	0
TOTAL	69	17	20	66

EQUITY TARGETS, EMPLOYMENT EQUITY: 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	0	0	0	0

EQUITY TARGETS, EMPLOYMENT EQUITY: 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

DISABLED

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	0	0	0	0	0	0	0	0
Skilled	0	0	0	0	0	0	0	0
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0

REASONS FOR STAFF LEAVING

Reason	Number	% of total number of staff leaving
Death	1	1.51%
Resignation	5	7.57%
Dismissal	0	0%
Retirement	0	0%
Ill – health	0	0%
Expiry of contract	9	13.64%
Other *see below	2	3.03%
TOTAL	17	

*Two fixed-term employees' contracts were terminated

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Nature of disciplinary action	Number
Verbal warning	2
Written warning	1
Final written warning	7
Suspension	1
Dismissal	0
TOTAL	11

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FINANCIAL INFORMATION

“We are of the firm view that if all auditees were to religiously implement the basic disciplines of financial and performance management, with each of the different role players doing their part, the drive towards wholesale good governance in the public sector would be realised sooner”

– Tsakani Maluleke, Auditor-General of SA commenting on 2020/21 audit outcomes



A portrait of a woman, the Chief Financial Officer, smiling and resting her chin on her hand. The background features a complex geometric pattern of triangles in shades of grey and black, with some brown, leaf-like shapes floating around her head.

REPORT BY THE CHIEF FINANCIAL OFFICER

Having only assumed the position of CFO for the EWSETA in March 2021, the year under review was my first full year in this role. Since October 2018, there has been no permanent person in the CFO role and over this extended period various people served as the Acting CFO for the organisation.

With this background, it has been a privilege to provide some stability in oversight of the Finance branch.

I am pleased to note that our levy income in the 2021/22 financial year has returned to pre-COVID levels, which will be a key enabler to ensuring the delivery of our mandate. Despite this, the EWSETA's relatively low levy income contrasted with its extensive mandate has compelled the organisation to embark on two endeavours.

Firstly, we have sought to work more closely with the energy and water sectors to ensure that the skills development we enable is aligned to industry needs and quality standards. This ensures we are making the best possible use of EWSETA's limited financial resources.

Secondly, where possible, we have worked with relevant stakeholders to co-fund skills planning and skills development initiatives to benefit the energy and water sectors. In these areas, we have had some success driven by improved stakeholder engagement. In the context of increased global and national economic pressures, we will continue to pursue partnerships that enable us to achieve our intended impact.

The impact of COVID on the PSET sector has meant a decline in discretionary grant expenditure, which comprises the largest component of EWSETA disbursements. As mentioned in the CEO report in Part A, we will be applying to National Treasury to retain unspent funds.

Administration expenditure remains a focus in EWSETA as it is one of the SETA's that is unable to limit its administrative budget to the legislated limit of 10% of levy income. During the 2021/22 financial year, EWSETA has obtained DHET approval to exceed the legislated limit. We have during this period continued to have discussions with the Ministry in this regard as fundamentally, the mandate of the EWSETA requires an administrative investment that the legislated limit does not accommodate.

We anticipate that the Operating Model, and accompanying Organisational Design, will assist in addressing our administration bill to some extent, but we do know that this is not the ultimate solution.

The entity has reported large net losses during the current and prior periods. In both periods, this was driven by significant once-off impairment losses. In 2020/21, the decision to dispose of EWSETA's owned building resulted in an impairment of the building while during the current period, a review of the debtors book resulted in a significant debtors impairment. Further details on these have been disclosed in the notes to the financial statements.

Despite these losses, the EWSETA retains a strong balance sheet, supported by extensive cash reserves and a significant Retained earnings balance. The high cash balances provide an opportunity to continue the impactful work being done in skills planning and skills development in the energy and water sectors.

The development of the Operating Model has been dominant factor in this period and with this process comes the need to implement technology and systems designed to improve processes and operations. I am excited to improve the extent of automation in the Finance branch, which will free up the team's time to focus on analysis and identifying opportunities for more strategic use of our resources.

To this end, we have increased the focus on training and development of the finance team. Whilst the team on an annual basis undergoes general GRAP, PFMA and SCM training, we have increased the number of professional

registrations of existing staff and increased the number of formal qualifications being undertaken.

Our membership of SAICA brings with it access to free training and the team has taken advantage of this and attended a series of online training sessions with SAICA.

One of the other key motivators for the EWSETA to embark on an organisational design process was the tendency in the organisation to operate in silos. This, combined with the need to operate remotely due to COVID, has to some extent impacted communication between branches and teams.

The finance team was encouraged to interact more with the rest of the organisation and I am pleased to report that this has yielded better working relationships and also increased information and knowledge sharing. This forms a solid base for the Finance branch to build on its role as a key enabler for other parts of EWSETA.

The unqualified audit outcome for the year reflects that the state of internal controls over financial management in the organisation is sound. This is despite occasional challenges experienced during the year, brought about by COVID and the impact it had on our people.

Overall, the Supply Chain Management environment also remains sound, with significant strides made during the year to reduce irregular expenditure, fruitless and wasteful expenditure. The entity has an approved SCM policy and standard operating procedures, and these are aligned to legislation and prescripts and updated as required.

During this review period, we also placed emphasis on risk management and have made some significant progress in this regard. Our risk management policy and procedures have been reviewed and updated as required to ensure that the organisation is able to adopt a holistic approach to risk management. We have engaged managers in the organisation on risk management and seen increased engagement with the topic throughout the organisation.

The next area of focus for the finance team will be to enhance compliance management, which is critical for us a public entity for a number of compelling reasons.

I would like to acknowledge the governance bodies with whom I deal so closely, the Accounting Authority, the Audit and Risk committee and our Finance and Remuneration Committee. The guidance, support and input that they provide has really been invaluable.

I extend my sincere thanks to our CEO and the rest of the Executive team for their support and guidance. What we have achieved as an Executive would not have been made possible without our shared focus on taking this organisation forward.

The 2021/22 financial period was definitely a year of growth for the EWSETA, but at the same time was a challenging year. I am proud of the way in which the finance team has risen to the challenges during the year and commend them for the strides they have made.

R. Vilakazi

Robyn Vilakazi
EWSETA CFO

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Energy and Water Sector Education and Training Authority, set out on pages 98 - 143, which comprise the statement of financial position as at 31 March 2022, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Energy and Water Sector Education and Training Authority as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of 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 31 to the financial statements, the corresponding figures for 31 March 2021 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2022.

Impairments – trade debtors

8. As disclosed in note 20 to the financial statements, material losses of R300 865 000 was incurred as a result of irrecoverable trade debtors.

Responsibilities of the accounting authority for the financial statements

9. 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.

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

Auditor-General's responsibilities for the audit of the financial statements

11. 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.
12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
14. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as

defined in the general notice, for the following selected programmes presented in the public entity's annual performance report for the year ended 31 March 2022:

Programme	Pages in the annual performance report
Programme 3 – learning programmes and projects	53 - 62

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

Programme 3 – learning programmes and projects

Various Indicators

18. The achievements below were reported in the annual performance report for the listed indicators. There was no clear and logical link on how the entity incorporated the non-SETA funded achievements relating to the indicators and targets set in the annual performance plan.

As a result, the entity included non-SETA funded achievements in their annual performance report, thereby overstating the entity's achievement against planned targets.

