



2015/2016
Annual Report





Energy and Water Sector Education and Training
Authority Annual Report
for the 2015/16 Financial Year

Part A: General Information

TABLE OF CONTENTS

Presentation of the EWSETA Annual Report	5
Part A: General Information	6
1. EWSETA Information	7
2. Abbreviations and Acronyms	8
3. Strategic Overview	11
3.1 Our vision	11
3.2 Our mission	11
3.3 Our values	12
3.4 Strategic outcome-orientated goals	13
4. Legislative and Other Mandates	13
4.1 Constitutional mandates	13
4.2 Legislative mandates	13
4.3 Sector-specific regulatory framework	14
5. Organisational Structure	15
6. Foreword by the Chairperson, Mr Frans Baleni	16
6.1 The history of the NSDS landscape and the value of the SETAs	16
6.2 The key focus areas of the EWSETA for 2016/17	17
6.3 Renewable Energy and the Green Economy Accord	17
6.4 Water and sanitation	18
6.5 In Conclusion	18
7. Overview by the Chief Executive Officer, Mr Errol Gradwell	19
7.1 Alignment of strategies to government priorities	19
7.2 Maximise personal performance to company performance	20
7.3 Continuous penetration of oil, gas and nuclear sub-sectors	21
7.4 Increase impact on water and sanitation sub-sectors	22
7.5 Broadening of the provincial and regional footprint	22
7.6 In Conclusion	23
Part B: Performance Information	24
1. Statement of Responsibility for Performance Information	25
2. EWSETA Annual Performance Report 2015/16	26
Programme 1: Administration	26
Programme 2: Skills Planning, Quality Assurance and Delivery	27
Part C: Operations Overview	30
1. Overview by the Acting Chief Operations Officer, Mr Kabelo Masilo	31
1.1 How do we do this?	31
1.2 Key challenges and achievements	31
1.3 Performance overview	32
1.4 Looking forward	33
1.5 On a personal note	33
2. Regional Operations Overview	34
3. Quality Assurance and Compliance Overview	35
3.1 Qualification development	35
3.2 Skills development provider accreditation	37
3.3 Special Projects	41
3.4 In Conclusion	42
4. Project Management Overview	42



Part D: Sectoral Collaboration and Stakeholder Engagement	43
1. Overview by the Acting Sectoral Collaboration and Stakeholder Engagement Executive, Ms Tsholofelo Mokotedi	44
1.1 Key achievements aligned to key performance indicators	45
1.2 Analysis of stakeholder engagement functions	45
1.3 Special projects	46
1.4 Sectoral and provincial forums engagement	46
1.5 Other Collaborative and Engagement Platforms	47
1.6 Partnerships	48
1.7 Energy sub-sectors	49
1.8 The water and energy sector departments	49
1.9 2015/16 Outstanding Activities	50
1.10 Conclusion	50
Part E: Corporate Services	51
1. Overview by the Corporate Services Executive, Ms Candice Moodley	52
1.1 Human Resources	52
1.2 Information and Communications Technology and Facilities Management	56
1.3 Marketing and Communications	57
1.4 Strategic Marketing	59
1.5 In Conclusion	59
Part F: Governance	60
1. The Accounting Authority/Board	61
2. Report of the Audit and Risk Committee	66
2.1 Audit and Risk Members and attendance	66
2.2 Effectiveness of Internal control and Internal Audit	66
2.3 Monthly and in-year Management Reporting	67
2.4 Risk Strategy	67
2.5 Evaluation of the Annual Financial Statements and the Report on Predetermined Objectives	67
2.6 Unresolved matters	67
3. Risk Management Overview	68
3.1 Nature of risk management	68
3.2 Risk assessment	68
3.3 Risk monitoring	68
3.4 Compliance with Laws and Regulations	68
3.5 Prevention of Fraud and Corruption	68
3.6 Minimising Conflict of Interest	69
3.7 Code of Conduct	69
Part G: Financial Information	70
1. Overview by the Acting Chief Financial Officer, Ms Cathrine Kobyana	71
2. Report of the Auditor-General	73
3. Accounting Authority's Responsibilities and Approval	75
4. Accounting Authority's Report	75
5. Annual Financial Statements	77
6. Accounting Policies	81
7. Notes to the Annual Financial Statements	88



PRESENTATION OF THE EWSETA ANNUAL REPORT

In terms of Section 65 of the Public Finance Management Act, 1 of 1999, I have the honour of presenting the Annual Report of the Energy and Water Sector Education and Training Authority (EWSETA), for the period 01 April 2015 – 31 March 2016, to the Minister of Higher Education and Training, Dr Blade Nzimande.



Mr Frans Baleni
Accounting Authority Chairperson
EWSETA
31 July 2016



Part A:

General Information



1. EWSETA INFORMATION

Registered Name:	Energy and Water Sector Education and Training Authority (EWSETA)
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Website:	http://www.ewseta.org.za
RP:	RP165/2016
ISBN:	978-1-77018-807-5
External Auditors:	Auditor-General of South Africa
Bankers:	First National Bank, Rand Merchant Bank, Standard Bank



2. ABBREVIATIONS AND ACRONYMS

ACFO	Acting Chief Financial Officer
ACOO	Acting Chief Operations Officer
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
ARC	Audit and Risk Committee
ATR	Annual Training Report
CBO	Community Based Organisation
CEO	Chief Executive Officer
CHIETA	Chemical Industries Education and Training Authority
COBIT	Control Objectives for Information and related Technology
COID	Compensation for Occupational Injuries and Diseases
COSO	Committee of Sponsoring Organisations of the Treadway Commission
CPD	Continuous Professional Development
CRR	Capital Replacement Reserve
CSP	Concentrated Solar Power
CUT	Central University of Technology
DBSA	Development Bank of South Africa
DG	Discretionary Grant
DHET	Department of Higher Education and Training
DOE	Department of Energy
DOL	Department of Labour
DTI	Department of Trade and Industry
DWS	Department of Water and Sanitation
EPC	Engineering, Procurement and Construction
ETQA	Education and Training Quality Assurance
EWSETA	Energy and Water Sector Education and Training Authority
EY	Ernest and Young
FET water	Framework for research, Education and Training programme in the water sector
FMPPI	Framework for Managing Programme Performance Information
FP&M SETA	Fibre Processing and Manufacturing Sector Education and Training Authority
GAMAP	Generally Accepted Municipal Accounting Practice
GDARD	Gauteng Department of Agriculture and Rural Development
GETC	General Education and Training Certificate
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
HET	Higher Education and Training
HR	Human Resources
HRD	Human Resources Development
HRDC	Human Resource Development Council

HRDS	Human Resource Development Strategy
HRRC	Human Resources and Remuneration Committee
HRRC	Human Resources and Remuneration Committee
IAS	International Accounting Standards
ICT	Information and Communications Technology
IDZ	Industrial Development Zone
IMFO	Institute of Municipal Finance Officers
IPAP	Industrial Policy Action Plan
IPSAS	International Public Sector Accounting Standards
IRP	Integrated Resource Plan
IT	Information Technology
IWA	International Water Association
KPI	Key Performance Indicators
M&E	Monitoring and Evaluation
MEC	Member of the Executive Council
ME's	Municipal Entities
MERSETA	Manufacturing, Engineering and Related Services Education and Training Authority
MFMA	Municipal Finance Management Act
MG	Mandatory Grant
MIS	Management Information System
MoU	Memorandum of Understanding
NBI	National Business Initiative
NC	National Certificate
NCV	National Certificate Vocational
NDP	National Development Plan
NEDLAC	National Economic Development and Labour Council
NERSA	National Energy Regulator of South Africa
NGO	Non-Governmental Organisations
NGP	New Growth Plan
NIASA	Nuclear Industry Association of South Africa
NSDS	National Skills Development Strategy
NSF	National Skills Fund
NSFAS	National Student Financial Aid Scheme
NWRS	National Water Resource Strategy
O&M	Operations and Management
OFO	Organising Framework for Occupations
OP	Operational Plan
PFMA	Public Finance Management Act
PIVOTAL	Professional, Vocational, Technical and Academic Learning
QACD	Quality Assurance and Compliance Department
QCTO	Quality Council for Trades and Occupations
RPL	Recognition of Prior Learning

Part A: General Information

SACGC	South African Council for Graduates Cooperative
SA GAAP	South African Statements of Generally Accepted Accounting Practice
SAIPPA	South African Independent Power Producers Association
SANACO	South African National Apex Cooperatives
SAQA	South African Qualifications Authority
SATN	South African Technology Network conference
SBIDZ	Saldanha Bay Industrial Development Zone
SDP	Skills Development Provider
SETA	Sector Education and Training Authority
SGF	Strategic Growth Forum
SIC	Standard Industrial Classification
SIP	Strategic Integrated Project
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprise
SOC	State Owned Company
SOE	State Owned Enterprise
SONA	State of the Nation Address
SOP	Standard Operating Procedure
SSP	Sector Skills Plan
TETA	Transport Education & Training Authority
TMG	Tosaca Medical Group
TUT	Tshwane University of Technology
TVET	Technical Vocational Education and Training
UIF	Unemployment Insurance Fund
UN	United Nations
UOT	Universities of Technology
VUT	Vaal University of Technology
W&R SETA	Wholesale & Retail SETA
WOL	War on Leaks programme
WRC	Water Research Commission
WSP	Workplace Skills Plan
WSSLG	Water and Sanitation Sector Leadership Group
YWP	Young Water Professionals conference
YWP-ZA	Young Water Professionals conference South Africa

3. STRATEGIC OVERVIEW

The Energy and Water Sector Education and Training Authority (EWSSETA) is one of the 21 SETAs established in terms of Section 9 of the Skills Development Act, 97 of 1998, as amended and reports to the Honourable Minister of the Department of Higher Education and Training, Dr Blade Nzimande.

Our mandate is to anticipate, build and manage the skills development and training needs of the energy and water services sector through strategic skills planning within the context of the National Skills Development Strategy (NSDS III).

We do this by:

- Establishing and registering learning programmes;
- Approving Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs);
- Disbursing mandatory grants to levy-paying employers, and disbursing discretionary grants to stakeholders including skills development providers, public education and training institutions, learners, NGOs, CBOs, cooperatives and worker-initiated programmes;
- Monitoring and quality assuring education and training in the energy and water sectors; and
- Promoting learnerships, internships, apprenticeships and other learning programmes in the sector.

The sub-sectors we service includes:

- Electricity;
- Oil and gas;
- Nuclear;
- Renewable energy; and
- Water, waste and sanitation.

NSDS III ensures our strategy is aligned with key national development strategies and macro-economic policies, some of which include:

- National Development Plan (NDP);
- National Infrastructure Plan of which the Strategic Integrated Projects (SIPs) are integrated;
- Whitepaper on Post School Education and Training;
- The Human Resource Development Strategy of South Africa;
- National Youth Accord;
- New Growth Plan (NGP);
- Industrial Policy Action Plan (IPAP 2);
- Integrated Resource Plan (IRP);
- Strategic Framework for Water Services;
- National Water Act; and
- National Energy Act.

Our strategic objectives are to:

- Strengthen institutional capabilities to meet the skills development needs of the energy and water services sectors;
- Establish and continuously improve a credible institutional mechanism for skills planning;
- Increase access to occupationally-directed programmes;
- Promote the growth of a public TVET college system that is responsive to sector, local, regional and national skills needs and priorities;
- Address the low level of youth and adult language and numeracy skills to enable further training;
- Encourage better use of workplace-based skills development;
- Encourage and support cooperatives, small enterprises, worker-initiated initiatives and NGO and community training initiatives;
- Build career and vocational guidance;
- Focus the EWSSETA on technologies and skills that support green growth and sustainability; and
- Promote access to training and skills development aimed at solving inequities linked to class, race, gender, age, geographical location, HIV/AIDS and disability.

3.1 Our vision

Our vision is to be the recognised, reputable and leading authority in world-class skills development facilitation for the energy and water services sector.

3.2 Our mission

Our mission is to comprehensively research and gain a sound understanding of the skills demand and supply forces in our sector. We aim to:

- Co-ordinate, facilitate and provide quality assurance for sector-relevant skills development programmes for our stakeholders, as aligned with stated national skills development priorities; and
- Generate, articulate and execute a skills sector pipeline with a positive impact on the government's economic growth policies, employment creation policies and poverty eradication strategies.

Part A: General Information

3.3 Our values

We entrench an organisational culture that is conducive to the following values:

Visionary leadership

- Keeping the EWSETA's vision, mission, mandates and values at the forefront of associated decision-making and action.

Stakeholder orientation

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

Continuous learning and research

- Actively identifying new areas for organisational learning and positioning; regularly creating and taking advantage of learning opportunities; using newly-gained knowledge to drive organisational and personal performance and delivery.

Driving for results

- Setting high goals for personal and group accomplishment; measuring and monitoring progress towards goal attainment; meeting or exceeding those goals with tenacity; and deriving satisfaction from goal achievement and continuous improvement.

Building collaborative working relationships

- Developing and using collaborative relationships to accomplish business goals.

Quality orientation

- Accomplishing objectives and tasks holistically; being aware of all activities and engagements; establishing and controlling processes and systems accurately; and being continuously watchful.

Demonstrating personal integrity

- Interacting with others in a way that inspires confidence in the intentions of the EWSETA staff and the organisation.

3.4 Strategic outcome-orientated goals

	Strategic Outcome-Orientated Goal	Goal Statement
1	Strengthen institutional capabilities to meet the skills development needs of the energy and water sectors.	Establish governance and management systems within the EWSETA to appropriately manage all resources and ensure sustainable and reliable organisational performance and compliance.
2	Addressing the skills shortage within the energy and water sectors.	Address the skills shortage in the energy and water sector through PIVOTAL programmes and establishment of a credible institutional research mechanism by March 2020.
3	A sustainable socio-economic development plan for informal sectors including SMMEs.	Engage with small businesses, trade unions, NGOs and community based organisations in the sector and identify skills needs and strategies to support sustainable economic development in rural, township and other relevant sector partners in the energy and water sectors.

4. LEGISLATIVE AND OTHER MANDATES

4.1 Constitutional mandates

The Constitution of the Republic of South Africa forms the basis of an education system that is based on the values of human dignity, equality, human rights, freedom, non-racism and non-sexism, and guarantees basic education to all.

4.2 Legislative mandates

The following acts and associated regulations directly inform the strategic and operational functionality of the EWSETA:

National legislation and regulations

- *South African Qualifications Authority Act 58 of 1995*: Forms the scaffolding for a national learning system that integrates education and training at all levels.
- *Further Education and Training Act 16 of 1998*: Provides the basis for the development of nationally coordinated further education and training.
- *General Education and Further Education and Training Quality Assessment Act 58 of 2001*: Provides for the development of norms and standards for curricula and assessments.
- *Public Finance Management Act 1 of 1999 and Treasury Regulations 2005*: Promotes the objective of good financial management in order to maximise service delivery.
- *The Preferential Procurement Policy Framework Act 5 of 2000 and Regulations 2011*: Guides procurement in government where a preference point system must be followed.
- *National Skills Development Strategy NSDS III*: Defines the national skills development framework and targets against which all SETA's must deliver.
- *Skills Development Act 97 of 1998*: Forms the basis of the existence of all SETA's and their operating mandate.

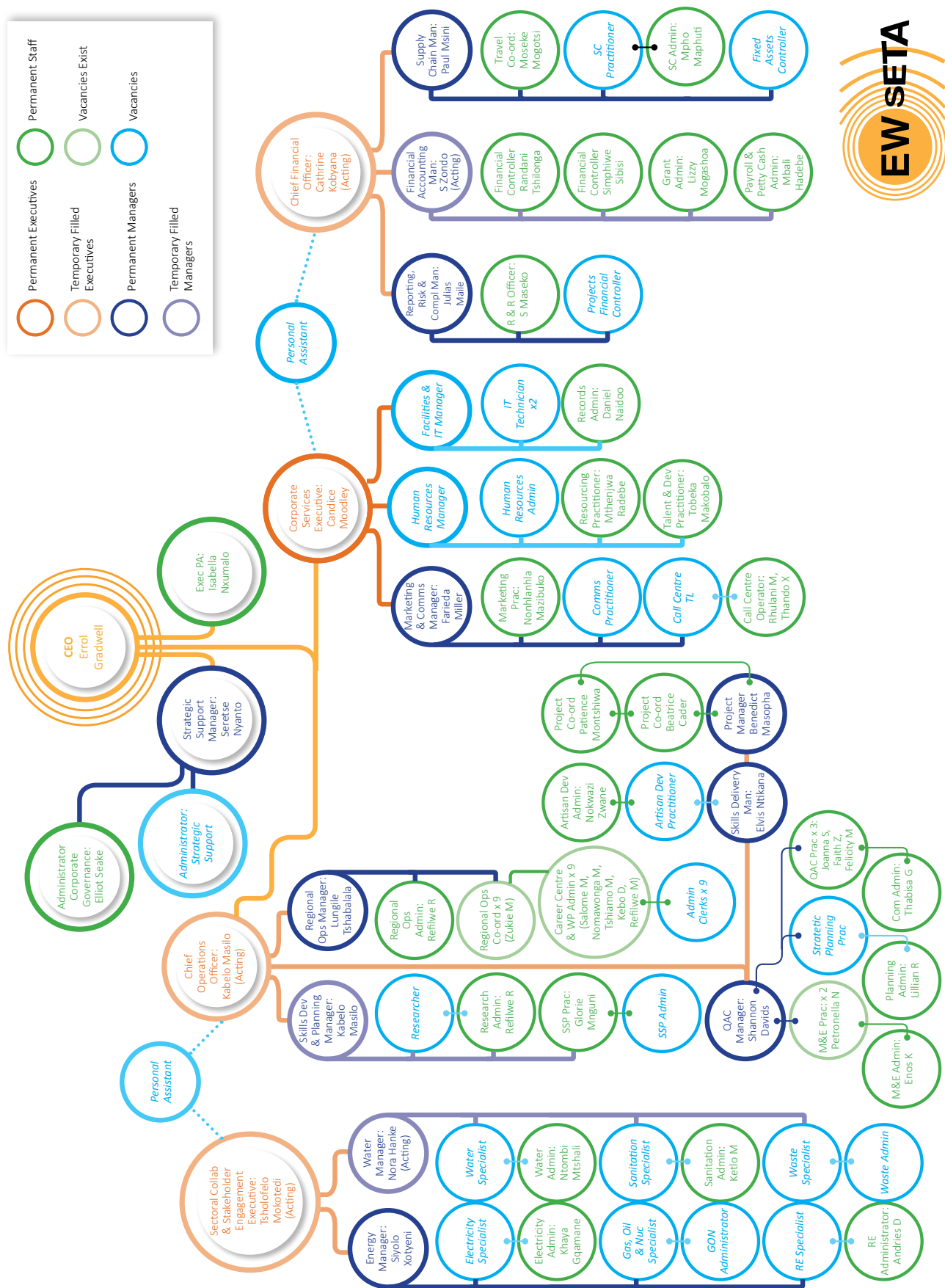
- *Employment Equity Act 55 of 1998*: Provides a framework for implementing affirmative action and protects workers and job seekers from unfair discrimination.
- *Basic Conditions of Employment Act 75 of 1997*: Forms the basis of all employment relationships and is the backdrop to both learnership agreements and internal EWSETA employee relations.
- *Labour Relations Act 60 of 1995*: Governs both internal employee/employer relationships and external learner/ employer relationships.
- *The Division of Revenue Act 38 of 2014 (enacted annually)*: Defines the budgetary allocations for governmental organisations.
- *King III, 2009*: Informs the functioning of the board and its sub-committees.
- *Quality Council for Trades and Occupations (QCTO) gazetted in Government Gazette No 33059, 1st of April 2010*: Oversees the quality of the curriculum development, the accreditation of qualifications and assessment.
- *The Medium Term Strategic Framework*: Designed to guide governmental policy and the programme of action over the next five years.
- *The Human Resource Development Strategy for South Africa, 2009*: Promotes the maximisation of the potential of the people of South Africa, through the acquisition of knowledge and skills.
- *New Growth Path (NGP) 2010*: Provides bold, imaginative and effective strategies to create the millions of new jobs South Africa needs.
- *Green Economy Accord 2011*: Aims to create 300,000 jobs by 2020 in the Green Economy.
- *National Development Plan (NDP), 2013*: Aims to eliminate poverty and reduce inequality by 2013.

4.3 Sector-specific regulatory framework

In addition to the national legislation above, the following sector regulations directly influence and inform the focus of EWSETA operations:

- *The Strategic Framework for Water Services, 2003*: Sets out a comprehensive approach with respect to the provision of water services.
- *The National Water Resource Strategy (NWRS), 2012*: Provides a framework for the use, development, conservation, management and control of water resources.
- *Industrial Policy Action Plan (IPAP 2), 2010/11 – 2012/13*: Sets out in detail key actions and time frames for the implementation of industrial policy.
- *Water Services Amendment Act, 30 of 2004*: Provides for the rights of access to basic water supply and basic sanitation and for the setting of national standards and tariffs.
- *National Water Act, 36 of 1998*: Acknowledges the National Government's overall responsibility for and authority over the nation's water resources and their use.
- *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 are necessary to enable municipalities to move progressively towards the social and economic upliftment of local communities.
- *Municipal Finance Management Act, 56 of 2003*: Promotes the objective of good financial management in order to maximise service delivery.
- *Nuclear Energy Act 1999 Act, 46 of 1999*: Provides for the establishment of the South African Nuclear Energy Corporation Limited.
- *National Nuclear Regulator (NNR) Act, 47 of 1999*: Provides for the protection of persons, property and the environment against nuclear damage through the establishment of 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.

5. ORGANISATIONAL STRUCTURE





Mr Frans Baleni
Accounting Authority Chairperson

“My experience [in working with the EWSETA] was eye-opening and it showed me that even the smallest ideas can have a huge impact in life.” Sphesihle Mndaweni, learner and delegate of the WISA conference.

6. FOREWORD BY THE CHAIRPERSON, MR FRANS BALENI

None of what the EWSETA accomplishes can be achieved in isolation. The value of strong partnerships within the EWSETA is one that is of highest priority and during the past year, we have continued to create and develop mutually beneficial partnerships that help us to achieve our objectives.

Broadly speaking, the key objectives of the EWSETA are:

- To strengthen institutional capabilities to meet the skills development needs of the energy and water services sectors;
- To establish and continuously improve a credible institutional mechanism for skills planning;
- To increase access to occupationally-directed programmes;
- To promote the growth of a public TVET college system that is responsive to sector, local, regional and national skills needs and priorities;
- To address the low level of youth and adult language and numeracy skills to enable further training;
- To encourage better use of workplace-based skills development;
- To encourage and support cooperatives, small enterprises, worker-initiated initiatives and NGO and community training initiatives;
- To build career and vocational guidance;
- To focus the EWSETA on technologies and skills that support green growth and sustainability; and
- To promote access to training and skills development aimed at solving inequities linked to class, race, gender, age, geographical location, HIV/AIDS and disability.

We have made great progress towards achieving these objectives, despite the adversity and uncertainty that we faced during the year. Before the announcement of the extension of the NSDS III, we were unsure of what the future would bring. In order to understand where we're going, we need to understand where we've come from.

6.1 The history of the NSDS landscape and the value of the SETAs

Due to the identified lack of skills within South Africa's industries, the Department of Labour (DOL) was required to prepare a National Skills Development Strategy (NSDS) to address the shortage of skills. It was only in November 2009 that the Department of Higher Education and Training (DHET) took over the reins of the National Qualifications Framework (NQF) from the Department of Labour - a decision that was made based on the relevancy and importance that the NQF holds in terms of the development of a professional workforce.

The National Skills Development Strategy (NSDS) contributes to the sustainable development of skills, growth and equity of skills development institutions by aligning their work and resources to the skills needs for effective delivery and implementation.

Over the years since the establishment of SETA's, the landscape has always taken into account the skills needs of the country, hence the reestablishment of the SETA's every five years.

We are at a point where the NSDS III's mandate has come to an end. A new SETA landscape and the National Development Skills Development Strategy is to be developed. We are confident that as we walk this path individually and with all other partners within NEDLAC, we have to take into account the current economic situation in our country.

We are in need of enhancing and doubling our effort in developing artisans to better our economy. We also need to align all our policy frameworks that seek to advance skills development. This could only be done if all the stakeholders work together in growing our economy and bettering people's lives as agents of development.

The NSDS has been developed in different phases – from the NSDS I to the NSDS III – where each phase has evolved to meet the changing needs of the skills environment.

The need for SETAs in the fulfilment of the NDP through the NSDS cannot be understated. Their critical role in the development of Sector Skills Plans (SSPs) to build a connected labour market information system across all the sectors is vital to determining the current and future learning and qualifications needs of workers and their employers.

In addition, their expertise in labour market intelligence and strategies to address these needs are set out clearly in the SSP. The development of interventions to match education and training supply and demand are key to meeting the needs of sector employers. Sector-based initiatives ensure that these employers lead the sector skills activities for continued congruency in the sector.

There are many important roles that the SETAs play in skills development in South Africa and it is my opinion that the SETAs should be key in this process, even past 2018 when the proposed landscape detailed in the whitepaper is likely to be introduced.

