

Annual Report 2019-2020



Health and Welfare Sector
Education and Training Authority
HWSETA

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HWSETA

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HWSETA ANNUAL REPORT 2019-2020



Dr Bongikosi Blade Nzimande
Minister of Higher Education and Training



Mr Buti Manamela
Deputy Minister Of Higher Education and Training



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A

GENERAL
INFORMATION

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 of South Africa:

303 Eastgate Office Towers
43 Bradford Road, Bedfordview, 2008

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

Corporation for Public Deposits (CPD)

PO Box 427, Pretoria, 0001



LIST OF ABBREVIATIONS/ACRONYMS

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



Dr Nomsa V. Mnisi
Chairperson of the Board

FOREWORD BY THE CHAIRPERSON

Presentation of the Annual Report

I hereby, on behalf of the Accounting Authority of the HWSETA, and in my capacity as the Chairperson of the Board, have pleasure in presenting the 2019-2020 Annual Report in line with relevant laws. This Annual Report is an accurate account of the performance of the HWSETA towards the achievements of goals and targets set in the Annual Performance Plan for the year under review. The HWSETA is pleased to report that its performance in 2019-2020 has resulted in an achievement of 95% of the targets as weighted in the Annual Performance Plan 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 relevant laws and regulations required. It continues to implement the directives of the Honourable Minister of Higher Education, Science and Technology in his capacity as the Executive Authority of the HWSETA. The HWSETA ensured that delivery is in accordance with the National Skills Development Plan, Medium Term Strategic Framework and the National Development Plan 2030.

Taking forward excellence: building on the good performance of previous years

On behalf of the newly elected Board, I would like to thank our predecessors for continuously improving good Governance, ensuring that decisions are made timeously, and for steering the ship successfully during their tenure.

The HWSETA received its 13th consecutive unqualified audit opinion for the 2019-2020 year. I am impressed with the strong controls that are in place and can assure our stakeholders that we will continue to maintain good governance, performance and internal control, and improve where needed in the coming financial year.

I must also acknowledge the CEO, Mrs Elaine Brass, and her Executive Team who have managed the HWSETA with great professionalism and have worked tirelessly to bring forward the vision of the organisation. The CEO position is linked to the term of the Board. Through a formal recruitment process Gazetted, Ms Elaine Brass has been appointed the CEO by the Minister of Higher Education, Science and Technology. We congratulate her and look forward to working with her.

Mandate and performance of the Board

Throughout the 2019-2020 financial year, the Accounting Authority maintained focus to ensure that the HWSETA continues to deliver and attain the goals and targets of the NSDP. The HWSETA's Board ensures that it provides leadership to the entire organisation to maintain a conducive environment that promotes productivity and excellence.

Standing Committees of the Board were functional and effective throughout the period. The HWSETA 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 HWSETA 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.

Achievement Against Performance Indicators

The HWSETA successfully improved its performance on the prior year to 95% achievement of its performance indicators as set out in the Annual Performance Plan. Progress has been made for the remaining 5% not achieved. Sincere gratitude goes to the HWSETA team that worked tirelessly to achieve this unprecedented performance. I look forward to the HWSETA striving to achieve all targets set and to serve the sectors of health, social development and veterinary science

I express sincere gratitude to the Minister, Board Members, Standing Committees members and co-opted members, Management, Staff, Internal Audit and the Office of the Auditor-General.

I wish to take this opportunity to thank all our stakeholders and partners who created an enabling environment for the HWSETA

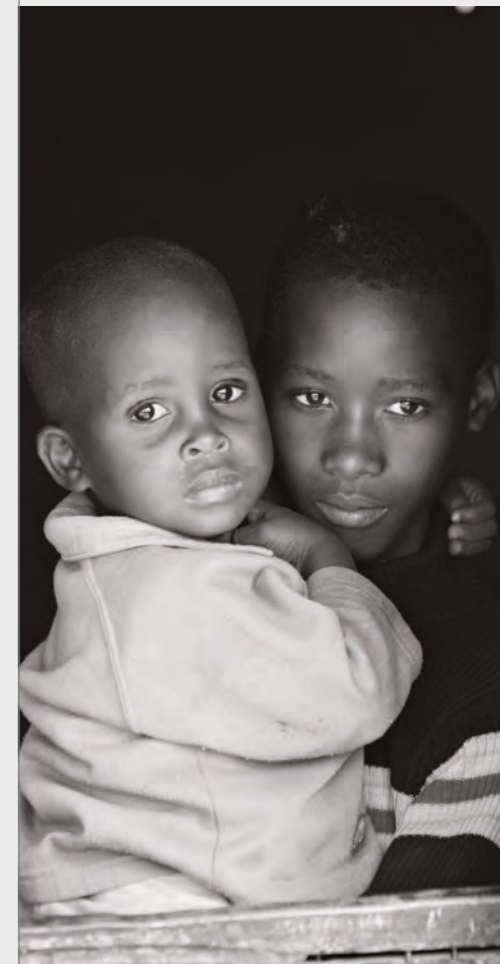
to discharge its mandate, especially the Honourable Minister of Higher Education, Science and Technology and his office.

Our sincere thanks 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 (NGO), institutions of higher learning and the college sector, and our partners

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.





Ms Elaine Brass CA(SA)
Chief Executive Officer

CHIEF EXECUTIVE OFFICER'S REPORT

Performance for 2019-2020
financial period

The 2019-2020 year has proven to be exciting and filled with opportunity. In the midst of a pandemic, the opportunity to serve South Africa in the health and social development sectors has been a priority for the HWSETA who has risen to the challenge. The HWSETA has come out strong to support the needs of frontline workers in both the health and social development sectors. The year ended with the HWSETA Board approving R100 million in COVID-19 projects across the sector and across a variety of interventions.

In the period under review, the HWSETA ended the year having achieved 95% of its Annual Performance Plan targets and many targets were also overachieved.

To add to this exceptional performance, the HWSETA disbursed R653 million in discretionary grants for the year. This was a 78% increase on the previous year. The significant disbursement has resulted in the HWSETA going into a deficit, which is unfortunately considered irregular expenditure as it also exceeded the discretionary grant budget. However, sufficient reserves were available to cover the disbursement of R653 million, where most of the disbursements were against commitments from the prior year. The HWSETA is comfortable with this, and is pleased to be disbursing from reserves and prior year commitments. The objective is to ensure that committed funds are

mobilised into the sectors where the funds are needed.

The HWSETA has increased its participation by employers from 66% to 70%. This is also significant and exceeded the budget for mandatory grants, which is then also considered irregular expenditure. The HWSETA cannot predict with certainty employer participation in mandatory grants. The HWSETA remained compliant with the Grant Regulations at all times in the distribution of mandatory and discretionary grants.

Within the 95% achievement against targets, is a performance figure of an exceptional 62% above target for the provision of career guidance to learners. Tracer studies show that the programmes supporting artisans, learnerships and internships has seen 60% of learners finding permanent employment. The desired target was 80%, however economic conditions have in general not been favourable to allow for these higher employment rates.

The HWSETA produced five applied research reports during the year. The reports consisted of the Sector Skills Plan update of 2020-2021 and the following four reports: The skills requirements of the South African health sector created by the 4th Industrial Revolution; The role that can be played by the HWSETA to support the National Health Insurance Programme; An Evaluation of the Walter

Sisulu Mini-Academy Health Care Quality and Patient Safety Programme; as well as a Track and Trace Study of unemployed learners that completed training in 2018-2019.

The HWSETA's staff compliment was strong with 96% of funded positions being filled. The HWSETA employs 143 staff members in total across all Provinces including six satellite offices. This ensured that the target of 95% performance could be achieved. Furthermore, automation of all systems continues to improve and full automation is expected in the 2020-2021 financial year.

A total of 325 employers participated in work-based learning programmes that translates to an overachievement of 210% against target. The target for co-operative support was overachieved by 92% which can be attributed to the support of co-ops with COVID-19 projects. This has proven to be most successful, allowing a steady flow of income and profit to these co-ops.

Support for SMME's improved in the year under review and the target was met. It should be noted that the interest by SMME's has grown steadily over the last two years. NGO, CBO and Trade Union support has also grown, with an achievement of 146% against target. The HWSETA also supported the levy-exempt sector and achieved the planned target.

Notable impact was achieved through the formation of partnerships with Government, private organisations, as well as with communities. The result of these partnerships was an overachievement against this target for the year.

Mid-level skills development remains important, and the HWSETA managed to fund more programmes than anticipated and exceeded this target with an achievement on 375% against the set target. The introduction of driver's licences, entrepreneurship support and second chance post school programmes have proven to be valuable in the mix of skills programme offered. HWSETA's reach on the AET indicator was exceeded by 96%, due to the fact that an additional 943 learners were reached through the 2nd chance matric programme at community colleges.

The HWSETA is pleased that support for employed and unemployed learnerships has remained strong and targets were achieved in the period under review. The HWSETA has placed emphasis on the education of lecturers at TVET, Community and Emergency Medical Care colleges.