Performance indicator description	Reported achievement
Number of artisan learners enrolled	39
Number of artisan learners completed	456
Number of learners enrolled RPL/ARPL	14
Number of learners completed RPL/ARPL	9
Number of unemployed learners enrolled skills programmes	216
Number of unemployed learners completed skills programmes	319
Number of unemployed learners enrolled learnerships programmes	68
Number of unemployed learners completed learnerships programmes	453
Number of workers enrolled in learnerships programmes	109
Number of workers completed learnerships programmes	257
Number of workers enrolled skills programmes	143
Number of workers completed skills programmes	873

Other matters

19. I draw attention to the matters below.

Achievement of planned targets

20. Refer to the annual performance report on pages 53 - 62 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 18 of this report.

Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 3 - learning programmes and projects. As management did not correct the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. The misstatements not corrected are reported above.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

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

23. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

24. 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.

25. Material misstatements of prior period errors, provisions, receivables from non-exchange transactions disclosure note, risk management disclosure note, related parties disclosure note, financial instruments disclosures note, statutory receivables disclosure note, statement of changes in net assets, payables from non-exchange transactions and contingencies identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

26. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R 7 967 000 as disclosed in note 29 to the financial statements, 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 non-compliance with Seta grant regulation General Notice R.990 (6) (9) (iii)) on exceeding the 7,5% administration expenditure as percentage of discretionary grant expenditure.

Procurement and contract management

27. One contract was awarded to a supplier whose tax matters had not been declared by the South African Revenue Service to be in order, as required by treasury regulation 16A9.1 (d).

Other information

28. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

29. My opinion on the financial statements and findings on the reported performance information and compliance with legislation

do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

30. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

31. 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

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

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

33. The review processes implemented by management over the preparation of the financial statements and annual performance report were not fully effective.

34. There was inadequate review and monitoring of compliance with applicable laws and regulations, as instances of non-compliance were identified through the audit process.

Auditor - General

Pretoria
31 July 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

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

FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not

for the purpose of expressing an opinion on the effectiveness of the public entity's internal control

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

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

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 period and the results of its operations and cash flows for the period then ended. The internal auditors are engaged to perform a review on the annual financial statements and were given unrestricted access to all financial records and related data.

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

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

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

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

The members have reviewed the entity's budget for the year to 31 March 2023 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 pages 82 - 127, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2022 and were signed on its behalf by:



Dr. Limakatso Moorosi
Chairperson of the Accounting Authority

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Note(s)	2022 R'000	2021 Restated* R'000
Assets			
Current Assets			
Receivables from exchange transactions	2	2 341	3 270
Receivables from non-exchange transactions	3	7 543	309 937
Prepayments	4	295	720
Cash and cash equivalents	5	483 675	369 409
		493 854	683 336
Non-Current Assets			
Property, plant and equipment	6	25 439	24 795
Intangible assets	7	388	479
		25 827	25 274
Total Assets		519 681	708 610
Liabilities			
Current Liabilities			
Payables from exchange transactions	8	7 849	5 737
Payables from non-exchange transactions	9	71 582	93 237
Unspent conditional grants and receipts	10	36 651	19 128
Provisions	11	43 464	28 729
		159 546	146 831
Total Liabilities		159 546	146 831
Net Assets		360 135	561 779
Reserves			
Administration reserve		25 827	25 274
Mandatory grant reserve		65	40
Discretionary grant reserve		334 243	536 465
Total Net Assets		360 135	561 779

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2022

Revenue

Non-exchange revenue

Exchange revenue

Investment revenue

Total revenue

Expenditure

Mandatory grant and project expenses

Administration expenses

Employee related costs

Depreciation and amortisation

Impairment Loss

Repairs and Maintenance

Loss on disposal of assets

Total expenditure

Deficit for the year

Note(s)	2022 R'000	2021 Restated* R'000
12	352 100	215 828
13	135	106
14	13 243	9 363
	365 478	225 297
15	(200 521)	(215 904)
16	(37 747)	(30 199)
17	(27 036)	(25 635)
	(901)	(876)
	(300 865)	(84 964)
	(51)	(21)
	-	(42)
	(567 121)	(357 641)
	(201 643)	(132 344)

STATEMENT OF CHANGES IN NET ASSETS

AS AT 31 MARCH 2022

	Administration reserve	Mandatory grant reserve	Discretionary grant reserve	Total reserves	Accumulated surplus	Total net assets
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance as previously reported	62 135	233	218 169	280 537	-	280 537
Adjustments						
Prior year adjustments	-	-	341 598	341 598	-	341 598
Restated balance at 1 April 2020*	62 135	233	559 767	622 135	-	622 135
Changes in net assets						
Allocation of surplus (deficit) to reserves	(114 388)	2 188	(20 144)	(132 344)	132 344	-
Excess funds transferred to/from discretionary reserve	77 527	(2 381)	(75 146)	-	-	-
Deficit for the year	-	-	-	-	(132 344)	(132 344)
Total changes	(36 861)	(193)	(95 290)	(132 344)	-	(132 344)
Opening balance as previously reported	25 274	40	120 382	145 696	-	145 696
Adjustments						
Prior year adjustments	-	-	416 082	416 082	-	416 082
Restated* Balance at 31 March 2021	25 274	40	536 464	561 778	-	561 778
Changes in net assets						
Allocation of surplus (deficit) to reserves	(324 716)	4 594	118 479	(201 643)	201 643	-
Excess funds transferred to/from discretionary reserve	325 269	(4 569)	(320 700)	-	-	-
Deficit for the year	-	-	-	-	(201 643)	(201 643)
Total changes	553	25	(202 221)	(201 643)	-	(201 643)
Balance at 31 March 2022	25 827	65	334 243	360 135	-	360 135

*See note 31

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

Cash flows from operating activities

Receipts

Cash receipts from stakeholders and customers

Interest income

Payments

Employee related costs

Mandatory grant, administrative and project expenses

Net cash flows from operating activities

Cash flows from investing activities

Purchase of property, plant and equipment

Net increase/(decrease) in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

Note(s)	2022 R'000	2021 Restated* R'000
	355 264	281 545
	12 671	9 363
	367 935	290 908
	(27 349)	(25 632)
	(224 868)	(259 959)
	(252 217)	(285 591)
19	115 718	5 317
6	(1 452)	(520)
	114 266	4 797
	369 409	364 612
5	483 675	369 409

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis

	Approved budget R'000	Adjustments R'000	Final Budget R'000	Actual amounts on comparable basis R'000	Difference between final budget and actual R'000	Reference Note 30
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	-	-	-	135	135	
Investment income	20 442	-	20 442	13 243	(7 199)	a
Total revenue from exchange transactions	20 442	-	20 442	13 378	(7 064)	
Revenue from non-exchange transactions						
Transfer revenue						
Special project income	-	-	-	2 391	2 391	b
Skills development levy income	312 435	-	312 435	313 503	1 068	
Interest and penalties income	-	-	-	36 206	36 206	c
Total revenue from non- exchange transactions	312 435	-	312 435	352 100	39 665	
Total revenue	332 877	-	332 877	365 478	32 601	
Expenditure						
Employee-related costs	(37 118)	7 321	29 797	(27 036)	2 761	d
Depreciation and amortisation	-	-	-	(901)	(901)	e
Impairment loss/ Reversal of impairments	-	-	-	(300 865)	(300 865)	i
Rental for the premises	(1 450)	(1 500)	(2 950)	(3 724)	(774)	g
Repairs and Maintenance	(60)	-	(60)	(51)	9	
Administrative Expenses	(55 186)	4 299	(50 887)	(34 023)	16 864	f