6.2 The key focus areas of the EWSETA for 2016/17

During the extended period of the NSDS III and more specifically for the 2016/17 year ahead, the SETAs will focus on the following areas:

- Artisan development;
- TVET graduate placement, Universities of Technology (UOT) work integrated learning placement, learnerships and internships;
- Project alignment to the presidential commitments as outlined in the State of the Nation Address (SONA);
- Centres of specialisation project (TVET colleges become specialised in certain skills);
- Close involvement of the SETAs with new college campuses; and
- Revitalisation of the township and rural economy.

Another key area, which is particularly important to the Water and Energy sectors, is renewable energy and green skills development.

6.3 Renewable Energy and the Green Economy Accord

South Africa has a unique opportunity to create employment opportunities through the development of sustainable, renewable natural resources, including energy, water and biodiversity. In line with the New Growth Path (NGP), the development of green skills can create in excess of 5 million new jobs by 2020 through the implementation of the Green Economy Accord.

The Green Economy Accord consists of 12 commitments that will lobby the private sector, organised labour, communities and government in a strong partnership to promote the Green Economy in the country.

These commitments cover the development and implementation of strategies to increase investments in the green economy, rollout initiatives that aim to reduce carbon footprint, promote means to use energy and water resources more efficiently and most importantly to the EWSETA, to promote economic development through the promotion of localisation, youth employment, cooperatives and skills development.

The EWSETA is fully committed to producing green skills for South Africa. A number of interventions have already been put in place and some of the key projects include:

• The War on Leaks programme:

This programme aims to train 15,000 youths as plumbers and artisans to play a vital role in the fight against water leaks in local communities.

• Green Youth Indaba:

EWSETA together with the FP&M SETA and the Department of Environmental Affairs host this event annually. The event is geared towards introducing green opportunities to youth and developing strategies to fund green innovations and green careers.

• Partnership with the South African Independent Power Producers Association (SAIPPA):

This partnership aims to establish the UN Women in Oil South Africa, promoting and empowering women in the energy sector.

• Richard's Bay IDZ Skills Summit:

Following the success of the Saldanha Bay IDZ Skills Summit in 2014/15, the initiatives of the Saldanha Bay IDZ Skills Summit will be rolled out in the Richards Bay IDZ to further skills development specifically in the renewable energy sub-sectors of solar, biomass and fuel cells, and oil and gas sub-sectors, in line with National Government's mandates.

Many other significant projects are currently in progress to support the Green Economy Accord, details of which can be found throughout this Annual Report.

Part A: General Information

6.4 Water and sanitation

According to Government's address to the people of South Africa in November 2015, on the drought and water scarcity experienced since 2013, our state of water storage across the country is estimated at 64.3% of our normal full supply, compared with 74.6% storage level the previous year at the same time. This indicates the severity of the drought and the effects of El Nino on our water supply in the country. It was further indicated in this address that between 37% and 42% of potable water is unaccounted for and is lost through water leaks, wastage and illegal connections.

This has significant impact on the work of the EWSETA, as we tackle skills shortages in areas such as artisans' development, by producing a skilled workforce who is able to lessen the loss of water and related challenges.

The development of scarce skills to lessen the impact of the drought on South Africa is of utmost priority to the EWSETA; and through the capacitation of the Sectoral Collaboration and Stakeholder Engagement (SC&SE) branch, we have been able to create strategies to address the skills shortage needed to curb these effects. Some of these key projects include the War on Leaks, the Young Water Professionals Conference, and FET water programme, amongst others.

6.5 In Conclusion

The intelligent interventions that the EWSETA has conducted and initiated during the year under review, all reflect the unwavering commitment of the EWSETA to the energy and water sectors in South Africa.

Further collaboration and engagement with key stakeholders such as government bodies, employers, higher education and training institutions, to name a few, remains the cornerstone of the EWSETA's success. Collectively we can overcome challenges faced by the sectors and through strategic and comprehensive planning, we can work towards achieving the objectives of the NSDS III and ultimately, the NDP. We look forward to a fruitful 2016/17 year.



Mr Frans Baleni
Chairperson
EWSETA
31 July 2016



Mr Errol Gradwell
Chief Executive Officer

“I am of the view that [EWSETA] is one of the SETAs that seeks to fulfil its statutory role the best way possible to impact positively to the sector in many ways hence it is always offering opportunities for small businesses and big business alike to work in partnership with it towards skills development for both the employed and unemployed.” Kedibone Matampi, Managing Director, Institute for Local Government & Housing.

7. OVERVIEW BY THE CHIEF EXECUTIVE OFFICER, MR ERROL GRADWELL

As mentioned in the Chairperson’s foreword, the re-establishment of the SETAs for another two years has given us renewed energy to pursue our objectives under the auspices of the NSDS III going forward.

During the year under review, and before the re-establishment of the SETAs was officially announced, the EWSETA faced some uncertainty about its future. I am pleased to say that this didn’t hinder our progress in terms of achieving our objectives and on the contrary, it made us all the more committed to proving our value through the numerous skills development interventions we undertook during the year.

We are constantly looking at smarter and better ways to contribute to the development of skills in the energy and water sector and part of that process involves looking back on the promises we made and assessing whether we delivered on those promises.

At the start of the 2015/16 year under review, I highlighted a number of key commitments that the EWSETA will focus on carrying out through the year. They were:

- Alignment of strategies to government priorities;
- Maximise personal performance to company performance;
- Continuous improvement of business processes and systems;
- Continuous penetration of nuclear and oil and gas sub-sectors;
- Increase impact on water and sanitation sub-sectors; and
- Broadening of provincial and regional footprint.

I am pleased to report that we made significant inroads into achieving these commitments, as detailed below:

7.1 Alignment of strategies to government priorities

During December 2015, the Minister of Higher Education and Training, Dr Blade Nzimande made a call to all the SETAs to align their projects with the State of the Nation Address (SONA) as delivered by the President, Mr Jacob Zuma.

In its efforts to respond to this call, and to align its own strategies with those of the government, the EWSETA implemented the following projects:

- **SONA point of reference: Support of State Owned Companies (SOCs)**
 - EWSETA funded learning programmes to develop the Eskom workforce skills; and
 - EWSETA paid out mandatory grants to Eskom in support of skills development of the SOC.
- **SONA point of reference: Empowerment of SMMEs (black entrepreneurs), co-operatives, renewable energy and township and rural enterprises**

Part A: General Information

- EWSETA funded Fasego Environtech Engineering and Investments for its Solar Water Heating System Enterprise Development Day;
- EWSETA funded the Desmond Tutu Centre for Leadership's training programmes covering Rain Water Harvesting, Leakage Repairs and Co-Operative Development; and
- ESWETA funded SANACO in developing co-operatives through its Electrical Engineering programmes.

• SONA point of reference: Water and sanitation

- EWSETA funded Mahube Training and Development for training learners in water related skills development; and
- EWSETA funded the Stellenbosch University Water Institute to promote the growth of public TVET college systems (lectures improvement) within Water and Sanitation.

• SONA point of reference: Medupi and Kusile

- EWSETA is funding the Lephalale TVET College in partnership with Medupi Leadership Innovation, in its Electrical Engineering skills programme.

• SONA point of reference: War on Leaks programme

- EWSETA has partnered with the Department of Water and Sanitation and Rand Water, to train 15,000 water agents, artisans and plumbers who will attend to water conservation and demand management in their local communities across the country.

• SONA point of reference: Operation Phakisa and the ocean economy

- EWSETA has, in partnership with the Department of Trade and Industry (DTI) and the Saldanha Bay Industrial Development Zone (SBIDZ), initiated training in its advanced skills programme. The clusters are welding, fabrication, electricians, rigging, plumbing, bricklayers and carpenters. The specialised skills programmes include hydraulics, pneumatics and instrumentation for the community of Saldanha Bay IDZ and West Coast. There are plans underway for other IDZ's including Richards Bay.

• SONA point of reference: Renewable energy

- EWSETA funded the False Bay TVET college for training programmes in solar heating installation and maintenance; and
- EWSETA has initiated the Nelson Mandela Bay Metro community-based solar heating installation and advanced entrepreneurship training.

• SONA point of reference: Nuclear energy

- EWSETA has signed a collaboration agreement with the 12EN International Institute of Nuclear Energy – a French consortium whose mission is to provide education and training to those in the nuclear industry.
- EWSETA entered into discussions with, and undertook a study tour to Rosatom Moscow, to study and agree on nuclear energy education and training programmes offered by subsidiaries in the Rosatom group of entities. The areas of focus are Engineering, Procurement and Construction (EPC) and Operations and Management (O&M).

• SONA point of reference: European Union Collaboration

- SafeWaterAfrica: This joint European/African project will research and develop an autonomous and decentralised water development system for rural and peri-urban areas. The South African Steering Committee consists of (among others), the EWSETA, Tshwane University of Technology (TUT), Department of Science and Technology and Stellenbosch University, and others.

• Strategic Integrated Projects (SIPs)

- Eighteen SIPs have been developed that integrate more than 150 of the individual infrastructure plans into a coherent package. The SIPs cover social and economic infrastructure across all nine provinces, with particular emphasis on lagging regions. SIPs cover catalytic projects that can fast-track development and growth. Work is being aligned with key cross-cutting areas: human settlement planning and skills development.

7.2 Maximise personal performance to company performance

The main priority of this commitment was to create a strategic and integrated approach to performance management, which aimed to increase the effectiveness of the EWSETA by improving the performance of the EWSETA staff, and by developing the capabilities of teams and individual contributors all of which uplift the performance of the organisation.

Performance Management System

We introduced and implemented a Performance Management System into the organisation. The process began with a thorough pilot system with executive management, after which it was rolled out to include the entire organisation. The process of monitoring and evaluation of performance is steady and the goals and objectives of teams and individuals are now inextricably linked with that of the EWSETA mandate.

Promotions and temporary staff

In addition to the implementation of the Performance Management System, we optimised our internal staff compliment through promotions of staff whose capabilities to perform higher job functions were apparent. This boosted company morale, and also meets the objectives of the company to maximise its own overall performance. The promotion of these individuals did, however create gaps in various departments but we were able to fill those gaps through an internal recruitment process that resulted in our temporary staff being permanently appointed, thereby ensuring business continuity across all departments.

Continuous improvement of business processes and systems

The EWSETA had committed to improving business processes and systems, to improve service delivery and efficiency across all departments. We achieved this through:

ICT

The use of the Management Information System with a Labour Demand and Supply module allows us to classify, analyse and edit all labour demand and supply of skills that exist within the energy and water sectors.

Furthermore, as promised in our Operational Plan, we have developed an online system for discretionary grant disbursements. This has made a significant impact on the collecting, managing and processing of project funding by streamlining and automating this process.

Sectoral Collaboration and Stakeholder Engagement branch capacitation

Through capacitating the Sectoral Collaboration and Stakeholder Engagement (SC&SE) branch, we are able to strengthen our presence within the energy and water sectors by creating mutually beneficial partnerships and relationships with employers, training providers and other stakeholders in the sectors.

Monitoring and Evaluation (M&E) Framework

During the previous financial year, it was found that the EWSETA was in need of a refined framework for monitoring and evaluation. Although there were tools and measures in place, the actual monitoring and evaluation process was not optimised which resulted in a negative result.

To remedy this finding, the EWSETA developed an improved monitoring and evaluation framework. The M&E Framework is mandated from the NSDS III and its development by the EWSETA responds directly to this mandate.

Monitoring and evaluation is done in various ways, through:

- Reports from stakeholders;
- Visits made to the stakeholders;
- Stakeholder sessions at the EWSETA; and
- One-on-one consultation with the stakeholders.

Internal monitoring and evaluation starts at Accounting Authority level and spans from there to business branches, departmental management to middle management. Internal monitoring and evaluation involves data collection, assessments of the progress of projects and analysing the expected performance outcomes of projects.

External stakeholder monitoring and evaluation is done through the Auditor-General, the DHET and reports are submitted to the Portfolio Committee. Processes are in place to monitor the Workplace Skills Plans, Annual Training Reports, PIVOTAL Training Plans as well as the entire quality management system.

A number of interventions were put in place at the EWSETA in response to the M&E Framework. The EWSETA's Executive Management committed every manager in the organisation to become involved in the M&E process. Managers were then required to visit stakeholders, visit some of the projects and consult with the stakeholders on their projects. For example, after an SLA is signed with a stakeholder for a particular project, the stakeholder is invited to the EWSETA offices to discuss each parties SLA obligations, agree on expectations of each party during the project and to understand the funds disbursement procedures.

A number of M&E tools have been developed for the use of staff in order to effectively monitor their projects. The SC&SE branch drives this process and the M&E implementation framework for the EWSETA.

Standard Operating Procedures

The implementation of the Standard Operating Procedures (SOP) has helped to clarify the roles and responsibilities of staff and has assisted in the timely completion of tasks. More stringent controls in line with the SOP has enabled the EWSETA to address areas of non-compliance.

Operational Plan

The EWSETA submits its Annual Performance Plan to the Department of Higher Education and Training as required in terms of the PFMA, Section 53 (1) (c). The Annual Performance Plan is linked to the approved Strategic Plan and is prepared in accordance with the National Treasury Framework for Strategic Plans and Annual Performance Plans. The Annual Performance Plan represents priorities and programmes which are pursued during the financial year.

The implementation of a comprehensive Operational Plan Annual Performance Plan has helped to streamline the EWSETA's operations. The Operational Plan is a tool used to arrange and allocate resources, functions and responsibilities in order to meet EWSETA's objectives for the year.

7.3 Continuous penetration of oil, gas and nuclear sub-sectors

Skills development in the energy sector has been fragmented in the past. For the first time, the Energy Policy Planning and Clean Energy branch of the Department of Energy (DOE) recognises the contributions of the EWSETA in the major energy projects that they are planning. It is crucial that the EWSETA become involved in major energy projects at the planning phase rather than at the implementation phase, which is what was happening in the past, in order for the proactive planning of human resource availability. The EWSETA is very excited about the partnership with this branch of the Department of Energy.

Oil and gas sub-sectors

In its efforts to make further inroads into the oil and gas sub-sectors, the EWSETA has representation in the Human Resource Development Council (HRDC) Forum in the Northern Cape. The purpose of these forums is to implement the National HRDC strategic goals at provincial level. The Provincial Growth Development Strategy in relation to energy and water is supported through this Forum.

In addition, the EWSETA holds a position in the Offshore Oil and Gas Skills Working Group for Operation Phakisa, together with other SETAs and key stakeholders in the sector.

Operation Phakisa is aimed at unlocking the potential of the ocean economy for South Africa. The initiative supports the economic growth and job creation goals of the National Development Plan (NDP).

Part A: General Information

The EWSETA contributed significantly in the development of a roadmap under the auspices of Operation Phakisa, for the oil and gas sectors. The roadmap identifies the demand and supply of skills in the oil and gas sectors, particularly those skills that are scarce. It not only identifies those scarce skills, but it also aims to ensure that there are sufficient qualifications and training providers (for middle level skills provided by TVETs and private institutions; and high level skills provided by Universities and Universities of Technology) available to provide those unique skill sets needed.

The priority is to use the resources that are already available – for example, certain TVETs can provide specialised training programmes for some of these scarce skills already – and utilising the resources of projects that are already being implemented so the process is optimised for efficiency. Where the resources are found to be lacking in some areas, plans and procedures are put in place to establish the resources needed to close those gaps.

A number of stakeholders are involved in developing this roadmap, with each one adding its respective expertise based on their areas of focus, to meet their own skills requirements within the oil and gas sectors. Currently, the EWSETA is in the process of exploring co-funding mechanisms which will be shared by the SETAs that are involved in the project.

Collaboration and engagement with all relevant stakeholders is of utmost importance in the implementation of Operation Phakisa, and the EWSETA is committed to working closely with stakeholders to achieve its objectives.

Other ongoing key partnerships

During the period under review, the EWSETA has partnered with a number of key stakeholders to gain further penetration within the oil and gas sub-sectors. These partnerships are ongoing and the results of these collaborations can be expected during the course of the 2016/17 year. Some of the key partnerships are:

- The EWSETA partnered with the South Africa Independent Power Producers Association (SAIPPA) to establish the United Nations Women in Oil South Africa. This further illustrates the magnitude of the work of the EWSETA within the oil and gas sub-sectors.
- A strategic partnership with the National Youth Development Agency has also been established and is centred on skills training, mentorship and sustainability.

Nuclear sub-sector

The EWSETA has engaged in discussions with the Nuclear Industry Association of South Africa (NIASA) to introduce the sub-sector skills required for the New Nuclear Build Project. There is room for further engagement and updates on the process will be provided throughout the 2016/17 year.

As mentioned in point 1 above, the EWSETA also engaged in discussions with Rosatom in Moscow, who is one of the world's largest nuclear energy producers. Rosatom has a number of institutions that offer training at the level of artisans, Recognition of Prior Learning (RPL), internships, technicians and the like. Through this discussion, the EWSETA is in the process of crafting a framework for skills development in the nuclear sub-sector.

The EWSETA also signed a Memorandum of Understanding (MoU) with the 12EN International Institute of Nuclear Energy in France, who focuses on education and training for nuclear skills development. The MoU aims to:

- Strengthen the partnership through training the nuclear workforce;
- Assist in the founding document that outlines a virtual training institution in South Africa that focuses on nuclear skills development; and
- Engage with the 12EN to bring their training programmes to South Africa and for our Quality Assurance department to vet their work and align their training programmes to our own National Qualifications Framework (NQF).

The EWSETA will endeavour to further establish these partnerships, both locally and internationally, to establish credible nuclear skills training programmes for South Africa.

7.4 Increase impact on water and sanitation sub-sectors

The EWSETA has performed well in the areas of water and sanitation. During the period under review, the EWSETA took part in the following projects among others, to support the water and sanitation sub-sectors:

- The Young Water Professionals Conference;
- The Green Youth indaba;
- The War on Leaks programme; and
- The FETwater Framework (framework programme for research, education and training in the water sector).

More information on these projects is detailed in the Sectoral Collaboration and Stakeholder Engagement Report on page 43.

The EWSETA is robustly responding to the call of the water sector by ensuring that forecasted occupations are paired with relevant occupational qualifications to feed the skills demand of the water sector. This will ensure sustainable professional development and growth for both the water sector and the education and training providers within the same sector.

Occupations identified were listed as critical in the functioning of the water sector and were in need of a registered national qualification. The needs were identified through research with water stakeholders and government departments, to bring into effect what is legislated. The EWSETA is tasked with the responsibility of developing specific occupational qualifications to address the needs of the water sector, which are planned for the 2016/17 financial year.

7.5 Broadening of the provincial and regional footprint

It is imperative that the EWSETA continues to broaden its footprint across the country, to ensure alignment in responding to the skills development and training priorities of both provincial and regional government bodies.

The EWSETA has partnered with some TVET colleges around the country and an agreement was reached that the TVET College allocate office space to the workings of the EWSETA, in the following provinces:

- *Free State*: Office established at a TVET College, and a satellite office is being finalised with another Free State TVET College;
- *Kwazulu-Natal*: Office space allocation at 1 TVET College;
- *Eastern Cape*: Office established at a TVET College, and a satellite office is being finalised with another Eastern Cape TVET College;
- *North West*: Offices established at 2 TVET Colleges; and
- *Western Cape*: Office established at a TVET College.

More details regarding these allocations can be found in the Operations Report on page 31.

Presence at Provincial Government Level

Through the collaboration agreements signed with a number of Provincial Governments, EWSETA is enabled to forge a positive relationship with various government departments. To date, the EWSETA has signed collaborative agreements with various Premier's Offices. In prior years, EWSETA signed with the Eastern Cape and Northern Cape. In 2016, EWSETA entered into a partnership with the Free State Provincial Government. Discussions commenced in 2016 with the North West and the Kwazulu-Natal Provincial Government. EWSETA has also signed agreements in the past with the Gauteng Department of Education. In the year under review, agreements were entered into with the Gauteng Department of Agriculture and Rural Development.

All of these agreements improve the position of the EWSETA to influence the Human Resource Development Strategy (HRDS) in various provinces. Thus far, the EWSETA has been attending the Northern Cape Provincial HRDC meeting. The purpose of the Provincial Human Resource Development Council Forums is to implement the National HRDC's strategic goals at the provincial level. Through participation, EWSETA has a platform to respond to the Provincial Skills Development Plan in as

far as the energy and water sector is concerned, from early development to placement in the labour market. In addition, an opportunity is created to collaborate and engage with relevant provincial stakeholders.

7.6 In Conclusion

Overall, the 2015/16 year has been a productive year for the EWSETA and great strides have been made in developing skills for the energy and water sectors. Due to the re-establishment of the SETAs for another two years, we look forward to organisational stability and progress in the achievement of our objectives, in line with the NDP.

We will continue to focus on more efficient business processes, mutually beneficial partnerships with our stakeholders and will continue to pursue sound skills development strategies within the energy and water sectors.

In closing, I would like to extend my appreciation and thanks to the Accounting Authority, the management team and the dedicated team of staff of the EWSETA. Your efforts are recognised and I look forward to another fruitful year ahead.



Mr Errol Gradwell
Chief Executive Officer
EWSETA
31 July 2016

Part B:

Performance Information



1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

As the Chief Executive Officer of the EWSETA, I am responsible for the preparation of the public entity's performance information and for the judgements made in this information.

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

In my opinion, the performance information contained in this annual report fairly reflects the actual achievements against planned objectives, indicators and targets contained in the Strategic and Annual Performance Plan of the EWSETA for the financial year ended 31 March 2016.

The EWSETA's performance information for the year then ended has been examined by the external auditors. Their report is presented on page 73.

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



Mr Errol Gradwell
Chief Executive Officer
EWSETA
31 July 2016

Part B: Performance Information

2. EWSETA ANNUAL PERFORMANCE REPORT 2015/16

Programme 1: Administration

Strategic Objective	Performance Indicators	Annual Target 2015/16	Non-Funded Target / NSF / Partnership	Achievement		Variance	Reason for Variance
				SETA Funded	Non-Funded / NSF / Partnership		
Ensure the optimal utilisation of existing funding through effective structuring, systems and resourcing	Level of reserves	50%	---	0%		50%	Projects which were not moving are being cancelled to ensure lower levels of reserve.
	Levy Management	5% and compliance with the legislation	---	6%		+ 1%	Target exceeded.
	Vacancy Rate	10%	---	66%		+56%	- Internal promotion and recruitment focus. - Affordability considerations. - SETA re-licensing Gazette announcement towards the end 2015.
	Achievement of Employment Equity Targets	95%	---	0%		- 95%	The Employment Equity Submission to DOL in January 2015 revised targets and these will be monitored for the coming year and reported on.
Enhance a rigorous accountability and governance structure	The establishment of energy and water services chambers	Energy chamber established	---	Energy chamber was not established			The consultation process is still continuing to finalise the establishment of the chamber.
To build a positive image of, and reputation for the EWSETA	A number of publications communicated	16	---	16		0	The target has been met.
	Client satisfaction rate	1	---	1		0	The target has been met.
	Number of stakeholder roadshows held	10	---	14		+ 4	The target was exceeded because the EWSETA extended its reach to new provinces as well.
Maintain an effective information management system	Achievement of milestones as per the approved ICT implementation plan	Milestones achieved as per the approved ICT implementation plan	---	Milestones achieved as per the approved ICT implementation plan		None	The target has been met.

Programme 2: Skills Planning, Quality Assurance and Delivery

Strategic Objective	Performance Indicators	Annual Target 2015/16	Non-Funded Target / NSF / Partnership	Achievement		Variance	Reason for Variance
				SETA Funded	Non-Funded / NSF / Partnership		
Maintain and research strategy that informs the sector skills planning	An update research strategy	An approved updated research strategy	---	Research strategy not updated		N/A	The research strategy is reviewed and approved every two years.
	Annual review the sector skills plan	A reviewed sector skills plan annual update submitted to DHET for approval	---	A reviewed Sector Skills Plan submitted to DHET and approved		Improvement recommendations were made by the DHET	The Sector Skills Plan was approved by the Minister.
	Number of firms supported with mandatory grants	95	---	106		+ 11	More new employers had registered and made applications than expected.
Increase access to occupationally-directed programmes for employed and unemployed learners to address critical and scarce skills	Number of learners entered into bursaries	900 unemployed entering bursaries	400	292		- 608	The target was not met due to late commencement of projects.
		550 workers entering bursaries	350	0		- 550	Employed learners are not taking up bursary opportunities.
	Number of learners completed bursaries	450 unemployed certificated in bursaries	---	271		- 179	The target was not met due to late commencement of projects.
		750 workers certificated in bursaries	---	0		- 750	Employed learners are not taking up bursary opportunities.
	Number of Learners Entered and Completed Learning Programmes (Learnership; RPL; Skills Programmes; Work Integrated Learning (WIL))	1 000 workers entering learnerships	700	794	204	- 2	Not many employers applied for discretionary grant funding for workers entering learnerships.
		1 500 workers entering skills programmes	1 100	137	191	- 1 172	Not many workers enrol for skills programmes.
		550 workers entering RPL programmes	350	228		- 322	Not many workers enrol for skills programmes.
		500 workers certificated in learnerships	---	337		- 163	The target was not met due to late commencement of projects.
		500 workers certificated in skills programmes	---	742		+ 242	The target was exceeded because of overlapping projects approved from previous financial year/s.
		225 workers certificated in RPL programmes	---	10		- 215	Workers sector seem not to be taking up opportunities. Closer working collaborations will be forged with workers.
		1 500 unemployed entering learnerships	1 200	1 598	162	+ 260	The target was exceeded because of the special project approved by EWSETA, including some of the overlapping projects approved from previous financial year/s.

