

2018/2019

ANNUAL REPORT



Health and Welfare Sector
Education and Training Authority
HWSETA



Dr Blade Nzimande
Minister of Higher Education and
Training



Mr Buti Manamela
Deputy Minister Of Higher
Education and Training

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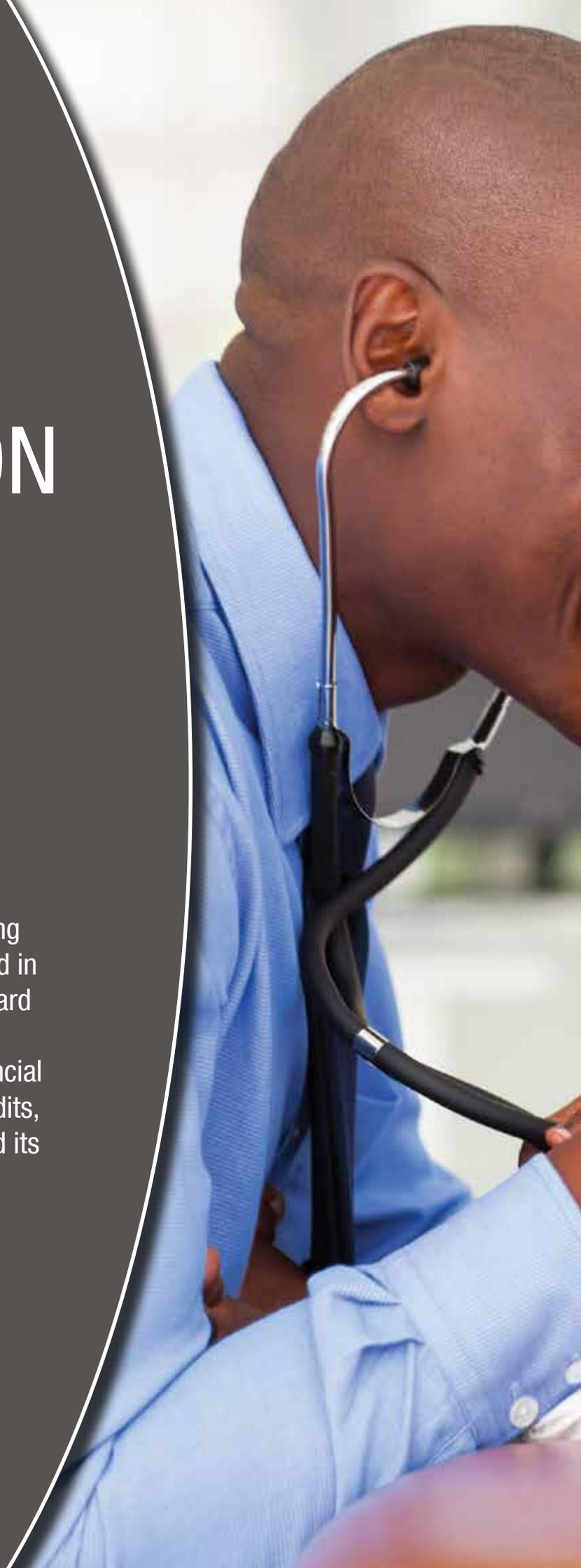
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GENERAL INFORMATION



The emphasis on teamwork in delivering the mandate of the HWSETA as outlined in the APP has contributed to taking forward its excellent work of previous years, where the entity maintained good financial management, achieved unqualified audits, improved its governance and increased its capacity to deliver on its mandate.

Ms Refilwe Mantenche
Chairperson of the HWSETA Board





Entity Details

Registered Name of Entity:

Health and Welfare Sector Education and Training Authority

Registration Number:

11/HWSETA/01/04/05

Registered Office Address:

17 Bradford Road, Bedfordview, Johannesburg

Postal Address:

Private Bag X15, Gardenview, 2047

External Auditors Information

The Auditor-General SA,
Lefika House,
Pretoria

Bankers' Information

Standard Bank

303 Eastgate Office Towers
43 Bradford Road, Bedfordview, 2008

RMB

1 Merchant Place Cnr Friedman Dr and Rivonia Road, Sandton
2196

Nedbank

6th Floor Corporate Place Nedbank Sandton,
135 Rivonia Road, Sandown, 2196

Corporation for Public Deposits (CPD):

PO Box 427, Pretoria, 0001

Stanlib

17 Melrose Boulevard
Melrose Arch, 2196

List of Abbreviations/Acronyms

AET	Adult Education and Training	NPSWU	Nationa Public Service Workers Union
AFS	Annual Financial Statements	NQF	National Qualifications Framework
APP	Annual Performance Plan	NSA	National Skills Authority
AQP	Assessment Quality Partner	NSDS	National Skills Development Strategy
ATRs	Annual Training Reports	NSF	National Skills Fund
AUCOM	Audit Committee	NSFAS	National Student Financial Aid Scheme
CCMA	Commission for Conciliation, Mediation and Arbitration	OFO	Organising Framework for Occupations
CPD	Continuing Professional Development	OHS	Occupational Health and Safety
CS	Corporate Services	OHSA	Occupational Health and Safety Act
DoL	Department of Labour	PAIA	Promotion of Access to Information Act
DoH	Department of Health	PAYE	Pay As You Earn
DENOSA	Democratic Nursing Orgainisation of South Africa	PFMA	Public Finance Management Act
DHET	Department of Higher Education and Training	PSA	Public Servants Association of South Africa
DSD	Department of Social Development	QCTO	Quality Council for Trades and Occupations
EDP	Executive Development Programme	RIME	Research, Information, Monitoring and Evaluation
EISA	External Integrated Summative Assessment	RPL	Recognition of Prior Learning
ERP	Enterprise Resource Planning	SACSSP	South African Council for Social Service Professions
ETQA	Education and Training Quality Assurance	SAPS	South African Police Service
ETD	Education, Training and Development (Practitioners)	SARS	South African Revenue Service
EXCO	Executive Committee	SAVC	South African Veterinary Council
FU	Finance Unit	SDA	Skills Development Act
GDS	Growth and Development Summit	SAQA	South African Qualifications Authority
HASA	Hospital Association of South Africa	SDFs	Skills Development Facilitators
HDSA	Historically Disadvantaged South Africans	SDL	Skills Development Levy
HOSPERSA	Health & Other Services Personnel Trade Union of South Africa	SDP	Skills Development Planning
HR	Human Resources	SETA	Sector Education and Training Authority
HSRC	Human Science Research Council	SGB	Standards Generating Body
H&S	Health and Safety	SLA	Service Level Agreement
ISO	International Standards Organisation	SMMEs	Small, Micro, Medium Enterprises
IT	Information Technology	SSACI	Swiss-South African Cooperation Initiative
MERP	Monitoring, Evaluation and Reporting Plan	SSP	Sector Skills Plan
MIS	Management Information Systems	SWOT	Strengths, Weaknesses, Opportunities and Threats
MOU	Memorandum of Understanding	TVET	Technical and Vocational Education and Training
NEHAWU	National Education, Health and Allied Workers' Union	UIF	Unemployment Insurance Fund
		WSPs	Workplace Skills Plans

Foreword by the Chairperson

Presentation of the Annual Report

I hereby, on behalf of the Accounting Authority of the Health and Welfare Sector Education Training Authority (HWSETA), and in my capacity as the Chairperson of the Board, present the 2018/19 Annual Report in line with the relevant laws. This Annual Report is an honest account of the performance of the HWSETA towards the achievements of goals and targets set in the Annual Performance Plan (APP) for the year under review. The HWSETA's reported performance in 2018/19 has resulted in an achievement of 91% of the targets as weighted in the APP set at the beginning of the financial year.

Mandate of the HWSETA

The HWSETA has continued to deliver on its mandate effectively, as directed by the Skills Development Act and the relevant laws. The entity continues to implement the directives of the Honourable Minister of Higher Education and Training in his capacity as the Executive Authority. The HWSETA ensured that delivery is in accordance with the National Skills Development Strategy (NSDS) III, Medium Term Strategic Framework and the National Development Plan 2030.

Taking Forward Excellence

The emphasis on teamwork in delivering the mandate of the HWSETA as outlined in the APP has contributed to taking forward its excellent work of previous years, where the entity maintained good financial management, achieved unqualified audits, improved its governance and increased its capacity to deliver on its mandate.

The Board, which was elected effective from 1 April 2018, succeeded in increasing good governance, ensured that decisions were made timeously, and remained supportive of innovative projects with a strong focus on inclusively for youth and women.



Ms Refilwe Matenche
Chairperson of the Board



This is the environment that made acts of serving the nation and delivering on the HWSETA's mandate exciting and rewarding for members of the Board, Management and Staff.

This is an environment that makes acts of serving the nation and delivering on the HWSETA's mandate exciting and rewarding for members of the Board, Management and Staff.

The HWSETA received its twelfth consecutive unqualified financial audit for 2018/19. The Auditor – General has indicated that Programme 3: Indicator 8 is overstated by an estimated amount. The HWSETA acknowledges that a small amount of duplicates were not identified by internal controls and we strive to improve this swiftly going forward.

Furthermore, material adjustments were made to Programme 4: Indicator 19 – Learnerships and Skills completions, as well as material adjustments to note 19.1. “Commitments” in the Annual Financial Statements. We are committed to strengthening controls that ensure such findings remain outliers. In all, the control environment at the HWSETA remains strong.

In January 2019, Mrs Elaine Brass was appointed as the Chief Executive Officer after acting in the role since February 2017. I would like to thank her for her commitment to the HWSETA since she began in the finance division in 2007.

The Minister of Higher Education and Training has Gazetted, subsequent to year end, the re-establishment of SETAs to 2030. The HWSETA will continue as is until 2030. The decision is welcomed as it allows us to plan for a longer term and ensure greater impact.

Mandate and Performance of the Board

Throughout the 2018/19 financial year, the Accounting Authority maintained focus to ensure that the HWSETA continues to deliver and attain goals and targets of the NSDS III. The HWSETA's Board ensures that it provides leadership to the entire organisation to maintain a conducive environment which promotes productivity and excellence.

The Standing Committees of the Board were functional and effective throughout the reporting period. The entity's vacancy rate was maintained at optimal levels, always ensuring that the HWSETA has sufficient human resources. The Audit and Risk Committee served the HWSETA with distinction, and the entity

continues to get excellent service from its Internal Auditors. The Board, with the involvement of the Executive Management and Management, has maintained good relations with most of its stakeholders. Where we have fallen short, we remain devoted to improving through decisive action.

Achievement Against Performance Indicators

The HWSETA successfully achieved 91% of its performance indicators as set out in the APP and progress has been made for the remaining 9% not achieved. Furthermore, the HWSETA executed its plans as stipulated in the Service Level Agreement entered into with the Department of Higher Education and Training.

Our sincere gratitude goes to all critical role players such as organised labour in the sector, provincial and national Departments of Health and Social Development, employers in the private sector, Non-Governmental Organisations, institutions of higher learning and the college sector.

I extend gratitude to the Honourable Minister of Higher Education and Training, Internal Audit and the Office of the Auditor-General. I also extend a heartfelt thank you to 'Team HWSETA' comprising my fellow Board members, the Chief Executive Officer, Executives, Management and all members of staff. Your collective effort and support made it possible for the HWSETA to perform consistently throughout the year. We wish to take this opportunity to thank all our stakeholders and partners who created an enabling environment for the HWSETA to be able to discharge its mandate.

Conclusion

The health and welfare sector, public and private, and stakeholders in the education and training sector should take comfort in the knowledge that the HWSETA is delivering on its mandate and continuously strives for improvement and relevance.

Thank you.

Chief Executive Officer's Report

Performance for 2018/19 financial period

I have pleasure on behalf of my Executive team, Managers and staff of the HWSETA to present our performance for 2018/19 financial period. The year started with the appointment of our fifth Board. The new Board were inducted, and without delay, and with a sense of urgency, ensured that the HWSETA continued operations and its strategic direction. This was the first year where the HWSETA changed its funding cycle, where the majority of projects were approved in the previous year for the 2018/19 financial year. This year also brought with it new thinking in our funding of the type and mix of projects. This was to bring in innovation, relevance and impact. Although this set us on a new road to better fulfilling our mandate, it brought with it a significant amount of projects to administer.

The HWSETA will continue to improve its funding cycle which will bring with it earlier application for funding available, and more disbursement of discretionary grant funding. The disbursement of discretionary grant funding improved by 33% (R369 million) compared to 2017/18, and continues to improve into 2019-2020.

skills development levies (SDL) to the HWSETA compared to 9 658 in the previous year. The HWSETA designed a simplified Workplace Skills Plan (WSP) template for small enterprises, NGO's, civic based organisations (CBO's) and levy exempt employers to improve participation by these organisations in HWSETA funding. This has been successful. The template is now available for these organisations on our ERP system for their WSP submissions in 2019-2020. The number of tranche payments for certain funding including Small, Micro, Medium Enterprises (SMME) and levy exempt funding has been reduced to ensure better implementation of our programmes. Furthermore an administration fee has been included in some funding types to ensure that smaller organisations are not out of pocket in implementing our programmes.

Some of the HWSETA successes contributing to a 91% achievement in 2018/19 were the significant overachievement in a number of areas where the HWSETA achieved 100% and above on targets affecting levy exempt employers, TVET college



Mrs Elaine Brass CA(SA)
Chief Executive Officer



In the 2018/19 financial year, a total of 10 743 organisations paid SDLs to the HWSETA compared to 9 658 in the previous year.

lecturer development, learners in AET programmes, projects in our sectors, public sector education projects, learners in vocations training courses, skills development projects supporting NGO's, CBO's and trade unions, skills in SMME's, co-operative funding, university student placement, bursaries for employed persons, artisan funding, post graduate research bursaries, career guidance. The number of Employers in the HWSETA sectors that are participating in work-based training amounted to 625, a 403% overachievement to the target set. The HWSETA also significantly overachieved in the target set to enter into partnerships, where a total of 47 partnership agreements were entered into, compared to a target of 24. This will ensure that our strategic achievement over the next period is secured with impact.

Two External Integrated Summative Assessment (EISA) examinations were conducted for Health Promotions Officer for the first time in 2018/19, with 455 learners sitting for these final assessment examinations. This was the sixth EISA examination co-ordinated by the HWSETA. Recognition of Prior Learning (RPL) started a few years back, and has flourished with 369 learners being awarded a qualification through RPL, which is an overachievement of our target RPL is unique as it shows the benefits of non-traditional learning and validates the worth of learning that students have achieved by themselves.

Five new demand led qualifications were developed by the HWSETA in 2018/19.

This year the Auditor-General has requested the HWSETA to show its performance based on when the performance was achieved. This has resulted in the two figures you see under performance against entries and completions. The HWSETA accounts for entries when the information is received and processed by the HWSETA and not when it is achieved. This is now shown separately in the performance report. Late receipt of certificate for completions results in the HWSETA capturing the performance in the current year where the achievement in the certificate was the previous financial year. This is inevitable.

The HWSETA has always boasted a good control environment, but due to the magnitude of projects and a commitments balance of R1.2 billion at 31 March 2019, we had a few duplicate entries in our data for Skills, and had a material adjustment of a net 100

to Programme 4: Indicator 19. Our Commitments note, note 19.1. amounting to R1.2 billion, in the Annual Financial Statements was also adjusted by R15 million (1%). This is regrettable, but assuredly it is not a reflection on the general control environment at the HWSETA.

Thirteen Research projects were conducted by the HWSETA internal Research Division in 2018/19. The results will stimulate debate and improve the desired impact of project and programmes funded by the HWSETA in collaboration with its partners.

During the year the HWSETA conducted and completed an Organisational Development exercise where the HWSETA's needs relating to capacity to carry out our strategic objectives was reviewed. This brought about an additional 18 positions to be included in our ideal organogram, where most of the capacity will be enhanced in our 9 Provinces around South Africa. The recruitment of these positions will be over two financial periods. Furthermore all job profiles, grading and salary benchmarking was completed.

The Minister of Higher Education and Training has Gazetted, subsequent to year end, the re-establishment of SETA's to 2030. The HWSETA will continue as it until 2030. This allows us to plan for a longer term and ensure greater impact. The decision is welcomed.

Lastly, this has been an exciting year with new projects, greater impact, new ideas and fresh planning towards a brighter future of skills development in our sectors. The HWSETA strives to improve its service delivery, effectiveness, relevance and impact. We can only do this with our valued stakeholders. Appreciation goes to the dedicated people of the HWSETA who work daily to improve the lives of our citizens in our country. Executive management and Management have been by my side showing commitment and passion to deliver on our mandate. The Chairperson and Board have been our strength and guidance along the road this year, they certainly have set the tone from the top. The Department of Higher Education and Training have been our allies in this war against poverty and youth unemployment, and have always been available to give support and direction.

It has been truly a pleasure serving you, our stakeholders.

Statement of Responsibility and Confirmation of Accuracy for the Annual Report

To the best of my knowledge and belief, I confirm the following:

- All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General.
 - The Annual Report is complete, accurate and is free from any omissions.
 - The Annual Report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
 - The Annual Financial Statements (Part E) have been prepared in accordance with the required accounting (GRAP) standards applicable to the public entity.
 - The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.
- The Accounting Authority is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.
 - The external auditors are engaged to express an independent opinion on the Annual Financial Statements.
 - In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2019.

Sincerely,



Mrs Elaine Brass CA(SA)
Chief Executive Officer
Date: 31 July 2019



Ms Refilwe Matenche CA(SA)
Chairperson of the HWSETA
Date: 31 July 2019



Creative Career Guidance for Foundation Phase Learners



It is a proven fact that young children have the capacity to learn more at a young age than at any other stage in life. This, combined with the HWSETA's mandate to drive awareness for careers in the health and social development resulted in the HWSETA adopting a creative and novel approach to career guidance.

The result was a beautifully illustrated, fun and informative foundation phase career guidance booklet aimed to sensitise young minds to a number of career possibilities in the health and social development sectors. Whilst initially written in English, the HWSETA was intent on creating wider appeal and meeting the communication needs of children whose first language is not English, so the HWSEA rose to the challenge and translated the book into SeSotho and IsiZulu.

Mosima Mehlape, HWSETA's Marketing Administrator and co-author of the book, stated: "We are very proud of this book as it will start gearing young minds towards thinking about their futures and compel them to ask the right questions that'll better position them to make an informed decision later on in their lives."

At the launch of the book to 261 bright young minds at the Mvelaphanda Primary School in Tembisa on 10 May 2019, Elaine

Brass, CEO for the HWSETA and someone who understands the importance of making investments for the future in the present, said: "We cannot wait until it is too late to prepare for the future of our young learners and I am incredibly proud of the potential this book offers to ignite awareness in our young people."

Commenting on the simplistic vocabulary and easy flow, Elaine Brass went on to say that learners would undoubtedly understand and get the most of the book that is intended to be a building block towards quality education and improved employment opportunities for these young people.

Representatives from the Department of Higher Education and Training, Netcare, Medi-Clinic, City South Africa and fellow Sector Education and Training Authorities (SETAs) were at the event where young learners were presented with not only a copy of the book, but a colouring in version of the book that would encourage more interaction with the content by learners.

"The HWSETA hopes that the book will also encourage other SETA'S and different entities to start career guidance from a young age as this will help to change and prepare them in their future studies," concludes Elaine Brass.



Strategic Overview

Our Vision

The creation of a skilled workforce for the health and social development needs of all South Africans

Our Mission

The Health and Welfare Sector Education and Training Authority (HWSETA) endeavours to create an integrated approach to the development and provision of appropriately skilled health and social development workers, to render quality services comparable to world class standards

Our Values

- Service Excellence
- Transformation
- Transparency
- Integrity
- Respect
- Fairness
- Accountability

Legislative and Other Mandates

The HWSETA is a statutory body, a juristic person, and a schedule 3A entity – as per the Public Finance Management Act (PFMA).

Constitutional Mandates

As an entity of the Department of Higher Education and Training, the HWSETA derives its mandate from the Constitution of the Republic of South Africa specifically Section 29 read with schedule 4, which lists education at all levels, including tertiary education as a functional area of concurrent national and provincial legislative competence.

Policy Mandates

Priority areas are dictated by the Ministers of:

- Department of Higher Education and Training;
- Department of Health; and
- Department of Social Development.

The HWSETA entered into a Service Level Agreement with the DHET, which is aligned to our Annual Performance Plan.

Legislative Mandates

The HWSETA derives its mandate from:

- The Skills Development Act, as amended;
- The Skills Development Levies Act, as amended;
- The SAQA Act, as amended;
- The QCTO Act;
- The Public Finance Management Act, as amended;
- Treasury Regulations;
- All other (relevant/applicable) Human Resources and Industrial Relations Acts;
- All other Health and Welfare Acts and Regulations;
- Grant Regulations; and
- White Paper on Post-school Education.

Major Partnerships with Health and Welfare sector

Memoranda of Understandings (MOU's) have been entered into with the following major stakeholders to deliver on various targets and to maintain impact in the sector:

- Afribiz Entertainment Foundation
- Cape Peninsula University of Technology
- Central University of Technology
- Ditlou Foundation
- Fort Hare University
- Free State Community Education College
- HEAIDS
- Helderburg College
- Industries Education and Training Institute
- Luneberg NPO
- Majuba TVET College
- Msinga Skills Development
- Nelson Mandela University
- North West University
- Northlink
- Prescision Community Development
- Rhodes University
- SAVC
- Sefako Makgatho University
- Sol Plaatje University
- Stellenbosch University
- Tshwane South TVET College
- Tshwane University of Technology
- Tsolo Agriculture and Rural Development Institute (Tardi)
- Umfolozi TVET College
- University of Free State
- University of Johannesburg
- University of KwaZulu Natal
- University of Limpopo
- University of Pretoria
- University of Stellenbosch
- University of Western Cape
- Venda University
- WITS University
- Workers College
- Worldwide Education Network

Organisational Structure

HWSETA Board Comprising 15 Members

(refer part c: governance for more detailed information)



Chief Executive Officer
Mrs Elaine Brass CA(SA)



Acting Chief Financial Officer

Mrs Daphne Theaker



Executive Manager Corporate Services Division

Mr Bob Pardesi



Executive Manager SDP Division

Mr Sikhumbuzo Gcabashe



Executive Manager ETQA Division

Ms Baakedi Motubatse



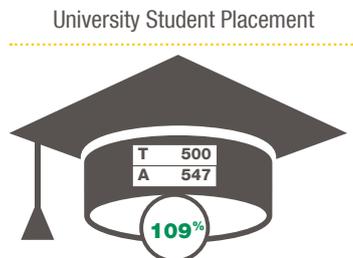
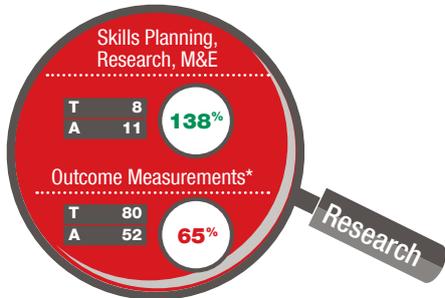
Executive Manager: RIME

Ms Bulelwa Plaatjie

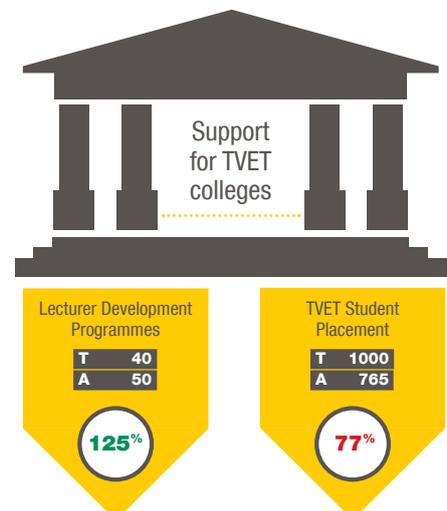
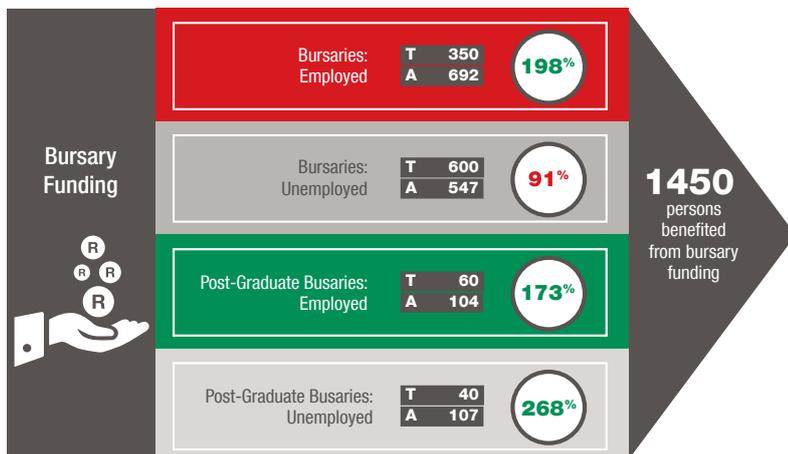
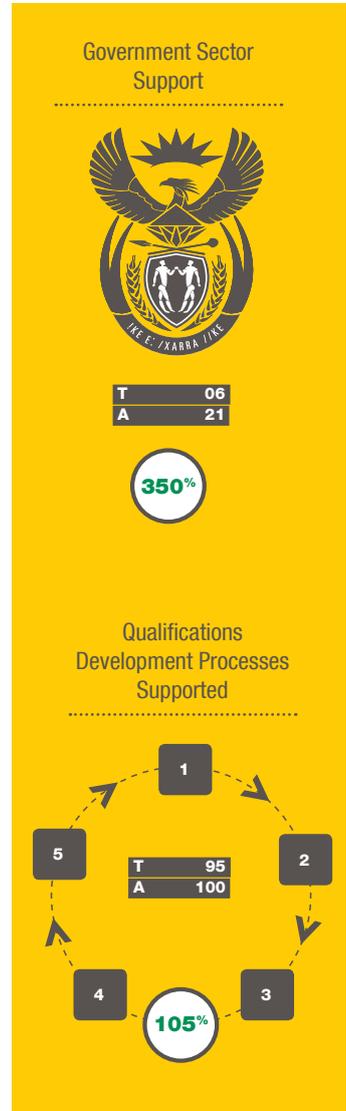
2018/19 Annual Dashboard