Budget on Cash Basis

	Approved budget R'000	Adjustments R'000	Final Budget R'000	Actual amounts on comparable basis R'000	Difference between final budget and actual R'000	Reference Note 30
Mandatory Grant expenses	(66 406)	-	(66 406)	(73 112)	(6 706)	h
Discretionary Grant expenses	(171 147)	-	(171 147)	(123 970)	47 177	i
Special project expenses	-	-	-	(3 439)	(3 439)	j
Total expenditure	(331 367)	10 120	(321 247)	(567 121)	(245 874)	
Deficit for the year	1 510	10 120	11 630	(201 643)	(213 273)	
Capital Expenditure						
Non-Current Assets						
Property, plant and equipment	(1 000)	(200)	(1 200)	(1 452)	(252)	k
Intangible assets	(510)	200	(310)	-	310	k
	(1 510)	-	(1 510)	(1 452)	58	

The executive authority of EWSETA has approved a budget of R452.58 million. The approved budget is made up of R332.88 million which is EWSETA's budgeted activities for 2021/22 financial year and R119.7 million retained surplus to finance the entity's commitments as disclosed in Note 21. The commitments financed by the retained surplus were budgeted for in the previous financial years.

In 2021/22 financial year, EWSETA had adequate revenue to fund the budgeted expenses. Therefore the retained surplus was not yet utilised. The entity will apply again to retain the surplus to fund existing commitments (Refer to Note 22: Contingencies).

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 been received yet 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 the prior financial year, decided to dispose of its building. The sale of the building is subject to executive authority approval in accordance with the requirements of the PFMA. EWSETA has limited control over the approval process but knows that this approval process might not 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 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

EWSETA assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, EWSETA estimates the asset's recoverable amount. An asset's recoverable amount is the higher of the asset's fair value less costs 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% (2021:20%) 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 2021/04/01 to 2022/03/31 and includes only EWSETA and no other entities. Explanations are provided for all material budget variances, being variances above 10% and R300 000.00

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 discloses transactions and balances with all entities also under the control of its controlling entity, DHET. EWSETA further discloses transactions and balances with all entities that have members on the EWSETA Accounting Authority.

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 and its committees.

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 measures statutory receivables at their transaction amount unless another GRAP is applicable.

EWSETA measures 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 of 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-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Interest and Penalties

Interest and penalties on the skills development 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.

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

- 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 recorded appropriately in the irregular expenditure register. In such an instance, no further action is taken with the exception of updating the note to the financial statements.
- Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end is recorded in the irregular expenditure register. No further action is taken with the exception of updating the note to the financial statements.
- Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements are updated with the amount condoned.
- Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority is recorded appropriately in the irregular expenditure register. 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. Immediate steps are thereafter taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount

as debt impairment and such is disclosed in the relevant note to the financial statements. The irregular expenditure register is also updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto remain against the relevant programme/expenditure item, is disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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 2022, 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 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.

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 Requirements and their Interaction

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.

2. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade debtors
Deposits
Interest accrued
Staff debtors

2022 R'000	2021 R'000
142	1 780
586	429
1 519	947
94	114
2 341	3 270

3. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Intersecta debtors
Discretionary grant receivable

-	1 902
7 543	308 035
7 543	309 937

Statutory receivables included in receivables from non-exchange transactions above are as follows:

MG receivables
MG receivables impairment

6 300	6 300
(6 300)	(6 300)
-	-

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

Prepayments
Discretionary Grant prepayments
Administration prepayments

105	415
190	305
295	720

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:
Bank balances
Short-term investments/instruments

396 998	282 901
86 677	86 508
483 675	369 409

6. PROPERTY, PLANT AND EQUIPMENT

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings - Work in progress	58 395	(36 465)	21 930	58 395	(36 465)	21 930
Furniture and fixtures	1 135	(526)	609	1 135	(435)	700
Motor vehicles	667	(427)	240	667	(371)	296
Office equipment	180	(88)	92	146	(77)	69
Computer Equipment	4 817	(2 701)	2 116	3 909	(2 109)	1 800
Leasehold improvements	497	(45)	452	-	-	-
Total	65 691	(40 252)	25 439	64 252	(39 457)	24 795

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Depreciation	Total
Buildings - Work in progress	21 930	-	-	21 930
Furniture and fixtures	700	-	(91)	609
Motor vehicles	296	-	(56)	240
Office equipment	69	34	(11)	92
Computer equipment	1 800	922	(606)	2 116
Leasehold improvements	-	496	(44)	452
	24 795	1 452	(808)	25 439

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Buildings - Work in progress	58 395	-	-	-	(36 465)	21 930
Furniture and fixtures	791	-	-	(91)	-	700
Motor vehicles	391	-	-	(95)	-	296
Office equipment	79	-	-	(10)	-	69
Computer equipment	1 908	520	(42)	(586)	-	1 800
	61 564	520	(42)	(782)	(36 465)	24 795

Pledged as security

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

Details of property

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. Therefore, the carrying amount of the building was R58,4 million before consideration for impairment in the prior year. The building has heritage certification, but has been classified as property, plant and equipment as it was intended for use as an administrative asset. The building is included in the Administration segment for segment reporting purposes. 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. 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. Per section 54 of the PFMA, executive authority approval is required for disposal of the building. This approval has not yet been obtained and will be required before the transaction can be concluded. As at the reporting date, the exact disposal date and timeline is therefore unknown and not directly within the control of EWSETA.

The decision to sell the building prompted EWSETA to consider whether the building is impaired. EWSETA contracted the services of an independent valuer, who determined that the building has a fair value of R24 million. The valuer determined the fair value using the income approach. The valuation was

performed with reference to macroeconomic factors in the property market and micro factors such as the location, renovations and condition of the property. Comparable commercial property sales and rentals were also considered in arriving at the valuation estimate.

After accounting for anticipated costs to sell (anticipated agent's commission), the building has been impaired by R36,5 million to a recoverable amount of R21,9 million, which represents the estimated fair value less costs to sell.

Other information

Repairs and maintenance of R18,9k were incurred on property, plant and equipment in the current financial year.

7. INTANGIBLE ASSETS

Computer software

2022			2021		
Cost / Valuation R'000	Accumulated amortisation and accumulated impairment R'000	Carrying value R'000	Cost / Valuation R'000	Accumulated amortisation and accumulated impairment R'000	Carrying value R'000
5 210	(4 822)	388	5 210	(4 731)	479

Reconciliation of intangible assets - 2022

Computer software

Reconciliation of intangible assets - 2021

Computer software

Opening balance R'000	Amortisation R'000	Total R'000
479	(91)	388
571	(92)	479

All intangible assets are internally generated

8. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables
Payroll accruals
Accrued expenses
Operating lease payables

9. PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Inter SETA Payables
Skills development grants payable-mandatory
Skills development grants payable-discretionary

10. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Unspent conditional grants and receipts
Department of Water and Sanitation

Movement during the year
Balance at the beginning of the year
Additions during the year
Income recognition during the year

2022 R'000	2021 R'000
4 032	3 663
17	439
2 935	1 635
865	-
7 849	5 737
698	47
33 666	32 326
37 218	60 864
71 582	93 237
36 651	19 128
19 128	19 869
20 962	2 471
(3 439)	(3 212)
36 651	19 128

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.