Part B: Performance Information

Strategic Objective	Performance Indicators	Annual Target 2015/16	Non-Funded Target / NSF / Partnership	Achievement		Variance	Reason for Variance
				SETA Funded	Non-Funded / NSF / Partnership		
Increase access to occupationally-directed programmes for employed and unemployed learners to address critical and scarce skills	Number of Learners Entered and Completed Learning Programmes (Learnership; RPL; Skills Programmes; Work Integrated Learning (WIL))	820 unemployed entering internships	320	142	367	- 311	The target not met due to late commencement of projects.
		600 unemployed entering skills programmes	300	706	1155	+ 1 261	The target was exceeded with a boost from the War on Leaks programme.
		750 unemployed certificated in learnerships	---	1 641		+ 891	The target was exceeded because of overlapping projects approved from previous financial year/s.
		300 unemployed certificated in internships	---	0		- 300	The target was not met due to late commencement of projects.
		300 unemployed certificated in skills programmes	---	432		+ 134	The target was exceeded because of overlapping projects approved from previous financial year/s.
		1 000 TVET graduate placements entered	600	183		- 817	The target not met due to late commencement of projects.
		300 University graduate placement entered	100	102		- 198	The target was not met due to late commencement of projects.
		300 University graduate placement completed	300	0		- 300	The target was not met due to late commencement of projects.
Increase capacity to meet energy and water services industry needs water services sector and priorities	Number of accredited skills development providers	14	---	165		+ 151	There was much more demand for accredited providers including TVET colleges, due to the War on Leaks programme.
	Number of TVET college lecturers trained	50 TVET college lecturers trained	---	0		- 50	The programme commenced too late to be reported in this financial year.
	Number of Trade test centres accredited	14 trade test centres accredited	---	14		0	The target has been met.
	Number of qualifications developed and reviewed	5 energy qualifications to be developed	---	10		+ 5	The qualification process had not as yet been concluded at the end of the financial year.
		3 water qualifications to be developed	---	3		0	The target has been met.
To facilitate increased artisans skills capacity within the energy and water sectors	Number of artisans entered into learning programmes	1 500 artisans entered into learning programmes	1 100	1 533		+ 533	The target was exceeded by a boost from stakeholders and the War on Leaks programme.
	Number of artisans completed learning programmes	419 artisans completed learning programmes	---	393		- 26	Late start of projects had an impact on completions.

Strategic Objective	Performance Indicators	Annual Target 2015/16	Non-Funded Target / NSF / Partnership	Achievement		Variance	Reason for Variance
				SETA Funded	Non-Funded / NSF / Partnership		
Build career and vocational guidance	Number of career guides distributed	10 000 career guides distributed	---	10 300		+ 300	Partnerships within the sector helped to exceed distribution targets.
	Number of career awareness events held	15 career awareness events held	---	12		-3	The target has not been met.
To promote learning and development that addresses social inequities in our society	Development of the socio-economic development strategy	An approved socio-economic development strategy	---	0			The strategy has not as yet been finalised.
	Number of cooperatives supported	10 cooperatives supported	---	12		+ 2	A lot more cooperatives were formed which exceeded expectations.
	Number of NGO's supported	5 NGO's supported	---	5		0	The target has been met.
	Number of CBO's supported	5 CBO's supported	---	4		- 1	Some of the CBO's are not yet registered and hence cannot be reported.
	Number of SMME's supported	5 SMME's supported	---	31		+ 26	A partnership with a business network group ensured the target was surpassed in a cost effective manner.

Part C:

Operations Overview





Mr Kabelo Masilo
Acting Chief Operations Officer

“The Operations branch assists in the placement of learners who have recently graduated into work programmes to either complete the requirements of their qualification or to achieve relevant workplace experience after completing their qualifications.”

1. OVERVIEW BY THE ACTING CHIEF OPERATIONS OFFICER, MR KABELO MASILO

The Operations branch within the EWSETA robustly aligns its activities with the mandate of the EWSETA in line with the National Skills Development Strategy, which overarches all the SETAs. This branch of the EWSETA is comprised of 5 departments:

- Skills Development and Planning;
- Regional Operations;
- Quality Assurance and Compliance;
- Skills Delivery; and
- Project Management.

The focus of this branch and its departments, is to provide learnership programmes, bursaries for learning programmes at TVET colleges, Universities of Technology and traditional Universities; with particular emphasis on artisan development, as mandated by the DHET in its 2014 declaration of the ‘Decade of the Artisan’.

The Operations branch assists in the placement of learners who have recently graduated, into work programmes to either complete the requirements of their qualification or to achieve relevant workplace experience after completing their qualifications. These learners can apply for funding through their employers or through implementing-agents such as Project Managers, who source graduates related to the energy and water sector and then look for suitable work placements for the learners.

1.1 How do we do this?

The Operations branch thoroughly researches the skills needs of the sectors, through development of the Sector Skills Plan (SSP). Together with employers, the EWSETA explores what skills development programmes are required to fill specific job functions, what programmes need financial aid, what gaps there are in terms of skills, what existing employees can be capacitated to fill these gaps, etc. Based on the information gathered, a scarce skills list is then drawn up which is used as a guide to plan learning programmes to address the scarce skills in the sectors.

During the year under review, the branch overall performed well. There were challenges along the way but measures have been put in place to remedy the challenges and pave the way for continuous success going forward.

1.2 Key challenges and achievements

The disbursement of Mandatory Grants is a stable and efficient process. WSPs that are submitted and approved are paid on time every quarter. The Discretionary Grant (DG) process on the other hand, was in need of refinement.

A key focus for the Operations branch was to optimise the management of discretionary grant projects for efficiency.

Part C: Operations Overview

Key weaknesses identified in the Operations branch were:

- Payments of project invoices were being delayed;
- Projects were not progressing according to timeframes;
- Terms and expectations of Service Level Agreements (SLAs) with stakeholders were not being communicated effectively;
- Personnel was not made responsible or accountable for this process; and
- Proactive planning of projects and the budgets thereof, were not being implemented or were being implemented too late.

Not all of the weaknesses experienced were due to internal inefficiencies and can be attributed to a lack of resources to manage the DG projects.

The implementation of an online application process for DG projects, although in its infancy stage during the year under review, has gone a long way to ease the process of applying for discretionary grants. The system aims to automate the application process, and empowers the employer applying for the discretionary grant project to be the custodian of the information required in order to apply for the discretionary grant. For example, the EWSETA has only 2 personnel to capture data for projects. Where a project has 7,000 learners involved, the personnel needs to manually enter each learner into the system. At any one time, the EWSETA has up to 100 projects running concurrently so the need to streamline this process could not be stressed enough. The online application system allows each employer to upload that information independently, which in turn makes the process simpler and faster.

Monitoring and Evaluation (M&E) also became critical in the management of these projects. The process for applying for discretionary grants has been clearly defined and it has become the responsibility of Project Managers to communicate with stakeholders with approved SLAs to make sure that they understand what is required of them, what they can expect from the EWSETA and the timeframes associated with each phase of the process.

Central to this as well, has been the implementation of the Performance Management System. This system enables personnel to focus their efforts on key performance areas in order to improve the overall performance of the EWSETA. Proactive planning is enabled through this process (the personnel knows at the beginning of each financial year what is expected of them upfront) and collaboration and communication between teams and individuals within the EWSETA is steadily improving.

1.3 Performance overview

During the year under review, the EWSETA had 106 employers submit Workplace Skills Plans (WSPs), which assists in the aggregation of information to identify the skills needed in the energy and water sectors and what learning programmes are required.

The majority of skills programmes were centred on the renewable energy sub-sector, where learners were taught not

only technical skills (such as rain water harvesting, installing solar-heating solutions, repairing leaks, etc.) but were also taught entrepreneurial skills, which would enable them to start their own cooperatives. This was a key deliverable for these programmes. The most notable programmes in response to this were:

- The Nelson Mandela Bay Municipality skills programme: 500+ learners were enrolled; and
- The Desmond Tutu Centre for Leadership skills programme in Mpumalanga: 1000 learners enrolled.

Bursaries

Although there are improvements in comparison to the previous financial year, bursaries are still a challenge within the EWSETA. Out of a target of 900 bursaries, only 292 bursaries were awarded. There are a number of reasons for this shortfall. Contracting alone can be lengthy since all parties need to agree on the terms of the SLA.

We have partnered with TVET colleges, UoTs and Universities to utilise the already-established units within these institutions who develop databases of students within the energy and water sectors, to source candidates who already meet the criteria to apply for a bursary. It is through this partnership that we will be able to reach more suitable candidates and in turn, meet our objectives for successful enrolment of students into bursary programmes.

Learnerships:

During the year under review, we fared well against our target for Learnerships. In terms of skilling up employed learners, we did not meet our target. We have attributed this not necessarily to the fact that employed people are not studying further, but rather they are doing their Honours or Masters Degrees with funding from their employers or through self-funding mechanisms. We will endeavour in the new financial year to further promote the benefits of learning programmes and improve the number of employed learners taking up learning programmes in the future.

Learner placement was also not as high as we expected. This can be attributed to the potentially high risk that employers are having to bear, when taking on an inexperienced learner in the energy and water sectors. For example, personal safety of the learner is of utmost importance and the employer will need to carry the cost of insuring the learner in case of injuries on duty. In order to overcome this, the partnership with TVET colleges, UoTs and universities will help us to match willing employers with suitable candidates.

We exceeded our target on unemployed learners entering Learnerships, one of the most important mandate of the EWSETA. We did exceptionally well in terms of developing SMMEs, NGOs, Cooperatives and Community-Based Organisations. In fact, we over-performed in this area. In the case of the War on Leaks programme, emphasis is on training learners in technical and entrepreneurial skills with the intention of equipping learners to find work or to establish their own businesses or cooperatives. In addition, the learners have been empowered to become water agents in their communities through their abilities to fix water leaks and educate people on how to save water.

In the North West province, we have implemented a solar water-heating project aimed at SMMEs and cooperatives.

All of our skills development programmes have an element of entrepreneurship attached, and are intrinsic in creating a workforce that can sustain itself through the skills obtained through our learning programmes.

1.4 Looking forward

Many of our projects that were started in the 2015/16 year will be ongoing during the 2016/17 year. Through lessons learnt during the initial phases of the projects, processes will become streamlined and more efficient.

In response to the much publicised 'fees must fall' campaign, further emphasis will be placed on bursary programmes and the funding of TVET college and university students.

The rural and township economic revitalisation programme that is also one of the ministerial priorities will be a key focus of the EWSETA. We will uplift unemployed youths with technical skills so that they can start their own businesses and service the communities within which they live.

As mentioned previously, the online application system for discretionary grants will see better performance in that regard and projects will be better managed and implemented.

1.5 On a personal note

I am very positive about the new financial year. Having only been Acting Chief Operations Officer for 6 months of the 2015/16 year, I am looking forward to being responsible for the 'whole' result of the Operations branch. I am looking forward to implementing my ideas that will potentially further the progress of the branch and as a result, improve the overall performance of the EWSETA.

My team and their morale is important to me – how they respond to tasks and how they share my own vision of the EWSETA, are all indicators of the fact that we can achieve even greater heights in the forthcoming year.



Mr Kabelo Masilo
Acting Chief Operations Officer
EWSETA
31 July 2016



2. REGIONAL OPERATIONS OVERVIEW

Strategically, the department exists to support the EWSETA's response to the NSDS III principles and objectives, as well as aligning our implementation of skills development and training initiatives within the frameworks of the NSDS III, National Development Plan, New Growth Path, Industrial Policy Action Plan II, Human Resource Development Strategy and government's priorities.

Our activities in this regard are centred on creating employment and supporting economic sectors by significantly increasing the development of relevant and scarce/critical skills in response to the different provincial economic development growth strategies. The internal inter-departmental partnerships are critical for Regional Operations to ensure our regional participation is responsive in supporting our stakeholders.

Regional integration is a fundamental element of the EWSETA's core activities and priorities in terms of operationalisation of the EWSETA Board approved Strategic Plan and Annual Performance Plan (APP). The strategic focus on regional integration must ensure alignment in responding to the skills development and training priorities of the Provincial Government commitment to advance the provincial agenda that is indispensable to their trade, growth and the reduction of poverty. Competitiveness and productivity can be improved—and significant economic and welfare gains achieved—by addressing bottlenecks in terms of relevant skills development and training initiatives. The EWSETA is well placed in the regional space to ensure these are achieved and to ensure the regional implementation is fit for purpose and is relevant and responsive to provincial needs.

It remains the EWSETA's goal to fully establish provincial presence which is a phased approach, and having adopted the mandated DHET model to partner with TVET colleges for office space in the provinces, the EWSETA received office space allocation and offers of allocation at the following TVET Colleges:

Free State

- Motheo TVET College Bloemfontein: The office is prepared and ready for occupation, the process of recruitment is under way and the office will be launched formally in 2016/17.
- Goldfield TVET College Welkom: An offer has been made, however analysis on viability of the office is still required.

Kwazulu Natal

- Umfolozi TVET College Richards Bay: Office space has been allocated and is currently being prepared for occupation. Due to the vastness of the province, the organisation will see the establishment of an office in the South and then the North of the province.

Eastern Cape

- East Cape Midlands TVET College Uitenhage: Office space has been identified and discussions are underway for occupation, however the EWSETA has been allocated temporary occupation within the college in the meantime.
- Lovedale TVET College: Office space has been offered and we are in the process of viewing the space. This will be the second office established in the Eastern Cape. A second office is necessary due to the vastness of the province and the need for establishment in both Port Elizabeth and East London. The EWSETA has committed projects within the province that require 'on-the-ground' support and monitoring and evaluation.

North West

- EWSETA remains established in the Taletso TVET College (Lehurutshe campus) and Orbit TVET College (Brits campus) in the North West. Through the establishment of this office, the EWSETA hosted, in partnership with I-wilB, a forum established within the North West Business Forum to focus and support women in leadership and businesses, including women in the rural areas of the province. Together, we hosted an SMME/Cooperatives workshop to educate on skills development and training support available within the EWSETA for businesses of these types. We conducted a skills needs analysis that will guide the EWSETA on possible skills development and training projects to implement in support of these small businesses towards their growth and sustainability.

Western Cape

- False Bay TVET College (Westlake campus) Western Cape: An office has been established and it plays a key role in the continued support, monitoring and evaluation of projects within the province.

3. QUALITY ASSURANCE AND COMPLIANCE OVERVIEW

The Quality Assurance and Compliance Department (QACD) is responsible for ensuring that Skill Development Providers (SDP's) and Assessment Centres have the necessary enablers to train, develop and assess the competence of learners according to a prescribed level of quality. In order to achieve this our services include developing, implementing and monitoring the quality of qualifications, curriculums and assessment specifications. This is achieved through governing the framework of recognising qualified practitioners through database registration and certification.

In order to deliver on our mandate our focus is on entrusting and monitoring our accredited Skill Development Providers and TVET colleges which are responsible for ensuring that learners can embark on and proceed through quality, credible and recognised national learning programs and achieve desired competence for gaining employment opportunities.

As a department and as a nation, we are currently journeying through a transitional shift from SAQA's unit standard based

qualifications' into the QCTO's modular based Occupational Qualifications Development framework. This means that all current EWSETA qualifications are being phased out, and therefore great emphasis has been placed on efficiently developing new occupational qualifications to replace the outbound qualifications. Although this has placed tremendous budgetary strain on our operations and resources, we strive relentlessly in achieving our goal of being amongst the first South Africans to implement and pilot registered OFO aligned QCTO/ SAQA qualifications.

3.1 Qualification development

To date, the EWSETA QACD, takes pride in the fact that we have developed a total of 8 occupational qualifications during the financial year 2015/16. These qualifications are to ensure that occupations within the energy and water related Industries are reviewed, updated and re-aligned to legislative requirements.

A few of the key stakeholders who are participating and supporting the development of the occupational curriculums and qualifications, have been listed in the table below:

	Organisation:	Representing:
1	Dr Maepa & Associates	Private Provider
2	PE College	TVET
3	Stellenbosch University	University
4	Mangosuthu University	University
5	Nelson Mandela Metropolitan University	University
6	Esayidi TVET	TVET
7	NOMAC Invest In Africa	Independent Power Producer- IPP (Private)
8	Eastcape Midlands TVET	TVET
9	Ditropele	Private Provider

Below is a summary of the qualifications that EWSETA has embarked on developing for 2015/16. Although the qualifications are predominantly in use within the energy and water sectors, they can also create opportunity for cross-sectoral interaction within disciplines:

Qualification Set 1 Status: 100% Complete		
Occupation:	OFO Code:	Specialisation:
Fossil Power Plant Process Controller	2015-313102	Fossil Power Plant Process (Operator)
Hydro Power Plant Process Controller	2015-313103	Hydro Power Plant Process (Operator)
Nuclear Power Plant Process Controller	2015-313104	Nuclear Power Plant Process (Operator)
Description: Title: Fossil, Hydro and Nuclear Power Plant Process Controllers: Plant Operator OFO Code: 313102 Occupational Purpose: Generally Fossil, Hydro and Nuclear Power Plant Process Operators operate, monitor, control and perform field operations on power plant auxiliary support systems to support the generation of energy in a safe and reliable manner. The Operator works independently.		

Part C: Operations Overview

Qualification Set 2 Status: 95% Complete		
Occupation:	OFO Code:	Specialisation:
Water Plant Operator	313201	Industrial Water Plant Operator
Water Process Controller	313203	Industrial Water Process Controller
Occupational Purpose: An Industrial Water Plant Operator operates and monitors industrial plants to store, distribute and treat industrial water such as demineralisation, desalination, condensate polishing, chemical waste, environmental waste, cooling water, membrane technology and process water including water for human consumption, industrial use, wastewater treatment and firefighting for sustainable industrial water production.		

Qualification Set 3 Status: On hold – the needs in industry have proven the lack of demand for this qualification.		
Occupation:	OFO Code:	Specialisation:
Wind Turbine Power Plant Process Controller	2015-313105	Wind Energy Technician Wind Turbine Service Technician Wind Turbine Plant Process Technician
Occupational Purpose: Plans, prepares and conducts installation, maintenance and component assembly for wind turbine systems and facilities and equipment. Assembles, installs and maintains wind turbines and associated equipment and compounds.		

Qualification Set 4 Status: 90% Complete		
Occupation:	OFO Code:	Specialisation:
Cable Joiner	N/A	N/A
Occupational Purpose: The Cable Joiner is partly responsible for joints and termination of electrical cables and they play a crucial role within municipalities and private industry. At present, the Cable Joiner's formal description is being revised through the EWSETA Qualification Development working group. The finalised qualification information will be publicly disseminated during the 2016 financial year.		

Qualification Set 5 Status: 90% Complete		
Occupation:	OFO Code:	Specialisation:
Electrical Installation Inspector	761102	N/A
Occupational Purpose: An Electrical Installation Inspector inspects new and modified electrical installations to ensure compliance with the national, state, and municipal electrical codes, standards and regulations using precision measuring instruments and complex test equipment.		

Part Qualifications:	Part Qualifications Title:
Part Qualifications 01	Electrical Tester for single phase electrical installation
Part Qualifications 02	Installation Electrician
Part Qualifications 03	Master Installation Electrician

Qualification Set 6
Status: 99% Complete

Occupation:	OFO Code:	Specialisation:
Concentrating Solar Power Plant Process Controller	313106	N/A

Occupational Purpose:

The Concentrating Solar Power Plant Process Controller provides technical support and services in the installation, operation and maintenance of solar power plant processes, systems, facilities and equipment. They operate and control the systems of the CSP plant and troubleshoot and maintain the CSP plant. They ensure/achieve the efficient and cost-effective generation of power through concentrating solar power.

Qualification Set 7 & 8
Status: 100% Complete

	Occupation:	OFO Code:	Specialisation:
1.	Energy Efficient Manager	214105	Energy Management Advisor
2.	Energy Efficiency Technician	311303	Energy Audit Technician

Occupational Purpose:

The Energy Management Advisor develops, advises on and leads implementation of energy performance improvement opportunities for sustainability, profitability and competitiveness.

3.2 Skills development provider accreditation

In sync with stakeholder demands, EWSETA consistently ensures that Skill Development Providers (SDP) are given the service of qualification accreditation and renewal of their accreditation status.

It should be mentioned that SDP accreditation applications may pose budgetary constraints in that the vast number of new applications cannot be anticipated ahead of the financial year, thus the number of new applicants every year are used to project a forecasted figure for the next financial year. Despite these challenges we have managed to plan ahead and ensure

that we have sufficient resources for staying up to date with new accreditation applications.

The total number of accredited providers that were visited and accredited for the 2015/16 financial year is 123. These Skills Development Providers were accredited and some re-accredited against EWSETA- SAQA unit standard based qualifications.

Below is a list of the providers that were audited and accredited during the 2015/16 period:

Note: The 'Public' Provider includes all types of State Owned Enterprises.

	Provider Class Description:	Provider Name:
1	Private	Abems Training Institute (Pty) Ltd
2	Private	ADP Electrical & Training
3	Private	African International Training Provider (AITF) (Pty) Ltd
4	Private	All Connections Training and Construction (Pty) Ltd
5	Private	Artisan Development Academy (Pty) Ltd
6	Private	Asante Development Institute
7	Private	Assess Development Institute Mpumelelo CC
8	Private	Aurecon Training Academy
9	Public	City of Cape Town - Electrical Services
10	Public	City of Cape Town - Maitland Training Centre

Part C: Operations Overview

	Provider Class Description:	Provider Name:
11	Public	City of Cape Town Utility Services Water & Sanitation
12	Public	City Power - ZIMU Simulator
13	Public	City Power Jhb - Cable Jointing Training Centre
14	Private	Contrado (Pty) Ltd
15	Private	CS Electrical Training Centre
16	Private	Datamatrix Education & Training
17	Private	De Beers Technical Training Campus
18	Private	Dinaledi Management and Service
19	Private	Dintshang Trading
20	Private	Dithipe Training & Development
21	Private	Dr HE Maepa Institute
22	Private	East Cape Midlands TVET College
23	Private	Educatory Electro Services
24	Private	Ekurhuleni East College - Kwa Thema Campus
25	Public	Elangeni TVET College
26	Private	Electrical Contractors Association of South Africa, Johannesburg
27	Private	Electrical Training Consultants
28	Private	Energy Training Foundation
29	Private	EQ Tech Africa Power Systems
30	Private	Ergo Water Works (Pty) Ltd
31	Private	Eskom Academy of Learning
32	Public	Eskom Ankerlig Power Station
33	Public	Eskom Arnot Power Station - Maintenance Training
34	Public	Eskom Camden Power Station - Operations Training
35	Public	Eskom Distribution Central Region - Braamfontein
36	Public	Eskom Duvha Power Station - Maintenance Training
37	Public	Eskom Duvha Power Station - Operations
38	Public	Eskom DX: Southern region
39	Public	Eskom GX: Peaking Power Station
40	Public	Eskom GX: Peaking Power Station
41	Public	Eskom Hendrina Power Station - Maintenance
42	Public	Eskom Hendrina Power Station - Operations
43	Public	Eskom Kendal Power Station - Maintenance Training
44	Public	Eskom Kendal Power Station - Operations
45	Public	Eskom Koeberg - Operations
46	Private	Eskom Kriel Power Station - Operations Training
47	Private	Eskom Lethabo Power Station - Operations Training

	Provider Class Description:	Provider Name:
48	Public	Eskom Majuba Power Station - Maintenance Training
49	Private	Eskom Majuba Power Station - Operations Training
50	Public	Eskom Matimba Power Station - Maintenance
51	Private	Eskom Matimba Power Station - Operations Training
52	Public	Eskom Matla Power Station - Maintenance Training
53	Public	Eskom Matla Power Station - Operations
54	Public	Eskom Medupi Power Station - Operations Training
55	Public	Eskom Mersey Training Centre
56	Private	Eskom Mkondeni Training Centre, Pietermaritzburg
57	Public	Eskom Tutuka Power Station - Maintenance Training
58	Private	Eskom Tutuka Power Station - Operating Training
59	Private	ETC Group, Johannesburg
60	Private	Fasego 27 Trading
62	Public	Gert Sibande TVET College
63	Private	Gijima Holdings (Pty) Ltd
64	Private	Group Electrical
65	Private	HAZLOC Consultants and Training
66	Private	HV Test Pty Ltd
67	Private	Information Technology Resource Centre
68	Private	Information Technology Resource Centre
69	Private	Integrated Security Consultant College Alberton
70	Private	Ithemba Institute of Technology
71	Private	ITS Evula (Pty) Ltd
72	Private	Iyanda Holdings (Pty) Ltd
73	Private	Izibuko The bridge Training Consultancy
74	Private	J & APTT Training & Development Consultants
75	Private	JMG Training Academy
76	Private	Khula Nonke Training & Development
77	Private	Kickstart Skills Training Centre (Pty) Ltd
78	Public	Lephalele TVET College
79	Private	M I C Training & Development
80	Private	Mashau Salphina Electrical CC
81	Private	Master Artisan Academy
82	Private	Meet Time Ways Investments (Pty) Ltd
83	Private	Mpumalanga Regional Training Trust
84	Private	Mpumelelo Consultancy cc
85	Private	MTL Training and Projects

Part C: Operations Overview

	Provider Class Description:	Provider Name:
86	Private	Municipal Training & Development Institute
87	Public	NECSA
88	Private	Ngumendlana Trading Enterprise (Pty) Ltd
89	Private	Nhuna Construction and Projects (Pty) Ltd
90	Private	NJ Training & Construction
91	Private	Nomasojabula Training Centre (Pty) Ltd
92	Private	Ntsangalala Business Enterprise (Pty) Ltd
93	Private	Power Systems Training, Cape Town
94	Private	Powerpro Technologies & Training Facility
95	Private	PTSI (Pty) Ltd
96	NGO / CBO	PWI Corporate Training
97	Private	Qhakaza Management Services
98	Private	Reflection Development Institute
99	Private	Regen Technical Institute
100	Private	Regent Business School
101	Private	Riverport Training Academy
102	Private	Rockwell Automation
103	Private	Sasco Weighing Academy (Pty) Ltd
104	Private	Sembcorp Silulumanzi
105	Public	Shukela Training Centre
106	Private	Tank Industries, A Division of ATC (Pty) Ltd
107	Private	TEPT (Pty) Ltd
108	Private	Terra Firma Academy
109	Private	The Mvula Trust
110	Private	The SAJ
111	Private	The Water Academy
112	Private	TPLR Training Services
113	Private	Ubuhle Trading
114	Private	Ugesi Step by Step Training
115	Private	Ugesi Training
116	Private	Umbilo Skills Training Centre (Pty) Ltd
117	Private	Umfoloji College FET
118	Private	Umsizi Skills Academy
119	Private	UV Power Training (Pty) Ltd
120	Private	VPK Business Venture (Pty) Ltd
121	Private	Zurel Bros SA (Pty) Ltd
122	PVT QCTO Accreditation	Tekmation
123	PVT QCTO Accreditation	Shukela

3.3 Special Projects

The War on Leaks (WOL) programme is piloted by the EWSETA, in partnership with national Technical Vocational Education and Training (TVET) Colleges and private Skills Development Providers. The 'War on Leaks' programme is aimed at artisan development which endeavours to train 15 000 Artisans between 2016 and 2018.