T - Target
A - Achieved

% achievement against APP annual targets



*Funding recipients placed in permanent employment six months after certification



2018/19

Annual Dashboard

T - Target
A - Achieved

% achievement against APP annual targets

5 679 persons benefited from occupationally directed programmes and work intergrated learning

Recognition of Prior Learning

T 350
A 369

105%

Qualifications Development

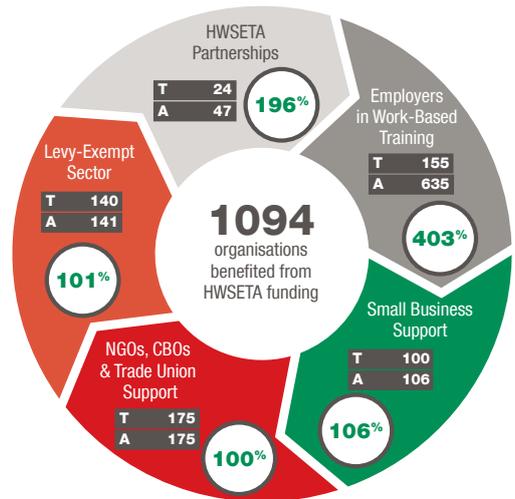
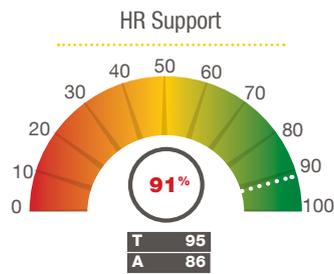
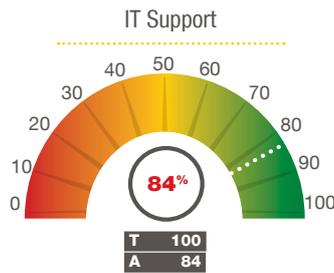
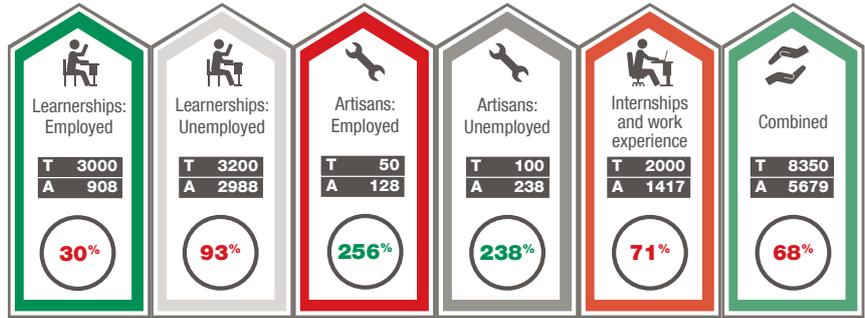
T 4
A 5

125%

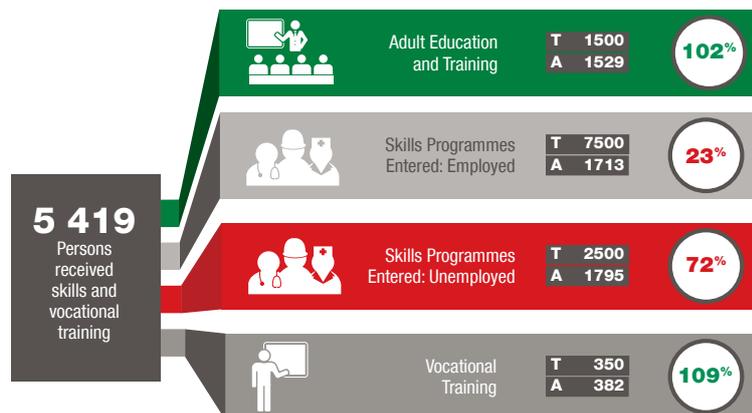
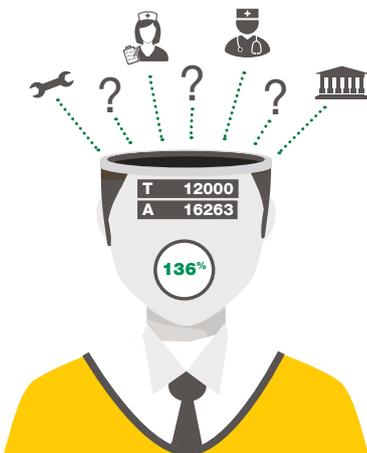
Support for Co-operatives

T 20
A 22

110%



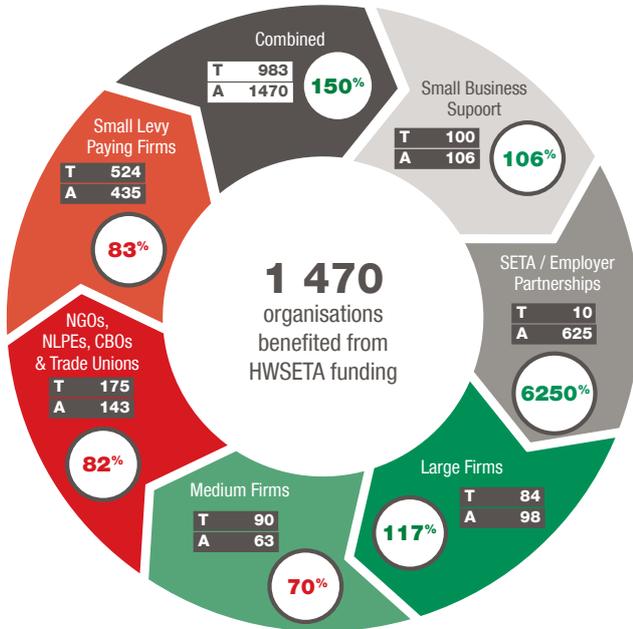
Number of persons reached with career guidance



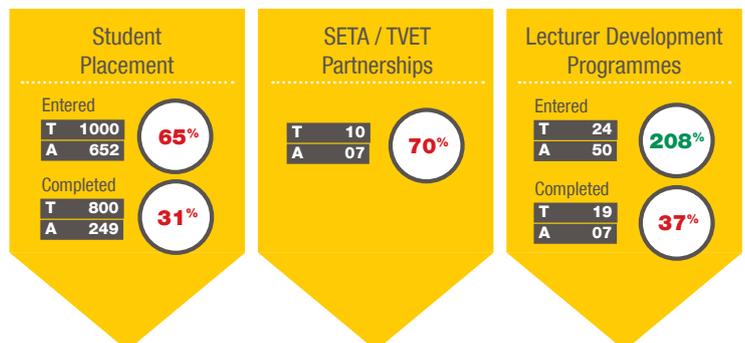
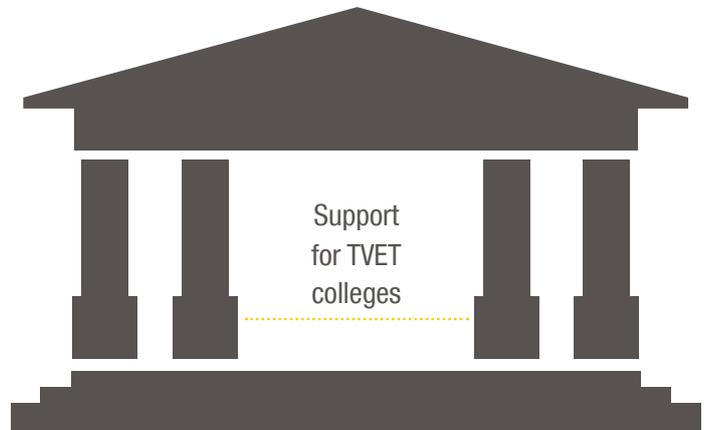
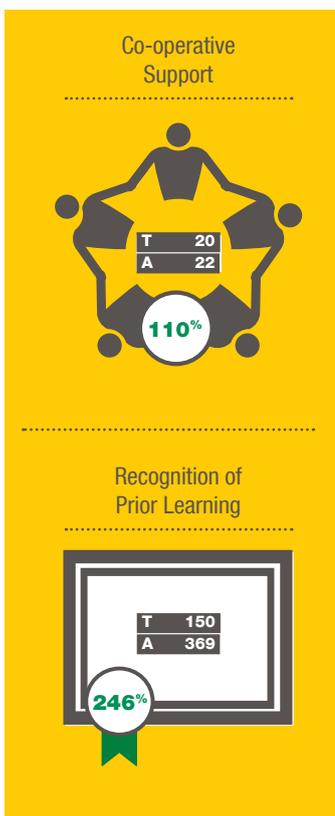
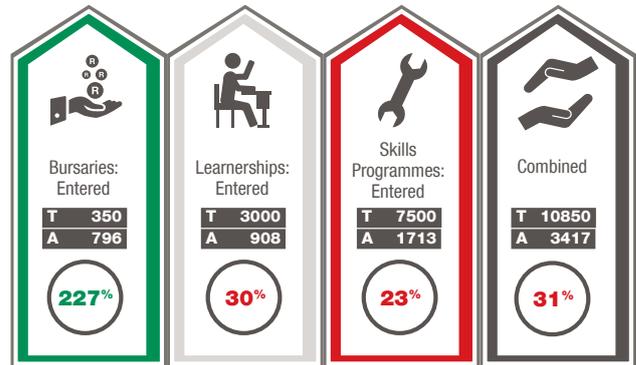
2018/19 Annual Dashboard

T - Target
A - Achieved

% achievement against SLA annual targets



3 417 Employed persons benefited from HWSETA funding (excluding completions)



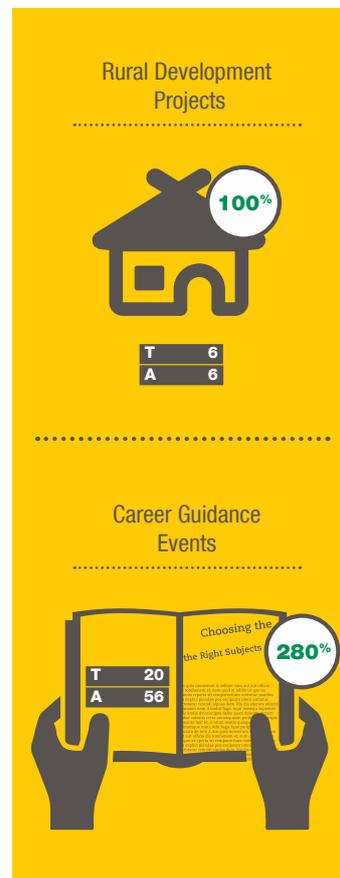
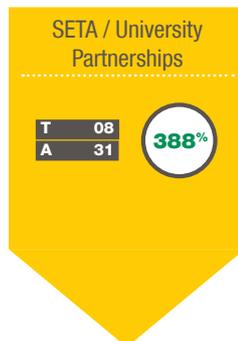
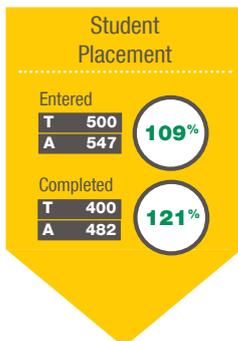
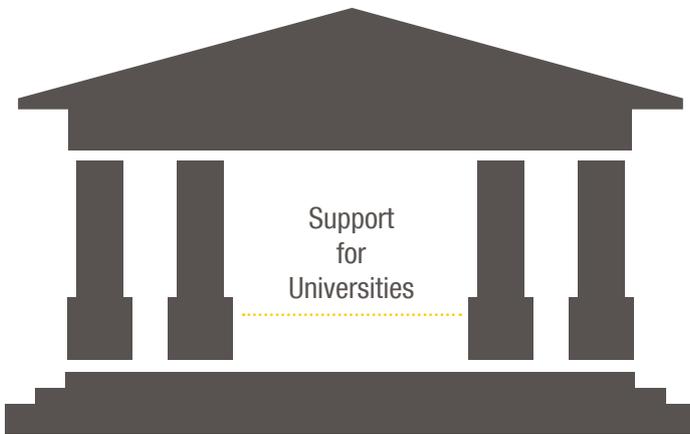
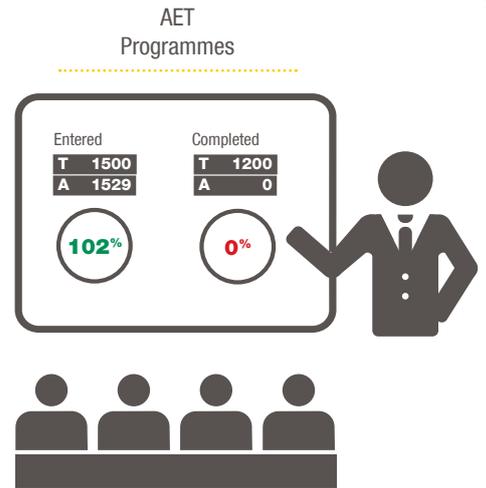
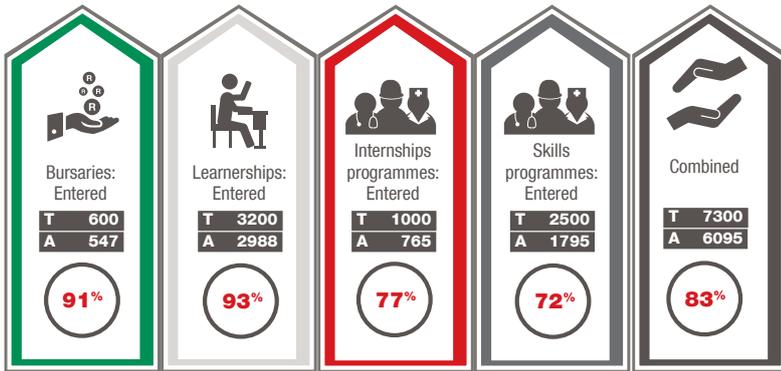
2018/19

Annual Dashboard

T - Target
A - Achieved

% achievement against SLA annual targets

 **6 095** Unemployed persons benefited from HWSETA funding



PERFORMANCE INFORMATION



Some of the HWSETA successes contributing to a 91% achievement in 2018/19 were the significant overachievement in a number of areas where the HWSETA achieved 100% and above on targets.

Mrs Elaine Brass
Chief Executive Officer





Performance Against Predetermined Objectives

AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

Refer to the Auditor-General report on pages 62 to 64

SITUATIONAL ANALYSIS

Service Delivery Environment

The Strategic Plan and Annual Performance Plan (APP) of the year under review was implemented in a service delivery environment that met a number of difficulties. These difficulties included changes in Nursing-related fields, low participation of employers in the artisanal sector, slow participation by government departments, and low reporting of completions by employers participating in work-based training programmes of the HWSETA.

- The shift from offering occupationally based qualifications to exclusively higher education qualifications for Nursing-related fields has impacted the HWSETA negatively in the year under review. During 2018/19, Nursing Colleges that were offering occupationally based Nursing qualifications at NQF level 3 to 6 had to seek accreditation to offer the NQF level 5 Higher Certificates (Auxiliary Nursing and Auxiliary Midwifery) and NQF level 6 Diploma (Staff Nurse) from the Council on Higher Education (CHE). In 2018/19, very few Nursing Colleges had been accredited to offer these new qualifications and this has resulted in fewer enrolments than targeted in the 2018/19 Annual Performance Plan (APP).
- Low participation of employers in the Artisan sector results in slower than desired implementation of Artisan training. Furthermore, enrolments into the accelerated Artisan Programme, that require recognition of prior learning occur at a slow pace, and this yields lower than the targeted number of enrolments.
- Government Departments take time to enrol learners into training programmes. The slow pace of enrolment fails to adhere to HWSETA timeframes, and the planned enrolments for 2018/19 end up occurring in the next the financial year.
- For completions, the HWSETA relies on employers participating in training to report learners that have either completed skills development programmes such as work integrated learning and internships, and learners that have been certificated in learning programmes funded by the HWSETA. Employers who do not timeously report completions and certifications, affect targets set in the APP as these are based on entries reported in the previous financial year (2017/18).

The performance of the HWSETA for 2018/19 is, yet again, pleasing as 91% of APP weighted indicators have been achieved. The good progress that has been made on targets not achieved contributed greatly towards this level of achievement. Work-based training supported by the HWSETA through learning programmes comprising learnerships, apprenticeships, skills programmes, and bursaries. Work experience programmes comprising TVET College Placement, University Student Placement, and internships for graduates, yielded the following key outputs:

- 61% (13305 of 21965) of beneficiaries were registered into HWSETA learning programmes and work experience programmes. Of the 13305 beneficiaries funded for learning programmes and work experience programmes, 72% were unemployed and 28% were employed persons at the time of receiving HWSETA funding.
- 103% (247 of 240) organisations (small and emerging business, and levy-exempt organisations) operating within the Health and Welfare sector were funded to train their employees.
- 250% (30 of 12) of planned programmes and projects were funded towards the public sector education and training to develop and address middle level skills within the reporting period
- 403% (625 of 155) of employers were evaluated and participated in work-based training in the health and social development sector against planned targets within the reporting period
- 196% (47 of 24) of partners collaborated with HWSETA by signing a Memorandum of Understanding, Memorandum of Agreement, or a service level agreement against the planned target within the reporting period.
- Employment rate of unemployed graduates funded by the HWSETA upon completion was determined by tracer studies to be 65% (52 of 80) against the set standard of success.

Organisational environment

This was the first year of the newly elected Board that took office on 1 April 2018. The Board was inducted and started with its objectives at a pace that ensured continued operations and a smooth transition. The Board ensured that the approved APP was implemented and that committed funds moved swiftly. The Board supported the approval cycle for discretionary grant projects to take place in quarter four of 2017/18. This has allowed for a number of entries to occur in quarter one. This has allowed for a steady achievement of targets from quarter one to four and an improvement on 2018/19.

The DHET filled the CEO position on 1 January 2019 by appointing Mrs Elaine Brass. The SDP Executive Manager position was filled by Mr Sikhumbuzo Gcabashe who took up office officially on 1 January 2019. The RIME Executive position and the CFO position had acting placements. These last two positions were appointed in after year end. The HWSETA identified the need for a Provincial Executive to direct the operations in the 9 Provinces where we have a footprint. This appointment will ensure greater service delivery and impact for the HWSETA.

Key policy developments and legislative changes

The key policy developments that have, and may, affect the HWSETA in the future financial years include:

- National Skills Development Plan. The plan was Gazetted on 7 March 2019. HWSETA strategy and APP for 2020-2021 will be aligned to the plan. The demarcation of SETAs was approved by the Minister in July 2019, where all SETAs have been re-established to 2030.
- Draft Grant Regulations. These have been reviewed by the HWSETA and welcomed, especially with regards to the funding of Research through discretionary grants. We await the final regulations before updating our internal policies. There are no expected negative effects for stakeholders and funding.
- Promulgation of National Policy for Integrated Career Development System for South Africa, (Government Gazette, 20 April 2017): This is a national policy that provides a comprehensive and integrated career development system for South Africans. This policy will ensure that citizens of all ages have access to quality career information and career development services throughout their lives. SETAs will form part of this system and will, in particular, conduct career exhibitions and/or festivals; coordinate and lead career development services system. There will be an establishment of SETA career forum that will serve as a consultative structure that will promote a career development system.
- Amendment of Regulation 14 (2) of SETA standard Constitution Regulations, (Government Gazette, 22 August 2017 Call for comments): This amendment revises the term of office of the Chairperson of the Board. It states that, "a chairperson may not serve more than two terms in a particular SETA".
- Extension of due date for the registration of Private Providers offering qualifications and part-qualifications on Occupational Qualifications Framework with the Department of Higher Education and Training. The initial date was communicated via the joint communique 1 of 2016, which set a due date of 30 June 2017. The due date was extended to 30 November 2018.

Strategic Outcome Oriented Goals

The HWSETA has made progress towards the achievement of its strategic outcome oriented goals:

GOAL 1

Work-based skills development to contribute to improved productivity and economic growth in the sector

Access to work-based skills development was facilitated by HWSETA through partnerships with the employer organisations opening up their work spaces. Employers hosted 3896 students placed on learnerships; 765 graduates placed on internships, and 652 TVET graduates placed on work experience.

In terms of identified scarce and critical high-level skills, 547 and 107 unemployed university students were funded for undergraduate and postgraduate bursaries respectively in higher education institutions. Post-graduate students were funded for Honours Degrees, Post-graduate Diplomas, Masters Degrees and PhDs in various health and welfare fields, including the veterinary science sector.

The employment rate of unemployed graduates funded by the HWSETA upon completion was determined by tracer studies to be 65% (52 of 80) against the set standard of success. This means that, based on the sample across all the work-based programmes, 52% (65% of 80% target) of them found employment upon completion of their Programme. When disaggregated, findings show that learnerships and apprenticeships had the highest employment rate at 80% and 62% respectively. As such, these two work-based programmes produce the best outcomes for the HWSETA strategic outcome oriented goal 1.

GOAL 2

Skilled and work-ready graduates in occupationally directed programmes join the health and social development fields of work

HWSETA sought to support students to become work-ready graduates in mid and high level occupationally directed programmes by increasing workplace space capacity for training, and number of beneficiaries (students and organisations) in occupationally directed programmes.

Through discretionary grant funding, 106 small and emerging businesses and 141 levy-exempt organisations were supported to promote work-based learning; 625 employers participated in work-based training that provided a platform for learnerships, internships, and work experience placement for TVET Colleges and university students.

An overachievement (403%) in the number of employers evaluated and participating in work-based training in health and welfare sector was due to an increase in the number of WSPs submitted in the year under review. There was 100% or more achievement against planned targets of the cooperatives, small and emerging businesses, levy-exempt organisations, and support of NGOs, CBOs, and trade unions for skill development initiatives in the sector within the reporting period. The implication of this achievement is that the HWSETA increased organisational participation in skill development initiatives in the sector both in scope and variety.

GOAL 3:

College system expanded to offer pathways to occupations for school and post school youth

This goal expresses HWSETA's intention of making training in the TVET college system accessible to the youth as a pathway to a career of choice. HWSETA adopts the pipeline approach in this regard which first focuses on outreach of unemployed learners within schooling to raise awareness about HWSETA initiatives, particularly TVET college programmes. HWSETA also funds learners and lecturers in TVET colleges and other public colleges, and promotes AET programmes.

The HWSETA conducted career guidance campaigns across the country in partnership with various government departments, DHET in particular. The HWSETA conducted 56 career guidance campaigns that reached 16263 scholars from various grades of schooling. Career guidance campaigns of the HWSETA

target scholars in grades 9 and 12 in order to help them with subject and career choices. The HWETA aims to link up with other SETAs when conducting future career guidance campaigns so as to provide a comprehensive and integrated career development Programme .

In the 2018/19 financial year, HWSETA overachieved against set targets (>100%) in its outreach, funding of learners and lecturers in TVET college and other public colleges, and funding learners in AET programmes. This performance directly links to the strategic outcome of expansion of the college system across the country (quantitative), its focus on quality through funding training of lecturers, and inclusiveness by opening access through AET programmes to those limited by level of education.

GOAL 4

Demand-led skills development strengthened to implement the National Development Plan

This goal is premised on HWSETA strengthening the demand-led quality provision of education in the sector and supporting the NDP by increasing capacity. The performance against this goal reflects the level of responsiveness by HWSETA to the labour market needs, developmental state initiatives and sectoral priorities.

In the 2018/19 financial year, HWSETA overachieved (>100%) against the target of new demand-led qualifications developed and registered through registration bodies per year. Five occupational qualifications were developed by the HWSETA and submitted to the QCTO for registration. These comprised the Disability Attendant qualification, NQF level 3; Social Security Administrator, NQF level 4; Social Security Assessor, NQF level 6; Social Counselling Worker, NQF level 5; and Social Counselling Support Worker, NQF level 4.

Importantly, HWSETA also achieved (>100%) against the target of processes supported for the development of demand led qualifications. During the year under review, 66 skills development providers were accredited to offer occupationally based training; 223 assessors and 41 moderators were registered. 1642 funded students completed learning programmes and were thus reported to the HWSETA by employers, TVET Colleges, Universities, and NSFAS.

GOAL 5

A skilled workforce supporting an efficient administrative system for effective execution of skills development mandate:

In the pursuit of improved organisational and administrative systems in HWSETA to ensure an effective and efficient institutional mechanism for skills planning and implementation, the HWSETA effected the following;

The HWSETA completed an Organisational Development (OD) exercise, which has resulted in an additional staff compliment of 17. The exercise also reviewed job profiles and compared salaries to market related packages.

The automation of business processes of the HWSETA is an innovation in service delivery that is coming into fruition, as automation of Workplace Skills Plan (WSP), Education and Training Quality Assurance (ETQA), and Skills Development Projects (SDP) were completed by 31 March 2019. The WSP and ETQA automated modules went live in 2015-2016 and 2017/18 respectively. Skills projects and Finance will go live in 2019/20. The automation will provide convenience for HWSETA stakeholders as they will not have to visit HWSETA offices for submission of application forms and other documentation. The automation of business processes is expected to improve service delivery in many ways and these effects are expected by 2019/20. Additional in house skill has been enhanced over the period to support the ERP system.

There were no resignations from Management and Executive Management during the year under review. The suspension and dismissal of the Learnership Manager for Skills Development did not affect operations as the organisation moved swiftly to ensure capacity and operations did not experience a vacuum in leadership. Resignations that occurred in the year were in positions lower than management, and vacancies that resulted were filled to maintain staff compliment above 90%. However, the dismissal of five staff members that committed fraud by claiming the medical audit allowance under false pretence brought the staff complement to 86% for the financial year.