11. PROVISIONS

Reconciliation of provisions - 2022

Opening Balance
Employer refund
Performance bonus
Discretionary grant
Leave provisions

Reconciliation of provisions - 2021

Legal proceedings
Employer refund
Performance bonus
Discretionary grant
Leave provisions

Opening balance	Additions	Utilised during the year	Reversed during the year	Total
7 734	163	(161)	-	7 736
2 133	797	(797)	-	2 133
16 904	28 351	(7 778)	(5 944)	31 533
1 958	229	(125)	-	2 062
28 729	29 540	(8 861)	(5 944)	43 464
198	-	(198)	-	-
837	7 043	(146)	-	7 734
2 151	747	(765)	-	2 133
175 175	17 313	(68 798)	(106 786)	16 904
1 086	872	-	-	1 958
179 447	25 975	(69 907)	(106 786)	28 729

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 been received yet at year end.

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.

12. NON-EXCHANGE REVENUE

Administration

Levies received from SARS
Levy adjustments
Levies from DWS
InterSETA transfer-out
Levies accrued

Mandatory grants

Levies received from SARS
Levy adjustments
Levies accrued

Discretionary Grants

Levies received from SARS
Levy adjustments
Levies from DWS
InterSETA transfer-out
Levies accrued

Special project income

Special project - War on Leaks
Special project - Central Energy Fund
Special project - Central Energy Fund (Adjustments)

2022 R'000	2021 R'000
35 136	20 107
2 193	2 613
1 063	1 028
(112)	-
3 469	3 495
41 749	27 243
66 925	38 322
4 174	4 083
6 607	6 637
77 706	49 042
165 960	95 220
46 284	20 412
2 125	2 057
(571)	-
16 458	16 703
230 256	134 392
3 439	3 212
460	1 939
(1 510)	-
352 100	215 828

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).

13. EXCHANGE REVENUE

Other income

14. INVESTMENT REVENUE

Interest revenue

Bank

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 3% and 6% throughout the year.

15. MANDATORY GRANT AND PROJECT EXPENSES

Mandatory grants

Mandatory grant expenses

Discretionary grants

Discretionary grant expenses

Project administration expenses

Qualification development

External moderation

Sector skills planning

Career guidance

Research chairs

Research

Special projects

Special projects - War on Leaks

Special projects - Central Energy Fund

2022 R'000	2021 R'000
135	106
13 243	9 363
73 112	46 854
102 850	147 454
15 959	15 570
688	355
499	221
-	-
703	572
1 568	1 271
1 703	-
123 970	165 443
3 439	3 212
-	394
200 521	215 904

16. GENERAL EXPENSES

Accommodation
Advertising
Auditors remuneration
Bank charges
Cleaning and facilities management
Computer expenses
Consulting and professional fees
Document storage
Entertainment
Governance committee fees
Insurance
Office and printers rental
Legal fees
COVID 19 Expenses
Marketing and communication
Moving costs
Postage and courier
Printing and stationery
Promotions and sponsorships
QCTO expenses
Rates
Security
Small Assets
Staff recruitment costs
Staff welfare
Licenses and Subscriptions
Telephone and fax
Training costs
Travel
Water and Electricity
Workshop expenses

2022	2021
R'000	R'000
149	22
108	340
6 916	4 942
81	88
572	327
1 505	1 090
6 810	6 236
1 825	347
65	-
1 393	1 693
511	500
4 394	3 839
361	339
215	694
1 615	907
12	(2)
26	3
521	997
842	174
1 439	2 130
263	218
720	928
74	29
407	532
269	143
2 669	798
601	611
1 292	998
627	215
303	285
1 162	776
37 747	30 199

17. EMPLOYEE RELATED COSTS

Salary and wages
Bonus
Medical aid - company contributions
Unemployment insurance fund
Skills development levy
Leave expense
Provident fund
Other insurances

2022 R'000	2021 R'000
23 619	20 084
797	765
183	269
63	120
227	290
125	1 328
1 481	2 038
541	741
27 036	25 635

18. ACCUMULATED SURPLUS

Allocation of net loss to reserves - 2022

Revenue

Skills development levy: income
Government levies
Penalties and interest
Investment income
Special project income
Other income

Administration Reserve	Mandatory Grant Reserve	Discretionary Grants	Special Projects	Total per Discretionary	Total Statement of Financial Performance
40 686	77 706	191 924	-	191 924	310 316
1 063	-	2 125	-	2 125	3 188
-	-	36 205	-	36 205	36 205
-	-	13 243	-	13 243	13 243
-	-	-	2 391	2 391	2 391
135	-	-	-	-	135
41 884	77 706	243 497	2 391	245 888	365 478
Administration expenses	-	-	-	-	(37 747)
Employee costs	-	-	-	-	(27 036)
Depreciation and amortisation	-	-	-	-	(901)
Employer grants and project expenses	(73 112)	(123 970)	(3 439)	(127 409)	(200 521)
Impairment loss	-	-	-	-	(300 865)
Repairs and maintenance	-	-	-	-	(51)
(324 716)	4 594	119 527	(1 048)	118 479	(201 643)

Allocation of net loss to reserves - 2021

	Administration Reserve	Mandatory Grant Reserve	Discretionary Grants	Special Projects	Total per Discretionary	Total Statement of Financial Performance
Revenue						
Skills development levy: income	26 215	49 042	124 515	-	124 515	199 772
Government levies	1 028	-	2 057	-	2 057	3 085
Penalties and interest	-	-	7 820	-	7 820	7 820
Investment income	-	-	9 363	-	9 363	9 363
Special project income	-	-	-	5 151	5 151	5 151
Other income	106	-	-	-	-	106
Total revenue	27 349	49 042	143 755	5 151	148 906	225 297
Administration expenses	(30 199)	-	-	-	-	(30 199)
Employee costs	(25 635)	-	-	-	-	(25 635)
Depreciation and amortisation	(876)	-	-	-	-	(876)
Loss on disposal of assets	(42)	-	-	-	-	(42)
Employer grants and project expenses	-	(46 854)	(165 444)	(3 606)	(169 050)	(215 904)
Impairment loss	(84 964)	-	-	-	-	(84 964)
Repairs and maintenance	(21)	-	-	-	-	(21)
	(114 388)	2 188	(21 689)	1 545	(20 144)	(132 344)

19. CASH (USED IN) GENERATED FROM OPERATIONS

	2022 R'000	2021 R'000
Deficit	(201 643)	(132 344)
Adjustments for:		
Depreciation and amortisation	901	876
Loss on derecognition of assets	-	42
Impairment deficit	300 865	84 964
Movements in provisions	14 735	(43 718)
Changes in working capital:		
Receivables from exchange transactions	929	36 292
Other receivables from non-exchange transactions	1 526	29 751
Prepayments	425	5 355
Payables from exchange transactions	2 112	40
Taxes and transfers payable (non-exchange)	(21 655)	24 800
Unspent conditional grants and receipts	17 523	(741)
	115 718	5 317