The five trades to be developed during the programme include:

	Trade:	SAQA Qualification ID:
1.	Welder	94100
2.	Fitters & Turner	94020
3.	Instrument Mechanician	94701
4.	Plumber	91782
5.	Electrician	91761

In order to ensure that public TVETs and SDPs were compliant with regards to EWSETA and QCTO accreditation requirements, due diligence visits were conducted between October and December 2015. The purpose of these visits were to assess the capacity and assist TVETs into becoming beneficiaries for the national WOL programme.

By December 2015, 26 TVETs were audited for QCTO accreditation, and through EWSETA assistance the number continues to grow steadily. This is a great achievement for EWSETA in showing support towards TVET Colleges.

The following TVETs were granted QCTO accreditation through EWSETA intervention (site audit process), however due to the TVET colleges not being capacitated to participate in the programme, a directive from the Director General of the Department of Higher Education and Training instructed that TVET colleges should no longer participate as SDPs in the War on Leaks programme. Due to this change, and in the spirit of ensuring the success of the programme, the EWSETA then re-directed their focus toward accrediting private Skills Development Providers for the War on Leaks programme.

In total the QACD has ensured that the QCTO accreditation was awarded to 42 Skills Development Providers in total during the financial year:

1	King Hintsa College Butterworth
2	Shanwes Learning & Development Academy
3	Taletso Public TVET College
4	Flavius Mareka Sasolburg Campus
5	Majuba TVET College t/a Newcastle Training Centre
6	Ehlanzeni TVET College - Nelspruit Campus
7	Ehlanzeni TVET College - Mlummati Campus - Malelani
8	Ehlanzeni TVET College - Mapulaneng Acornhoek

9	Ehlanzeni TVET College - KaNyamazane Campus
10	Flavius Mareka Kroonstad Campus
11	Vuselela TVET College - Matlosana Klerksdorp
12	Ekurhuleni East Public TVET - Kwa Thema Springs
13	Shukela Training Centre
14	Nelson Mandela Bay Municipality PE
15	Elangeni TVET College - Ntuzuma Campus
16	Westcoast TVET College - Atlantis
17	Eastcape Midlands TVET College - Uitehuige
18	Westcoast TVET College - Vredenburg
19	Northlink TVET - Belhar
20	Ekurhuleni West Public TVET College - Germiston
21	Umfoloji TVET College - Richtek College
22	Sekhukhuni TVET College - CS Barlow
23	Tekmation Training Institute Durban
24	Sekhukhuni TVET College - CN Phathudi Campus
25	Ehlanzeni TVET College - Mapulaneng Campus
26	Capricorn College
27	College of Cape Town - Pinelands
28	Northern Cape Rural TVET Collge - Upington Campus
29	Northlink TVET Collge- Wingfield
30	Northlink TVET College - Belville Campus
31	Northern Cape Rural TVET Collge - Namaqualand Campus
32	Ithemba Institute
33	Northern Cape Rural TVET - Khathu Campus
34	Northern Cape Rural TVET - De Aar Campus
35	Ekurhuleni West Public TVET College - Kathorus Campus
36	Ekurhuleni West Public TVET College - Germiston Campus
37	Elangeni TVET College - KwaDabeka Campus
38	Ekurhuleni West Public TVET College - Tembisa
39	CENTLEC (SOC) Bloemfontein
40	College of Cape Town - Thornton
41	Tutuka Power Station (Eskom)
42	Tjeka Training Matters

Part C: Operations Overview

3.4 In Conclusion

EWSETA QACD would like to extend a vote of thanks to all our valued stakeholders who were instrumental in helping us to achieve our goals.

Special acknowledgement is extended to the following key stakeholders:

1. QCTO: Support in qualification development and accreditation processes;
2. Eskom (Mr Jaco Vijoen): Support in accreditation audit processes and external moderation processes for Electrical and Instrument Mechanician related qualifications;
3. Learning Solutions (Mr Kobus Brits): Support in accreditation audit and external moderation processes for power plant qualifications;
4. Invest in Africa Nomac: Allowing a qualification development visit for a physical site study of the first Concentrated Solar Power (CSP) plant in Africa; and
5. Green Cape (Dr Manfred Dutschke): Donated financial resources towards the development of the CSP qualification development process.

Although we have made good progress as a department, we pledge the year ahead as an opportunity to reach greater heights in all our processes. We trust that our plans and efforts to improve customer service, efficiency and professionalism may be recognisable during the 2016/17 financial year.

4. PROJECT MANAGEMENT OVERVIEW

EWSETA has engaged employers and training providers, including institutions of higher learning on matters related to skills development. The EWSETA has reviewed its resources, systems and processes in an attempt to accelerate and enhance the quality of service delivery as a measure to meet and even exceed the National Skills Development Strategy (NSDS III) targets.

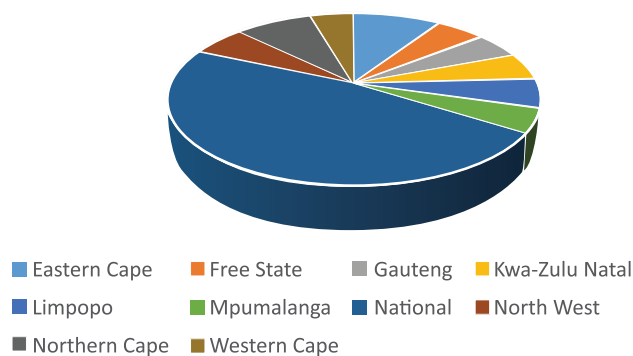
EWSETA has approved a number of special projects aligned to NSDS III to achieve its objectives. The aim of these projects is to administer skills development within the broader national economic priorities, targeting unemployed and marginalised youth, disabled youth and undergraduate learners in the rural and urban communities. The rationale behind this initiative is to respond to the existing scarce and critical skills needs of the labour market social equity.

EWSETA has established a project management department with the intent of improving project delivery across sectors in its ambit. Its work covers 130 projects, with a combined life cost of R700.8 million. We must also remember that there is no such thing as government money, only taxpayers' money. People have worked hard to earn it so we have a duty to spend it wisely. Improved project management is critical to that mission.

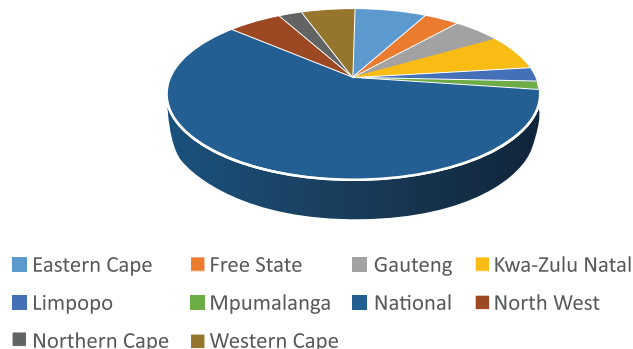
Overall outcomes of this department can be deemed to be progressive based on the following:

- Clarity between commitment schedules versus payments have been achieved;
- Improved data integrity;
- Significant improvements in registry function; and
- Improved access to information and management reporting.

APPROVED AMOUNT



COMMITMENT AMOUNT



Part D:

Sectoral
Collaboration
and Stakeholder
Engagement





Ms Tsholofelo Mokotedi
Acting Executive: Sectoral
Collaboration & Stakeholder Engagement

“The EWSETA, in its effort to vigorously improve on its stakeholder engagement strategy, established a branch called the Sectoral Collaboration and Stakeholder Engagement.”

1. OVERVIEW BY THE ACTING EXECUTIVE: SECTORAL COLLABORATION & STAKEHOLDER ENGAGEMENT, MS TSHOLOFELO MOKOTEDI

Stakeholder engagement can be described as a process by which an organisation involves people who may be affected by the decisions it makes or can influence the implementation of its decisions. They may support or oppose the decisions, be influential in the organisation or within the community in which it operates, hold relevant official positions or be affected in the long term.

After the adoption of the new organisational structure in 2013, the EWSETA in its effort to vigorously improve on its stakeholder engagement strategy, established a branch called Sectoral Collaboration and Stakeholder Engagement (SC&SE).

The key functions of the SC&SE are as follows:

- To lead the collaboration between the stakeholders, sectors and internal functions in order to ensure the delivery of the NSDS;
- To drive the optimisation of stakeholder engagement, collaboration and satisfaction by interpreting the latest sector trends, leveraging available data and engaging all components in the delivery of best practice development solutions; and
- To proactively lead staff delivery and stakeholder engagement in a timely and anticipatory manner to ensure that both internal and external stakeholder collaboration and engagement needs are fully met.

Furthermore, the SC&SE has two departments, the energy cluster department and the water cluster department respectively. When the SC&SE was established, there was a lack of a dedicated team of executives or staff, except for the Energy Cluster Manager who was permanently employed. The Water Cluster Manager has been appointed to act in a higher position and the remaining vacant position was only filled in the year under review by a contracted Acting Water Cluster Manager.

The Corporate Services Executive was temporarily the caretaker of the branch until September 2015. Following that, Ms Tsholofelo Mokotedi was appointed to act as the Sectoral Collaboration and Stakeholder Engagement Executive and still holds that position currently.

The ideal organisational establishment for the SC&SE is fifteen (15) officials comprised of:

- Executive Management (acting);
- Two Managers (one permanent and one contracted);
- Six Specialists (vacancies are not filled); and
- Six Administrators (vacancies were not filled during the period under review, but are due to be filled early in the 2016/17 year).

1.1 Key achievements aligned to key performance indicators

Strategic Objective (SP)	Key Performance Indicator (KPI)	Annual Target (AT)-APP & *DHET SLA	Actual	Status and Remedial Plan
Enhance a rigorous accountability and governance structures.	The establishment of Energy and Water services sector chambers.	Energy Chamber established by Quarter 4.	In progress	Efforts initially put in place, of using existing strategic forums in both sectors (DoE HRD Forum and WSSLG). Both forums agreed in principle respectively. However, it was later determined that the SETA constitution stipulates how Chambers should be constituted and the anticipated model could not be adopted. Subsequently, the target could not be achieved in 2015/16. Target is on the 2016/2017 APP.
Build a positive image of and reputation for the EWSETA.	Number of stakeholder roadshows held.	10 by Quarter 4	12	Over-achieved. See "Analysis of stakeholder engagement functions" further in the report for more information.
To promote learning and development that addresses social inequities in our society.	Development of the socio- economic development strategy.	An approved socio economic development strategy	0	The strategy has not as yet been finalised.
Number of Cooperatives supported.	Number of Cooperatives supported.	10	12	A lot more cooperatives were formed exceeding expectations.
Number of NGOs supported.	Number of NGOs supported.	5	5	Achieved.
Number of CBOs supported.	Number of CBOs supported.	5	4	Some of the CBO's are not yet registered and hence cannot be reported.
Number of SMMEs supported.	Number of SMMEs supported.	5	31	A partnership with a business network group ensured the target was surpassed in a cost effective manner.

1.2 Analysis of stakeholder engagement functions

Strategic Objective: Build a positive image of and reputation for the EWSETA

EWSETA had committed to host at least 10 stakeholder engagement sessions for the year 2015/16. To date the following key stakeholder engagement sessions took place:

Stakeholder Roadshows

Six stakeholder roadshows were conducted from February – March 2016. The following provinces were visited: Gauteng; Eastern Cape; Free State, Kwa-Zulu Natal; North West; Mpumalanga and Western Cape.

The roadshow focused on the newly proposed SETA landscape and NSDS IV. The mandatory and discretionary grants application policies, processes and procedures were addressed. In addition, stakeholders were capacitated on the usage of the Management Information System (MIS) for these applications.

Africa Energy Indaba Conference

EWSETA partnered with the Africa Energy Indaba Conference, in February 2016. Through this event, EWSETA had an opportunity to host workshops which ran parallel to the conference. EWSETA exhibited throughout the conference.

A business matchmaking program was held and EWSETA was afforded the opportunity to meet and engage with this year's high-level speakers, exhibitors, sponsors and delegates on a one-on-one basis. Using the most sophisticated technology in

Part D: Sectoral Collaboration and Stakeholder Engagement

the industry, the Africa Energy Indaba's matchmaking program provided an effective return on investment. It was uniquely designed to help us meet the right contacts, fulfil our business and target market objectives. EWSETA sponsored the business lunch which greatly assisted in the establishment of long-lasting and valuable relationships in the energy sector.

Young Water Professionals (YWP) Conference

EWSETA was one of the main sponsors of the biennial YWP Conference 2015 themed "Stop talking, start doing!" The theme challenged all participants to bring our skills and knowledge to the water sector's 'work bench' in order to implement practical and relevant solutions to shared challenges. It also reinforced that we need to work together across disciplines, professions, academia and practice to come up with innovative solutions that solve problems and address skills gaps that the water and sanitation sectors face all over Africa.

EWSETA sponsored a gala dinner which was hosted by the Deputy Minister of Water and Sanitation. Through the Water Cluster Manager's membership in the YWP, EWSETA is kept abreast of YWP activities and better positioned to monitor the implementation of recommendations, brought about as a result of the conference.

Green Youth Indaba

In September 2015, EWSETA in partnership with Tosaca Medial Group (TMG) and the Fibre Processing and Manufacturing SETA hosted the 2nd annual Green Youth Indaba.

The purpose of this high-impact one-day Indaba was to examine the role of government, the private sector and young people in the skilling and development of the youth to increase economic growth through the green economy.

In addition, it was aimed at promoting localisation, youth employment and skills development in the green economy in alignment with Commitment 11 of the Green Economy Accord. The recommendations from the event will be implemented and monitored and feedback will be reported at the 3rd Annual Green Youth Indaba.

1.3 Special projects

The SC&SE branch is currently overseeing the implementation of the "Rural and Township Economy National roll-out of Household Appliance Repair and Maintenance" initiative. This is one of the 9 presidential priority projects emanating from the 2014 State of the Nation Address (SONA).

The concept document tabled to the DHET, recommends 9,000 learners from both rural areas and townships, for artisanal training and cooperative establishment in support of the national roll-out of this initiative to reduce energy waste and enhance efficiency.

EWSETA and the Wholesale & Retail SETA (W&RSETA) were appointed by DHET to lead the project. The National Skills Funds (NSF), Department of Small Business Development, Unemployment Insurance Fund (UIF), SETAs and other relevant partners, form this partnership in this national project, under the

auspices of the DHET. Due to the EWSETA's capacity challenges, a Project Manager has been assigned to manage the project.

1.4 Sectoral and provincial forums engagement

The SC&SE takes part in a number of sectoral and provincial forums across the country in order to engage with its peers to share trends and related strategies for the sector. Some of the forums that the SC&SE took part in are:

Department of Energy (DoE): Human Resource Development (HRD) Forum

EWSETA through the SC&SE is a member of, and actively participates in the HRD forum of the DOE. The HRD forum brings all State Owned Enterprises (SOEs) and relevant SETAs together, to contribute to the Human Resource Development Strategies related to the energy sector and all relevant national trends in the sector. Through initiatives like this, the EWSETA ensures alignment to the national skills development strategies.

Water and Sanitation Sector Leadership Forum

Through the SC&SE's participation, EWSETA is able to influence water sector skills development interventions, particularly with respect to the sector skills plan and quality provisioning.

EWSETA was able to influence the drafting of the "Capacity Building Chapter" of the National Water Resource Strategy II (NWRS-2).

Recently, the EWSETA submitted a commitment letter via the DHET to the Director General of the Department of Water and Sanitation (DWS), in support of the implementation of the water sector skills planning and the implementation of initiatives as outlined in the Capacity Building Chapter of the NWRS-2.

EWSETA's Annual Performance Plan (APP) is committed to support four water sector qualifications that were initiated as a result of engagement in this forum.

Operation Phakisa – Offshore Oil and Gas Skills Working Group

EWSETA is part of the presidential priority project: "Operations Phakisa – Offshore Oil and Gas Skills Working Group". The main purpose of the working group is to create the skills development roadmap for the offshore oil and gas industry in South Africa.

In line with the Operation Phakisa '3-Foot Plan', the roadmap is addressing issues such as strategy, research, training capacity development (Communities of Excellence and Communities of Practice), implementation and evaluation.

In August 2013, President Jacob Zuma undertook a state visit to Malaysia. He was introduced to the Big Fast Results Methodology through which the Malaysian government achieved significant government and economic transformation within a very short time. Using this approach, they addressed national key priority areas such as poverty, crime and unemployment. With the support of the Malaysian government, the Big Fast Results approach was adapted to the South African context. To highlight the urgency of delivery,

the approach was renamed to Operation Phakisa (“Phakisa” meaning “hurry up” in Sesotho).

Against this background, there is an expected increase in future demands for energy and it is appropriate that Operation Phakisa focuses on the offshore oil and gas sector as an important sub-sector of the ocean economy.

Four SETAs form part of the working group together with other stakeholders. The SETAs are required to partner in the implementation of the overall skills projects identified in the roadmap. Thus far, the working group has already requested funding for the oil and gas research chair. The Transport Education and Training Authority (TETA) has committed R1.2 million for the project. The working group has been mobilising the other SETAs to partner for the R1 million outstanding that is needed for the project. The EWSETA and CHIETA (Chemical Industries Education and Training Authority) agreed in principle to support the project. The matter will be subjected to the governance approval process.

Provincial Human Resource Development Council (HRDC)

EWSETA is represented in the Northern Cape Provincial HRDC forum. The purpose of the provincial HRDC forums is to implement the national HRDC strategic goals at the provincial level. The Provincial Growth Development Strategy in relation to energy and water is supported through this forum.

1.5 Other Collaborative and Engagement Platforms

The SC&SE also took part in various other events during the 2015/16 year:

South African Technology Network Conference (SATN)

EWSETA participated in the South African Technology Network (SATN) Conference on the 19th to the 21st of October 2015, which was hosted by the Vaal University of Technology (VUT).

SATN is a coalition between all six South African University of Technologies (UOTs) including the Polytechnic of Namibia. It was established with the main purpose of providing a network to ensure the continuation of the process of cooperation, collaboration, support and joint activities such as joint curriculum development, applied research, quality assurance, cooperative education, etc. within the Universities of Technology (UOTs).

At the conference, academic experts lead discussions on a wide range of topics, from the role that higher education institutions play in the development of young entrepreneurs to mentorship programmes. The main purpose was primarily to address all important issues of mainstreaming entrepreneurship education.

Of the five themes covered through various commissions, EWSETA was regarded with great respect by being part of the ‘respondent’ for the theme “curriculum initiatives and innovations for entrepreneurship education”. The paper was delivered by Professor Thandwa Mthembu, Vice Chancellor of Central University of Technology (CUT). His paper was entitled:

“Entrepreneurship Education in the University of Technology: a case study of CUT: Creating an ecosystem of city and regional development”.

The outcomes of this event will greatly assist EWSETA in the development and implementation of our “socio-economic development strategy” and SSP research. SATN is in discussion with all 21 SETAs for the possibility of a collaborative agreement between SATN and the SETAs.

Ernest & Young (EY) Strategic Growth Forum

EWSETA through the SC&SE, participated at the Ernest & Young (EY)’s annual Strategic Growth Forum (SGF) from the 2nd to the 4th of November 2015. The forum hosted a gathering of high-growth, market-leading companies; and top executives, entrepreneurs, advisors, investors and other business leaders. This was the 4th Strategic Growth Forum hosted on African soil. The focus of the event was exclusively on Africa; on the strategic growth opportunities that the continent offers and the challenges that need to be addressed to realise these opportunities.

SGF Africa has established a reputation as an unparalleled opportunity network, to share ideas and challenges, and to learn from those who are doing business and implementing government policies across Africa.

The following topics were covered through various panel discussions:

- Beyond the headlines: Accelerating progress in Africa;
- New African narrative: Telling a better story;
- Fostering entrepreneurship in Africa;
- Social entrepreneurship: Purpose with profit;
- Accelerating structural transformation in African economies; and
- Promoting more effective partnerships between business and government.

Part D: Sectoral Collaboration and Stakeholder Engagement

1.6 Partnerships

EWSETA has to date signed 78 collaborative agreements with various stakeholders as follows:

Technical Vocational Education & Training Colleges (TVETs) partnerships:	<p>38 agreements have been signed to date, of which 13 were signed in 2015/16 with the following TVETs:</p> <ul style="list-style-type: none"> • Elangeni; • Coastal KZN; • Esayidi; • Majuba; • Mnambithi; • Umfolozi; • Umgungundlovu; • Sedibeng; • Ethekeini; • Tshwane South; • Ekurhuleni West; • Waterberg and • False Bay.
University Partnerships:	<p>17 collaborative agreements have been signed to date, of which 9 are Universities; 3 are Universities of Technology (UoTs) and 2 are with International Universities. 3 of these agreements were signed in 2015/16 with the following universities:</p> <ul style="list-style-type: none"> • University of Kwazulu-Natal; • University of Zululand and • Central University of Technology.
Employer partnerships:	<p>10 agreements have been signed which are made up of 4 National Governments, 3 Provincial Governments, 2 Enterprises and 1 Qualifications Authority. 9 agreements were signed in 2015/2016 with the following employers:</p> <ul style="list-style-type: none"> • Bloem Water; • FESTO (Pty) Ltd; • Wagienience (Pty) Ltd; • Thusanani Foundation in partnership with Lamo Solar; • National Business initiatives; • South African Independent Power Producers (SAIPPA); • Free State Provincial Government; • Department of Rural Development and Land Affairs; and • Gauteng Department of Agriculture and Rural Development (GDARD).
Youth organisations/agency partnerships:	<p>3 agreements were signed, of which one was signed in 2015 with the National Youth Development Agency.</p>
Cooperatives:	<p>EWSETA signed with South African Council Graduates Cooperatives (SACGC).</p>

1.7 Energy sub-sectors

The following are the sub-sectors within the energy sector, in the EWSETA:

Electricity (Generation, Transmission and Distribution)

The EWSETA is aimed at enhancing the collaboration and partnership with all stakeholders in this sub-sector, particularly with Eskom, as the main energy utility producer in the country. Following the crisis the country is experiencing, such as load-shedding and delayed construction of the new power stations i.e. Medupi and Kusile, these challenges require unique skills development solutions and engagements.

Oil and Gas

This sub-sector requires vigorous engagement with stakeholders as different stakeholders within the sectors share the same SIC Codes – in other words, they have shared responsibilities within shared projects. EWSETA has secured strong collaborations with MERSETA and CHIETA, as secondary funding partners in the project that was launched at the Saldanha Bay IDZ. This is in line with national governments' call for commitment to Operation Phakisa and the ocean economy.

Nuclear

Engagement is underway with stakeholders in this sub-sector, particularly with NERSA (National Energy Regulator of South Africa) in Phelindaba. Recently, the national government has identified two areas for the construction of nuclear power stations and those are the Eastern and Western Cape.

Renewable Energy (Green Economy)

As defined by the UN Environment Programme, the 'green economy' is one that results in improved human wellbeing and social risks and ecological scarcities. In response to the call of national imperatives and the green skills agenda, the EWSETA in conjunction with key role-players such as government departments, TVET Colleges, and HET institutions, the EWSETA has identified stakeholders for further engagement as this marks the beginning of the transition to a green economy for sustainable development.