Performance Information by Programme /Objectives

Classification of Performance

Colour code					
Progress in %	100 & >	76 – 99	51 – 75	26 – 50	0 – 25
Description of classification	Annual target has been achieved or exceeded before or by 31 March 2019	Annual target was almost achieved based on substantial progress made by 31 March 2019	Annual targets have not been met and strides towards achievement have made considerable progress.	Annual target has not been achieved and strides made have yielded moderate success. The non-achievement may be attributed to external factors that impacted negatively on the indicator	Annual target has not been achieved and strides made have yielded low success. The non-achievement may be attributed to external factors that impacted negatively on the indicator
Unemployed : U Employed : E					

Programme 1: Administration

Programme 1: Indicator 15

Strategic Objective: Career guidance initiatives aimed at marketing and communicating the health and social development related occupations supported in the strategic period.

Success Indicator	Performance Indicator	Actual Achievement 2017 / 18	Planned Target 2018 / 19	Actual Achievement 2018 / 19	Variance between Planned Target & Actual Achievement 2018 / 19	Comment on deviations	Budget Allocated	Actual Spend '000
The number of school and post school youth ¹ reached through career development awareness programmes in the reporting period	Number of learners reached ² through HWSETA career development awareness programmes per year	18887 (86 events)	12000 (20 events)	136% 16263 (56 events)	4263 (36 events)	One of the targets for HWSETA is to reach youth and inform them about potential careers in the health and social development sectors. Therefore the HWSETA strives to exceed its targets and reach as many youth in all 9 provinces. Partnering with stakeholders has been a contributing factor to the over-achievement of the annual target as well as the continued support offered to DHET.	R1 million	

1. Post school youth refer to those unemployed youth as defined in the Green paper on post school education

2. Learners reached in this context refers to learners recorded in the HWSETA register during career events (career fairs, career exhibitions and targeted career guidance events).

Programme 1: Indicator 18

Strategic objective: HWSETA is capacitated to deliver on its targets and discharge its mandate in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Variance between Planned Target & Actual Achievement 2018/19	Comment on deviations	Budget Allocated	Actual Spend '000
The percentage of filled ³ positions in the HWSETA to ensure optimum capacity and delivery of services in the reporting period	Percentage of filled positions in the HWSETA approved organogram per year	95% (124/ 130)	95% (129/ 136)	86% 90 (117/136)	-9%	The organisation has experienced an increase in staff turnover. 119 of the approved 136 positions are currently filled. The 19 vacancies includes (4) long standing vacancies, which depended on the OD Project outcome, as well as the five (5) dismissed staff due to medical aid fraud.	R450 000	R1 152

3. Filled in this context refers to the signing of contract of employment in the approved organogram

Programme 1: Indicator 20

Strategic objective: HWSETA processes automated and integrated for effective and efficient delivery of services

Success Indicator	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Variance between Planned Target & Actual Achievement 2018/19	Comment on deviations	Budget Allocated	Actual Spend '000
The percentage of processes automated and integrated to ensure effectiveness and efficiency of operations ⁴ in the reporting period	Percentage of processes automated and integrated ⁵ per year	52%	100%	84% 84%	-16%	The under-achievement is due to the necessity that arose to focus on stabilising the live ETQA and WSP modules. Further development of outstanding Phase 1 modules to commence in Q2 2019-20.	R3 million	

4. Efficiency and effectiveness refers to minimum errors and short turnaround times as recorded in the audit trail of the ERP system

5. Automation and integration refers to the development and deployment of the ERP system as approved by the HWSETA board

Programme 2: Skills Planning and Impact Assessment

Programme 2: Indicator 5

Strategic objective: 80% of HWSETA funded work-ready graduates finding employment in their trades and occupations in the health and welfare sector⁶ in the strategic period⁷

Success Indicator	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Variance between Planned Target & Actual Achievement 2018/19	Comment on deviations	Budget Allocated	Actual Spend '000
The percentage of qualified technicians, artisans and unemployed learners previously funded ⁸ by the HWSETA finding employment ⁹ within 6 months of completing the learning programmes ¹⁰ in the strategic period	Percentage of qualified technicians, artisans and unemployed learners previously funded by the HWSETA finding employment per year.	74%	80%	52% 65% (319/609)	-28%	The employment status of learners previously funded could only be established through contact with 609 learners who responded to the interviews. As thus, only 319/609 learners were employed by March 2019 when the study was conducted. Measuring the outcome of HWSETA funding is affected by a number factors. First, only 56% (1559/2803) of the target population were accessible for interviews due to availability of contact numbers. Second, the response rate to the interviews was 44% (609/1383).	Admin Budget	R 319 945

6. The 80% target can only be achieved in the last years of NSDS III since the training of artisans and other workers takes between 2 and 4 years. Certain exogenous factors beyond the HWSETA need to be considered
7. This indicator will also track completion rate and dropouts
8. Funded refers to issuing of funding approval letter and signing of Memorandum of Agreement and where applicable release of tranche payments as per the Memorandum of Agreement
9. Finding employment refers to signing an employment contract as defined in the Basic Conditions of Employment Act, as amended
10. Learning programmes refers to learning programmes as defined in the Skills Development Act, as amended

Programme 2: Indicator 12

Strategic objective: Evidence based research to inform planning¹¹ in the in the sector for the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Variance between Planned Target & Actual Achievement 2018/19	Comment on deviations	Budget Allocated	Actual Spend '000
The Number of research reports based on sound analysis of the Health and Social Development sector confirmed by stakeholders and impact of training assessed in the reporting period	Number of applied research ¹² reports completed and confirmed by stakeholders that inform planning and impact of training assessed per year ¹³	5	8	11 138%	3	Due to the availability of a stable research capacity in the division; all projects, including adhoc projects, were initiated and completed as planned.	R848 million	R1 146 000

11. Sector planning refers to sector skills planning, strategic planning and business planning including operational planning
12. Applied research is a form of systematic inquiry involving the practical application of science. It accesses and uses some part of the research communities' (the academia's) accumulated theories, knowledge, methods, and techniques, for a specific, often state-, business-, or client-driven purpose. Applied research is compared to pure research (basic research) in discussion about research ideas, methodologies, programmes, and projects
13. Evaluation of training includes research reports on areas such as dropout rate and analysis and impact analysis

Programme 2: Indicator 13¹⁴

Strategic objective: Evidence based research to inform planning¹⁵ in the sector for the strategic period

Success Indicator	Performance Indicator	Socio economic status	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Variance between Planned Target & Actual Achievement 2018/19	Comment on deviations	Budget Allocated	Actual Spend '000
The number of researchers in the sector is increased through targeted funding ¹⁶ in the reporting period	Number of new post graduate research students funded ¹⁷ for research in the health and welfare field per year	E	73	60	104	173%	The Programme is well known amongst the target market, hence it attracts more than enough qualifying and deserving applicants. Due to the need to increase the number of researchers in the sector; more applicants were assessed and approved within the budget. This was made possible by the additional funds were approved to assist more applicants.	R4 288 million	R 6 018 876
		U	64	40	107	268%	The bursary Programme is well known, it attracts many qualifying applicants. Due to the need to increase the number of researchers in the sector; more applicants were assessed and approved within the budget.	R2 859 million	R 7 173 020

14. At output level this indicator is associated with indicator 19 sub indicator 3 and will be measured as such

15. Promoted in this context means funded through the HWSETA

16. Targeted funding refers to ring fenced funding aimed at increasing the pool of Masters and Doctoral candidates in the sector graduating and contributing to the sector

17. New post graduate research students refer to registered students in higher education institutions for higher degrees that have a research component in the curriculum and have registered for the first time

Programme 3: Learning Programmes and Projects

Programme 3: Indicator 2¹⁸

Strategic objective: Employers in the health and social development sector open up their workplaces as places of learning in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Variance between Planned Target & Actual Achievement 2018/19	Comment on deviations	Budget Allocated	Actual Spend '000
The number of employers evaluated and participates in work-based training in the health and social development sector within the reporting period.	Number of employers evaluated and participating ¹⁹ in work-based training in the health and social development sector per year	271	155	625	403%	Employers responded to the expanded skills and learning programmes offered by the HWSETA. There is an association between this indicator and the increase in the number of WSPs submitted in the year under review.	Included in the Learnership budget	

18. The outcome level indicator associated with this indicator is indicator 12 and will be measured as such

19. Evaluation and participation means workplace has been validated and the learners allocated as per the approval schedule and the Memorandum of Agreement signed

Programme 3: Indicator 4^{20 & 21}

Strategic objective: Increase the number of work-ready graduates in trades (artisans) demanded in health and social development sector through targeted funding in the strategic period

Success Indicator	Performance Indicator	Socio economic status	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Variance between Planned Target & Actual Achievement 2018/19	Comment on deviations	Budget Allocated	Actual Spend '000
The number of employed and unemployed persons funded as apprentices to become artisans for the Health and Social Development sector ²² in the reporting period	Number of employed and unemployed apprentice funded ²³ and enrolled ²⁴ to become artisans through HWSETA funding per year	E	100	50	128 256%	78	The over-achievement is due to the large number of employers targeted and encouraged to take up funding to enroll their employees who were working in maintenance without qualifications	R3 703 million	R52 824
		U	141	100	238 238%	138	The over-achievement is due to the partnership that the HWSETA entered into with Centres of Specialisation to increase the pool of artisans. Also, the progression of learners from CBMT to full artisan training increased the number of learners entering the Programme .	R24 545 million	

20. The output level this indicator is associated with are indicator 19 sub indicator 3 (funded) and will be measured as such

21. The outcome levels this indicator is associated with are indicator 5 and indicator 12 and will be measured as such

22. Transformation and equity imperatives: 85% Black 60% women 5% people with disability 70% youth (35yrs or less) 20% from rural areas

23. Funded refers to issuing of funding approval letter and signing of Memorandum of Agreement and where applicable release of tranche payments as per the Memorandum of Agreement

24. Enrolled refers to registration with both the training institution and HWSETA Seta Management System

Programme 3: Indicator 6²⁵

Strategic objective: Increase the number of students in higher education in identified scarce and critical skills through HWSETA funding enabling them enter the labour market²⁶ in the strategic period

Success Indicator	Performance Indicator	Socio economic status	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Variance between Planned Target & Actual Achievement 2018/19	Comment on deviations	Budget Allocated	Actual Spend '000
The number of students funded through HWSETA funded bursaries for training in higher education institutions ²⁷ in the reporting period	Number of students funded ²⁸ through HWSETA funded bursaries for training in higher education institutions per year	E	554	350	692 187 198%	342	The over-achievement is due to employers who split and expanded the HWSETA funding to fund more workers and thus increased the achievement on the target. It is important to note that of the 879 learners registered, 187 learners signed learner registration forms in 2017/18. These learner registration forms could only be registered by the HWSETA in 2018/19.	R11 109 million	R48 135
		U	764	600	547 55 91%	-53	The under -achievement is due to the noncompliance from NSFAS on the submission of the registration documents of the students registered for the 2018 academic year. The HWSETA however has revised the strategy of administering bursaries through NSFAS by partnering directly with Universities as they have proven to be more efficient with administration and reporting from the 2019 academic year. Out Of the 602 learners registered, 55 learners signed learner registration forms in 2017/18. These learner registration forms were registered by the HWSETA in 2018/19.	R47 610 million	

25. This indicator includes artisans through SIP projects sub indicator 3 and will be measured as such

26. Higher education institutions include Universities as defined by the Department of Higher Education and Training and those defined as such by relevant Councils

27. Bursaries for unemployed students in scarce and critical skills furthering their studies in higher education institutions

28. Funded refers to issuing of funding approval letter and signing of Memorandum of Agreement and where applicable release of tranche payments as per the Memorandum of Agreement

Programme 3: Indicator 7²⁹ & 3⁰

Strategic objective: Fund experiential learning across the sector to ensure work-ready graduates contribute to effective delivery of health and social development services in the strategic period³¹

Success Indicator	Performance Indicator	Funded Programme	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Variance between Planned Target & Actual Achievement 2018/19	Comment on deviations	Budget Allocated	Actual Spend '000
The number of unemployed TVET college students and other unemployed graduates of mid-level qualifications enrolled in workplace experience through Workplace Experience Grant in the reporting period ³²	Number of unemployed TVET college students enrolled ³³ for work-experience and experiential learning programmes ³⁴ funded by the HWSETA per year	Internships	754	1000	765 53 77%	-235	The reason for under-achievement is that Provincial Government Departments' recruitment and placement processes, policies and procedures are an impediment to the achievement of this target. Out of 13 Government Departments approved three complied. The HWSETA is currently engaging with these Departments to find solutions. In addition, of the 818 learners registered, 53 learners signed learner registration forms in 2017/18. These learner registration forms were registered by the HWSETA in 2018/19.	R63 480 million	R100 843
		TVET student placement	725	1000	652 65%	-348	The reason for under-achievement is that Provincial Government Departments' recruitment and placement processes, policies and procedures are an impediment to the achievement of this target. Out of ten Government Departments approved two complied. The HWSETA is currently engaging with these Departments to find solutions	R47 610 million	
		University student placement	960	500	547 109%	47	The over-achievement is due to universities that have become more aware of the funding available from the HWSETA. Also, the HWSETA Board approved new fields of study to be funded in this indicator.	R22 218 million	R69 471

29. The output indicator associated with this indicator is indicator 19 sub indicator 3

30. The outcome indicator associated with this indicator are indicators 5 and 12

31. This indicator includes TVET student placement, university student placement and internship

32. This indicator includes TVET student placements, university student placement and internships

33. Enrolled refers to registration with both the training institution and HWSETA Seta Management System

34. Workplace experience and experiential learning refers to a course, or a portion of a course, requiring students to participate in a supervised workplace experiential learning, directed field study, internship, cooperative, or cooperative work term course that is related to their programme of study or training. It is also viewed as having four basic elements of learning in the workplace: experience, practice, conversations and reflection where at least • 70% of workplace learning is through on-job experiences and practice • 20% of workplace learning is through others (coaching, feedback and personal networks) • 10% of workplace learning is through formal off-job training (Jennings, C. 2009).

Programme 3: Indicator 9

Strategic objective: Support cooperatives within the health and social development sector through funding for skills development training within the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Variance between Planned Target & Actual Achievement 2018/19	Comment on deviations	Budget Allocated	Actual Spend '000
The number of cooperatives in the health and social development sector whose skills training is funded by the HWSETA in the reporting period	Number of cooperatives in the health and social development sector whose skills needs are funded by the HWSETA per year	28	20	22 	2	The over-achievement is due to the HWSETA moving away from agriculture and farming based cooperatives to cooperatives that offer a variety of services in the sector. This increased interest and captured previously unfunded cooperatives. Social entrepreneurship Programme bears evidence of increased interest in HWSETA offering.	R1 227 million	R0

Programme 2: Indicator 10

Strategic objective: Fund small and emerging businesses for skills development in the sector in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Variance between Planned Target & Actual Achievement 2018/19	Comment on deviations	Budget Allocated	Actual Spend '000
The number of small and emerging businesses funded in both health and social development sectors through HWSETA skills development funds in the reporting	Number of small and emerging businesses funded through HWSETA skills development per year	102	100	106 	6	The over-achievement is due to the Board's decision to increase the funding for SMEs in the sector and the coverage for this funding. This sparked an interest in SMEs in the sector to participate	R6 348 million	R2 977

Programme 3: Indicator 11³⁵

Strategic objective: Support NGOs, CBOs and trade unions skills development initiatives in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Variance between Planned Target & Actual Achievement 2018/19	Comment on deviations	Budget Allocated	Actual Spend '000
The number of participants in skills development projects funded by the HWSETA to support NGOs, CBOs and trade unions in the reporting period	Number of participants in skills development projects funded by the HWSETA to support NGOs, CBOs, and trade unions per year	204	175	175 	0	Innovation driven skills initiatives were implemented aimed at Trade Unions, NGOs and CBOs in the sector. These included targeted training for Trade Unions through their own Workers College and training providers with experience working with NGOs.	R5 554 million	R8 867

35. The outcome level this indicator is associated with is indicator 12 and will be measured as such

Programme 3: Indicator 17^{36 & 37}

Strategic objective: Support public TVET Colleges and associated students in vocational training in the strategic period

Success Indicator	Performance Indicator	Socio economic status	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Variance between Planned Target & Actual Achievement 2018/19	Comment on deviations	Budget Allocated	Actual Spend '000
The number of learners in TVET college partnerships funded ³⁸ for vocational training in the reporting period	Number of learners in TVET colleges and other public colleges ³⁹ (and the number of associated learners) enrolled ⁴⁰ for vocational training courses funded ⁴¹ by the HWSETA per year	U	413	350	382	105%	Additional funding for the animal health sector ensured that this target was overachieved. This is HWSETA's commitment to the concept of "One Health" in the country	R22 218 million	R22 553

36. The output indicator associated with this indicator is indicator 19 sub indicator 3 and will be measured as such

37. The outcome indicator associated with this indicator is indicator 12 and will be measured as such

38. Funded refers to issuing of funding approval letter and signing of Memorandum of Agreement and, where applicable, release of tranche payments as per the Memorandum of Agreement

39. Public colleges include public nursing colleges and TVET colleges

40. Enrolled refers to registration with both the training institution and HWSETA Seta Management System

41. Funded refers to issuing of funding approval letter and signing of Memorandum of Agreement and, where applicable, release of tranche payments as per the Memorandum of Agreement

Programme 3: Indicator 14⁴²

Strategic objective: Support Goal 3 of the National Development Plan: A capable public service to deliver on the objectives of a developmental state in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Variance between Planned Target & Actual Achievement 2018/19	Comment on deviations	Budget Allocated	Actual Spend '000
The number of projects of projects funded aimed at addressing the skills development priorities of the Departments of Health and Social Development in the reporting period	Number of projects funded ⁴³ through discretionary grants aimed at the public sector education and training per year	10	6	21	350%	The HWSETA Board released additional funding to fund skills development initiatives from Government Departments linked to NHI and contribution to the implementation of the Quality Improvement Plan driven by the Presidency	R6 741 million	R6 991

42. The outcome indicator associated with this indicator is indicator 12 and will be measured as such

43. Funded refers to issuing of funding approval letter and signing of Memorandum of Agreement and, where applicable, release of tranche payments as per the Memorandum of Agreement

Programme 3: Indicator 1⁴⁴

Strategic objective: Identification, development of strategies and funding⁴⁵ of priority projects in the sector⁴⁶ in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Variance between Planned Target & Actual Achievement 2018/19	Comment on deviations	Budget Allocated	Actual Spend '000
The number of health and social development projects ⁴⁷ addressing mid-level skills funded ⁴⁸ in the reporting period	Number of programmes funded through grants to develop and address middle level skills per year	13	6	9 150%	3	The HWSETA identified additional mid-level skills in the sector that could be funded through decommitted funds. These included Child and Youth Care Work and Early Childhood Development	R1 269 million	

44. The outcome indicator associated with this indicator is indicator 12 and will be measured as such

45. Funding in this context means having met the requirements of the Expression of Interest which includes signing the Memorandum of Agreement

46. Health and Social Development projects and programmes include those that support cooperatives, cross-sectoral projects, development of placement guides and qualification development

47. Projects and programmes initiated and funded through grants shall have equity and transformation imperatives of 85% black, 60% women, 5% people with disabilities and 70% youth

48. Mid-level categories refer to those categories of mid-level workers as defined by the respective statutory body

Programme 3: Indicator 3^{49 & 50}

Strategic objective: Increase in the number of work-ready graduates in mid-level and high level skills development programmes through targeted funding within the strategic period

Success Indicator	Performance Indicator	Socio economic status	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Variance between Planned Target & Actual Achievement 2018/19	Comment on deviations	Budget Allocated	Actual Spend '000
The number of employed and unemployed learners funded and registered through learnerships in the reporting period	Number of employed and unemployed learners registered ⁵¹ in learnership training programmes and funded ⁵² by the HWSETA per year	E	2672	3000	908 252 30%	-2092	The under-achievement is due to lack of movement in the accreditation of providers for the new nursing qualifications, which had a direct negative impact on this target. Uptake for the funding decreased steadily for both employed and unemployed beneficiaries for the nursing qualifications. Of the 1159 learners registered, 252 learners signed learner agreement forms in 2017/18. These were registered by the HWSETA in 2018/19.	R47 610 million	R100 843
		U	2070	3200	2988 269 93%	-212	The under-achievement is due to lack of movement in the accreditation of providers for the new nursing qualifications, which had a direct negative impact on this target. Uptake for the funding decreased steadily for both employed and unemployed beneficiaries for the nursing qualifications. Of the 3258 learners registered, 269 learners signed learner agreement forms in 2017/18. These learners were registered by the HWSETA in 2018/19.	R118 496 million	

49. At output level, this indicator is associated with indicator 19 sub indicator 3 and will be measured as such

50. At outcome level this indicator is associated with indicator 12 and will be measured as such

51. Registered means learner, employer and training provider details captured in the Seta Management System

52. Funded refers to issuing of funding approval letter and signing of Memorandum of Agreement and, where applicable, release of tranche payments as per the Memorandum of Agreement

Programme 3: Indicator 8^{53 & 54}

Strategic objective: Improve sector level productivity and economic growth through funding of identified skills programmes in the strategic period⁵⁵

Success Indicator	Performance Indicator	Socio economic status	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Variance between Planned Target & Actual Achievement 2018/19	Comment on deviations	Budget Allocated	Actual Spend '000
The number of unemployed and employed workers funded and registered for skills programmes in the reporting period	Number of employed and unemployed learners registered in skills programmes funded by HWSETA per year	E	5020	7500	1713 833 4590 23%	-5787	Although the HWSETA Board expanded the scope of skills programmes offering, resulting in large volumes of applications, the target could not be achieved due to late approvals that resulted from volumes of applications and processing of new employers. Achievements in actual learners will come through in the first quarter of 2019/20. Of the 7136 learners registered, 833 learners signed learner registration forms in prior 2017/18 and 4590 were sector funded. These registrations were registered by the HWSETA in 2018/19.	R42 849 million	R6 767
		U	2958	2500	1795 169 72%	-705	Although the HWSETA Board expanded the scope of skills programmes offering, resulting in large volumes of applications, the target could not be achieved due to late approvals that resulted from volumes of applications and processing of new employers. Achievements in actual learners will come through in the first quarter of 2019/20. Of the 1964 learners registered, 169 learners signed learner registration forms in 2017/18. These registrations were registered by the HWSETA in 2018/19.	R14 283 million	

53. At output level, this indicator is associated with indicator 19 sub indicator 3 and will be measured as such

54. At outcome level, this indicator is associated with indicators 5 and 12 and will be measured as such

55. This support includes employed workers and unemployed learners

Programme 3: Indicator 21⁵⁶

Strategic objective: Support adult education and promote lifelong learning in the sector in the strategic period

Success Indicator	Performance Indicator	Socio economic status	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Variance between Planned Target & Actual Achievement 2018/19	Comment on deviations	Budget Allocated	Actual Spend '000
Number of Learners registered ⁵⁷ for AET programmes over the strategic period.	Number of learners registered ⁵⁸ for AET programmes funded by HWSETA per year	U	1377	1500	1529 102%	29	The Board approved an expanded scope for AET by correctly defining the role of Community Colleges within the PSET sector. New players were attracted that increased the employer based and subsequent overachievement of the target	R6 348 million	R6 672

56. The output indicator associated with this indicator is indicator 19 sub indicator 3

57. Registered means learner, employer and training provider details captured in the Seta Management System

58. Registered means learner, employer and training provider details captured in the Seta Management System

Programme 2: Indicator 16⁵⁹

Strategic objective: Employers in the sector partner with the HWSETA to facilitate quality training and open up workplaces as places of quality learning and skills development

Success Indicator	Performance Indicator	Socio economic status	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Variance between Planned Target & Actual Achievement 2018/19	Comment on deviations	Budget Allocated	Actual Spend "000
The number of TVET College lecturers trained to offer qualifications in the health and social development sector in the reporting period	Number of TVET College lecturers funded for lecturer development programmes or placed ⁶⁰ in work experience with employers per year	E	42	40	50	125%	The over-achievement is due to the budget increase and more fields of study that were included in the funding.	R126 960	R91

59. The output indicator associated with this indicator is indicator 19 sub indicator 3

60. Placement refers to temporary visitation to employer premises to gain work related experience in the aspect of work that relates to the training Programme the lecturer is engaged in

Programme 3: Indicator 22⁶¹

Strategic objective: Support levy-exempt organisations through skills development initiatives in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Variance between Planned Target & Actual Achievement 2018/19	Comment on deviations	Budget Allocated	Actual Spend "000
Number of levy-exempt organisations funded by the HWSETA in the reporting period	Number of levy-exempt organisations funded by the HWSETA per year	143	140	141	101%	The Social Entrepreneurship Programme implemented during the year under review increased interest in the HWSETA funding. The innovation in this funding was to include travel and accommodation to assist participating organisations through incurring no extra costs due to participation in the Programme	R8 887 million	R1 662

61. The outcome indicator associated with this indicator is indicator 12

Programme 4: Quality Assurance and Qualification Development

Programme 4: Indicator 23⁶²

Strategic objective: Support partnerships to facilitate quality training and skills development in the sector in the strategic period⁶³

Success Indicator	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Variance between Planned Target & Actual Achievement 2018/19	Comment on deviations	Budget Allocated	Actual Spend '000
The number of partnership ⁶⁴ agreements signed outlining areas of collaboration in the reporting period	Number of partnerships signed through Memoranda of Understanding with the HWSETA per year ⁶⁵	27	24	47 196%	23	Partnerships were entered into by the HWSETA with TVET Colleges and Universities to implement under-graduate bursaries, post-graduate bursaries, artisanal programmes, and lecturer development. The over-achievement is due to the number of institutions that were required to train the targeted number of students.	R8 464 million	R15 424

62. At outcome level, this indicator is associated with indicator 12 and will be measured as such

63. Partnerships include HWSETA-TVET College partnerships, HWSETA-University partnerships and HWSETA-Employer partnerships

64. Partnership refers to projects where shared responsibility is agreed upon and defined in the memorandum of agreement or the memorandum of understanding

65. Partnerships include Universities, TVET Colleges, Councils, Statutory bodies, employer bodies, communities of practice, etc.