20. FINANCIAL INSTRUMENTS DISCLOSURE

Categories of financial instruments

2022

Financial assets

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

At fair value	At amortised cost	Total
-	2 341	2 341
-	7 543	7 543
483 675	-	483 675
483 675	9 884	493 559

Financial liabilities

Payables from exchange transactions
Payables from non-exchange transactions

At amortised cost	Total
7 849	7 849
33 180	33 180
41 029	41 029

2021

Financial assets

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

At fair value	At amortised cost	Total
-	3 270	3 270
-	309 937	309 937
369 409	-	369 409
369 409	313 207	682 616

Financial liabilities

Payables from exchange transactions
Payables from non-exchange transactions

At amortised cost	Total
5 737	5 737
60 911	60 911
66 648	66 648

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

2022

Receivables from exchange transactions
Receivables from non-exchange transactions

More than 120 days	Total
2 341	2 341
7 543	7 543
9 884	9 884

2021

Receivables from exchange transactions
Receivables from non-exchange transactions

30-60 days	60-120 days	More than 120 days	Total
1 065	1 516	689	3 270
-	-	309 937	309 937
1 065	1 516	310 626	313 207

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

2022

Receivables from exchange transactions
Receivables from non-exchange transactions

More than 120 days	Total
37 948	37 948
313 898	313 898
351 846	351 846

2021

Prepayments
Receivables from exchange transactions
Receivables from non-exchange transactions

9	9
37 808	37 808
13 158	13 158
50 975	50 975

Reconciliation of changes in provision for impairment

2022

Provision for impairment

Opening Balance	Additions	Write off	Closing Balance
50 975	300 865	6	351 846

2021

Provision for impairment

2 476	48 499	-	50 975
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21. COMMITMENTS

Authorised operational expenditure

Discretionary Grants

ABET Programme
Apprenticeship Programme
Bursaries Programme
Internship Programme
Learnership Programme
Trade Union Support
Candidacy
Skills Programme
Research
Small Business Support
Non-Pivotal Programme
Research Chairs
Quality Assurance Support

Opening balance 2021/22 Restated	Adjustments 2021/22	2021/22 Additional commitments	Utilised 2021/22	Closing balance 2021/22
181	(56)	1 400	(125)	1 400
996 453	(907 601)	60 717	(33 616)	115 953
195	(195)	-	-	-
12 537	(2 667)	12 600	(8 115)	14 355
17 900	(14 190)	54 180	(12 668)	45 222
4 000	-	-	(1 500)	2 500
225	(225)	400	-	400
6 070	(533)	36 833	(8 386)	33 984
2 534	(554)	228	(2 128)	80
-	-	490	-	490
300	-	3 250	(113)	3 437
4 838	-	-	(719)	4 119
928	(515)	1 246	(700)	959
1 046 161	(926 536)	171 344	(68 070)	222 899

Administration

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
Consulting fee
Project Management

Adjustments to Opening Balance	Adjustments 2021/22	Additional commitments 2021/22	Utilised 2021/22	Closing balance 2021/22
2 209	-	2 239	(1 790)	2 658
5 914	-	17 729	(9 453)	14 190
352	-	1 211	(869)	694
4 511	-	60	(2 433)	2 138
837	-	-	(29)	808
427	1	1 828	(519)	1 737
571	-	2 459	(1 352)	1 678
88	-	-	(88)	-
194	-	-	-	194
15 103	1	25 526	(16 533)	24 097

In the current financial year, a commitment with the value of R873,254,250 relating to apprenticeship special project has been written off due to expired service level agreement as at the 31 March 2022. The commitment relates to the War on Leaks programme and was fully funded by Department of Water and Sanitation. The engagement between the entity and the other contract related parties is still ongoing at year end with the possibility of extending the contract to finalise the programme. Refer to Note 30 for further context.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year
- in second to fifth year inclusive

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

2022 R'000	2021 R'000
3 480	-
11 656	-
15 136	-
1 551	-

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 2021/22 year in the levy download information provided to the SETA. The SETA also continued to pay and accrue mandatory grants at 20%

in the 2021/22 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 in regard to the mandatory grant percentage.

Fees to members of Accounting Authority

Members of the Accounting Authority and its sub-committees (governance committees) were appointed

by the Executive Authority through a process that was not fully compliant with the required standards. This rendered payment of their fees irregular expenditure, which was disclosed accordingly in the prior period. Since the identification of the non-compliant process, payment for the services of these members has been withheld, pending finalisation of the necessary corrective processes. These corrective processes include determination tests, investigation into potential wrong-doing and requesting condonation or removal from the appropriate authority. Determination tests and investigation into potential wrong-doing have been conducted, and these have been submitted to the applicable authority for consideration for condonation. Should condonation be received, payment for services rendered as governance committee members may be made retrospectively. Payment is currently contingent upon the condonation of the process. Should payment be made, the amount payable to affected individuals is R296k.

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 R65k (2020/2021: R40k) 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 R334m (2021: R235m).

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 which was paid in advance is claimable.

23. SIGNIFICANT CONTRACT

In August 2015, EWSETA entered into a tripartite agreement with the DWS and Rand Water to implement a War on Leaks project which was intended to train 15 000 unemployed citizens as plumbers and/or artisans to address water that is lost through physical leakages or other commercial losses across the country.

The DWS as the National Department responsible for conservation of water resources, remained the custodian and the funding part of the War on Leaks Project.

DWS appointed Rand Water as its Implementing Agent to address the challenges of non-revenue water by providing training for 15 000 unemployed youth of the Republic of South Africa. The department also appointed the EWSETA to partner with Rand Water in furtherance of DWS objective and to cooperate with each other in the performance of their responsibilities and obligations in order to ensure the roll-out of the War on Leaks programme over the planned period of 5 years.

EWSETA's responsibility on the agreement is to facilitate and ensure that relevant accredited service provider for the categories of Water Agents, Plumbers and Artisans (trainees) are appointed to undertake the theoretical and practical training for the trainees nationally.

The War on Leaks projects has been planned to roll-out in 3 phases over a period of 5 year. On the 1st of October 2015, EWSETA appointed an accredited service provider on a competitive bid to undertake the Phase 1 of theoretical and practical training for the trainees nationally. In July 2016, EWSETA signed another agreement for implantation of the Phase 2&3 of the projects.

The Phase 1 of the project was rolled out, implemented and completed successfully. Phase 2 of the project is still underway and approaching completion. Phase 3 of the project has not commenced.

Events during the current period:

The service level agreement with the accredited service provider for Phase 2 and 3 of the project expired in during the current year, resulting in the reversal of a significant commitments balance from the financial statements. The commitments reversal is disclosed in note 21.

Currently, significant uncertainties prevail over the project. These may impact the future balances and disclosures included in the financial statements. In the context of these uncertainties, any related contingencies have not been disclosed in these financial statements. This is to ensure that EWSETA is not prejudiced in the event of any potential future legal dispute.