1.8 The water and energy sector departments

During the 2015/16 year, the El Niño drought hit South Africa and the water sector became even more crucial in the skills development of the sector. The department focuses heavily on providing support to South African municipalities, and has put even more emphasis on its sectoral collaboration and stakeholder engagement efforts by encouraging closer and more strategic collaboration between EWSETA and our valued partners.

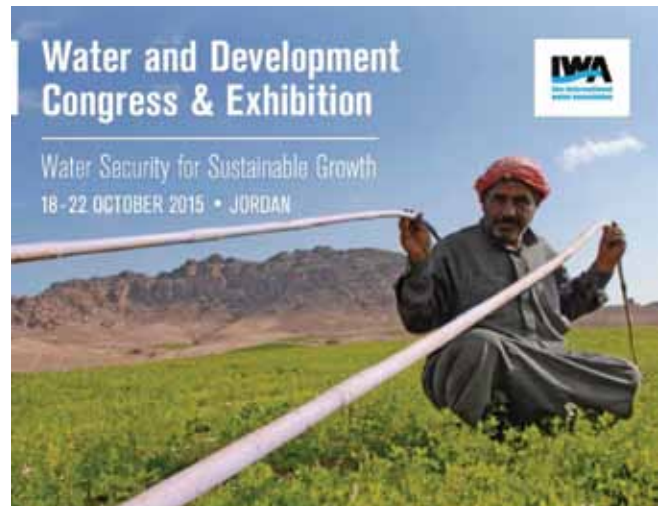
The purpose of the departments are as follows:

- To facilitate collaboration between the stakeholders, sectors and internal functions to ensure optimisation of stakeholder engagement, collaboration and satisfaction by collecting and interpreting the latest energy and water sector trends, leveraging available data and engaging operations in the delivery of best practice skills solutions;

- To proactively manage staff delivery and stakeholder engagement in a timely and anticipatory manner to ensure that both internal and external stakeholder collaboration and engagement needs are fully met; and
- To highlight some of the more exciting initiatives EWSETA attended nationally and further afield.

Some initiatives that took place during the 2015/16 year are as follows:

International Water Association (IWA) International Development Congress:



The IWA Development Congress takes place every second year. The event in 2015 took place in Jordan from the 19th to the 23rd of October. The congress covered a whole range of topics which are relevant to the South African developmental outlook:

- From water conflict to cooperation and development;
- Turning the tide on water resources;
- Rapid urbanisation as driver for sustainability and resilience;
- New business models for water and sanitation services;
- Water and clean technology as an opportunity for growth and development; and
- Growing professional and sector wide capacities.

EWSETA was an active participant in more than one aspect; leading the rapporteuring of the 6th stream on skills development and in this capacity, reporting back during the closing ceremony. EWSETA was also invited to the closed working group to develop an IWA Skills Competency Framework, therefore strongly profiling the South African landscape as global policy frameworks are being developed.

Part D: Sectoral Collaboration and Stakeholder Engagement

4th Biennial Regional and 1st African Young Water Professionals (YWP) Conference:



The South African Young Water Professionals (YWP-ZA) partnered with the EWSETA to bring the 4th biennial YWP Biennial Conference and 1st African YWP Conference into fruition in Gauteng, from the 15th to the 18th of November 2015.

This partnership focused on three main areas:

- The EWSETA learning hub and associated programmes which provided a platform for skills development and non-academic learning at the conference;
- The participation of 20 EWSETA learners at the conference; and
- A branding and marketing package for EWSETA focused primarily on the conference gala dinner and exhibition area.

The EWSETA learning hub in particular, presented a unique opportunity for EWSETA to address its Annual Performance Plan (APP) by increasing the employability of young professionals in the water sector, through a practically oriented learning initiative focused on technical and vocational skills in the water sector as well as the general skills needed to meaningfully contribute to the water sector.

The 20 EWSETA learners benefited from participation at the conference by being exposed to a wide array of water sector research projects; by meeting some of the key water sector institutions through interacting in the exhibition area; by building networks with other young professionals; by participating in the Learning Hub workshops; and by accruing Continuous Professional Development (CPD) points where requested.

Other Events:

In addition to the abovementioned events, EWSETA supported water sector stakeholders across the board by attending launches, for example, by the Water Research Commission (WRC) and the National Business Initiative (NBI). We also attended numerous workshops by our partners to give feedback and stay abreast of sector developments; one of which was the water qualification development workshop hosted by the framework programme for research, education & training in the water sector (FET water). This is not an exclusive list and we hope to expand our sector involvement next year, as well as strengthen relationships going forward.

1.9 2015/16 Outstanding Activities

The SC&SE has achieved most of its strategic outcomes for the 2015/16 year. The establishment of the energy chamber is still outstanding but it is in progress and it will be fully established in 2016/17. The water chamber is also scheduled to be established in 2016/17.

1.10 Conclusion

The SC&SE department is looking forward to a dynamic and exciting year ahead for skills development in the water and energy sectors. Some of the key tasks for the SC&SE will include tackling internal capacity challenges; strategic points of collaboration to unlock socio-economic impact, particularly in rural areas; strategic touch points with the sectors at key events and through key projects; as well as ensuring projects run smoothly and cater for South African development.

We are working on improving the comprehensive strategy for the department that will be supported by the annual operational plan. The recruitment of staff is currently a priority and it is anticipated that by the end of the second quarter in 2016/17, all vacant posts will be filled.

Ms Tsholofelo Mokotedi
Acting Executive: Sectoral Collaboration & Stakeholder
Engagement
EWSETA
31 July 2016

Part E:

Corporate Services





Ms Candice Moodley
Corporate Services Executive

“If both the workplace and the technologies we employ are working optimally, it not only creates a positive experience for all stakeholders but also strengthens brand equity.”

1. OVERVIEW BY THE CORPORATE SERVICES EXECUTIVE, MS CANDICE MOODLEY

Corporate Services is one of the four sub-programmes of EWSETA's Strategic Programme 1: Administration. Corporate Services is responsible for cultivating among others, four key aspects of EWSETA's continued success: its people, technologies, information management and brand reputation. All four aspects are inextricably interlinked. Building capacity through a skilled and engaged workforce, paired with modern, stable technologies ensures that immediate access to information and institutional knowledge is made possible. If both the workforce and the technologies we employ are working optimally, it not only creates a positive experience for all stakeholders but also strengthens brand equity.

The role of Corporate Services is to consolidate certain shared support services needed by the organisation, and to provide these services to our internal and external stakeholders. This is achieved by:

- Integrating our specialised insights and knowledge with industry best practices;
- Aligning with the strategic objectives of the organisation and optimisation of operational and administrative processes; and
- Ensuring at all times that the legal frameworks that govern corporate services support are complied with.

In this way, we ensure that through the delivery of efficient and effective internal services across the organisation, the EWSETA is able to fulfil its mandate of skills development and training within the energy and water sectors.

Corporate Services is made up of three core functions, namely Human Resources, Information and Communications Technology (ICT) and Facilities Management, and Marketing and Communications. A report of the key activities undertaken by each function, for the year under review is listed below:

1.1 Human Resources

The EWSETA Human Resources Department's intent is to provide strategic, innovative, and flexible policies, practices, programs, and services that:

- Attract, develop, reward, and retain a diverse and talented workforce;
- Foster a productive work environment where people feel valued;
- Respond to the changing nature of work and the workplace environment;
- Add value, and reflect good stewardship of resources;
- Advance fair, equitable, ethical and legally compliant policies and processes that are transparent; and
- Invest in human capacity and readiness to meet the needs of the future.

Performance Management System

The implementation of a Performance Management System began in the previous reporting period with a change management strategy, where the aim was first to capacitate staff on the need for Performance Management from a personal growth and development perspective, to an holistic organisational improvement perspective.

This process was implemented in a phased approach whilst the system development simultaneously took place behind the scenes. During this reporting period, whilst capacitation of all levels of staff continued in earnest, the 2015/16 Strategy and Annual Performance Plan KPI's and key initiatives were populated into the top and senior management profile matrices, allowing for this level to be evaluated as a way of piloting the system with no performance reward outcome.

Third quarter performance targets were captured and executives were evaluated against them. This exercise was extremely beneficial in allowing Executives to engage with the system and to identify gaps, particularly in the alignment of the Annual Performance Plan KPI's, to individual owners.

We are pleased to report that the pilot exercise with the executives has been successfully completed. The performance management system is live and will be used for all staff performance management as of 2016/17, with executives and management currently finalising their individual performance agreements and then cascading their KPI's and initiatives down to their subordinates.

Performance management at EWSETA has finally become a reality and the results of optimal performance, increased individual commitment, higher morale and improved service delivery will no doubt be felt by all stakeholders who engage with the SETA going forward.

Talent Management and Recruitment

Whilst recruitment at EWSETA remained conservative over the reporting period, one should take cognisance of key factors that influenced the rate of recruitment within the organisation. The main factor was affordability, given that all recruitment must be done within the confines of our administration budget. The other factor hinged on uncertainty during most of the reporting period, about the re-establishment of the SETAs after the end of term following 31 March 2016. Management had to weigh the benefits of employing a range of individuals at various occupational levels, without having received the Minister of Higher Education and Training, Dr Blade Nzimande's decision on the matter (which was only gazetted in October 2015 in Government Gazette No 39263). Under these circumstances, EWSETA proceeded with caution and made only two new appointments on a contract basis (that of a new marketing manager and the risk and compliance officer) and three interns.

Instead of hiring outside of the organisation, focus was rather placed on internal staff optimisation. Through the recognition of staff commitment to the organisation and demonstrated ability to perform higher role job functions, EWSETA opted to promote most of our administrators to practitioners. This equated to the promotion of 11 internal staff members.

The promotions in turn resulted in various administrator positions becoming vacant which allowed us to embark on an internal recruitment process geared towards absorbing our interns who, during the reporting period were all placed on temporary contracts. We are extremely pleased to report that this recruitment process was successfully concluded with all 20 temporary contractors successfully and permanently placed within the structure. Although the process began in the 2015/16 reporting period, contracts are effective 01 April 2016 and therefore, would have little impact on the vacancy rates for the reporting period as the appointments would only affect the 2016/17 data. Nonetheless, the achievement is one we are extremely proud of and has certainly boosted staff morale within the organisation.

It was reported last year that the recruitment of a permanent Chief Financial Officer and Chief Operating Officer was imminent. However, as the process lies with the Human Resource and Remuneration Committee as the governance sub-committee responsible for the appointment of executive positions, members are yet to make any final decision on the matter and thus, the positions are still held by acting executives who have remained committed to serving those positions with continued dedication and steadfast leadership. We thank these managers for staying the course.

Employment Equity

Employment equity remains a priority for EWSETA and we have successfully submitted our employment equity report to the Department of Labour on 15 January 2016. We do sit with under-representation in certain occupational levels, particularly with regards to people with disabilities, however this is being addressed through a revised Employment Equity Plan which was presented to staff for their input.

As the SETAs have been re-established for a further 2 years, we will also achieve our 'representivity' targets through the placement of some of the vacant posts within the structure in the forthcoming year. We are also in the process of appointing new members to the Employment Equity Committee, who once appointed, will undergo training so that their participation in the Committee will yield desired results and target achievement.

Challenges

The departure of our Human Resource (HR) Manager six months into the reporting period, left a sizable gap in the management structure of the organisation and whilst Executives did step in and run the day to day activities of HR, the void of a substantive HR Manager did have a delaying effect on a number of key initiatives that were being prioritised at the SETA, not least of which was the driving of the performance management system development and implementation.

Part E: Corporate Services

Other HR planned initiatives similarly affected have been the structure review and job grading exercise, HR policies and procedures review, development and implementation of a succession plan and training plan. The recruitment of a new HR Manager is in the process of being finalised and the new HR Manager will certainly need to fast-track those affected initiatives.

Human Resource Representivity

The tables below reflect pertinent information relevant to the human resources of the organisation for the period under review:

Current EWSETA representivity status:

Occupational Group:	Headcount:	% of Total Workforce:
African	53	86.9%
Coloured	5	8.2%
Indian	2	3.3%
White	0	0%
Disability	0	0%
Foreign Nationals	1	1.6%
Totals:	61	100%

Occupational Group:	Male:	% of total workforce:	Female:	% of total workforce:
African	19	31.1%	34	55.7%
Coloured	2	3.3%	3	4.9%
Indian	1	1.6%	1	1.6%
White	0	0%	0	0%
Disability	0	0%	0	0%
Foreign Nationals	0	0%	1	1.6%
Totals:	22	35.9%	38	63%

EWSETA Workforce Profiles:

Occupational Levels	Male				Female				Foreign Nationals								Total
									Male				Female				
	A	C	I	W	A	C	I	W	A	C	I	W	A	C	I	W	
Top management	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	2
Senior management	9	1	0	0	4	0	0	0	0	0	0	0	0	0	0	0	14
Professionally qualified and experienced specialists and mid-management	1	0	0	0	12	1	0	0	0	0	0	0	0	0	0	0	14
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1	0	1	0	0	1	0	0	0	0	0	0	0	0	0	0	3
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT	11	2	1	0	18	1	1	0	0	0	0	0	0	0	0	0	34
Temporary employees	8	0	0	0	16	2	0	0	0	0	0	0	0	0	0	1	27
GRAND TOTAL*	19	2	1	0	34	3	1	0	0	0	0	0	0	0	0	1	61
*= includes: 3 resigned, 1 dismissed and 1 deceased during the reporting period.																	
Key: A = African, C = Coloured, I = Indian and W = White.																	

Occupational Categories:

Occupational Categories	Current % of Total Workforce:
Top Management	3.3%
Senior Management	23%
Professionally qualified and experienced specialists and mismanagement	23%
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	6.6%
Semi-skilled and discretionary decision making	0
Unskilled and defined decision making	0
TOTAL PERMANENT	55.9%
Temporary Employees	44.6%

Part E: Corporate Services

EWSETA representivity targets:

Occupational Categories	Current %	Target %
Top Management	3.3%	5.2%
Senior Management	23%	0%
Professionally qualified and experienced specialists and mid-management	23%	38%
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	3.3%	19%
Semi-skilled and discretionary decision making	3.3%	10%
Unskilled and defined decision making	0	
TOTAL PERMANENT	55.9%	72.2%

Personnel cost by salary band:

Currently the EWSETA has a staff compliment of sixty one (61), including staff on contract. The personnel costs by salary band are reflected as:

Level	Personnel expenditure (R'000)	% of personnel exp. to total personnel cost	Number of employees	Average personnel cost per employee (R'000)
Top management	R 3 689 639.00	12.1%	2	R 1 844 819.50
Senior management	R 12 649 626.31	41.5 %	14	R 903 544.73
Professional qualified	R 6 581 549.32	21.6 %	14	R 470 110.66
Skilled	R 1 077 048.68	3.5 %	2	R 538 524.34
Semi-skilled (includes staff on contract)	R 781 938.58	2.6 %	2	R 390 969.29
Unskilled	0	0	0	0
Temporary Employees	R 4 905 198.11	16.1 %	29	R 169 144.76
Leave payments	R 777 000.00	2.6 %	5	R 155 400.00
Total	R 30 462 000.00	100%	68	R 4 472 513.28

1.2 Information and Communications Technology and Facilities Management

Strategically, EWSETA has to ensure that we respond effectively to the 8 goals as set out in the NSDS III and ICT plays a crucial role in achieving our mandate. As a result, EWSETA has placed great emphasis on continuously developing and improving the ICT environment of the organisation, from governance through to desktop support.

Establishing a credible institutional mechanism for skills planning
EWSETA has already started to establish a credible institutional mechanism for skills planning by conducting a number of activities. All of these activities are underpinned by a sophisticated Management Information System (MIS) that incorporates a Labour Demand and Supply Module. These activities include:

- Establishing baseline indicators of labour supply and labour demand in the EWSETA, that can be used to measure and monitor the impact of interventions taking place in the Energy and Water sector;
- Identifying and creating an integration plan for disparate sources of information currently available in the EWSETA;
- Redesigning the EWSETA's Workplace Skills Plan (WSP) process to enable the EWSETA to elicit more detailed, accurate and auditable information via the employer's WSP submissions;
- Instilling and utilising the Organising Framework for Occupations (OFO) within all skills planning initiatives in the EWSETA, to enable occupational information as a key dimension to decision making;
- Collecting information that will enable the EWSETA to report on trends in the Energy and Water Sector according to the NSDS III transformation imperatives of Race, Class, Gender, Geography, Age and Disability;

- f) Identifying and profiling the key occupations in the Energy and Water Sector and publish the results thereof in a handbook of Occupations relevant to the EWSETA;
- g) Conducting a skills audit of the Energy and Water Sector to establish the skills demand in the sector;
- h) Identifying current and future learning needs;
- i) Implementing mechanisms to collect labour supply information relevant to the Energy and Water Sector;
- j) Providing a sound analysis of the sector and assisting in articulating a sector strategy to address skills needs;
- k) Analysing, validating and capturing sector data in an integrated database that is accessible to stakeholders; and
- l) Providing capacity building and support to EWSETA and its employers for the credible institutional mechanism for skills planning.

ICT Governance

EWSETA has adopted King III as a governance framework, which therefore also applies to the Information Technology (IT) environment. In addition, the five key elements of IT governance as per COBIT (Control Objectives for Information and related Technology) are adopted for EWSETA's IT governance framework.

Furthermore, King III recommends that the board of directors (the Board) establish an IT charter. This IT charter should outline the decision-making rights and accountability framework for IT governance that will enable the desirable culture in the use of IT within EWSETA.

During the reporting period, the Governance and Strategy Sub-Committee endorsed the EWSETA IT charter and governance framework, and these have subsequently been approved by the board.

In addition and subsequent to the 2014/15 IT audit findings, certain policies were reviewed and updated to close identified gaps and certain new policies and procedures were developed and approved including:

- Password Policy;
- Disaster Recovery Plan and Backup Procedure;
- EWSETA Document Management Policy; and
- Record Procedure Manual.

Finally, the IT Governance Steering Committee comprised of internal stakeholders, contribute to the overall management of efficient and effective systems and process. Meetings take place bi-weekly and are extremely well attended, allowing for identified challenges to be addressed expediently.

Managing Risk

Together with the Risk, Reporting and Compliance Department, the IT Manager developed a Risk Register which is being tracked. Progress has certainly been made in addressing most of the risks identified, however, there are still areas that require more intervention and control.

Resource Optimisation

IT interns were recruited to assist the department, particularly

administratively, which meant dealing with the numerous desktop support queries and freeing the IT Manager up to focus on the strategic high level matters. This did seem to improve efficiencies within the department up until the sudden departure of the IT Manager in January 2016, which created a void within the department that was immediately dealt with by putting contingency measures in place that prevented any challenge with business continuity. The recruitment of a new IT Manager will be prioritised for the forthcoming financial period.

The department however, is still under-resourced and the need for specific technical expertise is becoming urgent. We trust that after taking budgetary limitations into consideration, the department will be able to recruit for the much needed technicians.

Facilities Management

Since opening the EWSETA Western Cape Office at False Bay College's Westlake Campus in the previous reporting period, EWSETA has continued to focus on opening similar offices in other provinces. We are delighted to announce that we have partnered with Motheo TVET College in the Free State and have completed the refurbishment of EWSETA offices within their Head Office Block. Focus is now being placed on recruiting for the resources needed to make the office fully functional before the official launch being planned for the new financial period.

Other office space where negotiations have been underway, has been in the Eastern Cape at the East Cape Midlands College and Lovedale College, KwaZulu-Natal at Umfolozi TVET College, and a possible satellite office in the Free State at Goldfields TVET College. The finalisation of these offices will be done in the new financial year.

The move of our Johannesburg Head Office to our new office building has been delayed mainly due to contractor challenges that have been resolved and the move is anticipated to take place in the new financial year.

1.3 Marketing and Communications

The marketing and communications department has consistently succeeded in raising the profile and brand awareness of EWSETA with stakeholders and has delivered quality products and services. These included professional and high-quality Annual Reports and strategic documents, robust career guidance initiatives across the country and targeted public relations that has seen EWSETA featured on multimedia platforms that reach decision-makers and learners alike.

Below are some of the event highlights of the department:

Eldo's Women's Imbokodo Project Launch – 25 June 2015

In May 2013, President Jacob Zuma visited the community of Eldorado Park at the request of a group of mothers who were tired of the negative impact that the scourge of drug abuse was having on the youth of the area. The President, whom was accompanied by various ministers and heads of other spheres of government, committed that he would personally oversee the project that would curtail drug usage within the community and which would look at redeveloping the local community.

Part E: Corporate Services

The President noted that skills development, especially for the youth, would be pivotal in achieving his project's goals. In October 2014, EWSETA approved an Eldo's Women's Imbokodo Project which aims to deliver on the promise given to the community by the President.

The project consists of two tiers:

1. Enrolling 20 learners for an Electrician Apprenticeship; and
2. Enrolling 50 learners for a National Certificate Vocational (NCV) learning programme in Electrical Infrastructure and Construction.

In January 2015, all students were enrolled at Central Johannesburg College. Fifty students for Electrical Infrastructure Construction Level 2 and 20 students for the Nated component of their apprenticeship programme were enrolled, with City Power providing the workplace training component.

Given the significance of this project it was appropriate for EWSETA to officially launch the project together with Eldo's Women's Imbokodo and we were honoured to have our invitation graciously accepted by the Deputy Minister of Higher Education and Training, Mr Mduduzi Manana, who was in attendance.

SANACO Project Launch and Graduation – 03 August 2015

EWSETA, together with SANACO (South African National Apex Cooperatives) ran the training of 175 beneficiaries on the following Learnership: General Education and Training Certificate (GETC): General Technical Practice. In October 2014, EWSETA entered into an Agreement with SANACO for a continuation application to enrol the same beneficiaries into another learning programme that will capacitate and support them towards becoming artisans.

In order to achieve this, an event was held with the core purposes of holding a graduation ceremony for the learners who completed the first GETC programme; and to launch the continuation programme namely, NC: Electrical Engineering.

SANACO's project is closely aligned to the skills plan of the EWSETA, assisting in meeting the national government's imperatives as well as contributing to the call of government to strengthen support towards the informal sector and in particular, cooperatives. This programme sought to address the skills shortage in the sector by:

- Driving skills delivery in the energy and water sector;
- Facilitating the increase of artisan skills capacity within the energy and water sector;
- Capacitating of beneficiaries with knowledge and skills in electrical trade to qualify as artisans; and
- Supporting NSDS Goal 2: Increasing access to occupationally – directed programmes.

Conferences

The Marketing and Communications Department is certainly



Learners graduating at the SANACO and EWSETA Graduation Ceremony

doing things more strategically and as a result, we are finding new, innovative and effective ways of engaging with our stakeholders, particularly at events such as conferences.

The 2nd Annual Green Youth Indaba – 30 September 2015

Not to repeat what has already been highlighted under the overview of the Acting Sectoral Collaboration and Stakeholder Engagement Executive, from a brand positioning perspective, this event was indeed an incredibly beneficial platform for the EWSETA.

The main reason is due to the fact that South Africa is undertaking a major role in promoting and investing in a green economy. The shift to a green economy will subsequently impact the structure of current jobs, and at the same time create new direct jobs. The energy and water sectors are anticipated to supply the most number of green jobs required to meet South Africa's goals regarding the move to the green economy.

Our participation in the 3rd annual Green Youth Indaba is currently underway for the new financial year and through our improved communication platforms, stakeholders will be encouraged to attend and lend their knowledge and voice to driving the Green Skills Agenda of the country.

Young Water Professional (YWP) 4th Biennial Conference – 16 – 18 November 2015

EWSETA not only sponsored the incredibly well-attended "EWSETA Learning Hub" which ran parallel to the other sessions over the duration, but we were also the sole sponsor of the Gala Dinner which took place on 17 November 2015. However, the most exciting part of our involvement was that we invited 20 of our learners in some of our water related projects (young, unemployed learners) to attend the conference to expose them to the tremendous opportunities such a conference brings. This demonstrates our continued effort to further capacitate learners through such experiences. EWSETA ensured that these learners' transport, accommodation, meals and registration fees were all taken care of, allowing them to simply attend the conference and share their own learning experiences with fellow young professionals and giving them the opportunity to network amongst their peers.

The success of exposing our learners to such conferences was a

resounding success with one project reporting that since their learners were exposed to the conference, drop-out rates have never been so low. This will definitely become a model we replicate in the future.

Cohesiveness Conference

To elaborate on our efforts to implement strategic initiatives that break the mould and create dialogues, EWSETA together with the Desmond Tutu Centre of Leadership, opted to host a “Cohesiveness Conference” in February 2016 as opposed to a project launch, which aimed to build cohesiveness amongst learners and stakeholders in the Mpumalanga region.

In addition to targeting the youth who were part of the programme in order for them to devise business plans to get involved on a demand-driven basis within Environmental Mitigation and Adaptation, the conference was also a means of leveraging off the outcomes of COP21, aptly themed: ‘Think global, act local’.

Ultimately, the conference sought to encourage collaboration between Mpumalanga municipalities and other stakeholders with the youth that were on the EWSETA learning programme applying the skills acquired by them over the past year, to mitigate environmental degradation in their communities.