The HWSETA continues to support Skills Development Providers through accreditation. In the year, 58 SDPs were accredited against a planned target of 24. This includes registration of assessors and moderators. The HWSETA policies are strong and sound and require compliance in order for an SDP to be accredited in our sector. The number of learners certified by the HWSETA ETQA in the year under review was exceeded with an achievement of 139%. This was mainly due to the registration of HWSETA legacy qualifications by SAQA where learning materials were already available. These were taken up by SDPs.

The areas of underachievement were support for TVET enrolled learners for vocational training where capacity and available sector programmes were a limiting factor. The HWSETA has not achieved well with the recording of completions across various programmes. This is mainly due to the unavailability of evidence to record the completions as required by policy and the audit processes.

In addition, the COVID-19 lockdown period did not assist with this challenge in that documentary evidence, and some summative and final assessments were delayed. The HWSETA did not register any new qualifications in 2019-2020 due to the lengthy process and the support needed by the sector for consensus on the qualifications.

The HWSETA continues to be at the forefront of RPL. During the period under review, 578 learners qualified for RPL on either part or full qualifications. This has exceeded the planned target of 381, by 52%.

The HWSETA has had an exceptional year. The effect of COVID-19 and the impact of the 4-month skills development levy contribution holiday will only be felt in the 2020-2021 financial year. Plans and

budgets have been revised to allow the HWSETA to still make an impact in the sectors it serves.

The HWSETA's governance and strong internal control environment continues to be in place with sound risk management.

The HWSETA can only be relevant and achieve with the support of its employers, partners, Skills Development Providers, Departments of Health and Social Development, and the Department of Higher Education Science and Innovation.

We sincerely thank you and wish to continue our journey with you in the next years to come.

Finally, I thank my Executives, Managers and HWSETA staff, without you all this is not possible. We serve our country together. The continued, unwavering support of our Board cannot be underestimated, I thank you, and welcome our new Board members to our team.

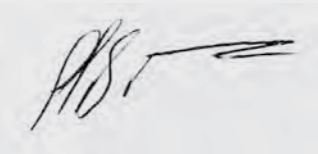


STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

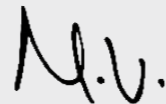
- All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General of South Africa.
- The Annual Report is complete, accurate and is free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines on the annual report as issued by the 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 2020.

Yours Sincerely,



Ms Elaine Brass CA(SA)
Chief Executive Officer

DATE: 30 SEPTEMBER 2020



Dr Nomsa V. Mnisi
Chairperson of the HWSETA

DATE: 30 SEPTEMBER 2020

HWSETA RISES TO THE COVID-19 CHALLENGE IN PARTNERSHIP WITH **COMMUNITY CHEST**

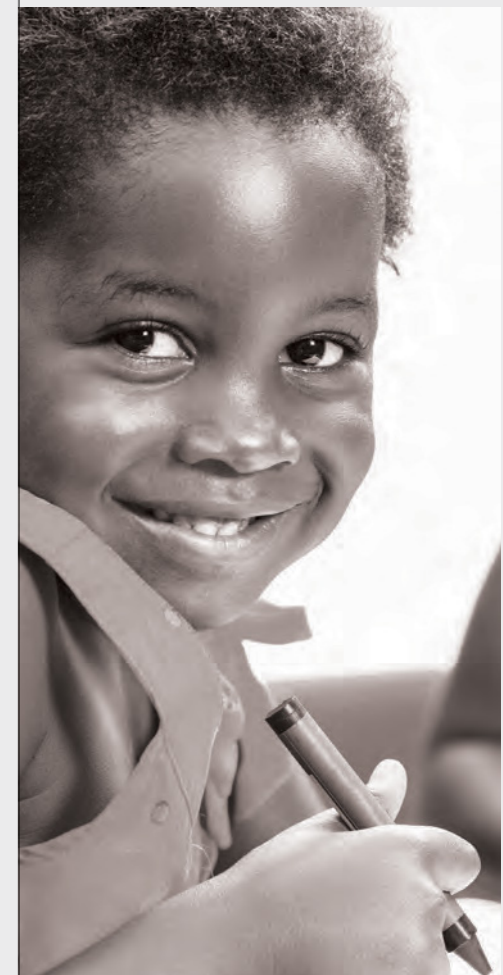
The COVID-19 pandemic prompted South African NGO, Community Chest, to establish the 'Coalition of the Committed' fund to convene the efforts of government, corporates, individuals and grassroots-level civil society organisations to combat the consequences of the pandemic.

The HWSETA is proud of its partnership with Community Chest, that saw an amount of R6.45 million committed to the fund to directly impact vulnerable communities through individual health fortification services. This includes the provision of immune boosting nutrition and products, as well as future resilience planning that ensures that every vulnerable citizen is provided with the resources to survive COVID-19 as a stronger and healthier individual, living in a cleaner and safer environment.

The HWSETA CEO, Elaine Brass, explains their rationale behind the partnership: "We see our mandate reaching beyond a skills development responsibility, where we also contribute to a better life for all South Africans."

"The pandemic presented us with a unique opportunity to do just that. When we became aware of Community Chest's work in response to the pandemic, we identified them as an ideal partner," she continued. "Through their initiatives, communities are provided with much needed assistance and support, whilst gathering critical data which further enables an effective response to the needs of all affected by the pandemic."

Community Chest is collaborating with a technology partner to support the fund by providing a live dashboard reflecting supply management chains throughout the project. The dashboard accurately pinpoints live distribution numbers and reach any given location throughout South Africa at any given time.



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 and implement 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, it 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.

Legislative Mandates

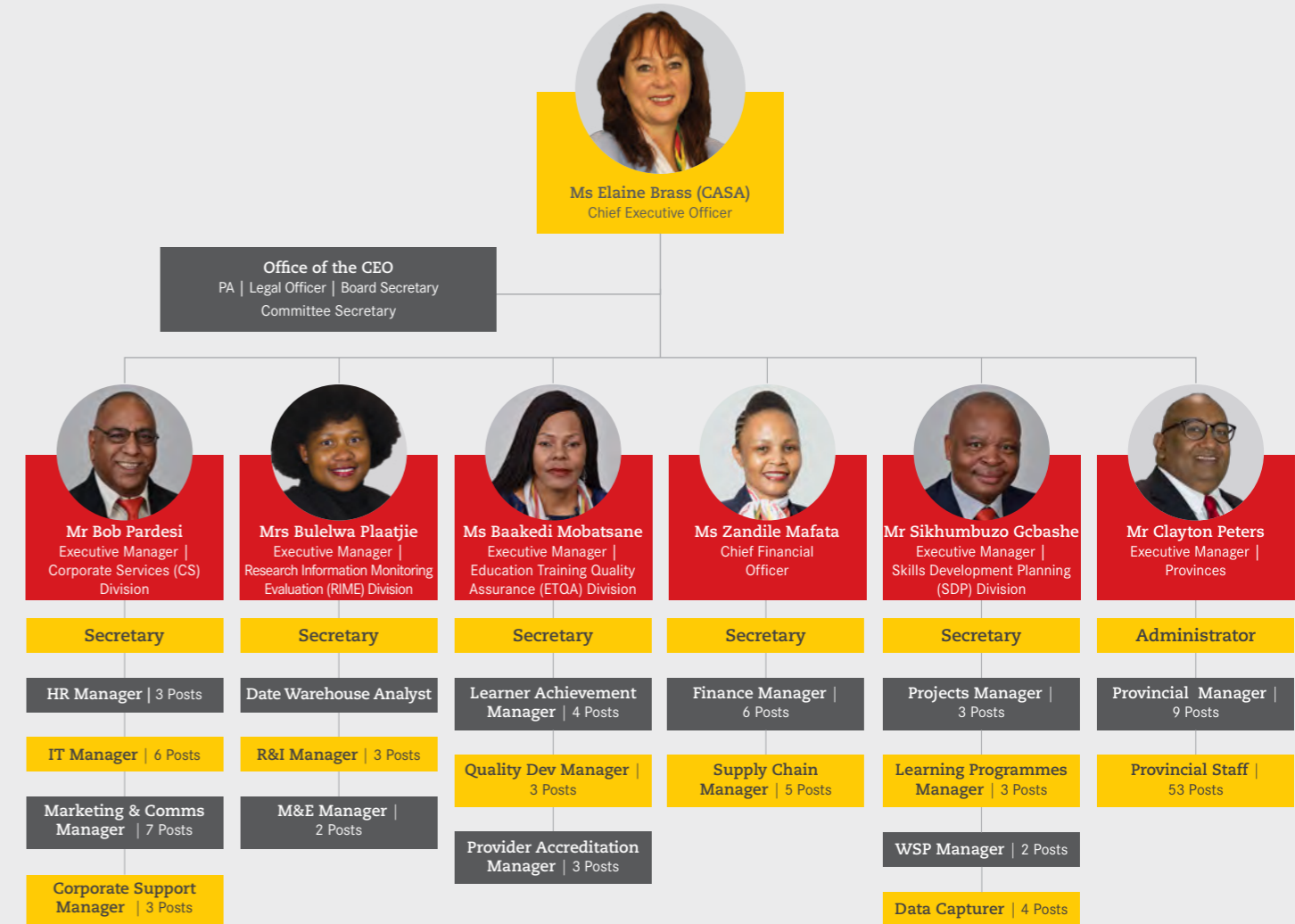
The HWSETA derives its mandate from:

- 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.