24. RELATED PARTIES

Relationships

Controlling entity	DHET
Entities under common control	By virtue of the fact that EWSETA is a National Public Entity controlled by the DHET, it is considered related to the SETAs, the QCTO and NSF, TVET Colleges, Universities, ASSAF, CSIR, HSRC, NACI, NRF, SACNAS, SANSA and TIA. The transactions are with normal operating relationships between entities and are undertaken on terms and conditions that are normal for such transactions. Where there were transactions and balances arising due to the movement of funds between entities under common control of the DHET, these amounts are disclosed below.
Entities with a representative serving on EWSETA's Accounting Authority	WISA (L.Goldman); NUM (N.Radebe); NUMSA (R.Ntlokotse); WITS (N.Malumbazo); Bloem Water (L.Moorosi); SAMWU (D.Magagula);
Members of the Accounting Authority	L.Moorosi (Chairperson); L.Goldman; N.Malumbazo; D.Magagula; R.Ntlokotse; K.Pholoba; N. Radebe; N. Nobatata; E.Coetzer; S.Bokaba; N.Ngidi; M.Malunga; H. Mhlono; V. Singh; M.Mokgobinyane
Members of key management	M.Mookapele (CEO); R.Vilakazi(CFO); C.Moodley (CSE); K.Masilo (APRME)

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties

LGSETA
MERSETA
W&R SETA
MICT SETA
CETA

Amounts included in Trade receivable (Trade payable) regarding members of the Accounting Authority

L. Goldman

	2022 R'000	2021 R'000
	(47)	(47)
	(13)	-
	(31)	-
	(603)	35
	72	72
	-	(39)

Mandatory grants, discretionary grants and projects**Entities with a representative serving on EWSETA's Accounting Authority**

	2022 R'000	2021 R'000
DWS	-	2 411
WISA	(94)	-
WISA	21	(28)
IMATU	(1 000)	-

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

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

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

TVET and Universities Balances

	2022 R'000	2021 R'000
LETABA TVET COLLEGE	(17)	-
MANGOSUTHU UNIVERSITY OF TECHNOLOGY	(16)	-
SOUTH-WEST GAUTENG COLLEGE	(1 424)	-
UNIVERSITY OF JOHANNESBURG	(126)	(126)
TSWANE UNIVERISTY OF TECHNOLOGY	(623)	-
WEST COAST COLLEGE	(210)	(210)
CENTRAL UNIVERSITY OF TECHNOLOGY	(69)	(69)
TECHNOLOGY INNOVATION AGENCY	(192)	(192)
UNIVERSITY OF WITWATERSRAND	(62)	(62)

Related party transactions**Fees and reimbursements-Members of the Accounting Authority**

M. Malunga	-	-
N. Malumbazo	(99)	(43)
D. Magagula	-	(203)
N. Nobatana	(186)	(217)
R. Ntokotse	(274)	-
	(26)	(117)

L. Goldman
S. Musundwa
S. Bokaba
M. Strydom
L. Giba
F. Docrat
M. Mokgobinyane

Project transactions (Trade payables/Trade receivables)

BLOEM WATER
DOE
DWS
ESKOM
WISA
NUM
SAMWU
UMGENI WATER
IMATU

TVET and Universities transactions

CAPE PENINSULA UNIVERSITY OF TECHNOLOGY
MANGOSUTHU UNIVERSITY OF TECHNOLOGY
CENTRAL UNIVERSITY OF TECHNOLOGY
COLLEGE OF CAPE TOWN
CTC COLLEGE
MOTHEO COLLEGE
FALSEBAY COLLEGE
NELSON MANDELA METROPOLITAN UNIVERSITY
MALUTI TVET COLLEGE
RHODES UNIVERSITY
SOUTH-WEST GAUTENG COLLEGE
TSHWANE UNIVERSITY OF TECHNOLOGY
LETABA TVET COLLEGE
UNIVERSITY OF CAPE TOWN
UNIVERSITY OF JOHANNESBURG

2022 R'000	2021 R'000
(181)	(212)
(80)	(74)
-	(138)
(197)	(221)
(83)	(71)
(83)	(71)
(49)	(13)
1 448	891
(1 225)	-
-	70 000
178 574	110 383
-	(261)
(6 500)	(505)
(500)	-
5 102	3 322
(1 000)	(203)
(1 374)	(1 061)
(16)	-
(96)	(845)
(2 376)	(2 376)
(990)	(990)
(16)	-
(2 983)	(3 029)
(696)	-
-	(186)
(195)	-
(1 443)	-
(1 344)	(878)
(4 791)	3 465
(68)	-
(285)	-

	2022 R'000	2021 R'000
TALETSO TVET COLLEGE	(68)	(4)
NKANGALA TVET COLLEGE	(916)	(376)
ORBIT TVET COLLEGE	-	(1 028)
UNIVERSITY OF KWAZULU-NATAL	(196)	-
UNIVERSITY OF FREE STATE	(56)	(217)
UNIVERSITY OF STELLEN BOSCH	(253)	-
UNIVERSITY OF LIMPOPO	(84)	(47)
UNIVERSITY OF SOUTH AFRICA	(60)	(33)
UNIVERSITY OF NORTH-WEST	-	(473)
UNIVERSITY OF PRETORIA	(525)	(196)
UNIVERSITY OF VENDA	(297)	-
UNIVERSITY OF WESTERN CAPE	-	(414)
UNIVERSITY OF ZULULAND	(59)	-
UNIVERSITY OF WITWATERSRAND	(762)	(502)
VAAL UNIVERSITY OF TECHNOLOGY	(1 179)	(325)
WEST COAST COLLEGE	-	(102)
DURBAN UNIVERSITY OF TECHNOLOGY	(488)	-
FLAVIOUS MAREKA TVET COLLEGE	(2)	-
GERT SIBANDE TVET COLLEGE	(4)	-
Other Transactions		
QCTO	(1 439)	(2 129)
Commitment Balances		
Letaba TVET College	1 650	4 670
Nkangala TVET College	447	1 388
Eskom SOC Ltd	34 001	15 180
College of Cape Town	9 670	5 544
False Bay TVET College	3 960	3 960
National African Federated Building Industry (NAFBI / ORBIT)	829	829

Rhodes University
Vaal University of Technology
South West Gauteng TVET College (SWGC)
Northern Cape Community Education and Training College
Flavius Mareka TVET College
West Coast TVET College (CoS)
Bloem Water Board
King Hintsa TVET College
Water Institute of Southern Africa
National Union of Mineworkers (NUM)
Central Johannesburg TVET College
University of Stellenbosch Water Institute
IMATU
SAMWU

2022 R'000	2021 R'000
78	240
2 000	-
3 041	-
1 400	-
2 680	-
4 126	-
900	-
6 189	-
400	-
9 820	5 200
1 750	-
-	554
-	1 000
-	500

25. KEY MANAGEMENT INFORMATION

EXECUTIVE

2022 (R'000)

Chief Executive Officer
Chief Financial Officer
Corporate Services Executive
Acting Planning, Monitoring and Reporting Executive

Salary	Other benefits	Acting Allowances	Total
1 840	310	-	2 150
1 249	147	-	1 396
1 191	404	-	1 595
-	-	346	346
4 280	861	346	5 487

2021 (R'000)

Chief Executive Officer
Chief Financial Officer
Chief Operating Officer (resigned 31/12/2020)
Corporate Services Executive
Acting Planning, Monitoring and Reporting Executive

767	86	205	1 058
884	180	38	1 102
1 044	132	-	1 176
1 339	177	-	1 516
-	-	322	322
4 034	575	565	5 174

Other benefits include performance bonuses.