1.4 Strategic Marketing

With the arrival of our new Marketing and Communications Manager in November 2015, EWSETA is set for greater heights in terms of her marketing vision and strategy for the organisation. Moving forward more emphasis will be placed

on strategic integrated marketing and communications to build the brand across all touch points and establishing synergies with other departments that create relevant, sustainable solutions. Already there have been a number of exciting developments within this department under her leadership which no doubt will be highlighted in the next reporting period.

1.5 In Conclusion

Despite the various challenges experienced within the Corporate Services Branch over this reporting period, I would like to thank the Corporate Services team across all three Departments for their hard work, commitment, support and belief in what we do. As Winston Churchill so aptly said: “Success is not final, failure is not fatal: it is the courage to continue that counts.”



Ms Candice Moodley
Corporate Services Executive
EWSETA
31 July 2016

Part F: Governance



Corporate Governance is a key focus of the EWSETA and all of our efforts are guided by exceptional corporate governance practices and policies. The King III Report, the Code of Corporate Practices and Conduct and Corporate Governance in the Public Sector all form part of our protocol for achieving sound, ethical organisational operations. A strong corporate governance stance enables the EWSETA to conduct its activities with full consideration for responsible decision-making, accountability, ethical leadership, transparency and fairness.

In line with our commitment to corporate governance, the EWSETA has a number of committees and sub-committees that govern various functions within the organisation.

1. THE ACCOUNTING AUTHORITY/ BOARD

The PFMA stipulates that every public entity must have an authority which must be accountable for the purposes of the PFMA. The EWSETA Board forms the Accounting Authority and the Minister of Higher Education and Training, Dr Blade Nzimande, is the Executive Authority of the EWSETA. As per the PFMA, the fiduciary duties of the Accounting Authority must:

- Exercise the duty of utmost care to ensure reasonable protection of assets and records of the public entity;

- Act with fidelity, honesty, integrity and in the best interests of the public entity in managing the public entity's financial affairs;
- On request, disclose to the executive authority responsible for the public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way may influence the decision or actions of the executive authority or that legislature; and
- Seek, within the sphere of influence of the Accounting Authority, to prevent any prejudice to the financial interests of the state.

The total number of Accounting Authority members is 15, but have 4 vacant positions so we currently have 11 active members that make up the Accounting Authority of the EWSETA. The new Chairperson, Mr Frans Baleni was appointed on the 11th of February 2016.

The Accounting Authority provides oversight and support to the Executive Management team and provides strategic leadership for the EWSETA and ensures that it fulfils its mandate and obligations in terms of the constitution and the Skills Development Act. The Accounting Authority meets once per quarter during each financial year.

Composition of the Accounting Authority/Board:

Name and Designation:	Qualifications:	Leadership Roles:
Mr Frans Baleni, Chairperson 	<ul style="list-style-type: none"> • BA in Social Development Studies, University of Johannesburg. • BOD Certificate, IMD, Switzerland. • Political Science and Trade Unionism, Whitehall College, England. 	<ul style="list-style-type: none"> • Member of Golden Key International Honour Society. • Deputy Chairperson, Development Bank of Southern Africa. • Council Member and Former Deputy Chairman, University of Johannesburg. • Non-Executive Director, PetroSA. • Chairman, ADC Cables. • Director, F11 Management Consulting. • Executive member, International Federation Chemical, Energy, Mine and General Workers Union. • Former Deputy President, IndustriALL Global Union. • Served on the King III committee. • Member, CODESA Working Group. • Served in National Electricity Forum which led to the establishment of NERSA. • Former General Secretary, National Union of Mineworkers.

Part F: Governance

Name and Designation:	Qualifications:	Leadership Roles:
<p>Mr Olebogeng Besnaar, Ministerial Appointee</p> 	<ul style="list-style-type: none"> • Healthcare Benefit Administration Certificate, Discovery Institute. • BSc Computer Science 2nd year. • Programme in Public Administration Management (UNISA) current. • Higher Certificate in Public Management. 	<ul style="list-style-type: none"> • More than 10 years in youth leadership from regional, provincial to international level. • NEDLAC, Member of Executive Committee. • Member of Country Descent Work Programme committee. • Member of the SANAC Secretariat.
<p>Mr Ravi Moodley, Senior Manager, Eskom Academy of Learning</p> 	<ul style="list-style-type: none"> • German Master, Electrical. • MSc, University of Warwick, UK. • Senior Managers Programme, Henley SA. 	<ul style="list-style-type: none"> • Has 35 years of experience in industry both nationally and internationally and a wealth of knowledge, skills, attributes and savvy relating to business. • Member of the EWSETA Board, Chair of the Quality Assurance and Compliance Committee (QACC) and member of the Human Resources and Remuneration Committee (HRRC).
<p>Mr Mercy Sekano, Executive Director, Elijah Barayi Memorial Training Centre, Johannesburg</p> 	<ul style="list-style-type: none"> • Programme and Project Management Diploma, University of the Witwatersrand. • Education and Adult Education Diplomas, University of Cape Town. 	<ul style="list-style-type: none"> • Chairperson Learning Programmes Committee EWSETA. • Executive Director Elijah Barayi Training Centre. • Trustee J.B. Marks Education Trust. • Chairperson, Debating Committee, Modimosana Middle School. • Culture and Entertainment Committee, Tlhabane College of Education and the South African Democratic Teacher's Union (SADTU), Koster Branch. • Member of the Student Representative Council, Tlhabane College of Education. • Founder and coordinator of Mphe-Bana High School and Conservation Club.

Name and Designation:	Qualifications:	Leadership Roles:
<p>Mr Justice Sera, Shop Steward, Rand Water, Johannesburg</p> 	<ul style="list-style-type: none"> • LLB with UNISA (Current). • National Diploma in Human Resource Management, UNISA. • Development Programme in Labour Relations and Programme in Human Resource Management, UNISA. • Certificate in Supervisory Management, Graduate Institute of Management and Technology. • Certificate in Human Resource Management, Institute of People Management, SA. 	<ul style="list-style-type: none"> • EXCO member. • Chairperson of the Employment Equity Forum, Rand Water. • Provincial Deputy Chairperson, South African Municipal Workers' Union, Gauteng. • Chairperson, South African Municipal Workers' Union Provincial Disciplinary Committee, Gauteng.
<p>Mr Keith Swanepoel, Acting Regional Manager, Inner City Office, City of Johannesburg</p> 	<ul style="list-style-type: none"> • Business Management Diploma, Damelin. • Labour Relations Diploma, Institute of People Management. • Public Private Partnerships, Wits Graduate School of Public and Development Management. 	<ul style="list-style-type: none"> • Deputy President of IMATU. • Council member, Independent Municipal and Allied Trade Union National Executive and Executive. • Chairperson and member, Governing Body, Edenvale High School.
<p>Mr Mnonoki (Knox) Zhou Msebenzi, Managing Director, Nuclear Industry Association of South Africa, Professional Engineer.</p> 	<ul style="list-style-type: none"> • (PREng.) • MA • MSc • MBA • Areas of specialisation: <ul style="list-style-type: none"> • Strategic Management, Electrical Power Engineering and General Power Management. 	<ul style="list-style-type: none"> • Chairperson of EWSETA Governance and Strategy sub-committee. • Executive Director of the Power Institute of East and Southern Africa. • Serving on the Advisory Boards of many energy institutions.
<p>Ms Petunia Ramunenyiwa, Chief Director: Operational Support, Coordination and Consolidation, Department of Water and Sanitation</p> 	<ul style="list-style-type: none"> • University of Venda, BA (Psychology) and University Education Diploma. • Corporate Governance (King III), AstroTech. • Competency in Conducting Outcomes-based Assessment certificate, Quality Executive Development. • Presentation skills, Speechcraft. • Economics Literacy for Government Employees (with Distinction), University of Pretoria. • Certificate in Introduction to ISO9000, the Mvula Trust 2001. 	<ul style="list-style-type: none"> • EWSETA Board, Executive Committee. • Chairperson of the Water Sector Leadership Group Skills task team.

Part F: Governance

Name and Designation:	Qualifications:	Leadership Roles:
<p>Mr Tshimane Montoedi, Deputy General Secretary, NUM</p> 	<ul style="list-style-type: none"> • Programme in Business Communication, UNISA. • Certificate in HR, UNISA. • Applied Organisational Development Programme, UNISA. • Degree in Organisational and Industrial Psychology (Current). 	<ul style="list-style-type: none"> • Served in the ANC, SACP and COSATU. • Serves on the following boards: <ul style="list-style-type: none"> • State Diamond Trader • MIC • Minerals and Mining Development • Unity Incorporation. • EWSETA
<p>Mr Stephen Mkithiki Nhlapo, HOD for Organising, Campaigns and Collective Bargaining, NUMSA</p> 	<ul style="list-style-type: none"> • HOD for Organising, Campaigns and Collective Bargaining, NUMSA. • Master's Programme of Public Development and Management, University of Witwatersrand (current). • Diploma in Project Management, Wits. • Certificate in Privatisation Management, Intrados, USA. 	<ul style="list-style-type: none"> • Responsible for leading the Collective Bargaining Department, NUMSA. • Developing national union policies in Collective Bargaining and restructuring for the sector.
<p>Mr Tebogo Phadu, Policy Research Coordinator, ANC Luthuli House, Johannesburg</p> 	<ul style="list-style-type: none"> • Senior Diploma in Political Economy and Philosophy, USSR Academy of Social Sciences, Moscow, Russia. • Master's in Social Sciences (Environmental Economics), London School of Economics, United Kingdom. 	<ul style="list-style-type: none"> • General Secretary, National Cooperative Association of South Africa (NCASA). • Chairperson, South African Federation of Burial Societies (SAFOBS). • Attended international conferences of cooperative movements. • Author of publications on cooperative development, ecological and labour issues.

Accounting Authority remuneration

The EWSETA bases its Accounting Authority remuneration structures on the National Treasury guidelines. Remuneration is reviewed annually. The Accounting Authority/Board members qualifying for remuneration are classified as follows:

- Independent board members as appointed by the Minister of Higher Education and Training; and
- Board members not directly employed by the employer or the labour constituencies they represent.

All board members are reimbursed for expenses incurred in fulfilling their duties and responsibilities as board members. This is in line with remuneration policies and procedures of the EWSETA.

The remuneration of the board members can be found in 'Note 28' of the Annual Financial Statements on page 104.

Due to the sheer vastness of its duties, the EWSETA Accounting Authority has established a number of sub-committees to effectively meet its responsibilities as a governance overseer. Each sub-committee has a defined scope of duties and is chaired by a member of the Accounting Authority.

Executive Committee

The Executive Committee is chaired by the Accounting Authority Chairperson, Mr Frans Baleni. It also consists of three Accounting Authority members. This sub-committee is responsible for strategic support and corporate governance oversight of the Executives. During the period under review, this sub-committee met 5 times.

Audit and Risk Committee

This sub-committee is chaired by Mr Jeff Rapoo and consists of 2 independent members and 2 Accounting Authority members. This sub-committee is responsible for ensuring the integrity of integrated reporting and internal financial controls as well as identifying and managing financial risks. During the year under review, the Audit and Risk Committee met 5 times. Please see "Report of the Audit and Risk Committee" on page 66, for more information.

Human Resources and Remuneration Committee

This sub-committee is chaired by Mr Olebogeng Besnaar and consists of 3 Accounting Authority members and 2 independent members. The responsibility of this sub-committee is to support human resource management and development and to monitor compliance with laws and regulations governing human resources. During the period under review, the HRRC met twice.

Finance Committee

This sub-committee is chaired by Mr Keith Swanepoel and consists of 4 Accounting Authority members. The responsibility of the Finance Committee is to oversee financial administration and internal control, in line with laws and regulations. During the 2015/16 financial year, this committee met 3 times.

Skills Planning Committee

This sub-committee is chaired by Mr Justice Sera and consists of 4 independent members. This committee is tasked with

facilitating research that relates to skills development of the energy and water sectors, that guides the SSP. The Skills Planning Committee met 2 times during the year under review.

Learning Programmes Committee

This sub-committee is chaired by Mr Mercy Sekano and consists of 5 independent members. This sub-committee is responsible for overseeing the effective development, management and implementation of learning programmes for the EWSETA. The Learning Programmes Committee met 5 times during the year under review.

Quality Assurance and Compliance Committee

This sub-committee is chaired by Mr Ravi Moodley and consists of 6 independent members. The Quality Assurance and Compliance Committee is responsible for ensuring quality assurance across the functions of the EWSETA, and that the EWSETA consistently fulfils its obligation as an ETQA, in terms of the SAQA Act, 58 of 1995. This sub-committee met 3 times during the 2015/16 financial year.

Governance and Strategy Committee

This sub-committee is chaired by Mr Knox Msebeni and is comprised of 3 members of the Accounting Authority. The Governance and Strategy Committee is responsible for ensuring that the board is able to govern the organisation effectively through the creation of governance policies and procedures, providing orientation and training programmes for the board members and evaluating the performance of individual members and the board as a whole. During the year under review, this sub-committee met once.

Company Secretarial function

The functions of the EWSETA company secretary reside in the Office of the CEO, and are operated by Mr Seretse Nyanto and Mr Elliot Seake. These positions were, however, only filled at the beginning of the 2016/17 financial year and are not applicable to the year under review.

The Company Secretary is responsible for developing and maintaining the procedures and processes required for the proper administration of the Accounting Authority and its sub-committees. The Company Secretary also ensures that procedures are complied with and advise members on governance matters.



Mr Jeff R Rapoo
Chairperson of the Audit and Risk Committee

"The EWSETA has established a fully-fledged Risk Management Department to drive the enterprise risk management strategy."

2. REPORT OF THE AUDIT AND RISK COMMITTEE

We are pleased to present our report for the year ended 31 March 2016 as follows:

2.1 Audit and Risk Members and attendance

The Audit and Risk Committee (The Committee) consists of three independent members and two other members who are non-executive members of the EWSETA Accounting Authority nominated as such by the Accounting Authority. The Committee is required to meet at least four times a year in terms of its approved terms of reference or Charter. The quorum for meetings is a majority of members present. The members of the Committee for the year are as outlined below in conjunction with their respective attendance of meetings held.

During the year under review the Committee held seven meetings as follows:

Name of Member:	Number of Meetings Attended:
Mr J R Rapoo (Chairperson)	5
Ms M Strydom	5
Ms S Thomas	2
Mr K Swanepoel	3
Ms P Ramunenyiwa	0

Responsibilities of the Audit and Risk Committee

The Committee reports that it has discharged its responsibilities as prescribed in the PFMA, Act 1 of 1999 as amended and Treasury Regulations 27.1.8 and 27.1.10(b) and (c).

The Committee has also adopted formal terms of reference as its Charter and has regulated its affairs in compliance with its prescripts. The Charter is reviewed annually and approved by the Accounting Authority.

2.2 Effectiveness of Internal control and Internal Audit

The EWSETA system of internal control is designed to provide reasonable assurance, inter alia, that assets are safeguarded and that liabilities and working capital are managed efficiently in the ordinary course of business.

Assurance on the appropriateness and effectiveness of control systems in operation is provided by an independent internal audit function which conducts its duties in terms on an approved Internal Audit Charter which is also subject to review on an annual basis. The Internal Audit function follows a risk-based audit approach based on the EWSETA Risk Register as assessed and updated by management from time to time.

The Internal Audit Plan flowing from this approach was formally adopted and approved by the Committee.

Based on reports and audit findings the Committee is of the view that certain internal control systems of the EWSETA did not function adequately for the year, as outlined in the Emphasis of Matter paragraphs of the Auditor-General's Report and in some specific instances as fully outlined in the final management report of the Auditor-General. The Committee will monitor the implementation of action plans designed by management in response to the said findings to ensure that the control weaknesses do not recur.

2.3 Monthly and in-year Management Reporting

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

2.4 Risk Strategy

The EWSETA has established a fully-fledged Risk Management Department to drive the enterprise risk management strategy. A comprehensive risk register is in place and reviewed by management on a monthly basis to ensure that risk mitigation controls are effective and emerging risks are identified and responded to timeously. In line with its charter the Committee will review reports arising from these processes at each of its meetings in order to:

- Exercise oversight in respect of the enterprise risk management function, which remains management's responsibility;
- Monitor implementation of the entity's risk management action plan and make recommendations regarding improvement of reporting thereon; and
- To review, and where necessary, have the approved internal audit plan adapted accordingly.

2.5 Evaluation of the Annual Financial Statements and the Report on Predetermined Objectives

The Committee has:

- Reviewed and discussed the audited annual financial statements and the report of performance against predetermined objectives with the AGSA and management;
- Reviewed the AGSA management report inclusive of the responses of management to findings contained therein;

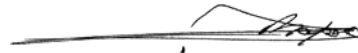
- Reviewed the EWSETA compliance with legal and regulatory provisions based on findings by the AGSA and internal audit;
- Reviewed changes in accounting policies and procedures; and
- Noted that there certain adjustments were effected as a result of the audit process.

Based on the reviews and discussions and explanations rendered, the Committee concurs with and accepts the Auditor-Generals conclusions on the Annual Financial Statements and the Report on Performance against Predetermined Objectives.

The Committee is of the view that the Annual Financial Statements and the Report on Predetermined Objectives read with the report of the Auditor-General be accepted.

2.6 Unresolved matters

The Committee was assured, during discussions with the Auditor-General, that there were no unresolved matters outstanding from the audit process.



Mr Jeff R Rapoo
Chairperson of the Audit and Risk Committee
EWSETA
31 July 2016

3. RISK MANAGEMENT OVERVIEW

The EWSETA, as a Schedule 3A public entity, is required in terms of section 51(a) (l) of the PFMA to implement and maintain an effective, efficient and transparent system of financial management, risk management and internal control.

To fulfil this responsibility, the EWSETA has adopted COSO Enterprise-Wide Risk Management, in line with the public sector risk management framework. These risk management standards are applied and used in identifying critical risk events and risk opportunities; assessing, monitoring and reporting on risks; implementing controls; decision-making and in all other business processes.

The overall risk management philosophy of the EWSETA is to identify and predict potential and emerging risks before they occur; or materialise and implement a risk management culture and approach that is applicable to all EWSETA employees. The organisation believes that risk management is fundamental for effective corporate governance and to the development and maintenance of a sustainable organisation and to maintaining a sound control environment.

3.1 Nature of risk management

The EWSETA has developed a Risk Management Policy and Risk Management Strategy as a management tool and for use by other employees to identify, measure, evaluate, treat, monitor and communicate risks associated with business operations, financial matters and projects. The risk management implementation plan is in place to give effect to the implementation of the Risk Management Policy, Risk Management Strategy and Fraud Prevention Plan.

The overall focus of the Risk Management process for the financial year 2015/16 was on strengthening EWSETA's business application systems, business processes, policies and standard operating procedures, as well as improving both our financial and operational reporting to support EWSETA's strategic initiatives, whilst maintaining our risk profile in line with our risk strategy.

The EWSETA has a dedicated Risk Management function that oversees and coordinates proactive risk identification, assessment and the implementation of the risk management process.

3.2 Risk assessment

Risk assessment workshops were conducted in April 2015 to identify risk exposures. The operational and strategic risks facing the EWSETA were identified and risk mitigation strategies were developed to deal with the potential threats. The completed risk register was provided to the Internal Audit team to prepare their annual risk-based audit plan.

High risk exposures are reviewed on a regular basis to determine the effectiveness of the current internal controls by analysing reports presented to the governance structures by other

assurance providers; and through encouraging management to continuously identify new and emerging risks and to report any loss incidents.

3.3 Risk monitoring

The Audit and Risk Committee (ARC) established by the EWSETA Accounting Authority, oversees the EWSETA's risk management systems, practices and procedures to ensure the effectiveness of risk identification and management across all business units, as well as compliance with internal guidelines and external requirements. The Committee convenes on a quarterly basis and is chaired by an independent, external person.

The quarterly risk management progress reports are presented to ARC for oversight, monitoring and evaluation of the risk management process and recommends improvements to the risk management strategies. The Committee reviewed the risk management process, strategic and operational risk registers and recommended improvements to these processes. Our management team tracks and monitors progress against the implementation of the audit remedial actions recommended by the external and internal auditors. The implementation status report is presented to the ARC every quarter.

3.4 Compliance with Laws and Regulations

The EWSETA is committed to the highest ethical and moral standards and ensures that its activities comply with applicable laws. We use a compliance checklist aligned with regulatory requirements to monitor, prevent and detect non-compliance and irregularities. Irregularities are recorded in the irregular expenditure register, as prescribed by National Treasury, and reported on a quarterly basis to the ARC and National Treasury respectively. We monitor changes in legislation, review and/or develop new policies and procedures in response to changes in regulatory environment.

3.5 Prevention of Fraud and Corruption

The Fraud Prevention Plan was reviewed and approved by the Board in September 2015. The Plan spells out the EWSETA's stance on fraud and corruption and reinforces existing systems, policies and procedures that deter, prevent, detect, react to and reduce the impact of fraud and corruption. The Fraud Prevention Plan is implemented through:

- Our Induction and Orientation Programme for new employees;
- A Gift Policy aligned with our Code of Conduct;
- The vetting of employees and service providers;
- Adherence to supply chain management procedures;
- Regular updates of the database of service providers; and
- Signing of declarations of interests.

Employees are encouraged to blow the whistle on fraudulent practices to their supervisors.

Managers and staff are responsible for the detection, prevention and investigation of fraud and corruption, and must report incidents and allegations of fraud and corruption to the Chief Executive Officer (CEO). All cases of alleged irregular or fraudulent practices received from the Presidential Hotline, members of the public and media are investigated, responded to and resolved.

3.6 Minimising Conflict of Interest

Members of the Accounting Authority as well as Senior Management are required to avoid situations where they have, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the entity's interests. Procedures have been put in place for the disclosure by the Board members of any such conflicts. Members of staff also have an obligation to declare their interests in order for the organisation to avoid issuing contracts to related parties. Disciplinary measures, according to the EWSETA's disciplinary procedures, are followed if there is evidence that processes have been breached.

3.7 Code of Conduct

The EWSETA Code of Conduct was reviewed, updated and approved by the Board in November 2015. The Code of Conduct provides employees with an ethical guideline about what is expected of them in their individual and business conduct and

their relationships with others. It also assists employees to conduct themselves in accordance with the highest standards of integrity and ethics and in compliance with the Skills Development Act and other legislation related to objectivity, independence and conflict of interest.

The primary purpose of the code is to promote exemplary conduct. New staff are provided with, made aware of and requested to acquaint themselves with the Code of Conduct during the induction and orientation programmes. Violation of the code is dealt with in terms of EWSETA's Grievance and Disciplinary Code and Procedures.



Part G:

Financial Information





Ms Cathrine Kobyana
Acting Chief Financial Officer

“Risk Management is the responsibility of all individuals in the organisation, as risk is apparent in all spheres of operations.”

1. OVERVIEW BY THE ACTING CHIEF FINANCIAL OFFICER, MS CATHRINE KOPYANA

The year under review has seen many improvements in comparison with the previous financial year. Priority has been given to the refinement of policies and processes and overall, these have been successfully implemented.

1.1 Key focus areas and achievements

There were a number of key focus areas and achievements made, for the Finance branch of the EWSETA for the period under review:

- **Minimise findings for non-compliance:**

This was achieved through the introduction of the Standard Operating Procedures (SOPs). The SOPs helped to clarify the roles and responsibilities of staff and defined the timeframes by when certain tasks had to be carried out. Better and more stringent financial controls were also implemented, which helped reduce the number of findings for non-compliance.

- **Maximising capacity of staff:**

Contractors who were employed on a temporary basis were made permanent, thereby maximising the capacitation of staff within the EWSETA.

- **Improve risk management and risk register updates:**

A number of risk management workshops were conducted during the 2015/16 year. The Audit and Risk Committee (ARC), management and executives were briefed on risk management strategies in terms of what risks exist, how to identify them and how to put measures in place to mitigate them. The risk register was updated in April/May 2015 to ensure regulatory compliance.

1.2 Key Challenges

During the year under review, a number of challenges were faced by the branch:

- **Budget constraints:**

The EWSETA is severely underfunded which has a knock-on effect in all of its operations. It was necessary to prioritise those activities by importance and focus on the critical projects that needed funding during the year. Due to the lack of funds, key HR appointments could not be made and furthermore, crucial staff training (particularly for the finance team) could not be carried out.

- **Irregular expenditure:**

During the year under review, the EWSETA had requested to exceed their budget by 10.5% as key and critical activities could not be funded under the approved budget. Unfortunately, the EWSETA only received approval for the excess in the new financial year and as a result, the excess budget that was approved but approved too late, was flagged as irregular expenditure.

- **Fruitless and wasteful expenditure:**

Although efforts were extended to eradicate fruitless and wasteful expenditure during the 2015/16 year, we are

Part G: Financial Information

currently investigating a transaction that could result in a negative result. This is due to be resolved during the 2016/17 financial year.

- **No steady progress of projects:**

Due to the delay in certain projects, some Service Level Agreements (SLAs) had expired before payment of invoices could be made.

During the 2015/16 year, implementations of a fixed asset module, budget module and project module were being introduced into the accounting system. The modules collectively, will enable the Finance branch to effectively track, analyse and report on projects and their budgets and will assist in the remediation of these challenges. The comprehensive reporting functions of each of these modules means that the timelines of projects can be monitored and the projected budget and budget spent to date on each project will be available.