Policy Mandates

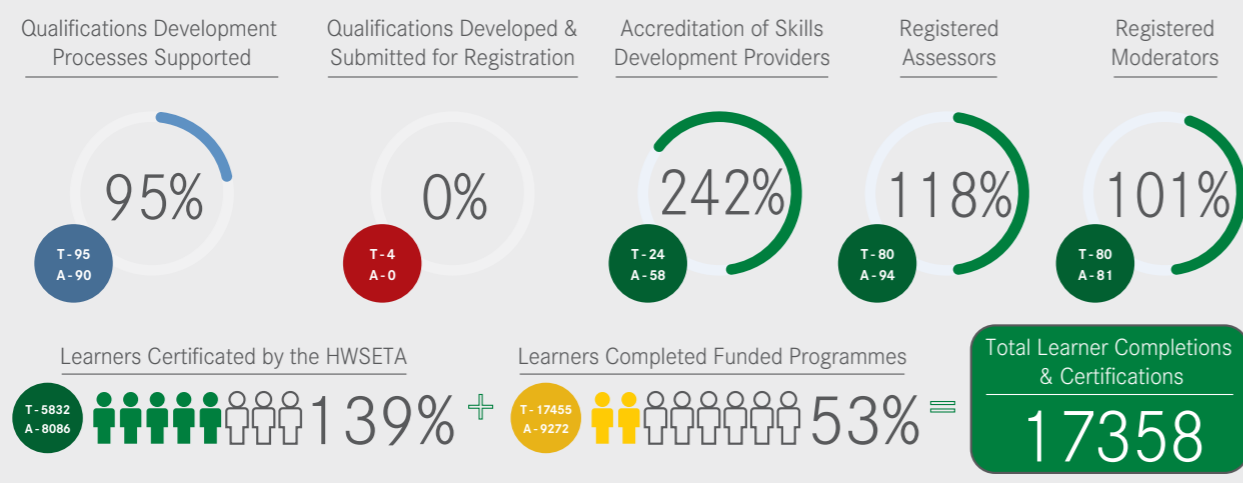
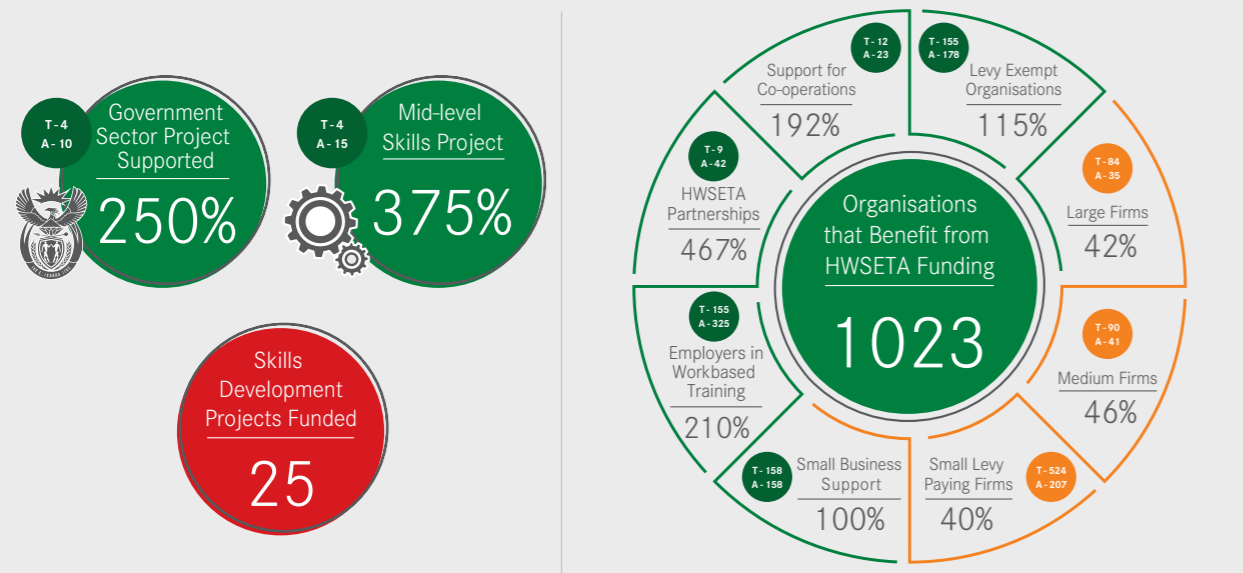
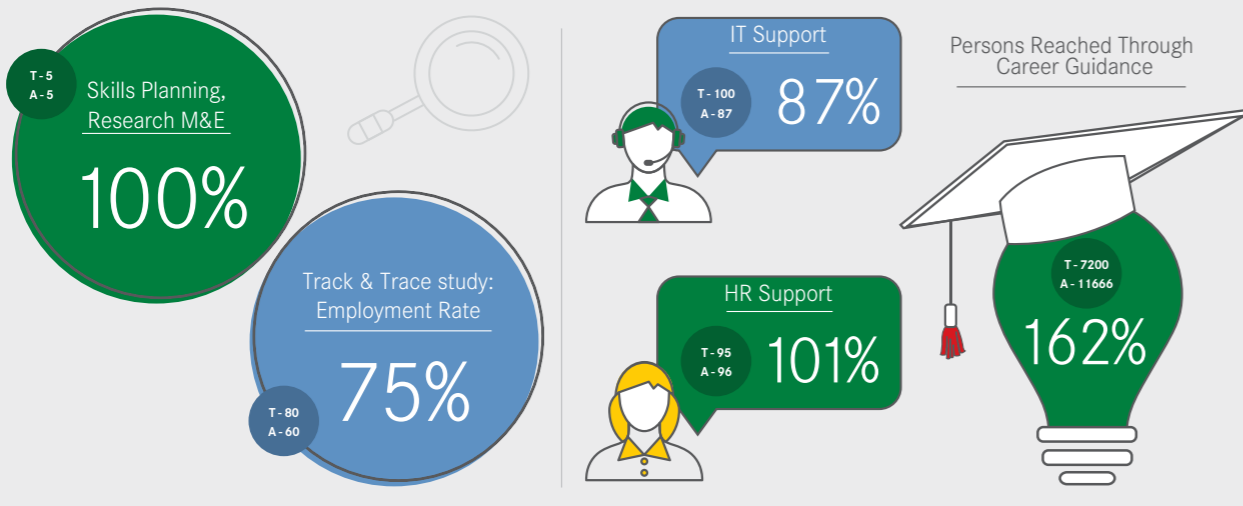
- Department of Higher Education, Science and Technology;
- Department of Health; and
- Department of Social Development.

ORGANISATIONAL STRUCTURE



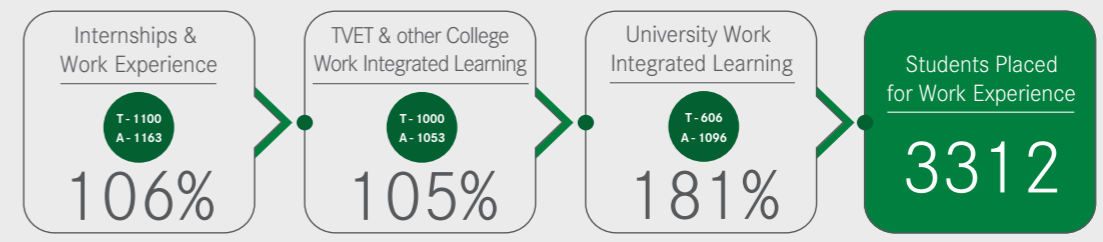
2019-2020 ANNUAL DASHBOARD

% achievement against APP annual targets

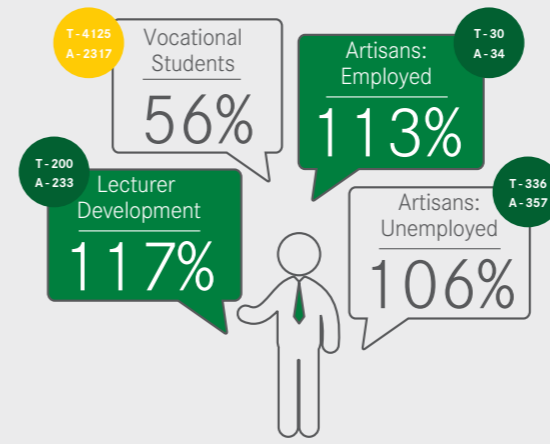


2019-2020 ANNUAL DASHBOARD

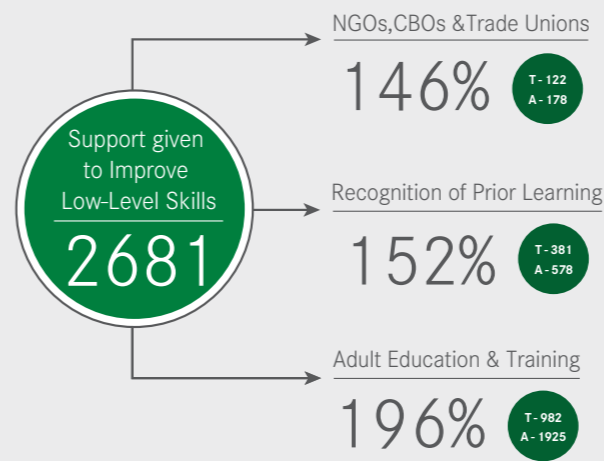
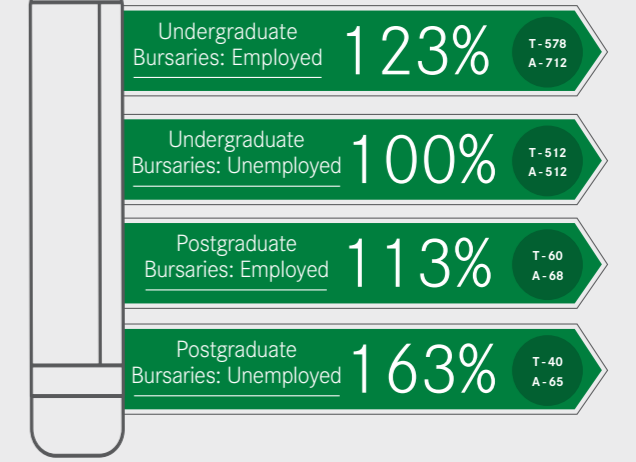
% achievement against APP annual targets