**Non-executive - Accounting Authority
2022 (R'000)**

Accounting Authority Chairperson

Members

2021 (R'000)

Members

**Accounting Authority Sub-Committees
2022 (R'000)**

Audit and Risk Committee Chairperson

Members

2021 (R'000)

Audit and Risk Committee Chairperson

Members

Meeting fee	Travel Costs	Other Allowances	Total
-	-	-	-
635	-	1	636
868	2		870
194	1	1	196
288	1	4	293
482	2	5	489
220	1		221
283	6		289
503	7		510

26. RISK MANAGEMENT**Financial risk management**

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

Liquidity risk

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

2022 (R'000)

Payables from exchange transactions

Payables from non-exchange transactions

2021 (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)	(114)	(1 862)	(7 849)
(20 583)	(1 657)	(10 940)	(33 180)
(26 456)	(1 771)	(12 802)	(41 029)
(2 312)	(554)	(2 871)	(5 737)
(12 760)	(4 092)	(44 059)	(60 911)
(15 072)	(4 646)	(46 930)	(66 648)

Credit risk

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

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

2022 (R'000)

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

2021 (R'000)

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

Gross	Impairment	Total
40 290	(37 949)	2 341
327 741	(320 198)	7 543
483 675	-	483 675
851 706	(358 147)	493 559
42 459	(39 189)	3 270
369 409	-	369 409
329 043	(19 107)	309 936
740 911	(58 296)	682 615

Market risk

Interest rate risk

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

27. GOING CONCERN

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

28. FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance as previously reported
Correction of prior period error
Adjustments based on determination test

Opening balance as restated

Add: Expenditure identified - current
Less: Amount written off - prior period

Closing balance

2022 R'000	2021 R'000
33	329
-	(9)
(24)	-
9	320
1	23
-	(310)
10	33

Details of incidents

Traffic fines and penalties
Interest and recovery charges for late payment
VAT overpayment

2022 R'000	2021 R'000
-	1
1	15
-	8
1	24

The determination test for fruitless and wasteful expenditure amounting to R24,419.39 was completed in 2021/22 financial year. The outcome was that the amount was not fruitless and wasteful expenditure. As a result, the balance was removed from the register and the disclosure amended accordingly. The opening balance of the prior year fruitless and wasteful expenditure was adjusted by R8,803.09 which relates to recoveries erroneously not recorded in the prior year(s) financial statements.

29. IRREGULAR EXPENDITURE

Opening balance as previously reported

Opening balance as restated

Add: Irregular Expenditure - Identified in current year
Add: Irregular Expenditure - Identified in prior period year

Closing balance**Details of irregular expenditure - current year**

Non-compliance with SCM legislation
Excess over 7,5% Project admin budget
Non-compliance of Accounting Authority appointment

Details of irregular expenditure - Prior year

Non-compliance with SCM Policy

392 228	379 252
392 228	379 252
7 967	11 068
2 990	1 908
403 185	392 228
150	6 493
7 817	4 234
-	341
7 967	11 068
2 990	1 908

The irregular expenditure incurred in the prior year for R341k is as a result of non-compliance by the DHEST in the appointment of certain Accounting Authority members. The determination test as outlined in the Irregular Expenditure Framework was accordingly conducted by the DHEST. The application for condonation was submitted by both DHEST and the EWSETA to National Treasury. Project expenditure

was incurred that exceeded 7.5% of the discretionary grant expenditure amounting to R7.8m (2021: R4.2m). This is largely due to the timing difference between when the DG project admin expenditure is incurred and when it is record in the entity's financial records. Application for condonation is in progress for both financial years.

Irregular expenditure identified for non-compliance with SCM policies in the current year relating to prior period relates to investigations into bids awarded & variations exceeding the allowable threshold. The assessment and determination test were concluded and the entity is in process of implementing the consequence management.

30. BUDGET DIFFERENCES

Material differences between budget and actual amounts:

- a) The actual interest income received is 33% below budget mainly due to lower interest rates in the current financial year than anticipated.
- b) Special project income relates to the income recognised as the War on Leaks project is implemented. The income is not included in the budget as it is recognized as per the project implementation.
- c) Interest and penalties were not budgeted as it is anticipated that all employers would pay levies on time.
- d) Personnel costs is lower than budgeted due to vacant positions within the entity. As the result of the ongoing organisational redesign project, recruitment of certain positions were put on hold.
- e) Depreciation and amortisation are non-cash items not included in the entity budget.
- f) Administration expenses are 37% lower than budget due to cost savings.
- g) Rental cost variance is as a result of lease smoothing accounting concept. EWSETA head office moved into a new office space in the current financial year.
- h) Mandatory grant expenditure is 10% above budget due to more levy payers that qualified and were approved for mandatory grants in the current financial year.
- i) Discretionary grant expenditure is 12% lower than budget. This is due to a number of projects which commenced in the later part of the year, therefore no expenditure was incurred at year end.
- j) Special project expenses are not budgeted for as they are fully recoverable from DWS.
- k) The overall budget on CAPEX is 15% below budget. This was due to deferred investment on intangible assets.
- l) Impairment loss is a non-cash item and was not included in the entity's budget. Refer to note on Significant contracts for details of the impairment loss.

31. PRIOR PERIOD ERRORS

Statement of Financial Position

Receivables from Exchange transactions

Receivables from Non-exchange transactions

Payables from exchange transactions

Payables from non-exchange transactions

Provisions

Net assets (Discretionary grant reserve)

Statement of Financial Performance

Exchange Revenue

Mandatory grant and project expenses

Administration expenses

Employee costs

Impairment loss

Deficit for the year

	Amount previously reported	Priod period error	Reclassification error	Restated amount
Receivables from Exchange transactions	4 270	(1 000)		3 270
Receivables from Non-exchange transactions	9 366	300 571		309 937
Payables from exchange transactions	(5 258)	(479)		(5 737)
Payables from non-exchange transactions	(99 697)	6 460		(93 237)
Provisions	(139 262)	110 533		(28 729)
Net assets (Discretionary grant reserve)	(120 380)	(416 085)		(536 465)
Exchange Revenue	(106)	-		(106)
Mandatory grant and project expenses	219 842	(3 938)		215 904
Administration expenses	29 756	443		30 199
Employee costs	25 632	3		25 635
Impairment loss	83 964	1 000		84 964
Deficit for the year	(134 836)	2 492		(132 344)

Statement of Financial Position

During the current period, EWSETA obtained information that confirmed the value of previous transactions related to one of the significant project. This information should have been available in previous periods to ensure accurate accounting for the transactions, but it was not available at the time. Upon obtaining the information in the current period and the application of management's judgement to it, EWSETA determined that the previous accounting and reporting of the transaction contained errors.

The correction of the error resulted in an increase in Non-exchange Receivable of R301m and the disclosure of significant contracts note.

Discretionary grants Provision of R61,7m which was recognised in the prior years as a possible outstanding amount for the project, was also reversed due to information that became available to the entity in the current financial year. The impact of the reversal was a reduction of the Provisions and an increase in Discretionary grants reserves of a similar amount.

The prior period Provision for discretionary grants projects contained bursary provisions to the value of R48.8m. These bursaries were not utilised by the learners due to various reasons (i.e., either learners were also funded by another institution, learners did

not register to study after been offered the bursary or in other cases, the bursary amount offered was more than the study fees settled for that learner). Review of the bursaries balance revealed that the academic year for these bursaries had long passed, and the related provision should have been revised by EWSETA but it was not. The impact of this error was a reduction of the Provisions for bursaries and an increase in Discretionary grants reserves of a similar amount.