1.3 The year ahead

The fixed asset module, budget module and project modules are due to be finalised during the 2016/17 year. This will reduce non-compliance company-wide through refined project and budget management.

More risk management workshops will be held, to include the finance committee, ARC, management as well as all members of staff. Risk management is the responsibility of all individuals in the organisation, as risk is apparent in all spheres of operations. It is the priority of the risk management team to identify all risks, and then further analyse them to determine what is significant, and what is considered a low level priority risk.

In its efforts to reduce expenditure, the EWSETA has established an asset disposal team made up of the Supply Chain Manager, Financial Manager and Risk Manager. They will be responsible

for disposing of any unused and unwanted assets that are adding to the expenses of the EWSETA through storage fees.

The Finance branch is also looking forward to the placement of a Supply Chain Officer who will be able to assist supply chain management with issues of compliance, tenders, updating of the supply chain database and more.

Policies and procedures will continue to be scrutinised and optimised for efficiency and performance. The monitoring and evaluation framework has already assisted in the measurement of operations and the Performance Management System that has been implemented will align employees' development in the organisation with that of the overall performance of the EWSETA.

The finance branch would like to thank the EWSETA Accounting Authority, management and members of staff for their hard work and commitment during the 2015/16 year.



Ms Cathrine Kobayana
Acting Chief Financial Officer
EWSETA
31 July 2016

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

Report on the financial statements

Introduction

1. I have audited the financial statements of the Energy and Water Sector Education and Training Authority set out on page 77 to 108, which comprise statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Authority's responsibility for financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Management Finance Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and the Skills Development Act, 1998 (Act No 97 of 1998) (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.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. 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 2016 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA and SDA.

Emphasis of matters

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

Restatement of corresponding figures

8. As disclosed in note 33 to the financial statements, the corresponding figures for 31 March 2015 have been restated as a result of an error discovered during 2016 in the financial statements of the EWSETA at, and for the year ended, 31 March 2015.

Report on other legal and regulatory requirements

9. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected programmes presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected programme presented in the annual performance report of the public entity for the year ended 31 March 2016:
 - Programme 2: Skills planning, quality assurance and delivery on page 27 to 29.
11. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
12. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
13. The material findings in respect of the selected programmes are as follows:

Part G: Financial Information

Programme 2: Skills planning, quality assurance and delivery

Usefulness of reported performance information

14. The FMPPi requires that performance targets should be specific in clearly identifying the nature and required level of performance. A total of 84% of targets were not specific.
15. The FMPPi requires that performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use. A total of 58% indicators were not well defined.

Reliability of reported performance information

16. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected programme.

Additional matters

17. I draw attention to the following matters:

Achievement of planned targets

18. Refer to the annual performance report on page 26 to 29 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness of the reported performance information in paragraphs 14 and 15 of this report.

Adjustment of material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 2: Skill Planning, Quality Assurance and Delivery. As management subsequently corrected only some of the misstatements, I identified material findings on the usefulness of the reported performance information.

Compliance with legislation

20. I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Expenditure Management

21. The SETA used more than 10.5% of its total levies received to pay for its administration costs, in contravention of Regulation 2(1) of the SETA Grant Regulations.
22. The accounting authority did not take effective and appropriate steps to prevent irregular and fruitless and wasteful expenditure of R 39 768 000, as disclosed in note 31 of the Annual Financial Statements, as required by section 51(1)(b)(ii) of the PFMA.

Annual Financial Statements

23. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper

records as required by section 55(1) (a) and (b) of the Public Finance Management Act. Material misstatements of the revenue from exchange transaction, revenue from non-exchange transactions, mandatory grant expenses, discretionary grant expenses, receivables from non-exchange transactions, intangible assets, payable from non-exchange transactions, unspent conditional grants and receipts disclosure, reserves, commitments, related parties, and the statement of comparison with the actual information and prepayments, identified by the auditors in the submitted financial statements were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

Internal control

24. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in findings on non-compliance with legislation included in this report.

Leadership

25. EWSETA leadership did not exercise effective oversight regarding the preparation of the Annual Financial Statements and performance reporting. Further oversight by leadership is required regarding implementing internal controls to ensure compliance with laws and regulations.

Financial and performance management

26. Management did not always implement and monitor preventative and detective controls to ensure completeness and accuracy of the performance report and the annual financial statements. Management did not ensure that annual financial statements and the annual performance report are prepared in accordance with the applicable frameworks, and that the SETA complied with applicable laws and regulations throughout the year.

Other Reports

I draw attention to the following engagements that could potentially impact on the public entity's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that are either in progress or have been completed.

Investigations

27. An independent consulting firm is performing an investigation at the request of the entity, which commenced on 2014/15 financial year. The investigation was initiated based on an allegation of the possible misappropriation of the entity's assets. The outcome of the investigation is expected during the 2016/17 financial year.

Auditor-General

Pretoria
31 July 2016



3. ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

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

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

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

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

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

The annual financial statements set out on page 77, which have been prepared on the going concern basis, were approved by the accounting authority and were signed on its behalf by:



Mr Frans Baleni
Accounting Authority Chairperson
EWSETA
31 July 2016

4. ACCOUNTING AUTHORITY'S REPORT

The members submit their report for the year ended 31 March 2016.

4.1 Review of activities

Main business and operations

The Energy and Water Sector Education and Training Authority (EWSETA) is a Public Entity listed in Schedule 3A of the Public Finance Management Act (Act 1 of 1999) and is established in terms of the Skills Development Act, 97 of 1998. The EWSETA operates under executive authority of the Minister for Higher Education and Training. The operating results and state of affairs of the entity are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

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.

Subsequent events

The members are not aware of any matter or circumstance arising since the end of the financial year that would require adjustment to the financial statements.

4.2 Corporate Governance

General

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

The entity confirms and acknowledges its responsibility to compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King III Report on Corporate Governance for South Africa 2009. The Accounting Authority discusses the responsibilities of management in this respect, at Accounting Authority meetings and monitor the entity's compliance with the code on a three monthly basis.

The salient features of the entity's adoption of the Code is outlined below:

Accounting Authority

The Accounting Authority:

- Retains full control over the entity, its plans and strategy;
- Acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;

Part G: Financial Information

- Is of a unitary structure comprising:
 - Non-executive members, all of whom are independent members as defined in the Code; and
 - Executive members.

Chairperson and Chief Executive Officer

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

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

Remuneration

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

Executive meetings

The Accounting Authority has met on 4 separate occasions during the financial year. The Accounting Authority schedules to meet at least 4 times per annum.

Members of the Accounting Authority	Designation	Appointment	Meetings Attended	Changes
Frans Baleni	Chairperson	Ministerial Appointee	1 out of 4	Appointed 11 February 2016
Olebogeng Besnaar	Member	Ministerial Appointee	4 out of 4	
Tebogo Phadu	Member	Ministerial Appointee	1 out of 4	
Ravi Moodley	Member	Organised Business	4 out of 4	
Mphilo Mbambisa	Member	Organised Business	0 out of 4	
Justice Sera	Member	Organised Labour	4 out of 4	
Mercy Sekano	Member	Organised Labour	4 out of 4	
Keith Swanepoel	Member	Organised Labour	3 out of 4	
Know Msebenzi	Member	Organised Business	4 out of 4	
Petunia Ramunenyiwa	Member	Organised Business	2 out of 4	
Stephen Nhlapo	Member	Organised Business	4 out of 4	
Tshimane Montoedi	Member	Organised Business	2 out of 4	

Internal audit

The entity has outsourced its internal audit function to Business Innovations Group. Internal audit is in compliance with the Public Finance Management Act, 1 of 1999.

5. ANNUAL FINANCIAL STATEMENTS

Statement of Financial Position as at 31 March 2016

	Note(s)	2016 R '000	Restated 2015 R '000
ASSETS			
Current Assets			
Receivables from exchange transactions	3	4,671	3,456
Receivables from non-exchange transactions	4	12,278	5,576
Prepayments	36	51,406	39,714
Cash and cash equivalents	5	347,155	366,964
		415,510	415,710
Non-Current Assets			
Property, plant and equipment	6	36,991	23,945
Intangible assets	7	1,494	2,415
Intangible assets under development	8	1,904	1,904
		40,389	28,264
Total Assets		455,899	443,974
LIABILITIES			
Current Liabilities			
Operating lease liability	9	87	397
Payables from exchange transactions	10	12,999	10,096
Payables from non-exchange transactions	11	53,365	53,752
Provisions	12	23,898	25,557
		90,349	89,802
Non-Current Liabilities			
Unspent conditional grants and receipts	13	19,038	-
Total Liabilities		109,387	89,802
Assets		455,899	443,974
Liabilities		(109,387)	(89,802)
Net Assets		346,512	354,172
Administration grant reserve		40,389	28,264
Mandatory grant reserve		157	71
Discretionary grant reserve		305,966	325,837
Total Net Assets		346,512	354,172

Part G: Financial Information

Statement of Financial Performance for the year ended 31 March 2016

	Note(s)	2016 R '000	Restated 2015 R '000
Non-exchange revenue	14	590,567	234,772
Exchange revenue	16	44	42
Investment revenue		17,025	18,273
Total revenue		607,636	253,087
Employer grant and project expenses	17	(554,398)	(178,607)
Administration expenses	18	(28,540)	(28,359)
Employee related costs	19	(30,462)	(27,617)
Depreciation and amortisation	20	(1,457)	(844)
Loss on disposal of assets and liabilities		(33)	-
Finance Costs	21	(406)	(1,025)
Profit (loss) for the period from continuing operations		(615,296)	(615,296)
Profit (loss) from discontinued operations		-	-
Surplus / (Deficit) for the period		(7,660)	16,635

Statement of Changes in Net Assets for the year ended 31 March 2016

	Administration reserve R '000	Mandatory grant reserve R '000	Discretionary grant reserve R '000	Accumulated surplus R '000	Total net assets R '000
Balance at 01 April 2014	5,782	34	331,721	-	337,537
Changes in net assets					
Total changes	22,482	37	(5,884)	-	16,635
Surplus for the period ended 31 March 2015	-	-	-	16,635	16,635
Allocation of unappropriated surplus/(deficit) (Refer note 22)	(25,866)	11,763	30,738	(16,635)	-
Excess funds transferred (to)/from discretionary grant reserve	48,348	(11,726)	(36,622)	-	-
Balance at 01 April 2015	28,264	71	325,837	-	354,172
Changes in net assets					
Total changes	12,125	86	(19,871)	-	(7,660)
Surplus for the year	-	-	-	(7,660)	(7,660)
Allocation of unappropriated surplus/(deficit) (refer note 22)	(27,646)	5,584	14,402	7,660	-
Excess funds transferred (to)/from discretionary grant reserve	39,771	(5,498)	(34,273)	-	-
Balance at 31 March 2016	40,389	157	305,966	-	346,512

The administration reserve is a reserve for the carrying value of property, plant and equipment and intangible assets.

The mandatory grant reserve for newly registered companies participating after the legislative cut-off date.

Cash Flow Statement for the year ended 31 March 2016

	Note(s)	2016 R '000	Restated 2015 R '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Non-exchange revenue		608,521	234,638
Exchange revenue		45	32
Interest income		16,717	18,347
		625,283	253,017
Payments			
Employee related costs		(29,449)	(26,604)
Employer grant and project expenses		(553,247)	(184,098)
Administration expenses		(48,784)	(53,084)
		(631,480)	(263,786)
Net cash flows from operating activities		(6,197)	(10,769)
Cash flows from investing activities			
Purchase of property plant and equipment	6	(13,575)	(22,562)
Purchase of intangible assets	7	(37)	-
Payments for assets under development		-	(765)
Net cash flows utilised in investing activities		(13,612)	(23,327)
Net decrease in cash and cash equivalents		(19,809)	(34,096)
Cash and cash equivalents at the beginning of the year		366,964	401,060
Cash and cash equivalents at the end of the year	5	347,155	366,964

Part G: Financial Information

Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2016

	Approved Budget R '000	Adjustments R '000	Final Budget R '000	Actual Amounts on Comparable Basis R '000	Difference between budget and actual R '000	Reference
STATEMENT OF FINANCIAL PERFORMANCE						
REVENUE						
Revenue from exchange transactions						
Other income	-	-	-	44	44	a
Interest received-investment	6,665	-	6,665	17,025	10,360	b
Total revenue from exchange transactions	6,665	-	6,665	17,069	10,404	
Revenue from non-exchange transactions						
Transfer revenue						
Special project income	-	-	-	337,243	337,243	c
Government levies	1,750	-	1,750	2,984	1,234	
Skills development levy income	220,795	-	220,795	243,704	22,909	d
Interest and penalties income	-	-	-	6,636	6,636	d
Total revenue from non- exchange transactions	222,545	-	222,545	590,567	368,022	
'Total revenue from exchange transactions'	6,665	-	6,665	17,069	10,404	
'Total revenue from non-Exchange transactions'	222,545	-	222,545	590,567	368,022	
Total revenue	229,210	-	229,210	607,636	378,426	
Expenditure						
Personnel	(30,000)	-	(30,000)	(30,462)	(462)	e
Depreciation and amortisation	-	-	-	(1,457)	(1,457)	
Finance costs	-	-	-	(406)	(406)	f
Lease rentals on operating lease	(4,426)	-	(4,426)	(3,397)	1,029	
Repairs and maintenance	(100)	-	(100)	(148)	(48)	
General expenses	(30,220)	-	(30,220)	(24,996)	5,224	g
Discretionary grant expenses	(172,048)	-	172,048	(498,882)	(326,834)	h
Mandatory grant expenses	(27,600)	-	(27,600)	(55,515)	(27,915)	i
Total expenditure	(264,394)	-	(264,394)	(615,263)	(350,869)	
Operating deficit	(35,184)	-	(35,184)	(7,627)	27,557	
Loss on disposal of assets and liabilities	-	-	-	(33)	(33)	
	(35,184)	-	(35,184)	(7,627)	27,557	
	-	-	-	(33)	(33)	
Operating surplus	(35,184)	-	(35,184)	(7,660)	27,524	
Surplus before taxation	(35,184)	-	(35,184)	(7,660)	27,524	
Taxation	-	-	-	-	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	35,184	-	35,184	7,660	(27,524)	

The material differences between budget and actual amounts are explained in Note 35 in on page 108.

6. ACCOUNTING POLICIES

6.1 Presentation of Annual Financial Statements

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

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.

6.2 Significant judgements and sources of estimation uncertainty

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

Useful lives of property, plant and equipment

All classes of property, plant and equipment are depreciated on a straight-line basis over the asset's expected useful life to their estimated residual value. The EWSETA reviews the estimated useful lives and residual values of property and equipment at the end of each annual reporting period, refer to note 6 for the carrying values of property and equipment. EWSETA's mandate is dependent on the renewal of their operating licence which expires in 2018. Management estimates that the licence will be renewed indefinitely and therefore useful lives are not limited to the term of the licence.

6.3 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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

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

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

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

Part G: Financial Information

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

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

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

6.4 Intangible assets

An asset is identifiable if it either:

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

An intangible asset is recognised when:

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

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

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential.

Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

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

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

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

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

Item	Useful life
Computer software, other	3 years

Intangible assets are derecognised:

- On disposal; or
- When no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible asset is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

6.5 Grants and project expenditure

Mandatory grants

The grant payable and the related expenditure are recognised when the employer has submitted an application for a grant in the prescribed form, within the agreed upon cut-off period and the application has been approved as the payment then becomes probable. This grant is equivalent to 20% (2015 20%) of the total levies paid by the employer.

Discretionary grants and project expenditure

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

Project expenditure comprises:

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

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

Discretionary grants and project costs are recognised as expenses in the period in which they are incurred. A receivable is recognised at the fair value of consideration received or receivable for incentive and other payments made to the extent of expenses not yet incurred in terms of the contract.

Retrospective adjustment by SARS

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

6.6 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.

6.7 Budget information

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2015/04/01 to 2016/03/31.

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

Comparative information is not required.

6.8 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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

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

6.9 Reserves

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

- Administration reserve;
- Employer grant reserve; and
- 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).



Part G: Financial Information

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

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

Surplus funds in the employer grant reserve are transferred to the discretionary grant reserve at the end of the financial year. An amount is retained in the employer grant reserve, after consideration is given to new companies, which in terms of the regulations, have six months after joining to submit their workplace skills plan.

6.10 Financial instruments

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

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

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

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts.

There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated

reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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.

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

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- The entity designates at fair value at initial recognition; or
- Are held for trading.

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.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- A social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements,
- Where it is the issuer of the loan; or
- Non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value;
- Financial instruments at amortised cost; and
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Derecognition Financial assets

The entity derecognises a financial asset only when:

- The contractual rights to the cash flows from the financial asset expire, are settled or waived;
- The entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- The entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset 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:
- Derecognise the asset; and
- Recognise separately any rights and obligations created or retained in the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is

extinguished - i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

6.11 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.

6.12 Employee benefits

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

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

When an employee has rendered service to the entity during a reporting period, the entity recognise 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 recognise 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



Part G: Financial Information

- 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 measure 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.

6.13 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.

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

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

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

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

Provisions are not recognised for future operating deficits.

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 26.

6.14 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.

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

Measurement

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

6.15 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

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

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

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

Recognition

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

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

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity. When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the

amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Levy income

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act No. 9 of 1999), registered member companies of the Energy and Water Sector Education and Training Authority (EWSETA) pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS). Companies with an annual payroll cost less than R 500,000 are exempted in accordance with section 4(b) of the SDL Act (1999) as amended, effective 01 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; and
- 20% Mandatory grant expenses.

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

A receivable/payable is recognised for levies receivable 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 refunded.

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

Revenue is adjusted for inter SETA transfers due to employers changing SETAs. Such adjustments are separately disclosed as

Inter SETA transfers. The amount of the interest adjustment is calculated according to the Standard Operating Procedure issued by DHET.

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

Interest and penalties

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

6.16 Investment income

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

6.17 Comparative figures

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

6.18 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.

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

6.19 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:

- This Act; or
- National Treasury Regulations issued in terms of the PFMA; or any regulation issued in terms of the PFMA
- Any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008): Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements. Irregular expenditure that was incurred and identified during the current financial year and for which condonement is



Part G: Financial Information

being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

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

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

No standards and interpretations became effective in the current year for adoption, therefore the entity has not adopted new standards and interpretations in the year under review.

7. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 2: NEW STANDARDS AND INTERPRETATIONS

Note 2.1: Standards and interpretations effective and adopted in the current period

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

Note 2.2: Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2016 or later periods:

Standard/ Interpretation:	Effective Date: Years beginning on or after	Expected Impact:
GRAP 18: Segment Reporting	01 April 2017	Unlikely to have material impact
GRAP 20: Related parties	01 April 2017	Unlikely to have material impact
GRAP 32: Service Concession Arrangements: Grantor	01 April 2016	Unlikely to have material impact
GRAP 108: Statutory receivables	01 April 2016	Unlikely to have material impact
GRAP 17: Service Concession Arrangements where a grantor controls a significant residual interest in an asset	01 April 2016	Unlikely to have material impact
GRAP 16 (as amended 2015): Investment Property	01 April 2016	Unlikely to have material impact
GRAP 17 (as amended 2015): Property, plant and equipment	01 April 2016	Unlikely to have material impact
GRAP 109: Accounting principles and agents	01 April 2017	Unlikely to have material impact
GRAP 21 (as amended 2015): Impairment of non-cash generating assets	01 April 2017	Unlikely to have material impact
GRAP 26 (as amended 2015): Impairment of cash generating assets	01 April 2017	Unlikely to have material impact
Directive 12: The selection of an appropriate reporting framework by public entities	01 April 2018	Unlikely to have material impact

Note 3: Receivables from exchange transactions

	2016 R '000	Restated 2015 R '000
Trade receivables	2,041	775
Deposits	235	235
Investment interest receivable	1,741	1,433
Staff debtors	654	1,013
	4,671	3,456

Included in Prepaid expenses is the amount of R 36,808,744.36 relating to the refurbishment of a new building acquired by EWSETA.

Note 4: Receivables from non-exchange transactions

	2016 R '000	Restated 2015 R '000
Employer grant receivables	7,176	2,812
Inter SETA debtors	375	290
Discretionary grant receivable	4,727	2,474
	12,278	5,576

Note 5: Cash and cash equivalents

	2016 R '000	Restated 2015 R '000
Cash and cash equivalents consist of:		
Cash on hand	2	-
Bank balances	261,854	281,868
Short-term investments/instruments	85,299	85,096
	347,155	366,964

Cash and cash equivalents consist of current account bank balances and short term investments with Rand Merchant Bank Limited and Standard Bank.

Part G: Financial Information

Note 6: Property, plant and equipment

2016				2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	34,907	-	34,907	21,660	-	21,660
Furniture and fixtures	1,439	(626)	813	1,339	(566)	773
Motor vehicles	283	(104)	179	283	(68)	215
Office equipment	177	(59)	118	182	(51)	131
Computer equipment	1,485	(596)	889	1,291	(450)	841
Leasehold improvements	619	(534)	85	619	(294)	325
Total	38,910	(1,919)	36,991	25,374	(1,429)	23,945

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2016

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Buildings	21,660	13,247	-	-	-	34,907
Furniture and fixtures	773	100	-	(60)	-	813
Motor vehicles	215	-	-	(36)	-	179
Office equipment	131	9	(12)	(10)	-	118
Computer equipment	841	219	(20)	(142)	(9)	889
Leasehold improvements	325	-	-	(240)	-	85
	23,945	13,575	(32)	(488)	(9)	36,991

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2015

	Opening balance	Additions	Depreciation	Total
Buildings	-	21,660	-	21,660
Furniture and fixtures	454	359	(40)	773
Motor vehicles	252	-	(37)	215
Office equipment	66	73	(8)	131
Computer equipment	559	384	(102)	841
Leasehold improvements	450	86	(211)	325
	1,781	22,562	(398)	23,945

OTHER INFORMATION

Property, plant and equipment fully depreciated and still in use (Gross carrying amount)

	2016 R '000	Restated 2015 R '000
Furniture and fixtures	398	402
Computer equipment	131	172
Office equipment	4	11
Leasehold improvement	71	-
	604	585

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

The useful life of certain property, plant and equipment categories has not been revised in the current period by management.

EWSETA has purchased the Cape House on 15 Mc Claren Street, Marshalls Town, Johannesburg for R21,660,000. The building is currently under renovation; R13,137,278.64 of renovation costs have been capitalised. It is not yet available for occupation thus depreciation has not commenced.

Note 7: Intangible assets

	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated Amortisation and accumulated impairment	Carrying value
Computer software	2,900	(1,406)	1,494	2,923	(508)	2,415

RECONCILIATION OF INTANGIBLE ASSETS - 2016

	Opening balance	Additions	Amortisation	Total
Computer software	2,415	37	(958)	1,494

RECONCILIATION OF INTANGIBLE ASSETS - 2015

	Opening balance	Additions	Amortisation	Total
Computer software	111	2,750	(446)	2,415
Website	1	-	(1)	-
	112	2,750	(447)	2,415

Other information

The cost and accumulated amortisation of intangible assets no longer in use has been derecognised in the current year.

Note 8: Intangible assets under development

	2016 R '000	Restated 2015 R '000
Management Information System	1,904	1,904

The EWSETA commissioned a project for the development of a new Management Information System to be used for the management of grants. As at 31 March 2016 two modules from the system were not yet available for use.

Note 9: Operating lease liability

	2016 R '000	Restated 2015 R '000
Operating lease accrual	87	397
TOTAL OF FUTURE MINIMUM LEASE PAYMENTS UNDER NON-CANCELLABLE OPERATING LEASES		
Within one year	640	3,405
Within 2 - 5 years	-	640
	640	4,045

The operating lease liability relates to the lease of office equipment and accommodation. The lease amounts payable escalate at between 9% and 15% per annum.

Part G: Financial Information

Note 10: Payables from exchange transactions

	2016 R '000	Restated 2015 R '000
Trade payables	3,485	3,186
Payroll accruals	543	79
Accrued expenses	8,392	2,034
Sundry payables	579	4,797
	12,999	10,096

Note 11: Payables from non-exchange transactions

	2016 R '000	Restated 2015 R '000
Inter SETA payables	66	66
National Skills fund-FET Infrastructure Development Liability	-	9,914
Skills development grants payable-mandatory	29,883	10,814
Skills development grants payable-discretionary	23,416	32,958
	53,365	53,752

Non-current liability

In terms of the Skills Development Circular No.8/2013 SETAs are to contribute 4.8% of the estimated Discretionary grant to the FET College infrastructure development. The DHET has requested EWSETA to make a contribution of R 23,221,381.

The EWSETA opted to make this contribution over the next 2 financial years in quarterly instalments commencing in the 2014/15 financial year.

The amount of R21,789,807 recognised in the 2013/14 financial year represents the discounted value of the present obligation taking into account an interest rate of 6.5% which is the government bond rate as at 29 August 2013.

The EWSETA has paid the final quarterly instalment of the contribution on 31 March 2016.