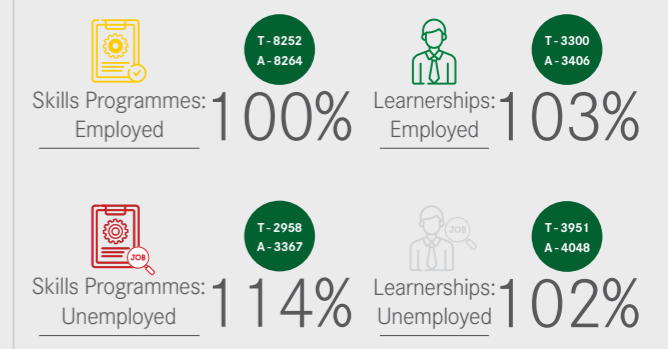
Support given to TVET College Lecturers & Students
2941



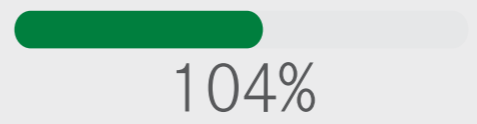
Support given to University Students
1357



Persons Funded for Learning Programmes
19085



Total Employed Persons Funded

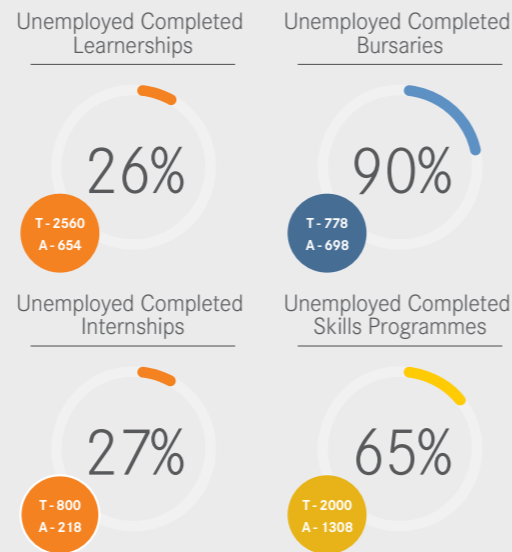
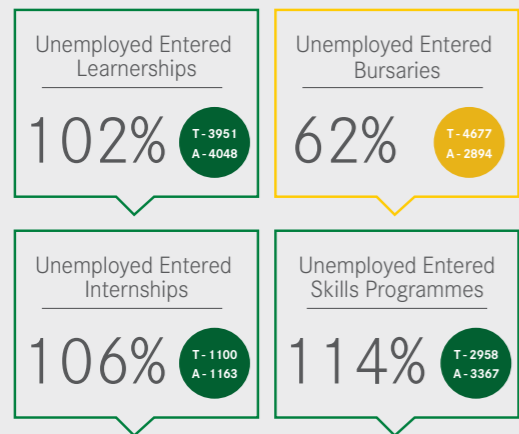
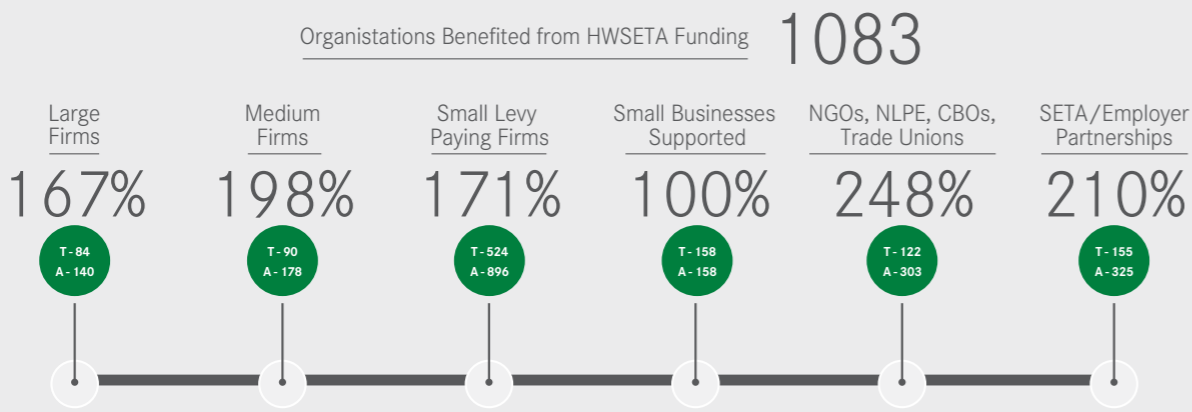


Total Unemployed Persons Funded

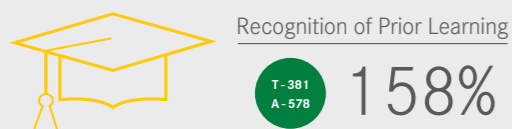
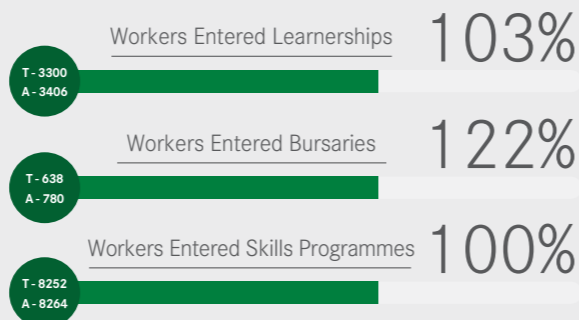
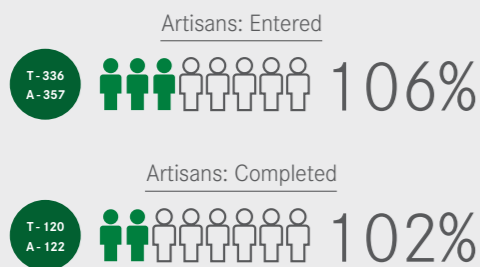