An impairment of R1m was erroneously missed in the prior year when other related debtors were impaired. The entity has taken legal action to pursue recovery of this debtor. The impact of the error resulted in an increase in impairment loss (income statement) and a reduction of exchange receivables respectively.

Admin & discretionary grants accruals that were previously raised in the entity's financial records were erroneously not reversed on time. The correction of the error resulted in a decrease of R479k and an increase of R7m in the respective accounts. The statement of financial performance was also impacted by this correction. The write-off of R2.2m also had an impact in the related party disclosure.

Discretionary grants reserves increased by R414m resulting from the correcting of the above errors.

Statement of Financial Performance

Mandatory grant and project expenses were erroneously overstated by the R3.9m due to accruals that were not reversed timely. The correction of this error resulted in a decrease in mandatory grant and project expenses. This correctly is directly link with the correction of payables in the statement of financial position.

Administrative expenses and Employee cost were also adjusted with an immaterial amount of R446k (combined figure). All the correction in the statement of financial performance resulted in a decrease in deficit for the year of R2.5m from R134.8m to R132.3m.

The note on Accumulated Surplus (Note 18), Financial Instruments (Note 20), Risk Management (Note 25) and Segment Information (Note 32) have been amended accordingly to reflect the correction of errors in the statement of financial position and the statement of financial performance

Statement of Cash Flow

The working capital movements in the statement of cash flow were directly impacted by the correction of the statement of financial position and statement of financial performance above. The receipts and the payments were therefore both adjusted by R5.6m.

Commitments

Projects

Apprenticeship Programme
Research
Research Chairs
Quality Assurance Support
Non-Pivotal Programme

Opening balance previously disclosed	Reclassification	Prior period error	Restated opening balance
995 353	-	1 100	996 453
554	2 025	(45)	2 534
-	4 838	-	4 838
-	980	(52)	928
-	-	300	300
995 907	7 843	1 303	1 005 053

The opening balance for project commitment has been restated from R1,037 billion to R1,046 billion due to errors that were corrected and reclassifications as reflected in the table above.

Administration

HR Support and Training
IT and Facilities Management
Quality Assurance Support
Marketing and public Relation
Internal Audit and Risk Management
SCM Support
Secretarial and Governance Support
Consulting fees
Research Chairs
Research

Opening balance previously disclosed	Reclassification	Prior period error	Restated opening balance
2 430	-	(221)	2 209
9 727	-	(3 813)	5 914
980	(980)	-	-
571	-	(219)	352
3 949	-	562	4 511
534	-	(107)	427
438	-	133	571
41	-	47	88
4 837	(4 837)	-	-
2 025	(2 025)	-	-
25 532	(7 842)	(3 618)	14 072

The opening balance for administration commitment has been restated from R26,5 million to R15,1 million due to prior period errors that were corrected and reclassifications as reflected in the table above.

Related Parties

Amounts included in Trade receivables (Trade payables) regarding related parties

Sekhukhune TVET College

DHET

LGSETA

MERSETA

MQA

SERVICESETA

W&R SETA

MICTSETA

Gert Sibande TVET College

Amount previously disclosed	Prior period error	Restated amount
(1 753)	1 753	-
(7)	7	-
(23)	(24)	(47)
(5)	5	-
(5)	5	-
(1)	1	-
(15)	15	-
-	35	35
(541)	541	-
(2 350)	2 338	(12)

Some of the prior period corrections made above affected the disclosure of related parties. An amount of R2.3m which was disclosed as related parties in the prior year has thus been restated in line with the above adjustments

Segment Reporting

Upon review of the segment reporting definition, EWSETA concluded that the grouping of the entity's activities as Administrative, Mandatory Grants and Discretionary Grants does not meet the definition of segment reporting. As result, the segment reporting which was disclosed in the prior year has been removed from the current year annual financial statements.

NOTES

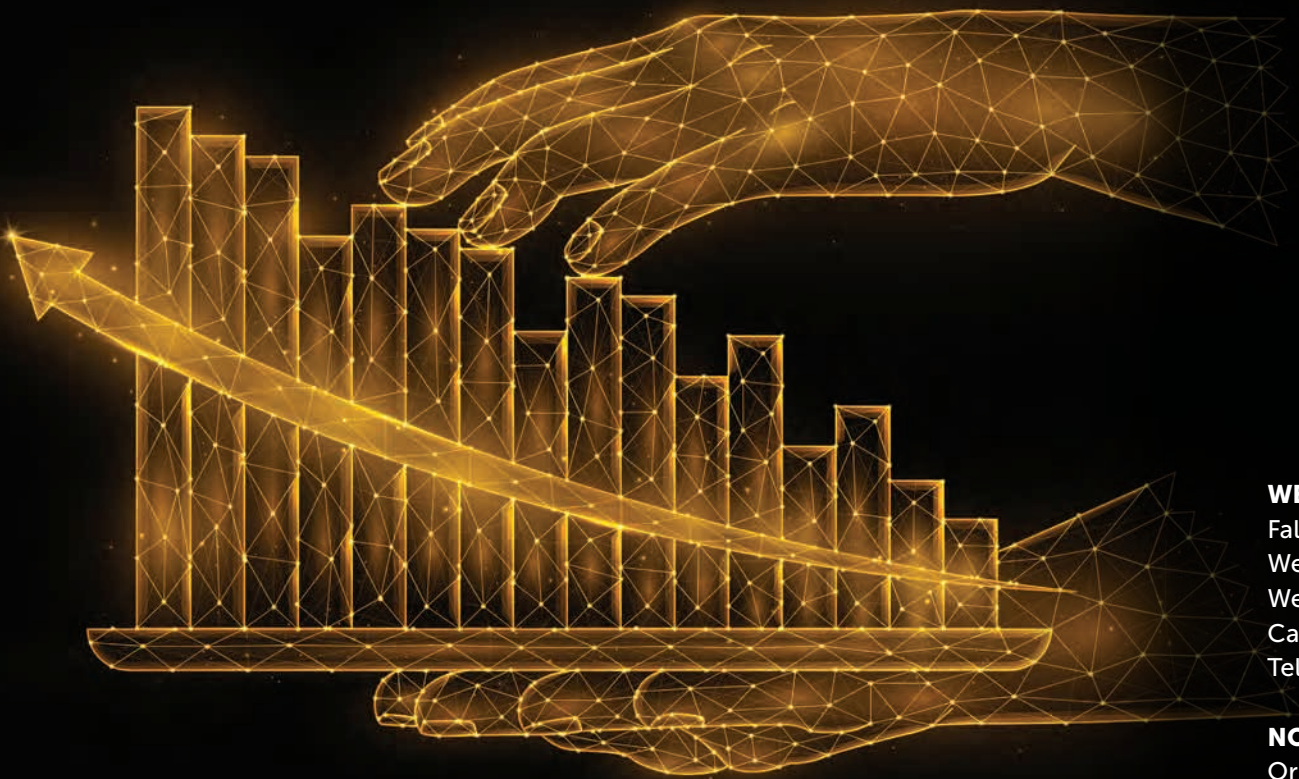
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