Note 12: Provisions

RECONCILIATION OF PROVISIONS - 2016

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for employer refund	915	146	-	(284)	777
Provision for leave	2,203	777	(307)	-	2,673
Provision for discretionary grant	22,439	7,244	(9,235)	-	20,448
	25,557	8,167	(9,542)	(284)	23,898

RECONCILIATION OF PROVISIONS - 2015

	Opening Balance	Additions	Utilised during the year	Total
Provision for employer refund	802	113	-	915
Provision for leave	1,269	1,063	(129)	2,203
Provision for discretionary grant	4,575	17,864	-	22,439
	6,646	19,040	(129)	25,557

The provision relates to levies contributed by employers whose payroll is less than R500,000 (below threshold) per year.

As per National Treasury Circular no 9/2013, the SETA can absorb to discretionary reserve any amount that is due to the below threshold employers which is older than five years.

Note 13: Unspent conditional grants and receipts

RECONCILIATION OF UNSPENT CONDITIONAL GRANTS AND RECEIPTS - 2016

	Opening Balance	Additions	Utilised during the year	Total
The Department of Water and Sanitation	-	356,281	(337,243)	19,038

EWSETA received funds from The Department of Water and Sanitation that may only be utilised for the implementation of the War on Leaks project. The funds received in advance were recognised as a liability and the revenue is recognised when corresponding expenditure has been incurred. The unutilised portion will continue to be accounted for as a liability.

Note 14: Non-exchange revenue

SKILLS DEVELOPMENT LEVY INCOME

The total levy income received per the Statement of Financial Performance is as follows:

ADMINISTRATION

	2016 R '000	Restated 2015 R '000
Levies received from SARS	31,795	30,030
Government levies received	995	859
Inter seta transfers In	12	24
Inter seta transfers Out	-	(1)
	32,802	30,912

EMPLOYER GRANTS

Levies received from SARS	61,077	56,284
Inter seta transfers In	22	45
Inter seta transfers Out	-	(2)
	61,099	56,327

DISCRETIONARY GRANTS

Levies received from SARS	150,743	142,378
Government levies received	1,989	1,717
Inter seta transfers In	56	112
Inter seta Transfers Out	-	(4)
	152,788	144,203
Total skills development income	246,689	231,442

INTEREST AND PENALTIES INCOME RECEIVED FROM SARS

Penalties	5,675	2,627
Interest	961	701
	6,636	3,328

SPECIAL PROJECT INCOME

Government grants & subsidies	337,243	-
Total non-exchange revenue	590,568	234,770

The Government levies received represent the skills development levies received from The Department of Energy (DOE) and The Department of Water and Sanitation (DWS) the levies may be used for administration and Discretionary grant expenses in accordance with Skills Development Regulations.

Special project income relates to income received from The Department of Water and Sanitation for the War on Leaks project and the SETA is overseeing the training part of the project.

Part G: Financial Information

Note 15: Exchange revenue

	2016 R '000	Restated 2015 R '000
Other income	44	42

Other income relates to verification income and expense recoveries.

Note 16: Investment revenue

	2016 R '000	Restated 2015 R '000
INTEREST REVENUE		
Bank	15,284	16,840
Interest receivable	1,741	1,433
	17,025	18,273
	-	-
	17,025	18,273

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 a rate of between 6.00% and 6.45% through-out the year.

Note 17: Employer grant and project expenses

	2016 R '000	Restated 2015 R '000
MANDATORY GRANTS	55,515	44,564
	55,515	44,564
DISCRETIONARY GRANTS		
Discretionary Grant	19,809	16,033
External Moderation	479	-
Qualification Development	1,586	-
Project Administration Expenses	5,584	4,148
Support of Emerging Providers	567	-
	28,025	20,181
SPECIAL PROJECTS	470,858	113,861
Total employer grant and project expenses	554,397	178,606

Note 18: Administrative expenditure

	2016 R '000	Restated 2015 R '000
Accommodation	706	269
Advertising	778	870
Auditors remuneration	2,091	2,299
Bank charges	46	48
Computer expenses	2,317	2,678
Consulting and professional fees	3,944	6,483
Document storage	112	236
Entertainment	169	165
Fines and penalties	129	152
Flowers	-	7
Governance committee fees	649	659
Insurance	155	145
Internal audit fees	953	637
Legal expenses	1,850	2,233
Licence fees	284	179
Marketing and communication	1,515	1,012
Meeting expenses	24	67
Operating lease rentals: Equipment	410	235
Operating lease rentals: Premises	2,987	3,256
Membership fees	5	5
Other rental expenses	371	-
Postage and courier	83	160
Printing and stationery	1,477	1,077
QCTO expenses	805	656
Repairs and maintenance	148	116
Small assets written off	245	159
Staff recruitment costs	243	144
Staff training and development	191	173
Staff welfare	164	441
Subscriptions and membership fees	23	13
Telephone and fax	1,324	823
Travel	1,655	1,125
Water and electricity	573	589
Workshop expenses	2,114	1,248
	28,540	28,359

Part G: Financial Information

Note 19: Employee related costs

	2016 R '000	Restated 2015 R '000
Salary and wages	27,598	24,553
Medical aid-company contributions	192	195
Unemployment insurance fund	91	87
Skills development levy	222	204
Leave payments	777	1,063
Provident fund	1,255	1,208
Other insurances	327	307
	30,462	27,617

Note 20: Depreciation and amortisation

	2016 R '000	Restated 2015 R '000
Property, plant and equipment	499	397
Intangible assets	958	447
	1,457	844

Note 21: Finance costs

	2016 R '000	Restated 2015 R '000
Interest on NSF infrastructure funding	406	1,025

The amount recognised represents the discounted value of the present obligation of the NSF-FET infrastructure development taking into account interest rate of 6.5% which is the government bond rate as at 29 August 2013. The interest is implicit settlement of the liability will be made over two years.

Note 22: Accumulated surplus

ALLOCATION OF NET SURPLUS FOR THE YEAR TO RESERVES 2016

	Administration Reserve	Mandatory Grant Reserve	Discretionary Grants Reserve			Total per Statement of Financial Performance
			Discretionary Grants	Special projects	Total Discretionary	
REVENUE						
Skills development levy: income	31,807	61,099	150,798	-	150,798	243,704
Government levies	995	-	1,989	-	1,989	2,984
Penalties and interest	-	-	6,636	-	6,636	6,636
Investment income	-	-	17,025	-	17,025	17,025
Special project income	-	-	-	337,243	337,243	337,243
Other income	44	-	-	-	-	44
Total revenue	32,846	61,099	176,448	337,243	513,691	607,636
EXPENSES						
Administration costs:						
- Administration expenses	(28,540)	-	-	-	-	(28,540)
- Employee costs	(30,462)	-	-	-	-	(30,462)
- Depreciation and amortisation	(1,457)	-	-	-	-	(1,457)
- Loss on disposal of asset	(33)	-	-	-	-	(33)
Employer grants and project expenses	-	(55,515)	(28,025)	(470,858)	(498,883)	(554,398)
Finance costs	-	-	(406)	-	(406)	(406)
Total expenses	(60,492)	(55,515)	(28,431)	(470,858)	(499,289)	(615,296)
	(27,646)	5,584	148,017	(133,615)	14,402	(7,660)

Part G: Financial Information

Accumulated surplus (continued)

ALLOCATION OF NET SURPLUS FOR THE YEAR TO RESERVES 2016

	Administration Reserve	Mandatory Grant Reserve	Discretionary Grants Reserve			Total per Statement of Financial Performance
			Discretionary Grants	Special projects	Total Discretionary	
REVENUE						
Skills development levy: income	30,053	56,327	142,486	-	142,486	228,866
Government levies	859	-	1,717	-	1,717	2,576
Penalties and interest	-	-	3,328	-	3,328	3,328
Investment income	-	-	18,273	-	18,273	18,273
Other income	42	-	-	-	-	42
Total revenue	30,954	56,327	165,804	-	165,804	253,085
EXPENSES						
Administration costs:						
- Administration expenses	(28,359)	-	-	-	-	(28,359)
- Employee costs	(27,617)	-	-	-	-	(27,617)
- Depreciation and amortisation	(844)	-	-	-	-	(844)
Employer grants and project expenses	-	(44,564)	(20,181)	(113,860)	(134,041)	(178,605)
Finance costs	-	-	(1,025)	-	(1,025)	(1,025)
	(56,820)	(44,564)	(21,206)	(113,860)	(135,066)	(236,450)
	(25,866)	11,763	144,598	(113,860)	30,738	16,635

Note 23: Cash used in operations

	2016 R '000	Restated 2015 R '000
(Deficit)surplus	(7,660)	16,635
Adjustments for:		
Depreciation and amortisation	1,457	844
Loss on sale of assets and liabilities	33	-
Movements in operating lease assets and accruals	(310)	(119)
Movements in provisions	(1,659)	23,486
Changes in working capital:		
Receivables from exchange transactions	(1,215)	(61)
Receivables from non-exchange transactions	(6,702)	(6,290)
Prepayments	(11,692)	(39,714)
Payables from exchange transactions	2,900	2,853
Payables from non-exchange transactions	(387)	(8,403)
Unspent conditional grants and receipts	19,038	-
	(6,197)	(10,769)

Note 24: Financial instruments disclosure Categories of financial instruments 2016

	At fair value	At amortised cost	Total
FINANCIAL ASSETS			
Receivable from exchange transactions	-	4,671	4,671
Receivable from non-exchange transactions	-	12,278	12,278
Cash and cash equivalents	347,155	-	347,155
	347,155	16,949	364,104
FINANCIAL LIABILITIES			
Payables from exchange transactions		12,999	12,999
Payables from non-exchange transactions		53,365	53,365
		66,364	66,364
2015 FINANCIAL ASSETS			
Receivable from exchange transactions	-	3,456	3,456
Receivable from non-exchange transactions	-	5,576	5,576
Cash and cash equivalents	366,964	-	366,964
	366,964	9,032	375,996
FINANCIAL LIABILITIES			
Payables from exchange transactions		10,096	10,096
Payables from non-exchange transactions		53,752	53,752
		63,848	63,848

Part G: Financial Information

Note 25: Commitments

DISCRETIONARY RESERVE							
	Opening balance 2015/2016	Adjustments	Revised opening balance 2015/2016 balance	Approved 2015/ 2016	Utilised 2015/ 2016	Adjustments 2015/ 2016	Closing balance 2015/2016
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Learnerships	103,460	(95,031)	8,429	2,605	(363)	(8,307)	2,364
Apprenticeships	31,670	(26,275)	5,395	13,726	(2,625)	(5,395)	11,101
AET	2,510	(2,100)	410	280	(6)	(410)	274
Bursaries	19,884	(19,709)	175	20,635	(16,879)	(175)	3,756
Internship	23,457	(21,092)	2,365	27,540	(6,869)	(2,365)	20,671
New Venture	24,324	(24,324)	-	-	-	-	-
Skills Programme	102,444	(102,444)	-	312	-	-	312
Special Projects	-	-	-	-	-	-	-
ABET Programme	-	2,100	2,100	250	-	(700)	1,650
Apprenticeship Programme	2,588	30,258	32,846	480,396	(346,799)	(2,115)	164,328
Bursaries	-	12,740	12,740	1,621	(3,181)	(8,310)	2,870
Career Guidance	3,315	1,292	4,607	23,430	(23,622)	(3,123)	1,292
Curriculum Development	-	1,044	1,044	-	-	(1,044)	-
Infrastructure	8,542	6,923	15,465	-	(1,919)	(13,546)	-
Internships	-	25,892	25,892	-	(348)	(9,603)	15,941
Learnerships	5,510	91,735	97,245	21,940	(47,599)	(21,902)	49,684
New Venture	-	22,509	22,509	-	(10,459)	(269)	11,781
Research	23,159	(3,043)	20,116	6,039	(757)	(19,359)	6,039
Skills Programme	-	99,100	99,100	13,465	(52,034)	(21,530)	39,001
	350,863	(425)	350,438	612,239	(513,460)	(118,153)	331,064

Adjustments to opening balance are mainly due to the strategic/special projects that had been erroneously classified to other programmes of discretionary grant projects.

During the year under review some Discretionary Grants Projects contracts were identified as expired and were amounting to R118,153,000 under Adjustment 2015/2016.

Note 26: Contingencies

CONTINGENCY FOR DISCRETIONARY GRANTS

	2016 R '000
Learnerships	727

The above discretionary grant beneficiary has taken the EWSETA to the public protector for alleged unfair withdrawal of a learnership project.

Legal matters

A Discretionary Grant Project beneficiary instituted a claim for unpaid Discretionary grant in the Regional Court for the division of Gauteng during 2012 and 2014 and the matter was heard on the 11 December 2015 but was postponed by the court.

A service provider has instituted a claim against EWSETA for the services alleged to have been rendered from December 2011 to December 2012 in the Johannesburg Magistrate Court. EWSETA is defending the claim on the basis that such services as alleged were not rendered.

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 R156,849 (2014/2015: R70,584) will be payable to such employers. This amount is contingent upon the number of submissions received and approved.

Expired discretionary grant contracts

During the year under review some of the discretionary contracts/SLA amounting to R118,153,000 had expired. These expired contracts/SLAs are disclosed in the Adjustments 2015/2016 column of the commitment schedule.

Contingent assets

Surplus funds

In terms of the PFMA (1999), as amended, 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. We will submit an application to National Treasury through DHET for the retention of uncommitted surplus funds. As in the previous year EWSETA expects that National Treasury will approve the retention of surplus funds.

Note 27: Related parties

	2016 R '000	Restated 2015 R '000
RELATED PARTY BALANCES		
Amounts included in Trade receivable (Trade Payable)		
DHET	73	73
FOODBEVSETA	5	5
LG SETA	20	20
MERSETA	28	(2)
PSETA	55	55
MQA	(5)	(5)
SERVICES SETA	33	33
W&R SETA	(23)	(23)
MICT SETA	36	36
CETA	88	32
RELATED PARTY TRANSACTIONS		
Employers transferred to/(from) SETAs		
DHET	-	(2)
CETA	(56)	32
MERSETA	(29)	-
MICT SETA	-	78
LG SETA	-	44
SERVICES SETA	-	23

Part G: Financial Information

	2016 R '000	Restated 2015 R '000
Levies received from related parties		
DOE	396	372
DWS	2,588	2,204
NNR	829	661
ESKOM	174,473	166,978
ICMA	217	165
BLOEM WATER	939	932
MAGALIES WATER	796	749
MHLATHUZE WATER	783	573
OVERBERG WATER	150	97
RAND WATER	10,841	12,044
SEDIBENG WATER	1,880	1,445
UMGENI WATER	3,540	3,249
AMATOLA WATER	1,039	971
LEPELLE NORTHERN WATER	1,317	1,184
Project expenses paid to related parties		
FREE STATE DEPT. OF EDUCATION	(22,271)	-
QCTO	(805)	(656)
NSF	(10,321)	(12,901)
GCRA	(630)	(987)
EBMTC	(634)	(1,533)
MEP	(2,102)	(2,760)
TIA	(1,537)	(2,205)
OVERBERG WATER	(98)	(120)
BUSHBUCKRIDGE WATER	-	(270)
DEPT. OF HUMAN SETTLEMENT	(3,475)	-
DWS	(588)	-
GAUTENG DEPT. OF AGRICULTURE & RURAL DEVELOPMENT	(500)	-
MHLATHUZE WATER	(837)	-
LEPELLE NORTHERN WATER	(1,222)	-
Recoveries from related parties		
UIF	2,384	7,425
Transactions with DHET institutions		
BOLAND COLLEGE	(300)	(482)
BUFFALO CITY COLLEGE	(3,203)	(1,335)
CAPE PENINSULA UNIVERSITY OF TECHNOLOGY	(2,000)	-
CAPRICORN FET COLLEGE	(2,408)	(4,339)
CENTRAL JOHANNESBURG COLLEGE	-	(553)
COLLEGE OF CAPE TOWN	(585)	(595)
DAMELIN	(50)	-
DURBAN UNIVERSITY OF TECHNOLOGY	(925)	-
EASTCAPE MIDLANDS COLLEGE	(1,669)	(12,135)
EHLANZENI TEF COLLEGE	(7,975)	(8,745)
ESAYIDI FET COLLEGE	(3,475)	-

	2016 R '000	Restated 2015 R '000
FALSE BAY COLLEGE	(40)	(5,956)
GERT SIBANDE FET COLLEGE	(635)	(1,290)
MOTHEO FET COLLEGE	(5,320)	(4,948)
NORTHERN CAPE RURAL COLLEGE	-	(19,290)
NORTHLINK COLLEGE	(50)	-
PORT ELIZABETH COLLEGE	-	(1,805)
SEKHUKHUNE FET COLLEGE	(692)	-
UMFOLOZI COLLEGE	(2,539)	(1,270)
UNIVERSITY OF CAPE TOWN	(60)	-
UNIVERSITY OF FORT HARE	(3,521)	-
UNIVERSITY OF LIMPOPO	-	(377)
UNIVERSITY OF WESTERN CAPE	(420)	-
UNIVERSITY OF STELLENBOSCH	(360)	(266)
UNIVERSITY OF TSHWANE	-	(14)
VUSELELAFETCOLLEGE	(1,213)	(458)
WEST COAST COLLEGE	(2,947)	(460)
VAAL UNIVERSITY OF TECHNOLOGY	(3)	-

The EWSETA is controlled by the Department of Higher Education and Training (DHET) which is under the direction of the Minister of Higher Education and Training. The transactions relating to revenue were with the DHET.

The transactions and balances arose due to the movements of funds between the entities that are under the control of the DHET.

Part G: Financial Information

Note 28: Key management information Executive

EXECUTIVE				
2016	Salary	Other benefits	Acting Allowances	Total
Chief Executive Officer	1,523,832	285,003	-	1,808,835
Acting Chief financial Officer	-	-	286,179	286,179
Acting Chief Operating Officer	-	-	232,363	232,363
Corporate Services Executive	1,057,913	183,680	-	1,241,593
Acting Sectoral Collaboration & Stakeholder Engagement Executive	-	-	120,669	120,669
	2,581,745	468,683	639,211	3,689,639

2015	Salary	Other benefits	Performance Bonus	Acting Allowances	Total
Chief Executive Officer	1,435,370	151,846	150,786	-	1,738,002
Acting Chief Financial Officer	-	-	-	286,179	286,179
Acting Chief Operating Officer	-	-	-	241,337	241,337
Corporate Services Executive	990,996	103,509	-	-	1,094,505
	2,426,366	255,355	150,786	527,516	3,360,023

	Accounting Authority fee	Meeting fee	Travel allowance	Total
NON- EXECUTIVE 2016				
Accounting Authority				
Board chairperson	64,835	55,510	14,031	134,376
Members	222,564	123,280	10,830	356,674
	287,399	178,790	24,861	491,050

	Meeting fee	Travel allowance	Total
ACCOUNTING AUTHORITY sub-committees			
Audit and risk committee	-	-	-
Chairperson	105,736	3,599	109,335
Members	72,888	2,072	74,960
	178,624	5,671	184,295

The EWSETA Accounting Authority consist of 12 members, there are currently 3 vacant positions on the Accounting Authority.

Note 29: Risk management

Financial risk management

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

The entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance.

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 headings 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.

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.

FAIR VALUE INTEREST RATE RISK					
	Effective interest rate	Floating rate amount R'000	Non-interest bearing amount R'000	Interest bearing amount R'000	Total R'000
ASSETS					
Investments	6.25%	85,299	-	-	85,299
Cash at bank	4.75%	261,854	-	-	261,853
Loans and receivables	-	-	68,355	-	68,355
Total financial assets		347,153	68,355	-	415,507
LIABILITIES					
Loans and payables	-%	-	(110,455)	-	(110,455)
Total financial liabilities		347,153	(42,100)	-	305,052

Part G: Financial Information

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors.

The entity only deposits cash with major banks with quality credit standing and limits exposure to anyone counter-party. Trade receivables comprise a widespread customer base. Verification costs are settled in cash.

Note 30: Fruitless and wasteful expenditure

	2016 R '000	2015 R '000
Fruitless and wasteful expenditure	127	165
The fruitless and wasteful expenditure is still under investigation.		
Details of incidents		
Interest on late payments	-	35
Damages to a hired car	-	13
Interest and penalties on late payment of employees tax	127	117
	127	165

Note 31: Irregular expenditure

	2016 R '000	2015 R '000
Opening balance	100,263	70,570
Add: Irregular Expenditure - current year	39,768	29,693
Less: Amounts condoned	(26,385)	-
	113,646	100,263
Details of irregular expenditure – current year		
Non-compliance with Practice Note 8	-	3,317
Excess over 10.5% of administration expenses allocation	39,768	26,376
	39,768	29,693
The entity has submitted to the DHET an application to exceed the 10.5% administration budget in the 2015/2016 financial year.		
Details of expenditure awaiting condonation		
Non-compliance with Practice Note 8	-	3,317
Excess over 10.5% of administration expenses allocation	39,768	26,376
	39,768	29,693
Details of irregular expenditure condoned	Condoned by: DHET	
Excess over 10.5% of administration expenses allocation	26,385	-
Details of irregular expenditure recoverable (not condoned)		
Non-compliance with Practice Note 8	-	3,317
Excess over 10.5% of administration expenses allocation	39,768	26,376
	39,768	29,693

Note 32: Losses due to theft and fraud

	2016 R '000	2015 R '000
Stolen/lost assets	33	-
Losses through bank fraud	-	987
	33	987

Criminal charges have been laid with the South African Police Service (SAPS) to investigate the matters above.

Note 33: Prior period errors

During the year under review it was discovered that Unemployment Insurance Fund (UIF) was not invoiced for an amount of R1,237,000.00 for the discretionary grant project that EWSETA is co-funding with UIF.

During the year under review it was discovered that depreciation and amortisation for property, plant and equipment incorrectly calculated in the prior year to the value of R96,281. 36 was not recorded, resulting in the understatement of assets and liabilities.

During the year under review it was discovered that certain intangible assets available for use were not capitalised in the prior year.

During the year under review it was discovered that certain discretionary and administration expenses were not provided for in the 2014/2015 financial year

During the year under review provision for discretionary grant amounting to R 22,438,716 was reclassified from payables from non-exchange transactions to provisions.

During the year under review it was discovered that receivables from non-exchange transactions were incorrectly disclosed as contingent assets.

During the year under review it was discovered that certain prepayment amounting to R39,714,000.00 was reclassified from Receivable from exchange and receivable from non-exchange to prepayment.

As detailed in note 25, the prior period commitments balance has been restated by R 425,000. The prior period commitment balance was restated to reflect the correct commitment balance as at the prior period year-end. This prior period error does not impact on the Statement of Financial Position, Statement of Financial Performance and Cash Flow Statement.

The correction of the errors results in adjustments as follows:

	Originally reported R'000	Prior period correction R'000	Restated balance R'000
STATEMENT OF FINANCIAL POSITION			
Receivables from non-exchange transactions	10,948	(5,372)	5,576
Property, plant and equipment	24,042	(97)	23,945
Receivables from exchange transactions	32,480	(29,024)	3,456
Prepayment	-	39,714	39,714
Intangible assets	64	2,351	2,415
Intangible assets under development	4,654	(2,750)	1,904
Payables from non-exchange transactions	(61,552)	7,800	(53,752)
Payables from exchange transactions	(9,667)	(429)	(10,096)
Provision	(3,118)	(22,439)	(25,557)
Administration grant reserve	(28,760)	496	(28,264)
Discretionary grant reserve	(335,587)	9,750	(325,837)
	(366,496)	-	(366,496)
STATEMENT OF FINANCIAL PERFORMANCE			
Administration expenses	(27,928)	(433)	(28,361)
Depreciation and amortisation	(348)	(496)	(844)
Employer grant and project expenses	(169,254)	(9,353)	(178,607)
Non-exchange revenue	234,738	32	234,770
Surplus for the period	26,881	(10,246)	16,635
	64,089	(20,496)	43,593

Part G: Financial Information

Note 34: 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 total commitments as at the end of the financial year are R331,064,000 which has resulted in EWSETA being over committed, the EWSETA is depended on receiving continued funding from the DHET in order to meet its commitments.

Note 35: Budget differences

Material differences between budget and actual amounts

- a) Other income includes income received from certificate verification.
- b) The budgeted interest income was low as it was anticipated that the invested funds would be utilised for the renovation of the building procured.
- c) Special project income relates to the income received from The Department of Water and Sanitation to be used for the implementation of the Waron Leaks project.
- d) The skills development levy income is higher than budgeted due to new employers joining EWSETA and a general increase in salaries. Interest and penalties were not included in the budget as it is anticipated that all employers will pay levies on time.
- e) The higher personnel expenditure is due to absorbing of the interns on a contract basis, salary increases, promotions and new appointments.
- f) Finance costs is due to the discounting of NSF Infrastructure funding.
- g) The general expenses is lower than budgeted due to saving on consulting fees and legal fees.
- h) The discretionary grant expenses are higher than budgeted due to implementation of the War on Leaks project.
- i) The mandatory grant expenses are higher than budgeted due to more employers qualifying for mandatory grant in the 2015/16 financial year.

Note 36: Prepayments

	2016	Restated 2015
Prepayments	51,406	39,714

Included in Prepaid expenses is the amount of R 36,808,744.36 relating to the refurbishment of a new building acquired by EWSETA and an amount of R 10,690,000.00 to the Northern Cape Project.



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