2019-2020 ANNUAL DASHBOARD

% achievement against SLA annual targets



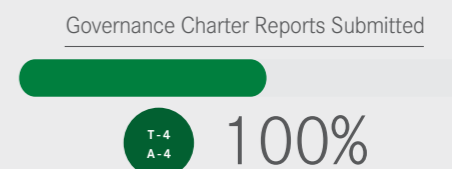
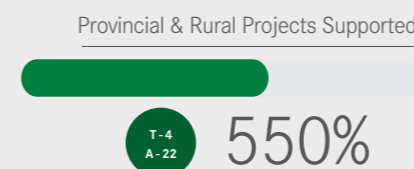
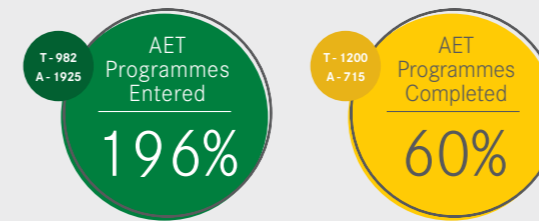
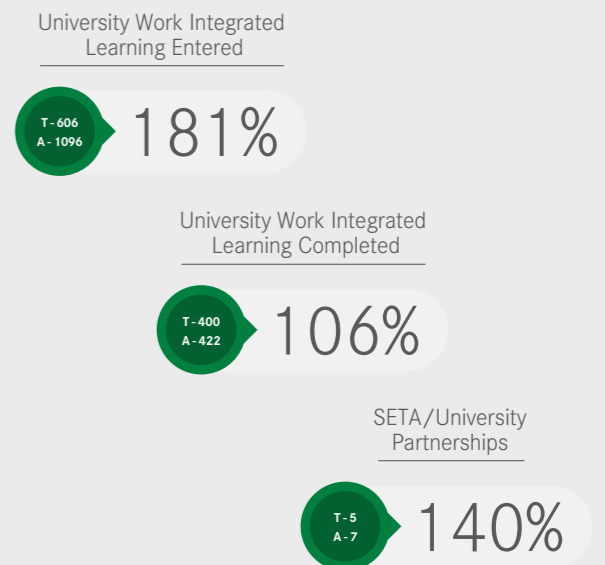
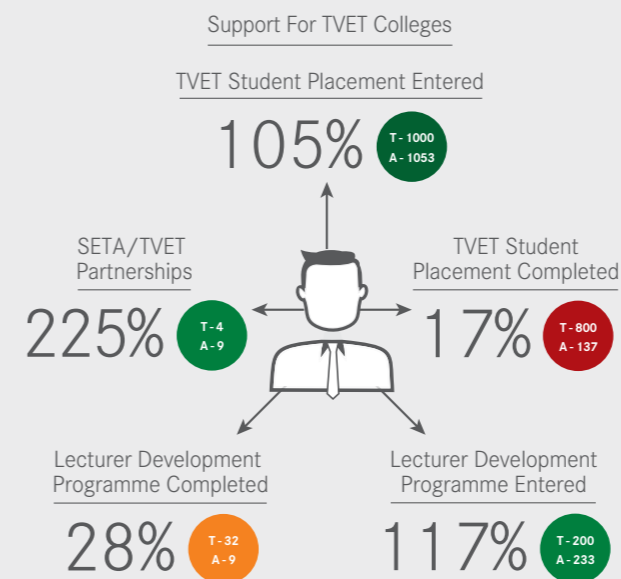
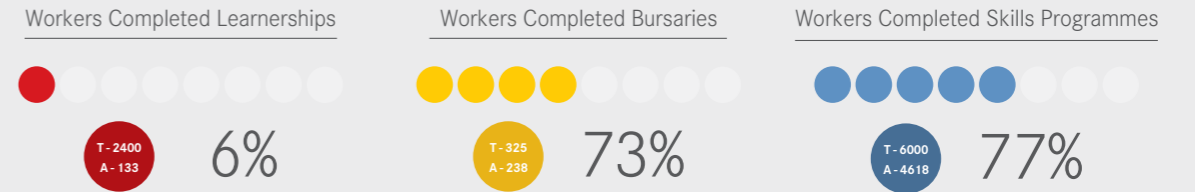
Unemployed Persons Who Benefited from HWSETA Funding **11476**



Workers Who Benefited from HWSETA Funding (excluding completions) **12469**

2019-2020 ANNUAL DASHBOARD

% achievement against SLA annual targets



B

PERFORMANCE
INFORMATION

PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

SITUATIONAL ANALYSIS

1. SERVICE DELIVERY ENVIRONMENT

The Strategic Plan and Annual Performance Plan (APP) for the year under review was implemented in a service delivery environment that met a number of difficulties. These difficulties included the moratorium placed on the training of level 5 Social Auxiliary Work and Child and Youth Care Work which had a negative effect on the learnerships offered to the social development sector. Further, this was exacerbated by the late announcement of the accreditation of Nursing Colleges and cap on the numbers which affected the HWSETA support given to public sector colleges. Also, the emergence of the COVID-19 pandemic, which brought about the national lock-down that started from 20 March in the post-school education sector to mid-June 2020, and the gradual re-opening of the sector which has resulted in most institutions opening in July at 33% operations. This has affected the reporting of completions.

In response to the Ministerial Instruction to offer more support to TVET Colleges, the target was increased with the aim of reaching a much higher number of Vocational students. TVET Colleges, however, had a limited number of students that could be funded as these TVET colleges offer a limited number of qualifications in the health and welfare sectors. Furthermore, the accreditation of Nursing programmes for public nursing colleges came late in the year resulting

in the lower uptake of funding than anticipated. In the next financial year TVET Colleges will be encouraged to form partnerships with accredited private providers to offer sector specific vocational programmes.

The performance of the HWSETA for 2019-2020 reached a superb level of achievement of 95.5% of the APP targets that have either been achieved or over-achieved. Good progress was made towards achieving 4.5% of the targets, with an average of 61% progress.

The HWSETA aimed to fund a total of 28 533 learners in its APP of 2019-2020 through the following programmes:

- Workplace-based learning programmes, that include learnerships, apprenticeships, TVET College Placements, University Student Placements, internships for graduates, and skills programmes;
- Bursary programmes, that includes undergraduates, post-graduates, and vocational student bursary programmes;
- Occupational based programmes, that include Adult Education and Training (AET), Lecturer Development, Recognition of prior learning, Trade Union Members, and NGO sector workforce.

This targeted number of learners was exceeded in that a total of 29 376 (103%) learners were funded, of which 15 220 (52%) were employed workers and 14 156 (48%) were unemployed persons.

These learners were funded and trained through a total of 487 partnerships with

325 employers; 9 Provincial Departments of Health; 4 Provincial Departments of Social Development; 16 Universities; 108 TVET and other Public Colleges; 18 NGOs and 7 Trade Unions.

Furthermore;

- the HWSETA funded a total of 25 Mid-level skills and Departmental projects; 23 Cooperatives; 178 Levy Exempt Organisations; and 158 Small Businesses for skills development.
- Completions from prior year entries, which were reported by employers during the year under review equaled a total of 9 272 learners.
- The employment rate derived from a track a trace study of learners that completed learning programmes in 2018/19 was 60%.

2. ORGANISATIONAL ENVIRONMENT

This was the last year of the Board's tenure in accordance with the SETA licence period to 31 March 2020. The mission of this Board was to bring about a steady achievement of targets to start from the first quarter and steadily increase to the last quarter. A steady increase of 8% of achievement of targets in quarters 1 to 3 was yielded by the Board's strategy. By quarter 3 of 2019-2020 the organisation reached an achievement of 54% from a 3 year average of 46%. This is anticipated to increase in the next financial year to reach 60% by quarter 3, pending no significant effect of COVID-19 on performance. The HWSETA ended the year on a 95%

HWSETA Business Model

80%

Sector Education and Training Authorities (SETAs) 80% received, broken down as follows:

- 49.5% Discretionary Grant Funding
- 20% Mandatory Grant Funding
- 10% administration
- 0.5% QCTO

Note: Any unclaimed mandatory grant funding will be transferred to discretionary grant funding by 15 August each year.



20%

National Skills Fund

- To fund projects identified in the National Skills Development Plan as national priorities
- To fund projects related to the achievement of the purpose of the ACT as the Director-General of the Department of Higher Education, Science and Technology determines
- To administer the fund within the prescribed limit as regulated from time to time
- To fund any activity undertaken by the Minister to achieve a national standard of good practice in skills development

achievement, and increase of 4% from 91% of 2018-2019. Also, with the Projects Module of the ERP coming live in June 2020, it is expected that there will be an increase in numbers to be reported as the delays that are usually experienced due to the time in transit between the employer and the HWSETA.

3. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

The development of the 2019-2020 Annual Performance Plan together with

the update of the 2015-2020 Strategic Plan that it is aligned to, were guided by the Medium-Term Strategic Framework (MTSF) 2014-2019, the Strategic Planning Framework 2010, and the National Skills Development Strategy III (NSDS 111). These policies were reviewed in 2019 into the Medium-Term Strategic Framework (MTSF) 2019-2024; the Revised Framework for Strategic Plans and Annual Performance Plan 2019; and the National Skills Development Plan (NSDP) 2030. The impact and outcomes of the MTSF and NSDP were cascaded into the Strategic

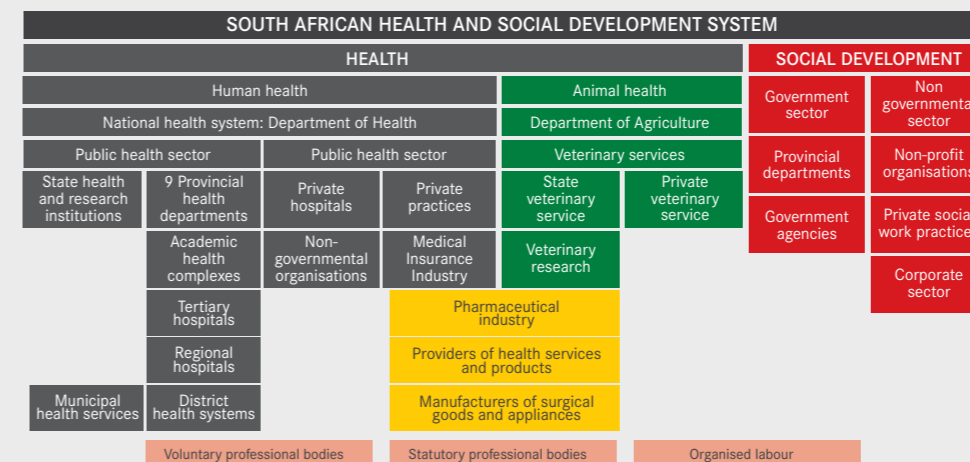
Plan 2025 and the APP 2020-2021, and the Revised Framework for Strategic Plan and Annual Performance Plan guided the 2020-2021 Annual Performance Plan and 2020-2025 Strategic Plan. In brief, these policy documents offer the following:

- The Medium-Term Strategic Framework (MTSF) 2019-2024 is both a five-year implementation plan and an integrated monitoring framework. The MTSF 2019-2024 aims to address the challenges of unemployment, inequality and poverty through seven priorities that were derived from the electoral mandate and the President's June 2019 State of the Nation Address. SETAs are mandated to respond to Priority 3 of the MTSF: Education, Skills and Health. The impact that must be achieved by SETAs is "A skilled and capable workforce to support an inclusive growth path". The Outcomes which SETAs should pursue to achieve include the following; expanded access to PSET opportunities; improved success and efficiency of the PSET system; improved quality of PSET provisioning; and a responsive PSET system.
- The purpose of the Revised Framework for Strategic Plans and Annual Performance Plans is to provide the principles for short and medium term planning for government institutions; and to describe how institutional plans are to align with high level government medium and long term plans, and the institutional processes for the different types of plans.