HWSETA and SSACI partnership grows from strength to strength

Artisan development is a stated priority in South Africa and the country needs to train 30 000 artisans a year by 2030 to meet the artisanal requirements of the construction, engineering and other relevant sectors.

To contribute to this ambitious target, in 2013 the HWSETA partnered with the Swiss-South African Cooperation Initiative (SSACI) on an Accelerated Artisan Training Project to train 100 out-of-school, unemployed young South Africans with skills in demand by employers and institutions in the health and social development sectors. The first completion of the programme was in 2016.

The relationship with SSACI did not end here, and in August 2018 a further 77 artisans, of which 32 are women, completed their qualification.

The HWSETA committed R16.8 million in funding for the theoretical and practical training of the selected youngsters as boilermakers, electricians, fitters, fitters and turners, millwrights, as well as tool, jig and die makers.

“With a shortage of artisans and an oversupply of untrained young people, South Africa needs to look at innovative ways of giving youth the skills they need to add value to industry and thereby earn a decent living,” says Ken Duncan, CEO for SSACI “And the accelerated artisan training project has proved to be a good way of doing exactly that.”

The primary objective of the project, is to pilot a financially sustainable and quality assured artisan training system in terms of the new national regulations governing the implementation of learning programmes, the funding of apprenticeships and the administration of trade tests. In addition, it aims to open up the training capacity of small and medium sized companies and workplaces, which once activated, will remain available for ongoing training.

The programme also aims to increase the number of women in the artisan field. The intention is to have 40% female apprentices entered into the programme at every intake.

“HWSETA’s relationship with SSACI has been nothing but successful and we are proud of every graduate,” comments Elaine Brass, CEO for the HWSETA.

“We are particularly pleased at the increased intake of female apprentices and this partnership will help fulfil our mandate of upskilling artisans and will continue to grow,” concludes Elaine Brass.

Programme 4: Indicator 19⁶⁶

Strategic objective: HWSETA accredited training providers deliver quality programmes in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Variance between Planned Target & Actual Achievement 2018/19	Comment on deviations	Budget Allcoated	Actual Spend '000
The number of skills development training providers ⁶⁷ accredited to offer full qualifications in the reporting period	Number of skills development training providers ⁶⁸ accredited ⁶⁹ per year	62	40	66 165%	26	Accreditation of skills development providers depends on applications received that are processed and meet requirements. The over-achievement therefore is as the result of applications received that met accreditation requirements.	Admin Budget	Admin Budget
	Sub-indicator 1: Percentage of assessors registered per year	80%	80%	55% 69% (223/403)	-25%	A total of 403 applications had been received by quarter 4. 223 (55%) of those applications were approved and thus the applicants were registered. 138 (34%) of the applications were declined. 42 (11%) of the applications were still being processed. The annual target has not been met due to the high number of unsuccessful applications. Should these applications have been successful the percentage of registered assessors would have reached 89%.		
	Sub-indicator 2: Percentage of moderators registered per year	81%	80%	75% 94% (41/55)	-5%	A total of 55 applications had been received by quarter 4. 41 (75%) of those applications were approved and thus the applicants were registered. 4 (7%) of the applications were declined. 10 (18%) of the applications were still being processed. The annual target has not been met due to the unsuccessful applications. Should these applications have been successful the percentage of registered moderators would have reached 82%.		
	Sub-indicator 3: Number of learners certificated per year ⁸³	Non funded	12223	9720	4456 46%	-5264		

Success Indicator	Performance Indicator		Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Variance between Planned Target & Actual Achievement 2018/19	Comment on deviations	Budget Allocated	Actual Spend '000	
The number of skills development training providers ⁶⁷ accredited to offer full qualifications in the reporting period	Sub-indicator 3: Number of learners certificated per year ⁷⁰	All Funded Learners	13252	15863	1642 10%	-14221	The under-achievement is mainly a result of the existing administrative strategy which encourages employers to report learner results to the HWSETA. This strategy is proving not to be working. A new strategy that ties up the training provider fees to the reporting of completions will be implemented in the new financial year.	Admin Budget	Admin Budget	
		Funded Employed	Learner-ships	1377	2400	298 229 12%	-2102	The target could not be achieved due to some Learnership Programme durations being longer than 12 months and thus overlapping into another financial year. More importantly, there were unforeseeable bottlenecks from employers submitting the results information. Of the 527 learners in learnership programmes (Employed) reported as certificated, 229 had their certificates issued in 2017/18. However, these learner's certificates were received and reported by the HWSETA in 2018/19.		
			Bursaries (Under-graduate)	35	280	174 64%	-106	The under achievement is as a result of the non-submission of the proof of completion for learners by funded employers.		
			Bursaries (Post-graduate)	0	10	13 130%	3	The over-achievement is as a result of students funded in prior years for Masters and PhD research who completed their dissertations in the current year.		
			Artisans	0	40	0 0%	-40	The under-achievement is as a result of the duration of the Artisan Programme . It takes a period of three years for an Artisan to complete and be certified, and submit these to the HWSETA for reporting.		
			Skills Programmes	3657	6000	269 48 4%	-5731	There were unforeseeable bottlenecks from employers submitting the results information. Of the 317 learners in skills programmes reported as certificated, 48 had their certificates issued in 2017/18. However, these learner's certificates were received and reported by the HWSETA in 2018/19.		

Success Indicator	Performance Indicator		Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Variance between Planned Target & Actual Achievement 2018/19	Comment on deviations	Budget Allcoated	Actual Spend
The number of skills development training providers ⁶⁷ accredited to offer full qualifications in the reporting period	Sub-indicator 3: Number of learners certificated per year ⁷⁰	Funded Unemployed							
		Learnerships	2033	2560	378 385 15%	-2182	The target could not be achieved due to some Learnership Programme durations being longer than 12 months and thus overlapping into another financial year. More importantly, there were unforeseeable bottlenecks from employers submitting the results information. Of the 763 learners in learnership Programme s reported as certificated, 385 had their certificates issued in 2017/18. However, these learner's certificates were received and reported by the HWSETA in 2018/19	Admin Budget	Admin Budget
		Bursaries (Under-graduate)	61	488	212 43%	276	Getting information on completions from NSFAS has proven to be difficult. For the next financial year, MoAs have been signed with institutions to provide this information		
		Bursaries (Post-graduate)	0	5	2 40%	-3	Post-graduate degrees take time to be completed. In most cases they take longer than planned. This therefore delays completions expected in a particular period, thus the under-achievement		
		Internships for unemployed graduates	421	800	73 9%	-727	Learners commenced the Internship Programme in the middle of the financial year which was as a result of the time frames on the approval process within the SETA. Internships therefore are over a 12 month period. Furthermore, for periods relating to the prior year, the HWSETA depends on the submission of a close out report by employers.		
		Artisans	90	80	61 76%	-19	The under-achievement is due to the reliance of employers on learners to submit proof of completions before they can submit to the HWSETA.		
		Skills Programmes	3874	2000	16 48 4%	-1838	There were unforeseeable bottlenecks from employers submitting the results information. Of the 278 learners in skills programmes reported as certificated, 116 had their certificates issued in 2017/18. However, these learner's certificates were received and reported by the HWSETA in 2018/19.		
		AET	773	1200	269 48 4%	-1200	Community Colleges delay in submitting completions due to their internal challenges. Strategies are being explored to get this information timeously.		

66. A outcome level this indicator is associated with indicator 12 and will be measured as such

67. This indicator includes all processes associated with the supply pipeline of HWSETA quality assured qualifications such as the registration of assessors, moderators and certification of learners

68. Skills Development Training Providers refers those as defined by the SAQA Act and the HWSETA policy

69. Accreditation refers to meeting the criteria as set in the SAQA Act and the QCTO Act and policies/regulations and the HWSETA accreditation policies

70. A outcome level this indicator is associated with indicator 12 and will be measured as such

This sub-indicator includes all learners reported as certificated during the reporting period. It also includes funded and non-funded learners that have gone through the HWSETA quality assurance, certification and funding system

Programme 4: Indicator 24⁷¹

Strategic objective: HWSETA, through its partners, develops and registers demand-led qualifications in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Variance between Planned Target & Actual Achievement 2018/19	Comment on deviations	Budget Allocated	Actual Spend '000
Number of new demand-led qualifications developed and registered through the registration bodies in the reporting period	Number of new demand-led qualifications developed and registered through registration bodies per year	8	4	5 125%	1	The HWSETA managed to over achieve because the importance of concluding the development of the two counselling qualifications prior to the financial year end was communicated to the stakeholders. Furthermore, staff made sacrifices in respect of leave and committed to achieve the target. Without the commitment and sacrifice it would not have been possible to achieve this target.	R4 232 million	R5 255
	Sub-indicator 1: Percentage of processes supported to develop qualifications per year	98%	95%	100% 105%	5%			

71. At outcome level, this indicator is associated with indicator 12 and will be measured as such

Programme 4: Indicator 25⁷²

Strategic objective: Encouraging better use of workplace-based-skills programmes in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Variance between Planned Target & Actual Achievement 2018/19	Comment on deviations	Budget Allocated	Actual Spend '000
Number of students funded ⁷³ to obtain full or part qualifications through Recognition of Prior Learning ⁷⁴ in the reporting period	Number of students funded ⁷⁵ to obtain full or part qualifications through Recognition of Prior Learning ⁷⁶ in the reporting period	353	350	369 105%	19	The over-achievement is due to an increase in the demand for RPL to obtain full qualification from various occupations in the sector.	R7 427 million	R8 963

72. At output level, this indicator is associated with indicator 19 sub indicator 3 and will be measured as such

73. Funded in this context refers to signing the MoA and registering in the HWSETA Management System (SMS)

74. Recognition of Prior Learning (RPL) is a process of identifying a candidate's knowledge and skills against a qualification or part thereof. The process involves, inter.alia, the identification, mediation, assessment and acknowledgement of knowledge and skills obtained through informal, non-formal and/or formal learning

75. Funded in this context refers to signing the MoA and registering in the HWSETA Management System (SMS)

76. Recognition of Prior Learning (RPL) is a process of identifying a candidate's knowledge and skills against a qualification or part thereof. The process involves, inter.alia, the identification, mediation, assessment and acknowledgement of knowledge and skills obtained through informal, non-formal and/or formal learning

Strategies to overcome areas of underperformance

The performance information by Programme /objectives above indicates that the following indicators were not fully achieved:

- **Indicator 3** – Number of employed and unemployed learners registered in learnerships training programmes and funded by the HWSETA per year:

Employed learners	908 of 3000 (30%)
Unemployed learners	2988 of 3200 (93%)

- **Indicator 5** – Percentage of qualified technicians, artisans and unemployed learners previously funded by the HWSETA finding employment per year:

Unemployed learners	52% of 80% (65%)
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- **Indicator 7** – Number of unemployed TVET college students enrolled for work-experience and experiential learning programmes funded by the HWSETA per year – Internships:

Internships	765 of 1000 (77%)
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- **Indicator 7** – Number of unemployed TVET college students enrolled for work-experience and experiential learning programmes funded by the HWSETA per year – TVET College Student Placement:

TVET College Student Placement	652 of 1000 (65%)
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- **Indicator 8** – Number of employed and unemployed learners registered in skills programmes funded by the HWSETA per year:

Employed learners	1713 of 7500 (23%)
Unemployed learners	1795 of 2500 (72%)

- **Indicator 18** – Percentage of filled positions in the HWSETA approved organogram per year:

Filled positions	Achieved 86%
	117 of 136 (91%)

- **Indicator 19(1&2)** – Percentage of assessors and moderators registered:

Assesors	Registered 55%
	223 of 403 (69%)
Moderators	Registered 75%
	41 of 55 (94%)

- **Indicator 19 (3 funded) and (3- non-funded)** – Reported completion:

Non-funded learners	4456 of 9720 (46%)
Funded learners	1642 of 15863 (10%)

- **Indicator 20** – Percentage of processes automated and integrated per year:

processes automated and integrated per year	84% of 100% (84%)
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In order to address these areas of under-achievement the HWSETA has adopted the following strategies:

- Completions will be monitored and collected from training providers instead of employers. This will ensure a higher target population for the track and tracer study.
- Automation of business processes will ensure that essential data, such as contact numbers are collected, and captured is accurate and has integrity. This will secure a higher number of accessible populations.
- Approval cycle of discretionary funding has been shifted to quarter 4 of the preceding financial year. This has moved the implementation of learners to quarter two and three. 2018/19 was the first year of implementation and the transition was met with some challenges which will smooth over in 2019/20.

Revenue Collection

Sources of Revenue (R million)

Skills Development Revenue

Estimate 2018/19	Actual collection 2018/19	(Over)/under collection	Commentary	Estimate 2017/18	Actual collection 2017/18	(Over)/under collection
R472	R492	R20	4.4% higher than budgeted. Collection of levy income is not predictable. In the formulation of the budget, a proposed collection is estimated based on factors available at the time of budgeting.	R415	R446	R31

Investment Income

Estimate 2018/19	Actual collection 2018/19	(Over)/under collection	Commentary	Estimate 2017/18	Actual collection 2017/18	(Over)/under collection
R60	R62	R2	Actual collection higher than amount budgeted. Investment income remains high due to large cash balances held during the year.	R55	R56	R1

Government Levies

Estimate 2018/19	Actual collection 2018/19	(Over)/under collection	Commentary	Estimate 2017/18	Actual collection 2017/18	(Over)/under collection
R143	R145	R2	Government levy collection is as per expectation. As more departments comply with the Cabinet Circular of 2012, this collection is expected to increase in the next year .	R123	R124	R1

GOVERNANCE



The use of skills development in addressing economic and social emancipation of rural communities is critical and central to the HWSETA approach. Poverty sees no sectors hence an inter-sectoral approach is taken in rural development projects.

Mr Sikhumbuzo Gcabashe
Executive Manager, SDP





The HWSETA Board

The Board's role is to provide leadership, direction, and stewardship of the organisation's assets and interests in relation to the public funds it administers to promote public interest in skills development within the Health and Social Development (welfare) sectors.

The Board is constituted by 15 Board members representing the following constituencies and stakeholders in the sectors served by the HWSETA:

- Ministerial appointed Independent Chairperson
- Organised Labour
- Organised Employers, including small businesses and relevant government departments
- Levy exempt sector
- Any interested professional body or bargaining council with jurisdiction in the sector, which the DHET Minister considers appropriate for the sector

It meets every quarter, or as required, to enable it to assert its governance responsibility as the Accounting Authority and as the employer of all HWSETA staff.

Fiduciary Responsibility of Board Members

All Board members are aware of their fiduciary responsibilities and the need for fair, transparent, and accountable decisions and actions. Board members are both individually and collectively liable for all decisions and actions of omission and commission by the Board during their term of office.

Statutory Meetings

Attendance of Board members at all statutory meetings is recorded in attendance registers which are audited annually by the Internal Auditors and the Auditor-General South Africa. All meetings are formally noted, with an agenda and supporting meeting packs. Meeting protocol is formal, and all minutes and documents are formally tabled, considered, addressed, filed, and stored.

Meeting Attendance Fees for Board Members

Board members are not staff members of the HWSETA, and they do not receive any salaries or benefits. Board members are employers of the HWSETA staff, and as such serve the HWSETA in their capacity as the Accounting Authority with executive oversight, accountability, and responsibility. A meeting fee is paid to Board members for their attendance at, and contributions to, statutory meetings.

A record is kept of all allowances paid to members, and such record is audited

through internal and external audits conducted by the Internal Auditor and the Auditor-General South Africa, respectively.

Board changes during the year under review

The 5th Board was appointed on 1 April 2018 for a period up to 31 March 2020.

Board members in place during the year under review:

Board member

Ms Refilwe Matenche,
Independent Chairperson

Employer Representatives

Mr Rudie van Loggerenberg,
Department of Social
Development

Dr Dumisani Bomela,
Hospital Association of South
Africa

Dr Nceba Ndzwayiba,
Netcare Limited

Ms Peggy Naicker,
Life Healthcare

Dr Katlego Mothudi,
Board of Healthcare Funders

Vacant,
Department of Health

Labour Representatives

Ms Mosidi Nkambule,
DENOSA

Ms Joyce Kumalo,
HOSPERSA

Mr Sidney Kgara,
NEHAWU

Mr Mbongiseni Khanyeza,
NPSWU

Mr Leon Gilbert,
PSA

Mr Reuben Maleka,
PSA

Social Sector

Ms Langanane Malamba,
SACSSP

Professional Councils

Dr Charlotte Nkuna,
SA Veterinary Council

Board resignations during the year under review:

Mr Godfrey Khanyile,
Department of Health
resigned 30 April 2018

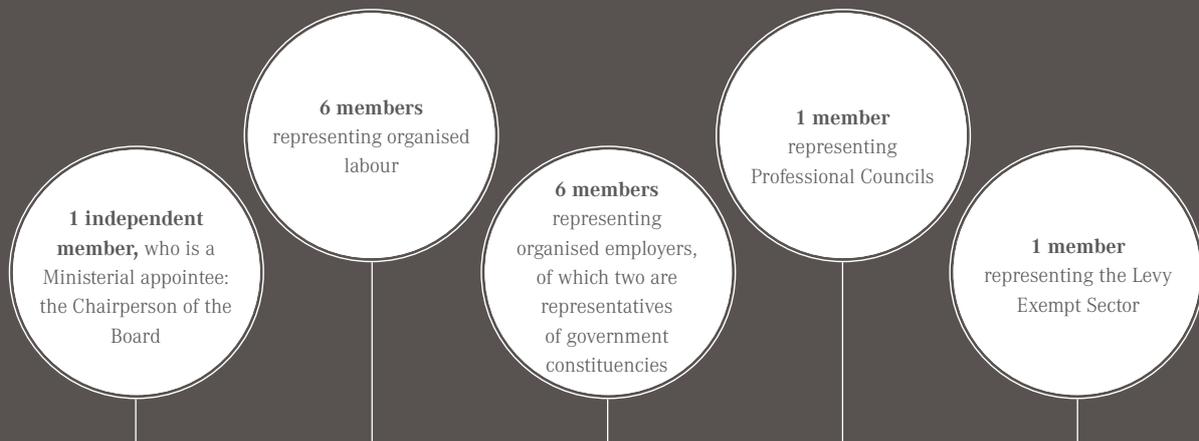
Prof Mashudu Maselsele,
Employer Representative
resigned 30 April 2018

Dr Clarence Mini,
Board of Healthcare Funders
resigned 29 August 2018

Mr Gavin Steel,
Department of Health
resigned 31 January 2019

Dr Wiseman Magasela,
Department of Social
Development
resigned 30 April 2018

Ms Yvonne Skosana,
Employer Representative
resigned 30 April 2018



HWSETA Board Comprising 15 Members

Executive Committee of the Board

The Board is assisted by its Executive Committee, comprised of 5 members from the Board. The Executive Committee meets monthly to assert strategic oversight over the HWSETA's affairs.

Standing Committees

The Board has 5 Standing Committees, namely:

- Finance, Remuneration & Tender Standing Committee
- Skills Development & RIME Standing Committee
- ETQA Standing Committee
- Corporate Services Standing Committee

The Standing Committees provide technical guidance and recommendations in key portfolio areas, as well as assist the Executive Committee.

Audit, Risk and Governance Committee

The Audit, Risk and Governance Committee is a standing committee with direct delegations from, and reporting to, the Board. It assists the Accounting Authority in its compliance, oversight, governance and fiduciary responsibilities within the prevailing legislative prescriptions. Furthermore, this committee is responsible for review and update of the risk analysis, by management and independently from internal audit.

The Audit, Risk and Governance Committee comprises three independent members who are recruited openly and are not members of the Board. The remaining two members of this committee stem from the Board.

This committee functions in line with its Committee Charter and complies with principles of good corporate governance and with the requirements of the Public Finance Management Act.

The HWSETA Board



*Standing from left to right: Ms Langanane Malambe, Mr Mbongiseni Khanyeza, Mr Sidney Kgara, Dr Dumisani Bomela, Dr Nceba Ndzwayiba, Dr Charlotte Nkuna, Ms Joyce Kumalo, Mr Mosidi Nkambule, Ms Peggy Naicker.
Sitting from left to right: Mrs Elaine Brass, Ms Refilwe Mantenche
In absentia: Dr Katlego Mothudi, Mr Rudie van Loggerenberg, Mr Leon Gilbert, Mr Reuben Maleka*

Meeting Attendance 2018/19

	Board Meeting and Special Board Meetings	EXCO and CEO Recruitment	SD/RIME Standing Committee Meetings	ETQA Standing Committee Meetings	Corporate Services Standing Committee Meetings	Finance and Remuneration Standing Committee Meetings	Audit and Risk Committee Meetings	Other Meetings	TOTAL
Ms Refilwe Mantenche	9	7						7	23
Mr Rudie van Loggerenberg	4	5			2			3	14
Dr Dumisani Bomela	7	5		1	2	3	2	3	23
Dr Nceba Ndzwayiba	5		4	2	4			4	19
Ms Peggy Naicker	4					2		1	7
Dr Katlego Mothudi	1			1					2
Ms Joyce Kumalo	8	5			3			6	22
Mr Mosidi Nkambule	5			3	3	3		5	19
Mr Sidney Kgara	6		2	3				4	15
Mr Mbongiseni Khanyeza	8		4	3		5		7	27
Mr Leon Gilbert	4				1		2	5	12
Mr Rueben Maleka	8	7				4		5	24
Dr Charlotte Nkuna	5		4	3				3	15
Ms Langanane Malambe	7		2		1			3	13

Executive Authority DHET

The HWSETA reports to the DHET on the following basis:

- Quarterly reporting of both financial and non-financial information
- The annual Sector Skills Plan
- The annual budget and Strategic Plan
- The Annual Performance Plan for the following financial year

Internal Control Unit

The HWSETA's internal audit function is outsourced to an independent firm. The internal audit function operates on an approved three-year rolling strategic internal audit plan. The internal audit plan is formulated on the HWSETA's current operations and the strategic plan, with a focus on the key risks of the HWSETA as identified by a risk assessment. The internal auditors report in accordance with an approved Charter which is in line with the Audit Committee Charter. The internal audit function has continuously added value by strengthening the control environment through improvements in internal control.

In the current year, eight internal audits were performed, which allowed the HWSETA to strengthen internal controls.

Internal Audit

We are satisfied that the Internal Audit function has operated effectively and that it has addressed the risks pertinent to the Health and Welfare SETA in its audits. We believe the Internal Audit has contributed to the improvement of internal controls within the Health and Welfare SETA.

The following internal audits were conducted by the internal auditors during the 2018/19 financial year:

- Skills Programme – Performance Information
- Audit of Predetermined Objectives
- Discretionary grants and commitments
- ETQA review
- Supply Chain Management review
- Projects review
- Corporate governance and compliance
- Follow up reviews

Audit Committee Responsibility

The Audit and Risk Committee has adopted appropriate formal terms of reference in its charter in line with the requirements of Section 51(1)(a) of the Public Finance Management Act, No. 1 of 1999 and Treasury Regulation 27. The Audit and Risk Committee has conducted its affairs in compliance with this charter.

Compliance with Laws and Regulations

The HWSETA has established internal mechanisms to ensure compliance with laws and regulations, including checklists and internal reporting. The following are significant changes to laws and regulations that have had an effect on the period under review.

HWSETA License

Since inception, SETAs were established by the Minister of Higher Education and Training for a period of 5 years. During the 2015/16 financial year the license that was scheduled to expire on 31 March 2016 was extended to 31 March 2018. On 15 December 2016, the Minister of Higher Education and Training announced a further extension of the SETA licences to 31 March 2020.

The National Skills Development Plan (NSDP) was Gazetted on 7 March 2019. This has brought a new era for skills development to 2030. The Plan has been most welcomed and brings with it experience gained over almost two decades. The HWSETA is ready to formulate its strategy in accordance with the NSDP and looks forward to the years beyond 2020.

In this plan, mention is made that SETAs will be established without a limited lifespan, but with mechanisms to address non-performance. SETA demarcation will be on industrial classification, value chain and financial viability, and the establishment of shared services will be made where practical.

Subsequent to year end, the Minister has re-established all SETAs to 2030.

Application of King IV Principles

In accordance with the principles set out in King IV, the HWSETA has constituted the following committees to ensure compliance:

1. Executive Committee
2. Audit, Risk and Compliance Committee
3. Finance and Remuneration Committee

Systems are in place to detect changes in legislation as and when they arise. Changes in legislation and statutory requirements are reported to the Accounting Authority on a quarterly basis or as and when it becomes necessary.

HWSETA ensured that all the King IV principles were applied and matters arising are presented on a quarterly basis at the Audit and Risk Committee meetings.

Risk Management

The Accounting Authority is responsible for the HWSETA risk management process. The Audit and Risk Committee assists the Accounting Authority in carrying out its risk management responsibilities.

The HWSETA continuously strives to improve its risk management processes and risk assessments are carried out on a regular basis to determine the effectiveness of its risk management strategy and to identify new and emerging risks.

Fraud and Corruption

The HWSETA has a fraud prevention plan in place that has been implemented. A key mechanism is the anonymous tip-offs hot line, which is widely advertised, and is included on our website. The HWSETA investigates all tip-offs made without exception. Tip-offs from our hotline are given directly to our internal auditors who then report to the appropriate authority for investigation.

Allegations of Misconduct

There have been charges of misconduct by some staff members of the HWSETA during the year. Currently, there are cases at the CCMA which are scheduled for arbitration. These cases are being defended and prospects of success are probable.

A total of 15 tip-offs were received between 1 April 2018 and 31 March 2019. These tip-offs were reported through the tip-offs hot line and went directly to the Internal Auditors to ensure confidentiality. All 15 related to external skills development providers and not the internal affairs of the HWSETA. Seven tip-offs were resolved and the resolution of eight were in progress at the end of the financial period.

Minimising Conflict of Interest

The HWSETA abides by the HWSETA Related Party policy. Declarations of interest are made and recorded at each Board, subcommittee meeting of the HWSETA, and in the Tender Committee meetings for specification and adjudication of tenders.

All employees, including senior management declare their interest annually, which is co-ordinated and monitored by the Corporate Services

Division. In an effort to discourage conflicts of interest, it is the policy of the HWSETA that all employees must refrain from the acceptance of gifts from employers, suppliers and other outside parties.

If any conflict arises, the affected employee will immediately refrain from participation in any supply chain management process or decision-making process. This has occurred on a few occasions, and the affected individual has refrained from participation in decision making in the affected area/issue.

Code of Conduct

The HWSETA has a Code of Conduct and Business Ethics Policy which provides direction to employees with regard to their relationship with other employees and the public and to indicate the spirit in which employees should perform their duties, what should be done to avoid conflicts of interest and what is expected of them in terms of their personal conduct in public and private life.

The primary purpose of the Code is to promote exemplary conduct. Notwithstanding this, an employee shall be guilty of misconduct and shall be dealt with in accordance with the relevant HWSETA policies, if she / he contravenes any provision of the Code or fails to

comply with any provision thereof. A record of all declaration of interests and gifts is maintained.

Health, Safety and Environmental issues

The health and safety of all employees is of paramount importance at the HWSETA. Regular meetings of the HWSETA OHS Committee are held in order to discuss safety issues, identify potential safety risks and address these accordingly.

Members of the Committee are trained in OHSA and conduct regular inspections. A safe working environment contributes to staff morale and productivity. Employees are encouraged to do e-filing and minimise paper printing where possible. Paper and waste recycling are encouraged.

Social Responsibility

The HWSETA invested over R212 000 in the period under review in various initiatives such as the National Skills Authority, DHETs Mandela Day commemoration in the Eastern Cape and the distribution of uniforms to school children in the North West and Eastern Cape. This figure is set to increase in the coming year.

Audit and Risk Committee Report for the year ended 31 March 2019

1. Legislative requirements

The Audit and Risk Committee herewith presents its report for the financial year ended 31 March 2019, as required by section 77 of the Public Finance Management Act, 1999 (Act No. 1 of 1999, as amended by Act No. 29 of 1999) (PFMA) read with Treasury Regulation 27.1.10.

2. Audit and Risk Committee members and attendance

The Audit and Risk Committee was established in accordance with sections 51(1)(a)(ii) and 77 of the PFMA. The Audit and Risk Committee charter requires that the Audit and Risk Committee comprises a minimum of three members and a maximum of five members, the majority of whom should be independent members.

The Audit and Risk Committee comprises five members, including the chair, Mr George Higgins CA(SA). In terms of section 77(b) of the PFMA, the Audit and Risk Committee must meet at least twice a year. During the financial year ended 31 March 2019, the Audit and Risk Committee met on 4 occasions. **The table below shows the attendance of these meetings:**

Name	Tenure	Qualifications	Number of meetings scheduled	Number of meetings attended
Mr R Adam	Ended 31 July 2018	CA(SA)	2	2
Mr G Higgins		CA(SA)	4	4
Ms M Ramutsheli		MPhil Internal Auditing	4	2
Ms P Motlokoa	Appointed 1 September 2018	CA(SA)	2	1
Dr D Bomela	Ended 31 January 2019	Board member	3	1
Mr L Gilbert		Board member	4	2
Dr K Mothudi	Appointed 1 February 2019	Board member	1	1

The members of the Audit and Risk Committee held meetings with the senior management of the HWSETA, internal audit function and the external auditors, collectively and individually, on matters related to governance, internal control and risk in the HWSETA, throughout the reporting period. The Chairperson also held a meeting with the Chairperson of the Board to report on governance, internal control, risk, performance and financial information and other relevant matters concerning the HWSETA.

3. Audit and Risk Committee's responsibility

The Audit and Risk Committee has complied with its responsibilities arising from section 51(1)(a)(ii) of the PFMA read with treasury regulation 27.1.8, and reports that it operated in terms of the Audit and Risk Committee charter read in conjunction with the internal audit charter.

4. Effectiveness of internal control

The Audit and Risk Committee acknowledges management's efforts to strengthen internal controls in the HWSETA. There is a need for increased support, monitoring and evaluation to unlock the full potential of these efforts.

The Audit and Risk Committee notes the findings by the internal and external auditors. Management has provided assurance that effective corrective action will be implemented in respect of all internal control weaknesses, and the Audit and Risk Committee will monitor these going forward.

The vacancy of the Chief Executive Officer was filled in the year under review, and the RIME and CFO executive positions were filled subsequent to year end. Measures were put in place to ensure the effective functioning of internal control.

Due to the strategic importance of, and investment in, the modernisation of

information and communication technology (ICT) in the HWSETA, the Audit and Risk Committee has monitored the risk register and progress reports on the respective action plans during the year under review. The Audit and Risk Committee remains concerned that not all ICT risks are being addressed or mitigated, in implementing the new ERP system.

5. The quality of monthly and quarterly reports submitted in terms of the PFMA

The Audit and Risk Committee is satisfied with the content and quality of management and quarterly reports prepared and issued during the year under review in compliance with the statutory framework. The Audit and Risk Committee has engaged with management to remedy shortcomings, especially relating to reports on performance against predetermined objectives.

The Audit and Risk Committee has reviewed and commented on the HWSETA's annual financial statements and report on performance information and their timely submission to the external auditors by 31 May 2019.

6. Internal audit function

The HWSETA is obliged, in terms of the PFMA, to ensure that the entity has a system of internal audit under the control and direction of the Audit and Risk Committee. The Audit and Risk Committee is satisfied that the internal audit function has properly discharged its functions and responsibilities during the year under review.

The Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the HWSETA.

7. Risk management function

The Audit and Risk Committee is responsible for the oversight of the risk management function. The risk management committee reports to the Audit and Risk Committee on the HWSETA's management of risk. The risk management committee reports at each quarterly meeting on the progress with regards to management of strategic and operational risks in the organisation.

8. Evaluation of the finance function

On the whole, the Audit and Risk Committee is satisfied with the HWSETA's finance function during the year under review.

9. Performance management

Part of the responsibilities of the Audit and Risk Committee includes the review of performance management. The Audit and Risk Committee has in terms of the performance of the HWSETA performed the following functions:

- Review and comment on compliance with statutory requirements and performance management best practices and standards.
- Review and comment on the alignment of the annual performance

plan, budget, strategic plan, and performance agreements.

- Review and comment on the relevance of indicators to ensure that they are measurable and relate to services performed by the HWSETA.
- Review of reported noncompliance with legislation
- Review of compliance with in year reporting requirements
- Review of the quarterly performance reports submitted by the internal audit function
- Review and comment on the HWSETA's performance management system and making recommendations for its improvement.

The Audit and Risk Committee is satisfied that the performance report has been prepared in terms of the PFMA, the Treasury Regulations and any other related regulatory requirements for reporting performance.

10. Evaluation of the annual financial statements

The Audit and Risk Committee has reviewed the annual financial statements, which focused on the following:

- Significant financial reporting judgements and estimates contained in the annual financial statements.
- Clarity and completeness of disclosures and whether disclosures made have been set properly in context.
- Quality and acceptability of, and any changes in, accounting policies and practices.
- Compliance with accounting standards and legal requirements.
- Significant adjustments and/or unadjusted differences resulting from the audit.
- Reflection of unusual circumstances or events and management's explanation for the accounting treatment adopted.
- Reasons for major year-on-year fluctuations.
- Asset valuations and revaluations.
- Calculation and levels of general and specific provisions.
- Write-offs and reserves.
- The basis for the going concern assumption, including any financial

sustainability risks and issues. The Audit and Risk Committee is comfortable that the annual financial statements have been prepared in terms of GRAP and the PFMA.

11. External auditor's report

The Audit and Risk Committee concurs with and accepts the conclusion and audit opinion of the external auditors on the annual financial statements. The material misstatements in the disclosure note, note 19 "Commitments" in the annual financial statements, amounted to R15 million. This must be considered against the total balance on Commitments of R1.2 billion. 1.25% adjustment. The Committee is of the view that the audited financial statements be accepted and read together with the report of the external auditors. The Audit and Risk Committee confirms that it has been actively involved throughout the audit process and has been thoroughly appraised of the issues giving rise to the audit opinion.

The Audit and Risk Committee concurs with the material findings on the reported performance information.

The external audit function, performed by the Auditor-General, is independent of the HWSETA. The Audit and Risk Committee has met with the external auditors to ensure that there are no unresolved issues, and acknowledges the diligence and cooperation of the external audit team.

On behalf of the Audit and Risk committee:

Mr George Higgins CA(SA) RA
Audit and Risk Committee Chairperson
HWSETA
Date: 31 July 2019

HWSETA Boost for Health Care Safety

With increased emphasis on value-based health care, there is a growing need for healthcare organisations to improve their quality and safety outcomes. Building a successful healthcare enterprise in today's world of value-based care requires greater capacity to improve processes.

With R20 million funding from the HWSETA, local partners such as Walter Sisulu University, the University of Limpopo, Sefako Makgato Health Sciences University and the University of Alabama, Birmingham, successfully rolled out a health quality and safety programmes.

The mini-academy in healthcare quality and safety is a four-course, eight-session programme designed to extend knowledge and skills in the areas of quality improvement and patient safety. It was developed for healthcare leaders wanting to move their organisations forward in this value driven healthcare system by spearheading quality and patient safety improvement initiatives.

The programme has been successful, to the extent that there is now a cohort of about 100 senior clinical leaders in these provinces who have a solid understanding of organising for healthcare quality and patient safety (HQS) as well as the HQS process and the culture of high reliability organisations (HROs).

The programme was delivered in collaboration with the University of Alabama at Birmingham (UAB) – the number one programme in health administration in the US. The four modules which ran over four months, included a train the trainer component, which will help scale the programme within the respective institutions and provinces, according to Professor Rubin Pillay, Assistant Dean for Global Health Innovation, School of Medicine, University of Alabama, Birmingham.

As part of the programme, participants travelled to India and the United States to gain exposure to premier healthcare facilities.

As a leading academic medical centre, UAB translates its research into the highest quality care, treating more than a million patients annually. UAB Hospital is the third largest public hospital in the United States, houses the state's only level one adult trauma centre, and is

the only Alabama hospital to be listed in every annual issue of US News & World Report as one of "America's Best Hospitals" for 24 consecutive years.

The UAB Comprehensive Cancer Centre is the only NCI-designated centre in Alabama and the six-state region, and houses a state-of-the-art advanced imaging facility and the most powerful cyclotron at any US academic medical centre.

"As one of our flagship collaborations, the HWSETA is very proud of this programme, the relationship with local universities and the University of Alabama, Birmingham," said Sikhumbuzo Gcbashe, Skills Development and Planning Executive Manager, HWSETA.

"We are certain that this programme will grow and add to the excellent work that HWSETA is undertaking in the healthcare sector and we congratulate the graduates and expect great things."



SHE Legacy Skills Development Project...

Youth unemployment poses a significant risk to our economy. With more than five million young people in South Africa unemployed, the HWSETA understands the creation of employment opportunities can contribute immensely towards addressing the myriad socio-economic challenges of poverty and inequality in the country as outlined in the National Skills Development Plan (NSDP) 2030.

A key criterion that will help eradicate these challenges is through the identification of scarce skills required in the country, and developing plans and providing funding that will direct young people to niche market areas where they can gain invaluable skills that will assist them to establish their own black

youth owned (BYO) companies. The establishment of BYO companies will assist in fully transforming South Africa as this will offer long-term benefits to the society and the economy at large by not only generating BYO opportunities, but also creating employment in communities where the unemployment rate is high.

In June 2017, HWSETA, Siemens and Eskom launched a three-year partnership programme for 13 learners from the Nkangala District in Mpumalanga who were awarded an opportunity to be trained with comprehensive, accredited, academic and work-based practical training in the professional field of safety, health, environment, risk management and quality (SHERO). Ten of these

learners would become equal partners in their own BYO company, named Kusile Leroo (Pty) Ltd, a for-profit company established through a Memorandum of Understanding (MoU) between the HWSETA, Eskom Holdings Ltd, and Siemens (Pty) Ltd.

Since the project's inception in July 2017, the learners have undergone intensive training in power generation, distribution, business management, coaching and mentoring. This has provided them with a solid SHERO foundation to conduct reviews and audits on Eskom and Siemens permanent and project sites upon project completion.

To date, the project recipients have received practical experience at Eskom

HWSETA Funds Diesel Mechanic Trade A Centre of Specialisation Programme

The Vision of the National Skills Development Plan (NSDP) 2030, gazetted by the Minister of Higher Education and Training (DHET), Mrs Naledi Pandor on 7 March 2018, stipulates that in order to achieve high levels of economic growth in the country, reduce the high unemployment rate and eradicate poverty; both the public and private sectors must work together by investing in skills development.

The Centre of Specialisation (CoS) programme was introduced by DHET in March 2018 to train artisans in 13 priority trades that are in demand, as well as to establish strong partnerships between TVET colleges and employers that will build better apprenticeship systems and will lay the foundation for college differentiation. This programme will further aid in achieving the country's need to produce 30 000 artisans a year to meet South Africa's need for trained artisans by 2030.

In her speech at the launch of the Centres of Specialisation Artisan Programme in Midrand on 9 March 2018, Minister Pandor stated that 'The Department expects to secure partnerships to implement effective programmes for training artisans in a range of sectors' and each Sector Education and Training Authority (SETA) was mandated to provide funding in one of thirteen priority trades that were identified to be in demand.

The Health and Welfare Sector Education and Training Authority (HWSETA) has partnered with two TVET colleges (ORBIT and Mopane South East TVET Colleges) and ten employers from the Limpopo, Gauteng and North West provinces to provide funding for the diesel mechanic trade for 44 learners studying at the colleges.

A partnership with TVET Colleges and private employers creates a dual system of apprenticeships that will combine technical



education at a TVET college with simulated practical training offering accurate work experience in an integrated learning programme with employers in the driver's seat. This will create a triple combat against the imbalances of the past by positively contributing towards the objectives detailed in the NSDP as a three-way partnership between the SETAs, private employers and TVET colleges will be working collaboratively in contributing to skills development.

On 9 April 2019, DHET officially launched the Centres of Specialisation programme at ORBIT TVET College – Brits Campus. "We have committed R8.6 million to this project where the CoS programme will run for three years and these learners will receive practical training at private companies in Limpopo, North West and Gauteng such as the Great North Transport, SA Nuclear Energy Corporation, Ditsibi Motor Engineering and others," states Mr Mlulamisi Mhlanga, HWSETA's WSP Manager. "This close interaction between the colleges and employers throughout the partnership, will not only accelerate artisan turnout, but will also bring employers close to the graduates."

The collaboration required for the CoS programme will further break down barriers between the TVET college system and industry needs, making TVET colleges more relevant and responsive to industry labour needs.

...Successfully on Track

and Siemens sites on a rotational basis training in a variety of health and safety competencies such as first aid awareness, safety inspections, risk assessments, internal audit, incident investigations, administration and other key SHERQ operational activities.

As the project draws closer to the closeout phase, recipients are studying to obtain a NEBOSH International Diploma in occupational health and safety, a highly sought after qualification. This qualification will provide the learners with important capabilities required to become effective health and safety professionals.

The project is scheduled to end in March 2020 after which the project recipients

will be in total control of their company.

The three recipients, with no formal qualifications, who have benefited from the project, but have not become part of Kusile Leroo will at the conclusion of the project have acquired the highly sought after SHERQ qualification, as well as professional training in the field, thus increasing their chances of employment.

The company will receive a head start to point it in the right direction through opportunities to conduct reviews and audits on Eskom and Siemens permanent and project sites, also receiving endorsements for projects successfully completed. This will enable Kusile Leroo to market itself as a professional company and seek further opportunities at other state owned

companies and in the private sector.

HWSETA Projects Manager, Luyanda Lokwe, commented: "We view this unique partnership as a crucial step towards the support of black youth owned companies in the professional subcontracting environment of health and occupational safety. We are eagerly awaiting the move by these young leaders into the marketplace, positioning themselves as a fully-fledged SHERQ company. This project is a prime illustration of what can be achieved when public-private partnerships work together to drive skills development in the country."

HUMAN RESOURCE MANAGEMENT



The HWSETA is reviewing its organogram and HR capacity to better service its clients in the next two years.

Mr Bob Pardesi
Executive Manager: Corporate Services





Human Resources

Employment and Vacancies

Programme /activity/objective	2018/19 No. of Employees	2018/19 Approved Posts	2018/19 Vacancies	% of vacancies
Top Management	1	1	0	0%
Senior Management	3	6	2	33.33%
Professional qualified	22	22	0	0%
Skilled	43	52	9	17.31%
Semi-skilled	50	55	6	10.91%
Unskilled	0	0	0	0%
TOTAL	119	136	17	12.5%

The statistics above are as at 31 March 2018 and is not reflective of the turnover rate during the financial year under review.

Employment Changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	0	1	0	1
Senior Management	5	0	1	4
Professional qualified	22	2	2	22
Skilled	48	5	10	43
Semi-skilled	49	4	4	49
Unskilled	0	0	0	0
TOTAL	124	12	17	119

Reasons for Staff Leaving

	Number	% of total no. of staff leaving
Death	1	5.88%
Resignation	8	47.06%
Dismissal	7	41.18%
Retirement	1	5.88%
Ill health	0	0%
Expiry of contract	0	0%
Other	0	0%
TOTAL	17	100%

The main reasons for staff leaving includes better job offers

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	3
Final Written warning	2
Dismissal	7
TOTAL	12

Equity Target and Employment Equity Status - Male

Levels	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	1	2	0	1	1	1	0	0
Professional qualified	8	8	0	1	1	1	1	1
Skilled	14	23	2	3	3	3	1	1
Semi-skilled	9	19	2	2	1	1	0	0
Unskilled	0	0	0	0	0	0	0	6
TOTAL	32	52	4	7	6	6	2	8

Equity Target and Employment Equity Status - Female

Levels	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	1	1
Senior Management	1	1	0	0	0	0	0	1
Professional qualified	8	9	1	1	3	3	0	0
Skilled	21	23	2	2	1	1	0	3
Semi-skilled	26	25	7	7	3	3	1	1
Unskilled	0	0	0	0	0	0	0	0
TOTAL	56	58	10	10	7	7	2	6

Equity Target and Employment Equity Status - Staff with a Disability

Levels	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	1	0	0
Skilled	0	0	1	1
Semi-skilled	2	2	2	2
Unskilled	0	0	0	0
TOTAL	2	3	3	3

Personnel Cost by Programme / activity/ objective

Programme /activity/ objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Administration (Finance, Corporate Services, RIME and CEO's Office)	86 225	39 386	45%	60	656
Skills Development Planning*	29 109	29 109	100%	59	493
Education, Training and Quality Assurance	12 981	9 882	76%	15	659

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top (CEO) Management	2 100	2.68%	1	2 100
Senior (EXEC) Management	7 619	9.72%	6	1 270
Professional qualified (MNGRS)	21 749	27.75%	23	946
Skilled	25 801	32.92%	49	527
Semi-skilled	21 108	26.93%	55	384
Unskilled	0	0	0	0
TOTAL	78 377		134	585

* Employee numbers includes terminations and appointments

Performance Rewards

Programme /activity/objective	Performance rewards (R'000)	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top (CEO) Management	172	2 100	8
Senior (EXEC) Management	573	7 619	8
Professional qualified (Managers)	1404	21 749	6
Skilled	1 254	25 801	5
Semi-skilled	952	21 108	5
Unskilled	0	0	0
TOTAL	4355	78 377	6

Training Costs

Programme /activity/objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee (R'000)
Administration (Finance, Corporate Services, RIME and CEO's Office)	39 386	85	0.22%	35	2.43
Skills Development Planning*	29 109	28	0.09%	9	3.11
Education, Training and Quality Assurance	9 882	242	2.45%	22	11
TOTAL	78 377	355	2.76%	66	16.54

*The figures provided for Skills Development Planning include personnel costs for the Provincial Offices.

FINANCIAL INFORMATION



In the period under review, the HWSETA closed its year with R1.2 billion in commitments to projects and programmes in our sector. An amount of R446 million was paid during the period to discretionary and mandatory grant funding and savings realised on administration expenses will be carried to the 2019/20 financial year for discretionary grant funding.

Mrs Daphne Theaker
Acting Chief Financial Officer





Report of the Auditor-General to Health and Welfare Sector Education and Training Authority

Report on the audit of the financial statements

Opinion

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

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the public entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with South African Standards of General Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the accounting authority is responsible for assessing the Health and Welfare Sector Education and Training Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

8. My objectives are to obtain reasonable assurance about whether financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. Report on the audit of the annual performance report

Report on the audit of the annual performance report

Introduction and scope

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

11. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2019:

Programmes	Pages in the annual performance report
Programme 3 Learning Programmes and Projects	27
Programme 4 Quality Assurance and Qualification Development	35

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

14. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

Indicator 8: Number of employed and unemployed learners registered in skills programmes funded by the HWSETA per year (Employed)

15. The achievement for the number of employed learners registered in skills programmes funded by the HWSETA per year reported in the annual performance report was 1713. However, the supporting evidence provided did not agree to the reported achievement and indicated an achievement of 1269 (projected).

Other matters

16. I draw attention to the matters below.

Achievement of planned targets

17. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year and explanations provided for the under/ over achievement of a significant number of targets.

Adjustment of material misstatements

18. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of indicator 19 in Programme 3: Learning Programmes and Projects. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information

Report on the audit of compliance with legislation

Introduction and scope

1. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
2. 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 disclosure note on commitments identified by the auditors in the submitted financial statement were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

Other information

3. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes the report of the Chairperson of the Board, the Chief executive officer's report and the audit committee's report required by the PFMA. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
4. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

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

Internal control deficiencies

6. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation and the reported performance information on indicator 8 report included in this report.

Leadership

7. Oversight controls relating to financial statements and performance reports were not always effective in detecting errors as material misstatements were identified on commitments disclosed as well as indicator 8 in the annual performance report. These misstatements could have been avoided if effective oversight was exercised regarding the operation of implemented controls.

Financial and performance management

8. Review controls over the preparation of accurate financial and performance reports were not always effective as they did not prevent or detect material misstatements in the commitments balance disclosed in the annual financial statements and the achievements for indicator 8 reported in the annual performance report.