The Revised Framework also aims to:

- Institutionalise government's national development planning agenda through institutional plans.
- Institutionalise planning for women, youth and people with disabilities in line with the relevant frameworks.
- Institutionalise the Results-Based Approach.
- Provide planning tools which can be used for the different types of plans.
- Describe the alignment between the planning, budgeting, reporting, monitoring and evaluation processes.
- The National Skills Development Plan (NSDP) 2030 makes a case for the

Stakeholders of HWSETA



development of “a tighter, streamlined focus for SETAs as a key step in strengthening them. Central to the functions of SETAs is the focus on building the relationships with workplaces as well as education and training authorities. The NSDP outlines the scope of the SETAs and crucially highlights the institutional arrangements of the SETAs as follows:

- SETAs will have no limited lifespan but a mechanism to address non-performance will be established;
- Where required, the Minister will introduce institutional reviews, as the socio-economic policy environment is not static;
- SETAs demarcation, amongst others, will be based on industrial classification, value chain and financial viability; and
- Establishment of Shared Services, where practically possible.

Other policy developments that may affect the HWSETA in the future financial years include the National Qualifications Framework Amendment Act 2019; and

4. 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

To promote work-based learning the HWSETA supported 633 organisations through discretionary grants. These organisations comprised 35 large firms, 41 medium firms, and 207 small firms, 158 small and emerging businesses, and 178 levy exempt organisations. 325 employers participated in work-based training and thus provided a platform for learnerships, internships, and work experience placement for TVET Colleges and university students. 42 partnerships were entered into with institutions in the post-school education sector, this includes Universities, Universities of Technology, TVET

the Good Pharmacy Standards 2020. The significance of these policies is as follows:

- The National Qualifications Framework Amendment Act 12 of 2019 intends to amend the National Qualifications Framework Act, 2008, so as:
 - to provide for the verification of all qualifications or part-qualifications by the SAQA;
 - to provide for the formulation of criteria for evaluating foreign qualifications;
 - to provide for the establishment and maintenance of separate registers of misrepresented or fraudulent qualifications or part-qualifications;

OLD PROGRAMMES		NEW PROGRAMMES	
NQF LEVEL	NAME OF PROGRAMME	NQF LEVEL	NAME OF PROGRAMME
3	Pharmacist’s Assistant (Basic)	4	Pharmacist’s Assistant (Basic)
4	Pharmacist’s Assistant (Post-Basic)	5	Pharmacist’s Assistant (Post-Basic)
5	Pharmacy Technician	6	Pharmacy Technician

These standards introduce requirements for the implementation of these qualifications as workplace-based programmes and will require the HWSETA to re-register learnerships against these qualifications.

Colleges and Community Colleges.

The HWSETA entered into partnerships to support 23 cooperatives through skills development initiatives. These cooperatives were empowered to create opportunities to make a living for themselves.

In order to ensure the sustainability of small businesses, the HWSETA supported 158 small and emerging businesses; and to ensure further education of and training of 178 workers from 10 NGOs, and 27 members from 5 Unions were supported through various training initiatives.

GOAL 2: Skilled Workforce and Work Ready Graduates in Occupationally Directed Programmes Join the Health and Welfare Fields of Work

Access into occupationally directed programmes was facilitated through partnerships with employers, TVET Colleges, Universities. Employers opened up workspaces to 7 454 students placed on

- to provide for a separate register for professional designations;
- to provide for the referral of qualifications or part-qualifications to the SAQA for verification and evaluation;
- to provide for offences and penalties which have a bearing on fraudulent qualifications;
- Good Pharmacy Education Standards: Board Notice 78 Of 2020 (3 July 2020). These standards communicate the recirculation of Pharmacy Assistance Qualifications into Occupational Qualifications registered with the Quality Council for Trades and Occupations (QCTO), which are as follows:

learnership positions; and 1 163 graduates placed on internship positions. 1 357 university students were funded through bursaries. Of these students, 1 224 students were funded for under-graduate studies and 133 students were funded for post-graduate studies. Post-graduate students were funded for Honours Degrees, Master’s Degrees, and PhDs from health and social development sector qualification, including the Veterinary Science sector. 2 317 students from TVET College students were funded for vocational training and 388 students were funded for apprenticeships.

The track and trace study conducted in 2019-2020 on students previously funded by the HWSETA to access occupationally directed programmes yielded outcomes at an average of 60% (employment rate). Each of the occupationally directed programmes yielded outcomes ranging between 58% and 69%, as follows; 62% for internships, 61% for bursary, 58% for learnerships, and 69% for apprenticeships.

The number of workers capacitated through skills programmes and short learning programmes was 8 264. Also, 578 workers were taken through the recognition of prior learning (RPL) and thus obtained part and full qualifications.

GOAL 3: College System Expanded to Offer pathways to occupations for school and post-school youth

The HWSETA promoted the TVET College system through partnerships with 108 TVET colleges where 1 053 students from these TVET Colleges were placed in workplaces for work integrated learning, and 233 lecturers were given workplace exposure. The most significant support given to TVET Colleges in the year under review was the funding of 2 317 vocational students, which is 6 times more the support given in the previous year.

By April 2018 South Africa had an estimate of 3 million illiterate adults. The Health and Welfare sector had an estimate of 50 050 employees occupying elementary positions. The HWSETA planned to support 982 workers in 2019-2020 but actually supported 1 925 workers to complete their education through computer assisted learning and face-to-face learning.

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 and thus reached 11 666 scholars from various grades of schooling. Career guidance campaigns of the HWSETA target scholars in grade 9 and 12 in order to help them with subject and career choices. The HWSETA aims to link up with other SETAs when conducting future career guidance campaigns so as to provide a comprehensive and integrated career development programme.

Quality Assurance of skills development providers and qualifications development is a delegated function of the Quality Council for Trades and Occupations (QCTO). During the year under review 58 skills development providers were accredited to offer

occupationally based training; 595 assessors and 122 moderators were evaluated for registration and thus 350 assessors and 99 moderators were successful. 9 272 funded learners completed learning programmes and were thus reported to the HWSETA by employers, TVET Colleges, and Universities. 8 086 certificates and statements of results were issued to students whose learner achievements for full qualifications and skills programmes were endorsed by the HWSETA.

GOAL 4: Demand-led skills development strengthened to implement the National Development Plan

The HWSETA supported provincial departments across the country through internships, learnerships, and bursaries. Provincial Departments of Social Development Mpumalanga, Northern Cape, Limpopo, and Gauteng were supported to fund learnership and internship positions. 253 unemployed graduates placed in all 9 Provincial Departments of Health and 9 Provincial Departments Social Development.

15 Projects from all Provincial Departments of Health and Social Development were supported for Internships and Learnerships. Projects from 7 Nursing Colleges were supported. These Colleges included Lilitha Nursing College, Gauteng Nursing College, Kwazulu Natal Nursing College, Western Cape Nursing College; Limpopo Nursing College; North West Nursing College, and Mpumalanga Nursing College.

GOAL 5: A skilled Workforce Supporting an Efficient administrative system for effective execution of skills development mandate

Appointments in Executive Management positions that were vacant were made. The CEO, CFO, Executive Manager: SDP, and Executive Manager: RIME positions were filled during the year under review. The HWSETA had a full Executive Management staff complement by the second quarter of 2019-2020. The organogram of the HWSETA was revised through an Organisational Development (OD) process that resulted in Administration

positions in certain divisions being phased out in order to strengthen service delivery. The OD exercise resulted in an organisational structure that increased from 134 positions to 152, as positions were added in provinces that service a high number of stakeholders across the country. A recruitment drive to fill the existing posts and transfer employees from phased out positions resulted in 146 (96%) positions being filled by year end. The increase in staff capacity of the organisation has ensured that the organisation achieved 95.5% of the APP indicator weights.

The automation of business processes of the HWSETA is an innovation in service delivery that is coming into fruition, as the automation of two of the core business functions, the ETQA, Workplace Plan module and Skills Development Projects (SDP) were completed and operational. The development of the Finance module was 95% complete, and the Intelligence module was at 54% stage of development by year end. The automation has, and will continue, to provide convenience for stakeholders of the HWSETA as they will not have to physically 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 further effects are expected by 2021-2022.

The Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs) submitted by the private sector to the HWSETA in 2019-2020, and those submitted by Government Departments to the PSETA formed the basis for the update of the Sector Skills Plan (SSP) 2021-2022 update. Additional data sources used to compile the SSP include databases from professional bodies, Medpages, Universities, TVET Colleges, to mention some etc. Research, monitoring and evaluation conducted by the HWSETA also feeds into the SSP update. The analysis of all data collected from primary and secondary sources produced the critical and scarce skills list and sector priority skills lists which forms the basis for implementation of skills development projects of the HWSETA.

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 2020	Annual target was almost achieved based on substantial progress made by 31 March 2020	Annual target was partially achieved based on relatively good progress made by 31 March 2020	Annual target has not been achieved and strides made have yielded moderate success by 31 March 2020	Annual target has not been achieved and strides made have yielded low success by 31 March 2020

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 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement Variance 2019-2020	Comments on Achievements/ Non-Achievements 2019-2020
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 in the reporting period	16263 (56 events) 136%	7200 (12 events)	11666 (58 events) 162%	4394 (46 events)	Career guidance initiatives are led and informed by DHET. Over the course of the year, DHET organised over and above the targeted number of events, which the HWSETA supported and attended. These events largely contributed to the high number of learners reached. Efforts by the Provincial teams cannot go unacknowledged as it is through the HWSETA nationwide offices that the target was exceeded.

¹ Post-school youth refer to those unemployed youth as defined in the Green Paper on post-school education
² Reached in this context refers to learners recorded in the register of career fairs or career exhibitions

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 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement Variance 2019-2020	Comments on Achievements/ Non-Achievements 2019-2020
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	86% (117/136) 90%	95% (127/134) ⁴	96% (146/152) 101%	1%	After the approval of the latest organogram, the organisation went on a recruitment drive to fill the existing posts and transfer employees on phased-out positions. Additional recruitment platforms were used to access suitable candidates. This yielded very good results as the number of positions filled were much higher than the 127 initially planned in the annual performance plan, and thus met the planned percentage target of 95%.

Programme 1: Indicator 20

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

Success Indicator	Performance Indicator	Actual Achievement 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement Variance 2019-2020	Comments on Achievements/ Non-Achievements 2019-2020
The percentage of processes automated and integrated to ensure effectiveness and efficiency of operations ⁵ in the reporting period	Percentage of processes automated and integrated ⁶ per year	84% 84%	100%	87% 87%	-13%	Modules for core business functions; SDP and ETQA completed and operational. Finance module development 95% complete. Non-core/support functions currently at 54% completion. Reason for non-achievement is that there were additional changes to business processes, that required further development of automated processes. This is a dynamic and ongoing process and the initial automation of processes did not factor in these changes or improvements. Going forward, the business processes will be documented and automated with minimal changes.

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

⁴ APP for 2019-2020 was compiled in August 2018. At the time, the total number of approved positions was 134. However, in 2019 the organogram was revised, approved and implemented. It therefore became impossible to report against an organogram that was being phased out. As such, reporting was based on the organogram that was being implemented in 2019-2020

⁵ Efficiency and effectiveness refers to minimum errors and short turnaround times as recorded in the audit trail of the ERP system

⁶ 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 sector⁷ in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement Variance 2019-2020	Comments on Achievements/ Non-Achievements 2019-2020
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 reporting period.	Percentage of qualified technicians, artisans and unemployed learners previously funded by the HWSETA finding employment per year.	52% (319/609) 65%	80%	60% (197/329) 75%	-20%	<p>The annual target has not been achieved because this target relies on tracking learners that have completed funded programmes. The rate of participation of these learners is at 27% (329/1199), with Artisan students participating the most (45% -29/65); followed by the learnership programme (30% - 197/666). The university bursaries (23% - 51/224), and Internships (21% - 52/244), participated the least. Due to the high non-response rate, the employment status of 73% of students who completed their qualifications that were funded by the HWSETA remains unknown.</p> <p>For the next tracer study, additional platforms for reaching students such as survey monkey for those that have emails, will be utilised. This should increase the response rate of learners.</p>

⁷ 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

⁸ Funded refers to issuing of funding approval letter and signing of Memorandum of Agreement, and where applicable, the 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 sector for the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement Variance 2019-2020	Comments on Achievements/ Non-Achievements 2019-2020
The Number of research reports based on sound analysis of 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 .	11 138%	5	5 100% Prior Year 2	0	<p>5 research, monitoring and evaluation reports were conducted completed and confirmed in 2019-2020.</p> <p>The 2 Prior Year reports were conducted and completed in 2018/19 but were however confirmed in 2019-2020.</p>

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 ideals, methodologies, programs, 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: Research within the health and welfare fields of study promoted¹⁵ to contribute to the provision of essential and specialised skills for the sector in the strategic period

Success Indicator	Performance Indicator	Socio economic status	Actual Achievement 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement Variance 2019-2020	Comments on Achievements/ Non-Achievements 2019-2020
The number of researchers in the sector has increased through targeted funding ¹⁶ in the reporting period.	Number of new post graduate research students ¹⁷ funded ¹⁸ for research in the health and welfare field per year.	Employed	104 173%	60	68 113%	8	The over-achievement of the annual target is due to the high number of students who applied for funding, and also the amount of funding they required was less than anticipated as it allowed for 8 additional students to be funded from the budget.
		Unemployed	107 268%	40	65 163%	25	The over-achievement of the annual target is due to the high number of students who applied for funding, and also the amount of funding they required was less than anticipated as it allowed for 25 additional students to be funded from the budget.

¹⁴ The output indicator associated with this indicator is indicator 19 sub indicator 3

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

¹⁸ 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: SKILLS DEVELOPMENT PROGRAMME IMPLEMENTATION AND PROJECTS

Programme 3: Indicator 2¹⁹

Strategic objective: Encourage employers in the sector to open up their workplaces as places of learning²⁰ to strengthen and sustain the inflow of skills to the health and welfare sector in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement	Comments on Achievements/ Non-Achievements 2019-2020
The number of employers evaluated and has participated in work-based training in the health and social development sector within the reporting period.	Number of employers evaluated and participating ²¹ in work-based training in the health and social development sector per year.	625 403%	155	325 210%	170	The economic outlook in the country results in employers seeking extra avenues for skills development within their firms. Employer workshops and breakfast sessions with employers resulted in increased participation. Almost all project applications were oversubscribed.

¹⁹ The outcome indicator associated with this indicator is indicator 12

²⁰ Support refers to the process of funding and advising employers

²¹ 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^{22/23}

Strategic objective: Increase the number of work-ready graduates in trades (artisans) through apprenticeships, in-order to strengthen and sustain the inflow of skills to health and social development sector through targeted funding in the strategic period.

Success Indicator	Performance Indicator	Socio economic status	Actual Achievement 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement Variance 2019-2020	Comments on Achievements/ Non-Achievements 2019-2020
The number of employed and unemployed persons funded as apprentices to become artisans for the Health and Social Development sector ²⁴ in the reporting period.	Number of employed and unemployed apprentice funded ²⁵ and enrolled ²⁶ to become artisans through HWSETA funding per year.	Employed	128 256%	30	34 113%	4	Strong partnerships and cooperation of employers in the sector enabled the achievement. This partnership will be sustained in the next financial year and beyond.
		Unemployed	238 238%	336	357 106%	21	This is a culmination of partnerships with employers in other sectors built over the past few years. This sub-indicator is used mainly to advance rural development as the strategy targets rural and poor communities.

²² The outcome indicator associated with this indicator is indicator 19 sub indicator 3

²³ The outcome indicator associated with this indicator is indicator 5 and indicator 12

²⁴ Transformation and equity imperatives: 85% Black 60% women 5% people with disability 70% youth (35yrs or less) 20% from rural areas

²⁵ 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

²⁶ Enrolled refers to registration with both the training institution and HWSETA Seta Management System

Programme 3: Indicator 6²⁷

Strategic objective: Increase the number of students in higher education graduates with qualifications in identified scarce and critical skills through the bursary programme enabling them to enter the labour market, and thus strengthen and sustain the inflow of skills to the health and social development sector in the strategic period.

Success Indicator	Performance Indicator	Socio economic status	Actual Achievement 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement Variance 2019-2020	Comments on Achievements/ Non-Achievements 2019-2020
The number of students funded through HWSETA funded bursaries for training in higher education institutions ²⁸ in the reporting period.	Number of students funded ²⁹ through HWSETA funded bursaries for training in higher education institutions per year.	Employed	692 198% 187	578	712 123%	134	Employers were able to make the bursary rand stretch by funding more workers with the allocation given. Since workers study part-time, they do not need to take all the modules resulting in more workers being allocated bursaries.
		Unemployed	547 91% 55	512	512 100%	0	Universities and Universities of Technology were able to conclude the contracting of learners before the end of the financial year end which was an improvement from the old model of working with the NSFAS.