Auditor-General

Pretoria
31 July 2018



Annexure

Auditor-General's responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control

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

Communication with those charged with governance

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

Statement of Financial Performance

for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
REVENUE			
Non - Exchange Revenue	3	636 745	568 963
Skills Development Levy: income		630 316	562 181
Skills Development Levy: penalties and interest		6 429	6 782
Exchange Revenue		62 730	56 895
Interest income	4	62 427	56 493
Other income	5	303	402
Total revenue		699 475	625 858
EXPENSES			
Total expenses		574 487	462 661
Employer grant and project expenses	6	446 172	345 795
Administration expenses	7	128 315	116 866
Net surplus for the year	2	124 988	163 197

Statement of Financial Position

as at 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
ASSETS			
Current assets		1 156 595	1 005 394
Accounts receivable: Non-exchange transactions	10.1	1 534	1 629
Accounts receivable: Exchange transactions	10.2	3 327	4 952
Prepayments and advances	9	1 307	1 297
Inventories	12	688	841
Cash and cash equivalents	13	1 149 739	996 675
Non-current assets		13 492	13 916
Property, plant and equipment	8.1	7 891	8 146
Intangible assets	8.2	5 601	5 770
TOTAL ASSETS		1 170 087	1 019 310
FUNDS AND LIABILITIES			
Current liabilities		109 235	83 446
Grants and transfers payable - Non exchange transactions	14.1	93 165	67 143
Trade and other payables - Exchange transactions	15.1	8 742	10 340
Provision for staff bonuses	15.2	650	302
Levy exempt provision	16	6 285	5 640
NSF funds received in advance	17	1	1
Operating lease commitment	26	392	20
Funds and reserves		1 060 852	935 864
Administration reserve		13 492	13 916
Employer grant reserve		-	-
Discretionary reserve		1 047 360	921 948
TOTAL FUNDS AND LIABILITIES		1 170 087	1 019 310

Statement of Changes in Net Assets

for the year ended 31 March 2019

FUNDS AND RESERVES

	Administration reserve	Employer grant reserve	Discretionary reserve	Unappropriated surplus	Total
	R'000	R'000	R'000	R'000	R'000
Balance at 31 March 2017	11 992	-	760 675	-	772 667
Net surplus	2 -	-	-	163 197	163 197
Allocation of unappropriated surplus	14 972	40 888	107 337	(163 197)	-
Transfer from employer reserves	-	(40 888)	40 888	-	-
Transfer to discretionary reserves	(13 048)	-	13 048	-	-
Balance at 31 March 2018	13 916	-	921 948	-	935 864
Net surplus	2 -	-	-	124 988	124 988
Allocation of unappropriated surplus	18 563	40 587	65 838	(124 988)	-
Transfer from employer reserves	-	(40 587)	40 587	-	-
Transfer to discretionary reserves	(18 987)	-	18 987	-	-
Balance at 31 March 2019	13 492	-	1 047 360	-	1 060 852

Cash Flow Statement

for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating activities			
Cash receipts from stakeholders		637 048	569 365
Levies, and penalties received		636 745	568 963
Other cash receipts from stakeholders		303	402
Cash paid to stakeholders, suppliers and employees		(544 450)	(422 882)
Grants and project payments		(444 266)	(343 799)
Compensation of employees		(78 377)	(70 984)
Payments to suppliers and other		(21 807)	(8 099)
Cash generated from operations	27	92 598	146 483
Interest income	4	62 427	56 493
Net cash inflow / (outflow) from operating activities		155 025	202 976
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8.1	(1 814)	(2 196)
Purchase of intangible assets	8.2	(147)	(1 876)
Disposal of property, plant and equipment			-
Net cash (outflow) from investing activities		(1 961)	(4 072)
Net increase in cash and cash equivalents		153 064	198 904
Cash and cash equivalents at the beginning of the year		996 675	797 771
Cash and cash equivalents at the end of the year	13	1 149 739	996 675

Statement of Comparison Between Budget and Actual Expenditure

for the year ended 31 March 2019

	Reference to explanations	2018/19			2017/18
		R'000	R'000		R'000
		Actual	Budget to date	% Variance	Prior year Actual
Total Levy Income		492 182	471 595	4,37%	445 459
Levy - Mandatory		119 338	116 279	2,63%	109 697
Levy - Discretionary		302 709	288 321	4,99%	271 439
Levy - Administration		63 706	60 995	4,44%	57 542
Levy - Interest & Penalties		6 429	6 000	0,00%	6 781
Total Income - Government Department		144 563	142 915	1,15%	123 504
Total Investment Income		62 427	59 881	4,25%	56 493
		699 172	674 391	3,67%	625 456
Skills Development Levies Grant refund		136	-	-	254
Sundry income		167	-	-	148
Administration Expenditure		128 315	139 088	-7,75%	116 866
Accommodation and travelling		5 457	5 883	-7,24%	5 170
Advertising and promotions	A	2 211	1 553	42,37%	1 280
Audit - External		2 609	2 915	-10,50%	2 367
Audit - Internal		2 978	3 001	-0,77%	1 838
Bank charges		113	110	2,73%	97
Branding	B	1 202	800	50,25%	920
Catering and refreshments		369	500	-26,20%	353
Cleaning		1 124	1 042	7,87%	885
Consulting fees		731	700	4,43%	637
Courier & postage		22	250	-91,20%	195
Depreciation		2 288	2 812	-18,63%	2 148
Audit committee costs		163	216	-24,54%	198
Governance costs	C	2 198	3 069	-28,38%	2 923
Insurance premiums		513	600	-14,50%	518
General expenses		-	7	-100,00%	-
Groceries		104	128	-18,75%	114
Lease charges		84	182	-53,85%	35
Legal fees	D	199	1 000	-80,10%	2 336
Memberships & subscriptions		369	354	54,80%	336
Motor vehicle expenses		41	80	-48,75%	38
Office move		-	100	-100,00%	-
Printing and stationery		1 936	2 000	-3,20%	1 926
Programme evaluations and ETQA AQP	E	743	1 800	-58,72%	311
Quality Council for Trades and Occupations		3 100	3 093	0,23%	2 226
Research costs		1 146	848	35,14%	807
Recruitment costs	F	1 152	477	141,51%	401
Rent paid and storage		8 975	8 622	4,09%	8 982

	Reference to explanations	2018/19			2017/18
		R'000	R'000		R'000
		Actual	Budget to date	% Variance	Prior year Actual
Repairs and maintenance		147	115	27,83%	155
Salaries		78 377	85 840	-8,69%	70 984
Security		170	225	-24,44%	154
Social responsibility		212	112	89,29%	98
Software licences and support	G	1 892	2 476	-23,59%	1 891
Staff, Board training and bursaries		1 172	1 156	1,38%	876
Staff welfare and EAP		240	200	20,00%	130
Telephone and faxes		1 840	1 558	18,10%	1 480
Management of fraud hotline		35	41	-14,63%	31
International benchmarking and research	H	-	900	-100,00%	420
Water and electricity, rates and taxes		1 839	1 500	22,60%	1 403
Other consumables		185	150	23,33%	134
Write off of assets		96	-	0,00%	-
POPI compliance		256	500	-48,80%	12
Workshops		2 027	2 173	-6,72%	2 057
Mandatory grants		78 751	73 256	7,50%	68 809
Project Expenditure - Discretionary Funds		367 421	457 303	-19,65%	276 986
Total grants		446 172	530 559	(0)	345 795
Surplus before capital expenditure		124988	4 744		163 197
CAPEX		1 961	4 744		4 072
Surplus		123 027	-	-	159 125

Commentary on material variances - 20% and R500 000 or more

- A Advertising and promotions- This budget is over budget due to the large number of expression of interest advertisements for the year, publication of WSP and ATR, creating placement awareness and updating the publication of the SSP*
- B Branding - Branding expenditure is over budget due to promotional items spent on additional career guidance events*
- C Governance costs - This expense is lower than expected due to reduced board travel costs.*
- D Legal fees - Legal fees were prudently budgeted high. Fortunately the HWSETA did not have any significant legal matters*
- E Programme evaluations - The budget is based on the number of evaluation applications received during the year. For the current year, the number of applications received was lower than expected.*
- F Recruitment - This expense is higher than budget. Costs included recruitment costs to fill positions for HR officer, Provincial manager, Projects Manager, SDP Executive, General Assistant, Research Officer and CEO. The recruitment process for managerial positions now includes psychometric testing which is costly. Furthermore the HWSETA is currently filling three executive positions which adds to the high costs.*
- G Software licenses and support - Expenses anticipated in relation to the ERP system, were not incurred due to delays in the deployment of some of the ERP modules.*
- H International benchmarking and research - The International benchmarking policy was approved in January 2019. At the end of March 2019, the HWSETA had committed to an international benchmarking trip to Rwanda.*

Notes to the Annual Financial Statements

for the year ended 31 March 2019

1. Accounting policies to the Annual Financial Statements

Basis of preparation

The principle accounting policies adopted in the preparation of these financial statements are set out below and are, in all material respects, consistent with those of the previous year, except where otherwise indicated.

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board, and the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999), and on the going concern basis. The HWSETA is a Public Entity listed in schedule 3A to the PFMA. The HWSETA obtains

its mandate from the Skills Development Act and provides this service to its sectors of Health and Social Development in South Africa.

The Annual Financial Statements have been prepared on a historical cost basis.

Going Concern Assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

New Accounting Pronouncements

Standards issued but not yet effective

Standard/ Interpretation	Effective date: Years beginning on or after	Impact
GRAP 20: Related party disclosures	01 April 2019	The standard provides guidance on related party disclosures to ensure that an entity's financial statements contain the disclosure necessary to draw attention to the possibility that its financial position and surplus or deficit may have been impacted by the existence of connected parties and by transactions and outstanding balances with such parties.
GRAP 32: Service concession arrangements: Grantor	01 April 2019	The purpose is to prescribe the accounting for service concession arrangements by the Grantor. This standard will not affect the HWSETA's transactions.
GRAP 109: Accounting by Principals and Agents	01 April 2019	GRAP 109 outlines principles to assess whether an entity is party to a principal-agent arrangement. The standard does not have an effect on the HWSETA due to the nature of the mandate of the HWSETA.
GRAP 108: Statutory Receivables	01 April 2019	The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. Statutory receivables can arise from both exchange and non-exchange transactions. Where these receivables arise from exchange and non-exchange revenue transactions, an entity shall apply the recognition and initial measurement requirements of the Standards of GRAP on Revenue from Exchange Transactions and Revenue from Non-exchange Transactions (Taxes and Transfers), as well as the requirements of this Standard. The effect on the HWSETA is that statutory receivables are now an impairment loss as opposed to a provision if there is a write-down of this asset.
IGRAP 19: Liabilities to Pay Levies	01 April 2019	The Interpretation provides guidance on when to recognise liabilities to pay levies, i.e. when the activity that triggers the payment of a liability occurs. A levy is a non-exchange transaction that is imposed by government (local, provincial or national) on entities in accordance with legislation or similar means (with some exceptions).
IGRAP 17: Service concession arrangements: where a Grantor controls a significant residual interest in an asset	01 April 2019	The purpose is to prescribe the accounting for service concession arrangements by the Grantor. This standard will have no effect on the HWSETA.

1.1 Currency

These financial statements are presented in South African Rands since that is the currency in which the majority of the entity transactions are denominated. All amounts are rounded to the nearest one thousand, unless otherwise stated.

1.2 Revenue recognition

Exchange revenue

Revenue is measured at fair value of the consideration received or receivable.

Non-exchange transactions

Revenue from non-exchange transactions are recognised in accordance with GRAP 23 using the 'assets and liabilities' approach. Non-exchange revenue transactions result in resources being received by the HWSETA, usually in accordance with a binding arrangement. When the HWSETA receives resources as a result of a non-exchange transaction, it recognises an asset and revenue in the period that the arrangement becomes binding and when it is probable that the HWSETA will receive economic benefits or service potential an it can make a reliable measure of the resources transferred.

When the resources transferred to the HWSETA are subject to the fulfilment of specific conditions, it recognises it as an asset and a corresponding liability. As and when the conditions are fulfilled, the liability is reduced and the revenue is recognised. The asset and the corresponding revenue are measured on the basis of the fair value of the asset on initial recognition.

Non-exchange transactions include the receipt of levy income, penalties and interest on such income levied by the SARS, received by the HWSETA from the Department of Higher Education and Training. This income category also includes the receipt of levy income from Government Departments of Health and Social Development.

1.2.1 Non- Exchange 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 HWSETA pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS) that collects the levies on behalf of the Department of Higher Education and Training. Companies with an annual payroll cost of less than R500 000 are exempted in accordance with section 4(b) of the Levies Act as amended, effective 1 August 2005.

Eighty percent (80%) of skills development levies are paid to the HWSETA (net of the twenty percent contribution to the National Skills Fund) as a direct charge against the National Revenue Fund.

A net receivable / payable is recognised for SARS adjustments. An estimate as a result of retrospective adjustments by SARS due at year-end is based on historical trends and actual data

where these amounts are available subsequent to year end. Changes to prior year estimates are accounted for in revenue in the current period.

The HWSETA 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 that are in excess of the amount the HWSETA 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, net of bad debts and provision for irrecoverable amounts.

Revenue is adjusted for inter-SETA transfers due to employers changing SETA's. Such adjustments are separately disclosed as inter-SETA transfers. The amount of the inter-SETA adjustment is calculated according to the Standard Operating Procedure issued by the Department of Higher Education and Training issued June 2001.

Exempted employers

An employer who is liable to pay the levy is exempted, if during any month, there are reasonable grounds for believing that the total remuneration (as determined in accordance with the Act) paid or payable by that employer to all its employees during the following 12 month period will not exceed R500 000. The HWSETA recognises a payable in respect of SDL levy refunds due to levy-exempt employers. This payable is a provision based on levies received from possible levy exempt entities.

When a new employer is transferred to the HWSETA, 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 – Non-exchange revenue

Interest and penalties on the skills development levy is recognised when it is received. This is recognised as non-exchange transactions.

Investment income – Exchange Revenue

Interest income from investments, including fixed deposits and cash held in current accounts, is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

1.2.2 Government levy income – Non-exchange revenue

In accordance with the Cabinet Circular of 2012, Government Departments pay 30% of 1% of their annual payroll budget to a SETA effective 01 April 2013. The 30% received by the HWSETA is utilised as follows:

10%	Administration costs of the SETA
20%	Discretionary grants and projects

1.2.3 Government grants and other donor income – Non-exchange revenue

Funds transferred by the National Skills Fund (NSF) are accounted for in the financial statements of the HWSETA as a liability until the related eligible special project expenses are incurred. When the liability is utilised, the revenue is recognised as income in the statement of financial performance.

Property, plant and equipment acquired because of government projects are capitalised in the financial statements of the HWSETA, as the HWSETA controls such assets for the duration of the project. Such assets are disposed of in terms of agreement with the donor.

Conditional government grants and other conditional donor funding received are recorded as deferred income when they become receivable and are then recognised as income on a systematic basis over the period necessary to match the grants with the related costs which they are intended to compensate.

Unconditional grants received are recognised when the amounts have been received.

1.2.4 Levy exempt income – Non-exchange revenue

Levy exempt income is monies received from employers who are exempt from paying SDL levies. As per the Skills Development Circular 09/2013, the HWSETA transfers all monies received from levy exempt employers to discretionary grant income after the expiry date of five years from date of receipt of the funds, if not refunded to the respective employer through the SARS system.

1.3 Grants and project expenditure

A registered employer company or organisation may recover a maximum of 69.5% of its total levy payment by complying with the grant criteria in accordance with the Skills Development Regulations issued in terms of the Skills Development Act 1999 (Act No 9 of 1999). A refund of 20% would be for participation in mandatory grants, and 49.5% for participation in discretionary grants.

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. The grant is equivalent to 20% of the total levies paid by the employer during the corresponding financial period for the skills planning grant and skills implementation grant.

Discretionary grants and project expenditure

The HWSETA may, out of any surplus monies, determine and allocate discretionary grants to employers, education and training providers and workers of the employers who have submitted an application for a discretionary grant funding in

the prescribed form within the agreed upon cut-off period. The discretionary grant payable and the related expenditure are recognised when the application has been approved and the conditions are met.

Project expenditure comprises:

- costs that relate directly to the specific project;
- 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 SETA 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 net of a provision for irrecoverable amounts for incentive and other payments made to the extent of expenses not yet incurred in terms of the contract.

Grant payments and projects

A provision is recognised for grant payments once the specific criteria set out in the regulations to the Skills Development Act, 97 of 1998 have been complied with by member companies and it is probable that the HWSETA will approve the payment. The measurement of the obligation involves an estimate, based on the established pattern of past practice of approval for each type of grant.

No provision is made for projects approved at year-end, unless the service in terms of the contract has been delivered or the contract is of an onerous nature. Where a project has been approved, but has not been accrued for or provided for, it is disclosed as commitments in the notes to the financial statements.

1.4 Employee benefits

Salaries and wages

Salaries and wages are recognised on an undiscounted basis as expenditure in the statement of financial performance.

Leave

The HWSETA recognised a liability and an expense for accumulating leave as and when employees render services that entitle them to leave days. The amount of the liability and expense is determined as the additional amount payable as a result of the unused leave days owing to employees at the end of the period.

Performance bonuses

A liability and expense is recognised for performance bonuses when a reliable estimate can be made of the amount to be paid as performance bonuses. A reliable estimate can only be made

when performance assessments have been completed in terms of the Performance policy and the bonus value has been approved. This process starts and is completed after year end.

Post-retirement benefits

The HWSETA provides a defined contribution plan as post-retirement benefits to its employees.

The HWSETA recognises a liability for any contributions owing to the fund at the end of the period and recognises the amount of contributions that were paid or due to the plan during the reporting period as an expense.

1.5 Commitments

Commitments are disclosed in the notes to the annual financial statements and are not raised as liabilities and is where the HWSETA has, in the normal course of its operations, entered into a contractual agreement with entities related to project expenses or capital expenditure, or where there is a conditional letter of approval of funds. Commitments are measured as the amount that the entity would rationally pay to settle the obligation or to transfer it to a third party at the reporting date.

1.6 Irregular and fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:

- The PFMA of 1999,
- The Skills Development Act of 1998,

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

All irregular and fruitless and wasteful expenditure is charged against the respective class of expenditure in the period in which they are incurred and disclosed in a note in the period that it is identified.

Where instances of possible fruitless and wasteful expenditure are identified, the incident is investigated, and where appropriate, recovered from the party/parties responsible.

1.7 Property, plant and equipment

Property, plant and equipment (owned and leased) are initially recognised at cost and subsequently at cost less accumulated depreciation and adjusted for any impairments.

Initial Recognition

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

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

Depreciation

Depreciation is calculated on the straight-line method to write off the cost of each asset to estimated residual value over its estimated useful life as follows:

Computer equipment	3 to 6 years
Motor Vehicles	5 to 10 years
Office furniture and fittings	10 to 20 years
Office equipment	6 to 10 years
Leased assets	Depreciated over the lease period

The useful lives and residual values are estimated on an annual basis at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

Impairment

Assets are reviewed regularly to assess whether there is any indication of impairment. Where the carrying amounts of assets are greater than their recoverable service amounts, the assets are written down to these recoverable service amounts. The recoverable service amount is the greater of the fair value of the asset less costs to sell or the value in use. Depreciation and impairment losses are included in the surplus or deficit.

Where the carrying amount of an item of property, plant and equipment is greater than its estimated recoverable service amount, it is written down immediately to its recoverable service amount (i.e., impairment losses are recognised).

De-recognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment shall be derecognised:

- a. On disposal (including disposal through a non-exchange transaction) or
- b. 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 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.

1.8 Intangible assets

Initial Recognition

An intangible asset shall be recognised as asset if, and only if:

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

Subsequent measurement

After the initial recognition, an item of intangible asset shall be carried at its cost less any accumulated amortisation and any accumulated impairment.

Acquired computer software licences and computer application packages are capitalised on the basis of the costs incurred and bring to use the specific software. These costs are amortised over their estimated useful lives.

Computer software: 3 to 6 years
Computer Software Licences: over the period of the licence

The useful lives and residual values are estimated on an annual basis at each year-end, with the effect of any changes in estimates accounted for on a prospective basis.

Impairment

Intangible assets are reviewed regularly to assess whether there is any indication of impairment. Where the carrying amounts of intangible assets are greater than their recoverable service amounts, these assets are written down to these recoverable service amounts. The recoverable service amount is the greater of the fair value of the intangible asset less costs to sell or the value in use. Amortization and impairment losses are included in the statement of financial performance.

De-recognition of intangible assets

An intangible asset shall be derecognised:

- On disposal (including disposal through a non-exchange transaction) 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 item is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an intangible asset item is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Costs associated with developing or maintaining computer software programmes are recognised as an expense when incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the HWSETA, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Amortization of such costs will be amortised from the time of bringing the asset into use over the estimated life of the asset.

Research and Development

An intangible asset arising from development (or from the development phase of an internal project) shall be recognised if, and only if, it can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;

- The ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits or service potential. Among the other things, the entity can demonstrate the existence of the market for the output of the intangible asset or the intangible asset itself or if it is used internally, the usefulness of the intangible asset.
- The availability of adequate technical, financial and other resources to complete the development and use or sell the intangible asset.

1.9 Inventories

Inventories are initially measured at cost.

Inventories are subsequently measured at the lower of cost and current replacement cost. Cost is determined on the first in first out (FIFO) basis. Current replacement cost is the cost that the entity would incur to acquire the asset on the reporting date. The HWSETA holds inventory for consumption in the production process of goods to be distributed at no charge.

1.10 Leasing

Finance leases are leases that transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Legal title may or may not eventually be transferred. An operating lease is a lease other than a finance lease.

The HWSETA as a lessee

In respect of an operating lease, periodic payments are made to the lessor in return for the use of the asset. These periodic payments are recognised in equal instalments (the straight-line basis) as an expense over the period of the lease, and not based on actual cash payments.

1.11 Contingent liabilities

Contingent liabilities are disclosed when the HWSETA has a possible obligation that will probably result in an outflow of economic benefits depending on occurrence or non-occurrence of a future event.

Disclosed amounts in respect of contingent liabilities are measured on the basis of the best estimate, using experience of similar transactions or reports from independent experts.

1.12 Impairment of assets

Impairment is the loss in the future economic benefits or service potential of an asset over and above the systematic recognition of the loss through depreciation or amortisation. All HWSETA assets are non-cash generating.

Property, plant and equipment and intangible assets are annually assessed, by considering internal and external factors where there is an indication of impairment. If any such indication exists, the recoverable service amount of the asset is estimated at the higher of fair value less cost to sell and its value in use.

The assets value in use is determined using one of three approaches, depreciated replacement cost, restoration cost or service units. The approach selected will be determined by the availability of the data and the nature of the impairment.

An impairment loss is recognised whenever the carrying amount exceeds the recoverable service amount.

A previously recognised impairment loss is only reversed if there has been a change in the estimates used to determine the recoverable amount; however, not to an amount higher than the carrying amount that would have been determined (net of depreciation and amortisation) had no impairment loss been recognised in previous years.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

1.13 Provisions

Initial recognition

Provisions are recognised when the HWSETA has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits or service potential that can be estimated reliably. The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

Subsequent recognition

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

1.14 Financial instruments

Initial Recognition

Financial assets and financial liabilities are recognised on the HWSETA statement of financial position when the HWSETA becomes a party to the contractual provisions of the instrument.

All regular way purchases and sales of financial assets are initially recognised using trade date accounting.

Initial Measurement

Financial instruments are initially measured at fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs are directly attributable to the acquisition or issue of the financial asset or liability.

Financial Assets

The HWSETA's principle financial assets are cash and cash equivalents, loans and advances and other receivables.

Accounts and other receivables

Accounts and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of Accounts receivable is established when there is objective evidence that the HWSETA will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the receivables carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The movement in the provision is recognised in the Statement of Financial Performance.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, investments and deposits held by HWSETA with the Corporation for Public Deposits (CPD) and domestic banks. Cash and cash equivalents are measured at amortised cost.

Financial liabilities

The HWSETA principle financial liabilities are accounts and other payables.

All financial liabilities are measured initially at fair value and include transaction costs where appropriate. After initial recognition all financial liabilities are measured at amortised cost using the effective interest rate method.

Derecognition

A financial asset, or a portion thereof, is derecognised when the HWSETA realises the contractual rights to the benefits specified in the contract, the rights expire, and the HWSETA surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognising, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in equity is included in net surplus or deficit for the period.

A financial liability, or a part thereof, is derecognised when the obligation specified in the contract is discharged, cancelled, or expires. On derecognising, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is included in net surplus or deficit for the period.

Fair value considerations

The fair values at which financial instruments are carried at the balance sheet date have been determined using available market values. Where market values are not available, fair values will be calculated by discounting expected future cash flows at prevailing interest rates where material.

Offsetting

Financial assets and financial liabilities are offset if there is any intention to realise the asset and settle the liability simultaneously and a legally enforceable right to set off exists.

1.15 Reserves

Net assets are sub-classified in the Statement of Financial Position between the following funds and reserves:

Administration reserve

This is the reserve maintained for the operational and running costs of the HWSETA.

Employer grant reserve

This is the reserve maintained for the paying back to employers a percentage of the contributed levies after they satisfy the specific criteria set out in the Act.

Discretionary grant reserve

This is the reserve set out of surplus monies for use on special projects which the HWSETA deem suitable in fulfilling its objectives as set out in the Act.

Accumulated surplus / deficit

This is the reserve arising out of operations and is reallocated at the end of the year to the above reserves on the basis set out below.

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 No97 of 1998). Accrual basis of accounting is used to calculate the reserves and thus reserves are not an indication of the cash used or available at the end of the year.

Member employer company levy payments are set aside in terms of the Skills Development Act and the regulations issued in terms of the Act, for the purpose of:

	2018/19	2017/18
	%	%
Administration cost of the HWSETA	10.5	10.5
Employer grant fund levy	20	20
Discretionary grant and projects	49.5	49.5
Received by the HWSETA	80	80
Contribution to the National Skills Fund	20	20
	100	100

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to pay for its administration costs.

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 amount retained in the administration reserve equates to the net book value of property, plant and equipment and intangible assets.

The net surplus/deficit is allocated to the administration reserve, the mandatory grant reserve and the discretionary fund reserve based on the above.

Surplus funds are moved to the discretionary fund reserve from the administration reserve on the HWSETA Board's approval (after prior written approval from National Treasury) and from the mandatory grant on fulfilment of the HWSETA'S payment obligations.

1.16 Taxation

HWSETA is exempt from income tax in terms of Section 10 of the Income Tax Act, 1962 (Act 58 of 1962).

1.17 Comparative amounts

Where necessary, comparative amounts have been adjusted to conform to changes in the presentation. No comparatives were restated in the current year.

1.18 Presentation of Budget Information in the Financial Statements

The HWSETA presents a comparison of the budget amounts for which it is held publicly accountable and actual amounts as a separate financial statement in the Annual financial statements.

The comparison of budget and actual amounts are presented separately for each level of legislative oversight:

- the approved and final budget amounts.
- the actual amounts on a comparable basis and.
- by way of note disclosure and explanations of material differences between the budget for which the entity is held publicly accountable and actual amounts.

The budget covers the period 1 April 2018 to 31 March 2019 and has been prepared on the accrual basis of accounting.

1.19 Related parties

An entity or individual is considered to be a related party to the HWSETA when the party has the ability to control the HWSETA or can exercise significant Influence over the HWSETA in making financial and operating decisions, or if the party and the HWSETA are subject to common control.

1.20 Key accounting judgements

In the application of the HWSETA's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on past experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future period.

Non-exchange receivables

The calculation in respect of the impairment of non-exchange transactions is based on an assessment of the extent to which receivables have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness or other information available. This was performed across all classes of these receivables.

Property, plant and equipment and Intangible assets

The useful lives of assets are based on management's estimation. Management considers the impact of technology, condition of the asset, obsolescence, and service requirements to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

The following values in the Annual Financial Statements have been judgementally derived:

- Depreciation of property, plant and equipment, and amortisation of intangible assets.
- Provision for doubtful debts from non-exchange transactions.
- Provision for Levy Exempt employers

Levy exempt employers

A provision for levy exempt employers is made annually based on the identification of levy exempt employers based on information available from these entities, and the amount of contributions received from employers who have not been specifically identified as being levy exempt. The change in any estimate is also effected by prior scheme year levy reversals that occurred in the current year.

2 Allocation of net surplus for the year to reserves 31 March 2019

	Total per Statement of Financial Performance R'000	Administration Reserve R'000	Employer Grant Reserve R'000	Discretionary Grant Reserve R'000
Total revenue	699 475	146 878	119 338	433 259
Skills development levy: income				
Admin levy income (10.5%)	63 706	63 706	-	-
Grant levy income (69.5%)	422 047	-	119 338	302 709
Government levy income	144 563	82 869	-	61 694
Skills development levy: penalties and interest	6 429	-	-	6 429
Investment income	62 427	-	-	62 427
Other income	303	303	-	-
Total expenses	-574 487	(128 315)	(78 751)	(367 421)
Administration expenses	-128 315	(128 315)	-	-
Employer grants and project expenses	-446 172	-	(78 751)	(367 421)
Net surplus per the Statement of Financial Performance allocated	124 988	18 563	40 587	65 838

The amounts reflected on the note do not represent actual cash flows. Instead, these amounts were prepared on an accrual basis in line with Generally Recognised Accounting Practice (GRAP).

2 Allocation of surplus for the year to reserves 2017/18

	Total per Statement of Financial Performance R'000	Administration Reserve R'000	Employer Grant Reserve R'000	Discretionary Grant Reserve R'000
Total revenue	625 858	131 838	109 697	384 323
Skills development levy: income				
Admin levy income (10.5%)	57 542	57 542	-	-
Grant levy income (69.5%)	381 136	-	109 697	271 439
Government levy income	123 504	73 894	-	49 610
Skills development levy: penalties and interest	6 781	-	-	6 781
Investment income	56 493	-	-	56 493
Other income	402	402	-	-
Total expenses	(462 661)	(116 866)	(68 809)	(276 986)
Administration expenses	(116 866)	(116 866)	-	-
Employer grants and project expenses	(345 795)	-	(68 809)	(276 986)
Net deficit per the Statement of Financial Performance allocated	163 197	14 972	40 888	107 337

The amounts reflected on the note do not represent actual cash flows. Instead, these amounts were prepared on an accrual basis in line with Generally Recognised Accounting Practice (GRAP).

3 Skills Development Levy Income, Penalties and Interest

	2018/19 R'000	2017/18 R'000
Levy income: Administration	146 575	131 436
Levies received	146 575	131 436
Levies received from SARS	63 706	57 542
Government levies received	82 869	73 894
Interseta transfers in	-	-
Interseta transfers out	-	-
Levy income: Employer Grants	119 338	109 697
Levies received	119 338	109 697
Levies received from SARS	119 338	109 697
Interseta transfers in	-	-
Interseta transfers out	-	-
Levy income: Discretionary Grants	370 832	327 830
Levies received	370 832	327 830
Levies received from SARS	302 709	271 206
Government levies received	61 694	49 610
Transfer from Levy Exempt	-	233
Interest	2 917	2 896
Penalties	3 512	3 885
Interseta transfers in	-	-
Interseta transfers out	-	-
Total Skills Development Levy Income	636 745	568 963

4 Interest Income

	2018/19 R'000	2017/18 R'000
Interest income from banking institutions	62 427	56 493
	62 427	56 493

5 Other Income

	2018/19 R'000	2017/18 R'000
Mandatory grants received from Services SETA	136	254
Release of prescribed payables	-	80
Other	167	68
	303	402

6 Employer Grant and Project Expenses

	2018/19 R'000	2017/18 R'000
Mandatory grants	78 751	68 809
Movement in provision	1 906	1 996
Disbursed	76 845	66 813
Discretionary grants	367 421	276 986
Disbursed	367 421	276 986
	446 172	345 795

7 Administration Expenses

	Note	2018/19 R'000	2017/18 R'000
Depreciation	8.1	1 972	1 771
Amortisation of intangible assets	8.2	316	377
Operating lease		9 040	9 008
Buildings		8 956	8 973
Plant, machinery and equipment		84	35
Maintenance, repairs and running costs		147	155
Property and buildings		126	141
Machinery and equipment		21	14
Quality Council for Trades and Occupations (QCTO)		3 100	2 226
Research costs		1 146	807
Advertising, marketing and promotions, communication		2 211	1 280
Consultancy and service provider fees		731	637
Legal fees		199	2 336
Cost of employment	7.1	78 377	70 984
Travel and subsistence and accommodation		5 457	5 170
Staff training and development		355	763
Remuneration to members of the accounting authority		2 198	2 923
Remuneration to members of the audit committee		163	198
External auditor's remuneration		2 609	2 367
Other		20 294	15 864
Workshops		2 027	2 057
Internal audit fees		2 978	1 838
Courier and postage		22	195
Telephone		1 840	1 480
Programme evaluations and AQP		743	311
Management of fraud hotline		35	31
Printing and stationery		1 936	1 924
Staff welfare		240	130
Office cleaning		1 124	885
Insurance		513	518
Motor vehicle expenses		41	38
Social responsibility		212	98
Software support		1 892	1 891
Storage		19	9
Subscriptions		369	336
Staff bursaries		817	113
Security		170	154
Water and electricity, rates and taxes		1 839	1 403
Recruitment costs		1 152	401
Bank charges		113	97
Branding		1 202	920
Other consumables		185	134
Write off of small assets		96	2
POPI compliance		256	12
International benchmarking		-	420
Catering and refreshments		369	353
Groceries		104	114
		128 315	116 866

7.1 Cost of Employment

Note	2018/19 R'000	2017/18 R'000
Salaries and wages	66 000	60 824
Basic salaries	59 167	53 813
Performance awards	4 355	3 908
Temporary staff and interns	2 086	2 045
Leave expense	392	1 058
Social contributions	12 377	10 160
Medical aid allowance	2 126	1 695
Provident fund - additional benefits	1 670	1 395
Provident fund contributions: defined contribution plan	6 780	5 966
SDL Levies	688	620
UIF	230	220
Workmen's Compensation	612	
Other salary related costs - cell phone allowances	271	264
	78 377	70 984
Number of permanent employees at period end		
Permanent	119	124
Temporary	7	2
Internships	7	4

8.1 Property Plant and Equipment

Year ended 31 March 2019	Cost R'000	Accumulated depreciation/ impairment R'000	Closing carrying amount R'000
Computer equipment	5 809	(4 442)	1 367
Office furniture and fittings	5 854	(2 352)	3 502
Office equipment	5 480	(2 804)	2 676
Motor vehicles	892	(546)	346
Balance at end of year	18 035	(10 144)	7 891
Made up as follows:			
- Owned assets	18 035	(10 144)	7 891
Year ended 31 March 2018			
Computer equipment	4 682	(3 209)	1 473
Office furniture and fittings	5 383	(1 942)	3 441
Office equipment	5 236	(2 391)	2 845
Motor vehicles	892	(505)	387
Balance at end of year	16 193	(8 047)	8 146
Made up as follows:			
- Owned assets	16 193	(8 047)	8 146

There are no restrictions on any item of property, plant and equipment

8.1 Property Plant and Equipment (continued)

Movement Summary 31 March 2019

	Carrying amount 2018 R'000	Additions R'000	Disposals R'000	Depreciation Charge/ Impairment Loss R'000	Carrying amount 2019 R'000
Computer equipment	1 473	1 099		-1 205	1 367
Office furniture and fittings	3 441	471	(97)	-313	3 502
Office equipment	2 845	244		-413	2 676
Motor vehicles	387	-	-	-41	346
Balance at end of year	8 146	1 814	(97)	-1 972	7 891

* Disposals: At 31 March 2019, property, plant and equipment with a zero carrying value, computer equipment, (costing R3 267 745), furniture and fittings, (costing R491 903), office equipment, (costing R133 853) and motor vehicle with a carrying value of R40 000 have been identified for disposal in the next year.

Movement Summary 31 March 2018

	Carrying amount 2017 R'000	Additions R'000	* Disposals R'000	Depreciation Charge/ Impairment Loss R'000	Carrying amount 2018 R'000
Computer equipment	1 769	782	-	(1 078)	1 473
Office furniture and fittings	2 736	801	-	(96)	3 441
Office equipment	2 707	613	-	(475)	2 845
Motor vehicles	509	-	-	(122)	387
Balance at end of year	7 721	2 196	-	(1 771)	8 146

* Disposals: Computer equipment with a cost of R1 115 158 and carrying value of R34 252 has been identified for disposal in early 2018/19 financial year. In addition, furniture and fittings with a cost of R468 477 and computer equipment with a cost of R133 853, that has almost reached the end of its useful life has also been identified for disposal.

8.2 Intangible Assets

	Cost R'000	Accumulated amortization/ impairment R'000	Closing carrying amount R'000
Year ended 31 March 2019			
Computer software	1 281	(990)	291
Computer software - Work in progress - ERP Development	5 310	-	5 310
Balance at end of year	6 591	(990)	5 601
Made up as follows:			
Owned assets	6 591	(990)	5 601

* There are no restrictions on any recognised item of intangible assets.

	Cost R'000	Accumulated amortization/ impairment R'000	Closing carrying amount R'000
Year ended 31 March 2018			
Computer software	1 750	(1 145)	605
Computer software - Work in progress - ERP Development	5 165	-	5 165
Balance at end of year	6 915	(1 145)	5 770
Made up as follows:			
Owned assets	6 915	(1 145)	5 770

8.2 Intangible Assets (continued)

Movement summary 31 March 2019

	Carrying amount 2016 R'000	Additions R'000	Disposals R'000	Amortization Charge R'000	Carrying amount 2019 R'000
Computer software - Purchased	607	-	-	(316)	291
Computer software - Work in progress - ERP Development	5 163	147	-	-	5 310
Balance at end of year	5 770	147	-	(316)	5 601

* Disposals: Computer software with a zero carrying value, costing R468 478 was disposed of during the current year as the software reached the end of its license period.

Movement summary 31 March 2018

	Carrying amount 2017 R'000	Additions R'000	Disposals R'000	Amortization Charge R'000	Carrying amount 2018 R'000
Computer software - Purchased	984	-	-	(377)	607
Computer software - Work in progress	3 287	1 876	-	-	5 163
Balance at end of year	4 271	1 876	-	(377)	5 770

9 Prepayments and Advances

	2018/19 R'000	2017/18 R'000
Insurance premium	212	361
Office rental in advance	812	820
Subscriptions and other supplier deposits	283	116
Closing balance	1 307	1 297

10.1 Account Receivables: Non Exchange Transactions

	Note	2018/19 R'000	2017/18 R'000
Intersecta debtors	25	18	18
SARS levy reversals - Employer mandatory grant overpaid	11	4 536	3 439
Provision for doubtful debts		(3 020)	(1 828)
		1 534	1 629
Reconciliation of movement in doubtful debts			
Opening balance		(1 828)	(482)
Movement- additional provision created		(1 192)	(1 346)
Closing balance		(3 020)	(1 828)

10.2 Account Receivables: Exchange Transactions

	2018/19 R'000	2017/18 R'000
Interest receivable on cash balances	1 420	2 433
Net Receivables	-	29
Other receivables	-	128
Less: Provision for bad debts	-	(99)
Staff receivables - salary advances	76	126
Office rental deposits	1 179	1 159
Staff study assistance/bursaries	652	1 205
Total receivables	3 327	4 952

11 Employer Overpaid

	2018/19 R'000	2017/18 R'000
Included in Skills Development Levy debtors is:		
SARS receivable/(payable)		
Opening carrying amount	3 439	4 431
Net effect of SARS Adjustments on levies for the current year	1 097	(992)
Closing carrying amount	4 536	3 439

12 Inventories

	2018/19 R'000	2017/18 R'000
Consumables	688	841

There are no consumables held at current replacement cost

Inventory is recognised at the lower of cost and net realisable value on the first in first out (FIFO) basis.

13 Cash and Cash Equivalents

	2018/19 R'000	2017/18 R'000
Cash - Bank deposits	462 353	295 907
Cash - Corporation for Public Deposits	587 150	526 471
Cash - Investments in term deposits	100 208	174 269
Cash on hand	28	28
Cash and cash equivalents at end of year	1 149 739	996 675

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held.

Cash includes cash on hand and cash with banks. Cash equivalents are short term, highly liquid investments that are held with registered banking institutions with maturities of three months or less and that are subject to an insignificant risk of change.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, and investments in money market instruments.

As the HWSETA was no longer exempted by the National Treasury from the requirement of Treasury Regulation 31.3 to invest surplus funds with the Corporation for Public Deposits (CPD), surplus funds were invested in institutions that have been approved by the National Treasury including the CPD.

14 Account Payables

14.1 Grants and Transfers Payable Non-Exchange Transactions

	Note	2018/19 R'000	2017/18 R'000
Grants payable		86 773	61 653
SARS levy reversals - Employer mandatory grants underpaid		6 368	5 466
Intersecta Payables	25	24	24
		93 165	67 143

15 Trade and Other Payables:

15.1 Exchange Transactions

	2018/19 R'000	2017/18 R'000
Trade creditors	5 419	6 847
Staff leave accrual	2 444	2 440
SARS - PAYE/UIF and third party payables	879	1 053
	8 742	10 340

The staff leave accrual is calculated by apportioning the annual salary to a daily cost which is then multiplied by the number of leave days accumulated at year-end by an employee. This provision is only adjusted at year-end.

15.2 Provision for staff bonuses

	2018/19 R'000	2017/18 R'000
Provision for staff bonuses	650	302

16 Levy Exempt Provision

	2018/19 R'000	2017/18 R'000
Opening balance	5 640	4 616
Transferred to discretionary income	(562)	(233)
Additional provision created	1 207	1 257
Closing balance	6 285	5 640

This balance relates to levy-Exempt employers contributing levies to the HWSETA. Unclaimed funds received more than 5 years ago have been transferred to discretionary income as per the Skills Development Levies Act.

17 Deferred Government Grants and Donor Funding

17.1 National Skills Fund (NSF) Advance Receipts

	2018/19 R'000	2017/18 R'000
Opening balance	(1)	(1)
Received during the year/ (paid during the year)	-	-
Deposits current (NSF)	-	-
	(1)	(1)
Less utilised and recognised as income or against accrual as conditions met	-	-
Learners allowance	-	-
Training provider	-	-
Learners uniform	-	-
Net payable/(receivable)	(1)	(1)
Made up as follows:	(1)	(1)
Receivable	-	-
Payable	(1)	(1)

Note that in the current and prior year there were no NSF projects.

18 Contingencies

- 18.1 In terms of the PFMA, all surplus funds as at year-end may be forfeited to National Treasury. Formal approval was obtained from the National Treasury to retain the surplus funds of 2017/18 which was approved. Formal approval was sent to the National Treasury on 31 May 2019 to apply to retain surplus funds for 2018/19.
- 18.2 A letter of demand was received from attorneys after year end 2008-09, acting on behalf of a consulting firm demanding R823 267 from the HWSETA. This was for a contract that was not awarded to them. There is no indication that this demand will succeed in favour of the plaintiff. The plaintiff, Ler-Ong has on two occasions removed the matter from the court roll after being set-down for trial. Currently the matter is still pending to 2019. Total possible further costs amount to R250 000 once the trial begins.
- 18.3 There is currently a CCMA matter relating to an application by an ex-employee. The matter is insured, and therefore no costs borne by the HWSETA.
- 18.4 Five ex-employees are currently appealing their dismissal at the CCMA. No significant costs are anticipated.

19 Commitments

19.1 Discretionary Reserves

	NSDS Objectives and Indicators	Opening Commitment 2017/18 R'000	Approved by Accounting Authority and committed 2018/19 R'000	Current year Commitments released as no MoU at 31 March 2019	Recommitments / (Commitments released) 2018/19	Utilised 2018/19 R'000	Closing Commitment 2018/19 R'000
Middle level skills	Indicator 1	1 752,00	-	-	-	-	1 752,00
Leranerships	Indicator 3	310 570,93	240 900,00	-51 222,00	3 804,00	-100 843,03	403 209,90
Artisans	Indicator 4	94 785,10	88 119,00	-2 592,00	15 591,00	-52 824,01	143 079,09
Bursaries	Indicator 6	142 603,70	60 723,00	-1 977,00	-8 756,00	-48 134,66	144 459,03
TVET - Internships, Student Placement	Indicator 7	127 008,30	169 835,00	-19 568,00	645,00	-69 471,48	208 448,82
Skills Programmes	Indicator 8	67 509,21	56 988,00	-14 622,00	16 612,00	-6 767,00	119 720,21
Co-operative support	Indicator 9	3 493,50	3 600,00	-432,00	-	-	6 661,50
SMME funding	Indicator 10	4 863,99	13 000,00	-3 938,00	2 124,00	-2 977,11	13 072,87
NGOs, CBOs and Trade Unions	Indicator 11	8 690,16	21 325,00	-1 677,00	-2 343,00	-8 866,62	17 128,54
Post graduate research	Indicator 13	15 106,91	12 667,00	-	-20,00	-13 191,57	14 562,33
Public sector education	Indicator 14	19 880,79	37 254,00	-	46,00	-6 991,42	50 189,37
TVET lecturer development	Indicator 16	284,00	480,00	-232,00	810,00	-90,10	1 251,90
Vocational training in TVET and public colleges	Indicator 17	30 123,23	22 170,00	-757,00	-	-22 553,02	28 983,21
Accreditation of SDPs	Indicator 19	1 452,22	-	-	-	-	1 452,22
Adult based education and training	Indicator 21	9 088,92	6 347,00	-	-81,00	-6 671,75	8 683,17
Levy exempt support	Indicator 22	14 304,76	8 887,00	-	-998,00	-1 661,54	20 532,22
Partnerships	Indicator 23	28 087,14	-	-	-77,00	-15 424,38	12 585,77
Qualification development	Indicator 24	5 379,69	-	-	-	-124,44	5 255,25
Students funded through RPL	Indicator 25	12 848,67	6 944,00	-	-	-10 829,23	8 963,44
		897 833	749 239	-97 017	27 357	-367 421	1 209 991

19.1 Discretionary Reserves – continued

	2018/19 R'000	2017/18 R'000
Approved but not yet contracted		
Social Work Induction Standard	-	
Post Graduate Bursaries	-	
	-	-
Commitments as previously stated in the prior year		900 486
Less: Decommittment of expired contracts		2 653
Total Discretionary Grants Committed (Contracted only)	1209 991	897 833

Restatement of prior year amounts: The prior year value of commitments was adjusted for de-commitments that should have been made in respect of expired contracts when no activity has taken place. These adjustments do not affect the Statement of Financial Performance or Statement of Financial Position.

116%

97%

The HWSETA has committed 115% of reserves in 2018/19, however, the funding of such commitments flows between 1 to 3 years, and hence the HWSETA has sufficient funds to make good on all of its commitments. The Grant Regulations requires SETAs to commit at least 95% of its reserves each financial year.

19 Commitments (continued)

19.2 Operating Commitments

	2018/19 R'000	2017/18 R'000
Approved and contracted:		
International benchmarking trip to Rwanda	360	
Procurement of furniture and fittings	-	313
Procurement of IT equipment	76	-
Development of IT software - ERP development	-	6124
	436	6 437
Total Commitments: Discretionary and Operating	1 225 498	906 923

20 Operating Leases

	2018/19 R'000	2017/18 R'000
At the balance sheet date, HWSETA has outstanding commitments under non-cancellable operating lease which fall due as follows:		
Not later than one year	9 271	1 554
Later than one year but not later than five years		1 729
Later than five years		-
	9 271	3 283

Refer to note 26

The operating leases relate to the following rental contracts entered into by the HWSETA:

Office	Effective date	Termination date	Escalation rate
Head Office - JHB	01 April 2018	31 March 2020	7%
Northern Cape - Kimberley	01 April 2018	31 March 2020	8%
KZN - Durban	01 April 2018	31 March 2020	8%
Eastern Cape - East London	01 April 2018	31 March 2020	8%
Western Cape - Cape Town	01 April 2018	31 March 2020	8%
Gauteng - Midrand	01 April 2018	31 March 2020	8%
North West - Mafikeng	01 April 2018	31 March 2020	10%
Mpumalanga - Nelspruit	03 January 2017	31 March 2020	8%
Free State - Bloemfontein	01 April 2018	31 March 2020	8%
Limpopo - Polokwane	01 April 2018	31 March 2020	8%

21 Material Losses Through Criminal Conduct, Irregular, Fruitless and Wasteful Expenditure

The following material losses through criminal conduct, irregular, fruitless and wasteful expenditure were incurred during the 2018/19 year.

	2018/19 R'000	2017/18 R'000
Fruitless expenditure	6	2
1. Interest charges on late payment of invoices The interest is mainly levied by Telkom. We have lodged a query between the service provider and the IT department to determine the cause.	6	2
Losses through criminal conduct	-	54
2. Payment made for the purchase of Microsoft licenses. The supplier failed to provide the licenses. This expense was a result of non-delivery by the supplier and intentional misrepresentation by the supplier. A criminal case has been opened with the SAPS.	-	99
Less Recovery	-	-45
Total	6	56

A criminal case was opened with the SAPS. A summons was issued +C980 for recovery of this amount. There is a settlement agreement in place with the supplier and the balance owing has been fully recovered.

22 Events After Reporting Date

In terms of the government gazette issued, No. 42589 of 22 July 2019, the HWSETA has been established to 2030.

23 Going Concern

In terms of the government gazette issued, No. 42589 of 22 July 2019, the HWSETA has been established to 2030.

24 Risk Management

In the course of the HWSETA's operations, it is exposed to interest rate, credit, liquidity and market risk. The HWSETA has developed a comprehensive risk strategy in terms of TR 28.1 in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below. Financial instruments have not been discounted as they will all be settled or recovered within 3 months. The effect of discounting was found and considered not to be material.

Interest rate risk

The HWSETA manages its interest risk by effectively investing surplus funds in term deposits and call accounts with different accredited financial institutions according to the HWSETA investment policy. Any movement in interest rates will affect interest income. Interest income is utilised for additional discretionary grants and therefore will not affect the operations of the HWSETA adversely. The HWSETA's exposure to interest rate risk and the effective interest rates on financial instruments at balance sheet date are as follows:

24 Risk Management (continued)

	Amount R'000	Floating rate Effective interest rate	Non-interest bearing Amount R'000	Total Amount R'000
Year ended 31 March 2019				
Total financial assets				
Cash	1 149 739	5,40%	-	1 149 739
Accounts receivable			3 327	3 327
Total financial liabilities			-8 742	(8 742)
	1 149 739		(5 415)	1 144 324
Year ended 31 March 2018				
Total financial assets				
Cash	996 675	6,00%	-	996 675
Accounts receivable			4 952	4 952
Total financial liabilities			-10 642	(10 642)
	996 675		-5 690	990 985

Financial instruments consist of receivables, cash and cash equivalents and payables. All financial assets are categorised as receivables at amortised cost, and all financial liabilities as financial liabilities at amortised cost. The total carrying values of the various categories of financial assets and financial liabilities at the reporting date is as follows:

	2018/19 R'000	2017/18 R'000
Financial assets at amortised cost	1 153 066	1 001 627
Cash and cash equivalents	1 149 739	996 675
Receivables from exchange transactions	3 327	4 952
Financial liabilities at amortised cost	8 742	10 340
Payables from exchange transactions	8 742	10 340

Credit risk

Financial assets, which potentially subject the HWSETA to the risk of non performance by counter parties and thereby subject to credit concentrations of credit risk, consist mainly of cash and cash equivalents and accounts receivable.

The HWSETA limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury. Credit risk in respect of SARS is limited, as it is a government entity of sound reputation. Staff debts are recovered through the payroll.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The HWSETA does not have any material exposure to any individual or counter-party. The HWSETA's concentration of credit risk is limited to the industry in which it operates. No events occurred in the health and social development sector during the year that may have an impact on the accounts receivable that has not been adequately provided for. Accounts receivable are presented net of allowance for doubtful debts.

Credit ratings of HWSETA bankers:

Financial institution	Fitch ratings
First Rand Bank Ltd.	BB+
Nedbank Ltd.	BB+
Standard Bank	BB+
Corporation for public deposits	N/A

24 Financial Instruments (continued)

Short term ratings:

F3 - Obligations supported by adequate capacity for timely repayment relative to other obligators in the same country. Such capacity is more susceptible to adverse changes in business, economic or financial conditions than for obligations in higher categories.

Long term ratings:

BBB - Obligations for which capacity for timely repayment of principal and interest is adequate relative to other obligators in the same country. However, adverse changes in business, economic or financial conditions are more likely to affect the capacity for timely repayment than for obligations in higher rated categories.

The ageing of receivables from exchange transactions:

Not past due	2018/19		2017/18	
	Gross	Impairment	Gross	Impairment
0-30 days	1 496	-	2 588	-
31-120 days	-	-	-	-
120-365 days	-	-	-	-
Over a year (Rental deposits and staff bursaries)	1 831	-	2 364	-
Carrying amount	3 327	-	4 952	-

Liquidity risk

The HWSETA manages liquidity risk through proper management of working capital, capital expenditure and actual vs. forecasted cash flows. Adequate reserves and liquid resources are also maintained.

The ageing of payables from exchange transactions:

Days	2018/19		2017/18	
	Gross	Impairment	Gross	Impairment
Days		-		-
0-30 days	8 133	-	10 033	-
31-120 days	138	-	138	-
120-365 days	471	-	471	-
Over a year	-	-	-	-
Carrying amount	8 472	-	10 642	-

Fair values

The HWSETA's financial instruments consist mainly of cash and cash equivalents, account and other receivables, and account and other payables. No financial instruments were carried at an amount in excess of its fair value. The following methods and assumptions are used to determine the fair value of each class of financial instrument:

Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets.

Accounts receivable

The carrying amount of accounts receivable, net of allowance for bad debt, approximates fair value due to the relatively short-term maturity of these financial assets.

25 Related Party Transactions

All balances and transactions below are at arms length and in the normal course of business. The disclosure is purely for information purposes only.

All transactions with Government will be related parties to the HWSETA.

The Executive Authority of the HWSETA is the Department of Higher Education and Training (DHET). There were no transactions with the DHET.

Transactions with other SETAs, who are entities under common control. The HWSETA is a National Public Entity controlled by the DHET, it is considered to be related to other SETAs, the OCTO and NSF. The transactions are consistent with normal operating relationships between entities and are undertaken on terms and conditions that are normal for such transactions.

Interest transactions and balances arise due to the movement of employers from one SETA to another. No other transaction occurred during the year with other SETAs.

The balances at year - end included in the receivables and payables are:

Related party	2018/19 R'000		2017/18 R'000	
	Transfers in/(out) during the year	Amount receivable/ (payable)	Transfers in/(out) during the year	Amount receivable/ (payable)
Receivables	-	18	44	18
Bank SETA	-	18	-	18
Services Seta	-	-	44	-
Payables	-	(24)	(33)	(24)
Merseta	-	(9)	(5)	(9)
FP&M Seta	-	(5)		(5)
Inseta	-	(1)	(28)	(1)
ETDP Seta	-	(1)		(1)
CHIETA	-	(3)		(3)
W&R Seta	-	-		-
CETA	-	(5)		(5)
Total	-	(6)	11	(6)

25 Related Party Transactions (continued)

	2018/19		2017/18		2018/19	2017/18
	Total contributions received	Total contributions expected	Admin. Contributions received	Total Contributions expected	Discretionary Grants Paid	Discretionary Grants Paid
	R'000	R'000	R'000	R'000	R'000	R'000
National						
Health	2 486	2 486	2 252	6 664	760	400
Social Development	1 398	1 398	1 358	1 308	-	1 274
Provincial						
Western Cape						
Health	5 702	38 777	5 128	5 128	602	267
Social Development	2 315	2 437	2 145	2 145	1 292	1 245
Eastern Cape						
Health	11 857	45 214	11 013	24 438	-	7 224
Social Development	2 834	2 834	2 778	2 861	202	2 113
Gauteng						
Health	20 962	76 113	19 812	56 464	6 808	5 842
Social Development	4 331	4 331	3 941	3 814	700	700
Free State						
Health	19 186	20 195	18 187	18 187	597	2 545
Social Development	1 928	2 028	1 799	1 577	-	24
Northern Cape						
Health	8 081	8 505	-	3 928	4 526	366
Social Development	1 154	1 154	966	-	-	880
Mpumalanga						
Health	14 001	14 737	6 785	21 330	3 554	1 284
Social Development		2 006	-	1 477	-	2 840
Limpopo						
Health		40 634	2 000	31 211	403	749
Social Development	1 436	1 436	1 329	1 886	4 630	17 664
Kwa-Zulu Natal						
Health	20 868	21 967	18 850	56 550	1 806	2 629
Social Development	4 489	4 489	3 930	3 511	2 455	1 211
North West						
Health	18 955	18 955	18 891	18 891	2 325	3 824
Social Development	2 580	2 580	2 341	2 341	-	660
	144 563	312 276	123 505	263 711	30 660	53 741

Government Departments contribution of levies to the HWSETA is at 30%, since 1 April 2013, of their 1% training budget in line with a Cabinet Circular effective 1 April 2013. One third of the 30% received is allocated for the administration of the HWSETA, the remaining 20% is allocated for discretionary grant funding. In the 2017/18 year, there were Departments that still failed to contribute the full 30% as required. Certain government departments have not yet submitted the annual payroll figures thus the expected value is not complete.

* The expected levy is based on salary information of the department that is publicly available. This information could not be confirmed with the relevant department.

The departments **highlighted** above have paid less than the 30% required by the Cabinet Circular.

26 Operating Lease Commitment

The leasing of the office premises was smoothed over the lease term to equalise the future escalations in the lease payments. The smoothing for the year was as follows:

	2018/19 R'000	2017/18 R'000
Opening balance	20	460
Release of accruals during termination of lease contracts	-	(460)
Current year smoothing	372	20
Closing balance	392	20

Refer also to note 20

27 Reconciliation of Net Cash Flow from Operating Activities to Net Surplus (Deficit)

	2018/19 R'000	2017/18 R'000
Net surplus/(deficit) as per Statement of Financial Performance	124 988	163 874
Adjusted for non-cash items:		
Profit on Disposal	-	-
Depreciation	1 972	1 771
Write off assets	97	-
Amortisation	316	377
Provision for staff bonuses	348	302
Investment income	(62 427)	(56 493)
Adjusted for working capital changes:	27 304	37 631
(Increase)/decrease in inventory	153	(188)
(Increase)/decrease in receivables	1 710	1 564
Decrease in smoothing lease	372	(440)
Increase/(decrease) in payables	25 069	36 695
Cash generated from operations	92 598	146 483

28 Critical Accounting Judgement and Key Sources of Estimation Uncertainty

In the application of HWSETA's accounting policy management is required to make judgment, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods.

Key sources estimation uncertainty

The following are the key assumptions concerning the future, and other sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the amounts of assets and liabilities within the next financial period.

1. Property, Plant and Equipment

The HWSETA reviews the estimated useful lives of property, plant and equipment at the annual reporting period, refer to note 8 for the carrying values of property, plant and equipment .

The following rates are used for depreciation of property, plants and equipment:

Computer Equipment	2 to 6 years
Computer Software	2 to 6 years
Office furniture and fittings	10 to 20 years
Office equipment	10 to 15 years
Motor vehicles	5 to 10 years

The HWSETA has reviewed the residual values used for the purpose of the depreciation calculation in the light of the amended definition of residual value. The review did not highlight any requirement for an adjustment to the residual values used in the current or prior periods. Residual values are reviewed annually.

2. Levy Exempt Payables

The HWSETA recognises a payable in respect of SDL levy refunds due to Levy-exempt employers. This payable is a provision based on levies received from possible levy exempt entities. Refer to note 16

29 New Accounting Pronouncements

The HWSETA has not applied the following :

Standard/ Interpretation:	Effective date: Years beginning on or after	Impact
GRAP 20: Related party disclosures	01 April 2019	The standard provides guidance on related party disclosures to ensure that an entity's financial statements contain the disclosure necessary to draw attention to the possibility that its financial position and surplus or deficit have been impacted by the existence of connected parties and by transactions and outstanding balances with such parties.
GRAP 32: Service concession arrangements: Grantor	01 April 2019	The purpose is to prescribe the accounting for service concession arrangements by the Grantor. This standard will not affect the HWSETA's transactions.
GRAP 109: Accounting by Principles and Agents	01 April 2019	GRAP 109 outlines principles to assess whether an entity is party to a principal-agent arrangement. The standard does not have an effect on the HWSETA due to the nature of the mandate of the HWSETA.
GRAP108: Statutory Receivables	01 April 2019	The objective of this standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. Statutory receivables can arise from both exchange and non-exchange transactions. Where these receivables arise from exchange and non-exchange revenue transactions, an entity shall apply the recognition and initial measurement requirements of the Standards of GRAP on Revenue from Exchange Transactions and Revenue from Non-exchange Transactions (Taxes and Transfers), as well as the requirements of this standard. The effect on the HWSETA is that statutory receivables are now an impairment loss as opposed to a provision if there is a write-down of this asset.
IGRAP 19 Liabilities to Pay Levies	01 April 2019	The Interpretation provides guidance on when to recognise liabilities to pay levies, i.e. when the activity that triggers the payment of a liability occurs. A levy is a non-exchange transaction that is imposed by government (local, provincial or national) on entities in accordance with legislation or similar means (with some exceptions).
IGRAP 17: Service concession arrangements: where a Grantor controls a significant residual interest in an asset	01 April 2019	The purpose is to prescribe the accounting for service concession arrangements by the Grantor. This standard will have no effect on the HWSETA.

30 Segment Reporting

“The HWSETA has identified the core operations of the HWSETA as reportable segments based on services rendered. The Skills Development Division (SDP) co-ordinates and manages the discretionary grant and mandatory grant funding of the HWSETA in order to facilitate the development of scarce and critical occupations. The ETQA Division acts as Education and Training Quality Assurance Bodies within various economic sectors to ensure quality education and training. The Research Information Monitoring and Evaluation (RIME) Division plays a pivotal role in managing knowledge generation, as well as packaging and presenting it in a way that influences policy and projects in the HWSETA. The HWSETA has centralised services offered in the provinces in South Africa, and these have been shown as a core segment.

It is difficult to attribute revenue to each of the above divisions, and hence only identifiable revenue relating to discretionary and mandatory grants expenditure has been shown under the segment SDP. The balance of revenue collected by the HWSETA is used collectively for the other three segments as well as support divisions, and hence is not disclosed. Total revenue is disclosed in the Statement of Financial Performance. Not all the administration expenses of the HWSETA are identifiable per these four segments disclosed, and hence only identifiable material expenses are disclosed in the segments. The balance of expenses is disclosed in note 7 to the annual financial statements.

The HWSETA assets and liabilities cannot be separated into the segments disclosed, and hence are not disclosed in the segment reporting. There is no reported surplus or deficit per segment as the operations of the HWSETA are not reported internally this way.

The HWSETA has not disclosed geographical areas in segment reporting as this is not used for decision-making purposes and is also not reported internally.

Segment Reporting	Skills Development Planning	Education, Training And Quality Assurance	Research, Information, Monitoring & Evaluation	Provincial Services	Total
SEGMENT REVENUE					
Skill development levy income	428 476	-	-	-	428 476
Government levy income	61 694	-	-	-	61 694
	490 170	-	-	-	490 170
SEGMENT EXPENSE					
Salaries and wages	6 465	7 551	5 990	15 914	35 920
Mandatory grant expenditure	78 751	-	-	-	78 751
Discretionary grant expenditure	367 421	-	-	-	367 421
QCTO contribution	-	3 100	-	-	3 100
Other expenses	2 067	2 330	1 682	4 663	10 742
	454 704	12 981	7 672	20 577	495 934
Surplus/(deficit) for the period	35 466	-12 981	-7 672	-20 577	-5 764

Reconciliation to the statement of financial performance

	Segmental reporting R'000	Administrative / support services R'000	Total R'000	Note reference
Revenue	490 170	146 575	636 745	note 3
Interest income	-	62 427	62 427	note 4
Other income	-	303	303	note 5
Expenses	495 934	78 777	574 711	
Salaries and wages	35 920	42 457	78 377	note 7
Mandatory grant expenditure	78 751	-	78 751	note 6
Discretionary grant expenditure	367 421	-	367 421	note 6
Other expenses	10 742	36 320	47 062	note 7
QCTO expenses	3 100	-	3 100	note 7
	-5 764	130 528	124 764	

31 Board remuneration

Financial year 2018/19		Total	Allowances	Travel and Subsistence Allowances	
Names	Designation		Meeting & Preparation fees	Reimbursement	Cell Phone
			R		
Ms R Matenche	Chairperson	283 840	258 999	12 742	12 100
Dr E Moloko	Chairperson (Ex)	32 121	32 001	120	-
Mr H Sekhitla	Board Member (Ex)	5 661	5 661	-	-
Mr A Seirlis	Board Member (Ex)	10 977	9 999	978	-
Ms TE Ntabeni	Board Member (Ex)	14 149	13 733	417	-
Mr N Ndzwayiba	Board Member	125 219	120 386	4 833	-
Dr CC Nkuna	Board Member	74 501	69 234	5 267	-
Dr DS Bomela	Board Member	113 381	107 331	-	6 050
Ms M Nkambule	Board Member	152 618	128 470	24 148	-
Mr KI Mokaila	Board Member	14 026	11 082	2 944	-
Mr M Khanyeza	Board Member	157 589	150 245	7 344	-
Mr WK Magasela	Board Member (Ex)	233	-	233	-
Ms TY Skosana	Board Member	424	-	424	-
Mr RM Maleka	Board Member	164 951	147 015	11 886	6 050
Ms LLC Malamba	Board Member	42 779	42 525	254	-
Ms BJ Kumalo	Board Member	157 457	147 150	4 257	6 050
Mr SR Kgara	Board Member	51 393	51 300	93	-
Mr LA Gilbert	Board Member	57 168	53 325	3 843	-
Ms K Naicker	Board Member	30 646	29 700	946	-
Dr CM Mini	Board Member	18 900	18 900	-	-
Dr JK Mothudi	Board Member	15 382	14 175	1 207	-
Ms PP Motlokoa	Board Member	14 029	13 842	187	-
Ms F Fayers	Board Member (Ex)	9 946	9 946	-	-
Mr A Kyereh	Co-opted member	74 070	67 288	-	6 782
Mr P Hill	Co-opted member	106 881	106 881	-	-
Total		1 728 340	1 609 185	82 123	37 032

Independent Audit Committee Member Remuneration

Financial year 2018/19		Total	Meeting Attendance	Travel and Subsistence Allowances			
Names	Designation				R	R	R
					R	R	R
Mr P Motubatse	Board Member (Ex)	25 110	22 366	2 744			
Mr R Adam	Independent Chairman (Ex)	29 385	16 082	13 303			
Mr CG Higgins	Independent member/ Chairman	59 636	57 942	1 694			
Mr DM Ndebele	Board Member (Ex)	15 312	14 966	346			
Mr MP Ramutsheli	Independent member	30 609	29 663	946			
Total		160 052	141 019	19 033			

Senior Management Remuneration

Financial year 2018/19		Total	Basic	Travel	Cell Phone	Bonus					
Names	Designation						R	R	R	R	R
							R	R	R	R	R
Mrs E Brass	Chief Executive Officer	2 284 920,25	1 980 142,30	120 000,00	12 602,01	172 175,94					
Mrs D Theaker	Acting Chief Financial Officer	1 671 063,80	1 438 905,57	96 000,00	8 146,66	128 011,57					
Mr AK Pardesi	Executive - CS	1 731 489,70	1 591 455,73	-	8 115,00	131 918,97					
Mr P Samuels	Executive - SDP (2 Months)	189 821,81	177 821,81	12 000,00	-	-					
Mr SB Gcabashe	Executive - RIME/SDP	1 681 773,77	1 428 981,32	120 000,00	5 838,00	126 954,45					
Ms BJ Motubatse	Executive - ETQA	1 497 230,23	1 376 983,66	-	6 105,63	114 140,94					
Ms B Plaatjie	Acting Executive - RIME	1 456 015,73	1 311 157,55	66 000,00	7 496,70	71 361,48					
Total		10 512 315,29	9 305 447,94	414 000,00	48 304,00	744 563,35					

Board Remuneration

Financial year 2017/18			Allowances Meeting & Preparation fees	Travel and Subsistence Allowances	
Names	Designation	Total		Reimbursement	Cell Phone
		R	R	R	R
Dr ET Moloko	Chairperson	279 486	263 858	2 428	13 200
Ms F Fayers	Board/Exco Member	194 831	177 023	11 208	6 600
Mr R Van Loggerenberg	Board/Exco Member	-	-	-	-
Mr D Shardlow	Board/Exco Member	-	-	-	-
Mr H Sekhitla	Board/Exco Member	120 351	110 957	5 544	3 850
Mr P Motubatse	Board Member	283 880	183 498	97 632	2 750
Mr A Seirlis	Board Member	70 984	64 384	6 600	-
Ms E Zondo	Board Member	-	-	-	-
Ms E Strachan	Board Member	-	-	-	-
Ms I Smith	Board Member	-	-	-	-
Ms T Ngcobo	Board Member	-	-	-	-
Mr S Madikizela	Board Member	-	-	-	-
Mr A Naude	Independent member	-	-	-	-
Ms TE Ntabeni	Board Member	121 912	111 394	10 518	-
Mr N Ndzwayiba	Board Member	112 914	108 120	4 794	-
Dr CC Nkuna	Board Member	120 670	113 975	6 695	-
Mr DM Ndebele	Board Member	115 640	113 042	2 598	-
Dr DS Bomela	Board Member	123 704	117 104	-	6 600
Ms M Nkambule	Board Member	84 083	61 756	22 327	-
Mr KI Mokaila	Board Member	101 641	75 769	25 872	-
Mr M Khanyeza	Board Member	180 514	167 847	12 667	-
Mr AM Crichton	Board Member	1 228	-	1 228	-
Mr A Kyreh	Board Member	97 693	76 707	20 986	-
Mr WK Magasela	Board Member	2 520	-	2 520	-
Total		2 012 051	1 745 434	233 617	33 000

Independent Audit Committee Member Remuneration

Financial year 2017/18			Meeting Attendance	Travel and Subsistence Allowances	
Names	Designation	Total			
		R	R	R	
Mr R Adam	Independent Chairman	98 228	76 147	22 081	
Mrs M Ramutsheli	Independent member	60 075	57 710	2 365	
Mr P Motubatse	Board member	15 273	12 731	2 542	
MR CG Higgins	Independent member	65 562	65 562	-	
Mr D Ndebele	Board member	12 246	12 246	-	
Mr A Kyreh	Independent member	36 305	36 305	-	
Total		287 689	260 701	26 988	

Senior Management Remuneration

Financial year 2017/18						
Names	Designation	Total	Basic	Travel	Cell Phone	Bonus
		R	R	R	R	R
Mrs E Brass	Acting Chief Executive Officer	2 057 734	1 791 068	120 000	9 464	137 202
Mrs D Theaker	Acting Chief Financial Officer	1 508 139	1 307 934	96 000	7 764	96 441
Mr AK Pardesi	Executive - CS	1 594 547	1 465 766	-	8 400	120 380
Mr P Samuels	Executive - SDP	1 398 695	1 324 639	72 000	2 057	-
Mr SB Gcabashe	Executive - RIME	1 532 494	1 290 605	120 000	6 039	115 850
Ms BJ Motubatse	Executive - ETQA	1 379 208	1 268 233	-	6 818	104 157
Ms B Plaatjie	Acting Executive - RIME	496 542	466 926	27 500	2 116	-
Total		9 967 359	8 915 171	435 500	42 657	574 031

32 Presentation of Budget Information

Reconciliation of budget surplus with the surplus in the statement of financial performance - 2018/19

	R'000
Net surplus per the statement of financial performance	124 988
Adjusted for:	
Impairments recognised	-
Surplus on sale of assets	-
Loss on scrapping of assets	-
Increase/decrease in provisions	-
Effect of smoothing relating to operating leases	-
Adjustments relating to Finance charges for finance leases on rental	-
	124 988
Participation in mandatory grants	5 495
Utilisation of reserves for discretionary grants	-89 882
Underspending on administration expenses	-10 773
	-94 160
Exceeded budget collection of revenue	-25 084
Net surplus per approved budget before capital expenditure	4 744

Factors resulting in major variances between actual costs and budgeted costs:

As per the Statement of Comparison between Budget and Actual costs:

- The Grant levies budget for the current year is based on levy income percentages as per the new grant regulations and based on expected revenue. Actual receipts is however unpredictable.*
- Government levies are higher than expected despite a few outstanding levies from the Departments. This is due to higher salary costs borne by the departments and improved contribution to the HWSETA.*
- Interest income is higher than budget due to the high cash reserves being held at banking institutions.*
- Lower than expected payment of discretionary grants due to changes in the Nursing qualifications impacting learnerships. In addition low participation by Government departments of Health.*
- Savings are mainly due to vacant positions in personnel.*

In addition, the HWSETA had heeded the call for austerity measures. This has resulted in savings in administration expenditure.

Financial year 2018/19	Original approved budget	Final Approved Budget	Difference
	at start of year 2018/19	2018/19	
	R'000	R'000	R'000
Levy income	439 689	471 595	31 906
Government levy contributions	130 657	142 915	12 258
Investment income - interest	42 023	59 881	17 858
Levy income penalties	-	-	-
Retention of prior year surplus	-	-	-
Other income	-	-	-
Total Income	612 369	674 391	62 022
Total Expenditure	610 310	669 647	59 337
Administration expenditure	131 911	139 088	7 177
Mandatory grants expenditure	77 938	73 256	(4 682)
Discretionary grant expenditure	400 461	457 303	56 842
Surplus for the period	2 059	4 744	2 685
Less capital expenditure	2 059	1 814	2 685
Surplus after capital expenditure	-	2 930	-

The adjustments to the originally approved budget of 2018/19 (approved in August 2018) were made due to information available six months into the 2018/19 financial year. Certain assumptions that were made in the original budget were then tested, and actual operational needs had changed in some instances relating to administrative expenditure, grant expenditure and revenue expectations. Changes to the approved budget included:

- Based on actual collections for the prior year, SDL income was projected to increase by 6%. Six months into the year, it became evident that there was a significant improvement in the collection of government levy income. The budget was adjusted accordingly.*
- Increase in projected interest income due to higher cash balances.*
- Payments of mandatory grants was projected to be lower than expected due employer participation rate first six months of the year.*
- Administration costs were increase to cater for expected increases for the employment of additional staff capacity.*

Reconciliation of budget surplus with the surplus in the statement of financial performance - 2017/18

	R'000
Net surplus per the statement of financial performance	163 197
Adjusted for:	
Impairments recognised	-
Surplus on sale of assets	-
Loss on scrapping of assets	-
Increase/decrease in provisions	-
Effect of smoothing relating to operating leases	-
Adjustments relating to finance charges for finance leases on rental	-
	163 197
Participation in mandatory grants	(4 856)
Utilisation of reserves for discretionary grants	(113 790)
Underspending on administration expenses	(6 671)
	(125 317)
Exceeded budget collection of revenue	(31 880)
Net surplus per approved budget before capital expenditure	6 000

Factors resulting in major variances between actual costs and budgeted costs:

As per the Statement of Comparison between Budget and Actual costs:

1. *The Grant levies budget for the current year is based on levy income percentages as per the new grant regulations. Actual receipts however comprise mainly SDL levy income.*
2. *Government levies are higher than expected despite a few outstanding levies from the Departments. This is due to higher salary costs borne by the departments.*
3. *Interest income is higher than budget due to the high cash reserves being held at banking institutions.*
4. *Rationalisation costs did not materialise as expected due to delays in establishing new offices in other provinces as planned.*
5. *Savings are mainly due to vacant positions in personnel.*

In addition, the HWSETA had heeded the call for austerity measures. This has resulted in savings in administration expenditure which are used to increase capacity in the short-term as and when required.

Financial year 2017/18	Original approved budget	Final Approved Budget	Difference
	at start of year 2017/18	2017/18	
	R'000	R'000	R'000
Levy income	461 344	415 586	(45 758)
Government levy contributions	96 770	123 494	26 724
Investment income - interest	42 023	54 898	12 875
Levy income penalties	-	-	-
Retention of surplus	-	98 840	98 840
Other income	-	-	-
Total Income	600 137	692 818	92 681
Total Expenditure	595 606	686 818	91 212
Administration expenditure	124 100	123 537	(563)
Mandatory grants expenditure	88 547	73 665	(14 882)
Discretionary grant expenditure	382 959	489 616	106 657
Surplus for the period	4 531	6 000	1 469
Less capital expenditure	4 531	6 000	1 469
Surplus after capital expenditure	-	-	-

The adjustments to the originally approved budget of 2017/18 (approved in August 2017) were made due to information available six months into the 2017/18 financial year. Certain assumptions that were made in the original budget were then tested, and actual operational needs had changed in some instances relating to administrative expenditure, grant expenditure and revenue expectations. Changes to the approved budget included:

1. *Increases in revenue projections based on increased collections in 2015/16.*
2. *Increase in the administration budget and capex budget due to actual spend 2015/16, planned activities and contracts in place.*
3. *Increases in budgeted discretionary and mandatory grant spend based on increased revenue collections.*

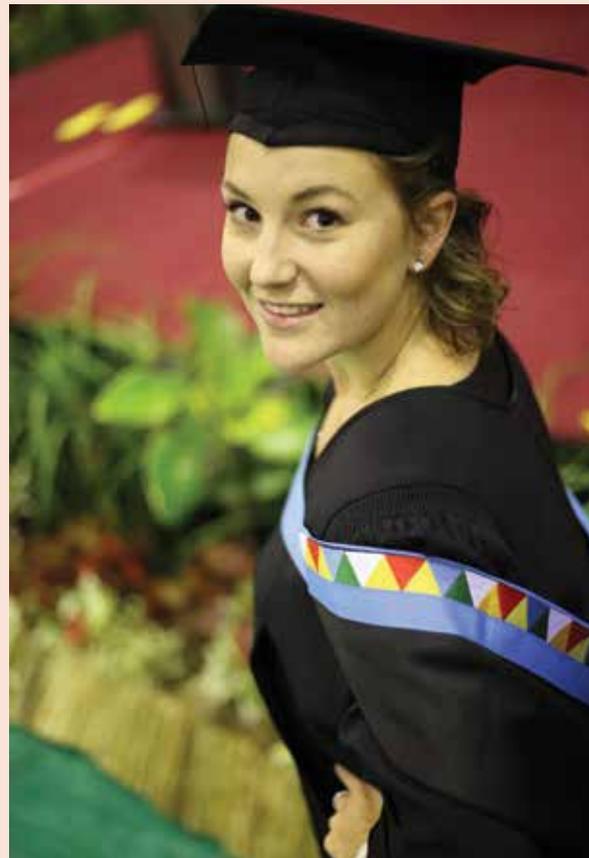
HWSETA funds 100 postgraduate students to produce excellent research

The HWSETA's postgraduate research bursary programme aims to increase student enrolment at the postgraduate level, boost the capacity of health and social development, address skills shortages in the fields of research, and retain young black women professionals.

During the period under review, R7.14 million was allocated to funding approximately 100 students who graduated in the 2018/19 financial year. The selection of candidates was based on their research focus, which included animal and environmental health, mental health, primary health care, nursing education, and child development. The main criteria for eligibility was the relevance of the research in response to creating new knowledge or adding/advancing an existing body of knowledge.

"Only through the creation and expansion of new knowledge, can we really devise strategies to improve our nation and the lives of South Africans, particularly pertaining to health and the environment," said Dr. Siphobuthlezi, Research and Information Manager at HWSETA. He added: "We are really proud of our graduates and the positive effect and transformation their research will produce for the future."

One of the recipients of the bursary programme, Catherine Jakins, graduated from the University of KwaZulu-Natal (UKZN). Her research, that focuses on rhino poaching, has resulted in incredible findings. Jakins realised that many offenders' actions were motivated by their experience(s) of poverty. She found that, 'increased economic incentives



and adequate conservation education programmes need to be urgently implemented in communities surrounding protected areas'. Such knowledge and research enables the development of actions and strategies aimed at fixing problems that inhibit social development, and further assist in sustaining South Africa's environment.

Jakins said it has not been easy researching this specific field and that she was presented with a number of challenges along the way. But perseverance and extensive support from her family saw her succeed. Jakins is part of a non-profit organisation, making use of her skills as a conservation criminologist in the organisation's awareness campaigns. She advised anyone looking to pursue their studies to be driven by passion and to be honest about their abilities.

HWSETA will continue investing extensively in funding postgraduate students with the aim to expand the production of research in South Africa.

HWSETA

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