²⁷ The output indicator associated with this indicator is indicator 19 sub indicator 3

²⁸ Bursaries for the unemployed students in scarce and critical skills furthering their studies in higher education institutions

²⁹ 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 7^{30/31}

Strategic objective: Fund experiential learning for learning programmes and professional registration with statutory councils to ensure work-ready graduates that contributes to effective delivery of health and welfare services in the strategic period

Success Indicator	Performance Indicator	Funded Programme	Actual Achievement 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement Variance 2019-2020	Comments on Achievements/ Non-Achievements 2019-2020
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	765 77%	1100	1163 106%	63	For professionals in the sector to practice, they need to go through legislated internships. This raises the demand for internship programmes
		TVET student placement	652 65%	1000	1053 105%	53	Participation from TVET Colleges increased due to expansion and capacitating of Provincial Offices to respond to and trigger support from TVET Colleges.
		University student placement	547 109%	606	1096 181%	490	For professionals in the sector to practice, they need to go through legislated internships. This raises the demand for internship programmes

³⁰ The output indicator associated with this indicator is indicator 19 sub indicator 3

³¹ The outcome indicator associated with this indicator are indicators 5 and 12

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 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 program 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). For purposes of NSDS III the target includes internships (500), TVET graduate placement (2050) and University student placement (100)

Programme 3: Indicator 9³⁵

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

Success Indicator	Performance Indicator	Actual Achievement 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement Variance 2019-2020	Comments on Achievements/ Non-Achievements 2019-2020
The number of cooperatives in the health and welfare sector whose skills training is funded ³⁶ by the HWSETA in the reporting period.	Number of cooperatives in the health and welfare sector whose skills needs are funded by the HWSETA per year ³⁷ .	22 110%	12	23 192%	11	The HWSETA targeted certain poor and rural communities to fund cooperatives to respond to the emerging COVID-19 pandemic. This initiative proved useful as a safety net during the subsequent national state of disaster and lockdown.

³⁵ The outcome indicator associated with this indicator is indicator 12

³⁶ 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

³⁷ Co-operatives are those organisations established in terms of the co-operatives Act, 2005 (Act 14 of 2005). Funding in respect of these organisations includes start-up funding and skills development funding linked to worker initiated training.

Programme 3: Indicator 10³⁸

Strategic objective: Fund Large, Medium, and Small levy paying businesses as well as small and emerging businesses³⁹ through mandatory and discretionary grants for skills development in the strategic period

Success Indicator	Performance Indicator	Funded Programme	Actual Achievement 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement Variance 2019-2020	Comments on Achievements/ Non-Achievements 2019-2020
The number of large, medium, small levy paying as well as small and emerging businesses funded through mandatory and discretionary grants in both health and social development sectors in the reporting.	Number of large, medium, small levy paying as well as small and emerging businesses funded through hwseta mandatory and discretionary grant funding in the reporting period.	Large Levy Paying	New Indicator	84	35 42%	-49	For this target, employers/ organisations are funded for different projects but are counted once for reporting in this indicator. WSP workshops and employer engagements will be improved to increase the participation rate.
		Medium Levy Paying	New Indicator	90	41 46%	-49	For this target, employers/ organisations are funded for different projects but are counted once for reporting in this indicator. WSP workshops and employer engagements will be improved to increase the participation rate.
		Small levy Paying	New Indicator	524	207 40%	-317	For this target, employers/ organisations are funded for different projects but are counted once for reporting in this indicator. WSP workshops and employer engagements will be improved to increase the participation rate.
		Small and emerging businesses		106 106%	158	158 100%	0

³⁸ The outcome indicator associated with this indicator is indicator 12

³⁹ Small and emerging businesses as defined by the Department of Trade and Industry

Programme 3: Indicator 11⁴⁰

Strategic objective: Support NGOs, CBOs and trade unions skills development initiatives to strengthen governance and service delivery and thus advance social and community development as well as provision of care to persons of care to persons with disabilities in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement Variance 2019-2020	Comments on Achievements/ Non-Achievements 2019-2020
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.	175 100%	122	178 146%	56	To reach rural and poor communities, the HWSETA has a targeted approach to support Non-Government Organisations and Community-Based Organisations. The support for these organisations was increased as these organisations become implementing partners and reach areas where Government services do not reach.

Programme 3: Indicator 17^{41/42}

Strategic objective: Support⁴³ public TVET Colleges and other public college students in vocational training in the strategic period

Success Indicator	Performance Indicator	Socio economic status	Actual Achievement 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement Variance 2019-2020	Comments on Achievements/ Non-Achievements 2019-2020
The number of learners in TVET college partners funded ⁴⁴ for vocational training in the reporting period.	Number of learners in TVET colleges and other public colleges ⁴⁵ (and the number of associated learners) enrolled ⁴⁶ for vocational training courses funded ⁴⁷ by the HWSETA per year.	Unemployed	382 105%	4125	2317 56%	-1808	In response to the Ministerial Instruction to offer more support for TVET Colleges, the target was increase with the aim of reaching a much higher number of Vocational students. TVET Colleges, however, had a limited number of students that could be funded as they offer a limited number of qualifications in the health and welfare sector. Further, the accreditation of nursing programmes for public nursing colleges came late in the year resulting in the lower uptake of funding than anticipated. In the next financial year, TVET Colleges will be encouraged to form partnerships with accredited private providers to offer sector-specific vocational programmes.

⁴⁰ The outcome indicator associated with this indicator is indicator 12

⁴¹ The output indicator associated with this indicator is indicator 19 sub indicator 3

⁴² The outcome indicator associated with this indicator is indicator 12

⁴³ Support in this instance refers to HWSETA funding

⁴⁴ 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

⁴⁵ Public colleges include public nursing colleges and public agricultural colleges

⁴⁶ Enrolled refers to registration with both the training institution and HWSETA Seta Management System

⁴⁷ 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 14⁴⁸

Strategic objective: Support⁴⁹ projects of the departments of social development and health aimed at skills development priorities in order to contribute towards implementation of National Health Insurance and goal 3 of the NDP: “A capable public service to deliver on the objectives of a developmental state”.

Success Indicator	Performance Indicator	Actual Achievement 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement	Comments on Achievements/ Non-Achievements 2019-2020
The number 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 ⁵⁰ through discretionary grants aimed at the public sector education and training per year.	21 350%	4	10 250%	6	The HWSETA partnered with Government Departments and Statutory Councils to support the public sector to improve its skills. This deliberate and targeted approach increased the number of projects funded. The HWSETA response to COVID-19 in the early stages of the national state of disaster enabled partnerships with Government Departments to deliver skills programmes directed at the public sector and COVID-19.

⁴⁸ The outcome indicator associated with this indicator is indicator 12

⁴⁹ Support in this instance refers to HWSETA funding

⁵⁰ 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 1⁵¹

Strategic objective: Fund priority projects of organs of state and employer organisations to address inadequate service quality in the provision of health and social development services in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement Variance 2019-2020	Comments on Achievements/ Non-Achievements 2019-2020
The number of health and social development projects ⁵² addressing mid-level skills funded ⁵³ in the reporting period.	Number of programmes funded through grants to develop and address middle level skills per year.	9 150%	4	15 375%	11	The capacity of Higher Education Institutions is limited to produce professionals in large numbers resulting in the sector to rely on mid-level workers. During the year under review, the HWSETA targeted certain sectors to increase support for mid-level skills to compensate for the lack of capacity of HEIs to produce professionals.

⁵¹ The outcome indicator associated with this indicator is indicator 12

⁵² 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

⁵³ Mid-level categories refer to those categories of mid-level workers as defined by the respective statutory body

Programme 3: Indicator 3^{54/55}

Strategic objective: Increase of the number of work-ready graduates in mid-level and high-level skills development programmes through learnerships in order to strengthen and sustain the flow of skills to health and welfare sector through targeted funding in the strategic period

Success Indicator	Performance Indicator	Socio economic status	Actual Achievement 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement	Comments on Achievements/ Non-Achievements 2019-2020
The number of employed and unemployed learners funded and registered through learnerships in the reporting period.	Number of employed and unemployed learners registered ⁵⁶ in learnership training programmes and funded ⁵⁷ by the HWSETA per year.	Employed	908 30% 252	3300	3406 103%	106	The funding of non-core or support learnerships increased participation from employers. These learnerships provide support to core staff in both health and social development facilities.
		Unemployed	2988 93% 269		4048 102%		

⁵⁴ The output indicator associated with this indicator is indicator 19 sub indicator 3

⁵⁵ The outcome indicator associated with this indicator is indicator 12

⁵⁶ Registered means learner, employer and training provider details captured in the Seta Management System

⁵⁷ 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^{58/59}

Strategic objective: Fund skills programmes that advance the awareness of practitioners and workers of the ethical responsibilities towards patients/clients and the larger community in order to improve sector level productivity and economic growth in the strategic period⁶⁰

Success Indicator	Performance Indicator	Socio economic status	Actual Achievement 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement	Comments on Achievements/ Non-Achievements 2019-2020
The number of unemployed graduates and employed workers funded and registered for skills programmes in the reporting period.	Number of employed workers and unemployed graduates registered in skills programmes funded by HWSETA per year.	Employed	1713 23% 5423	8252	8264 100%	12	A strategy to fund non-credit bearing and Continuous Professional Development linked courses increased participation. This is one of the lessons learnt in the implementation of skills programmes for workers because the sector is highly professionalised and requires Continuous Professional Development to maintain professional registration. The HWSETA's response to COVID-19 in the early stages of the national state of disaster enabled skills programme training for workers directed at the public sector and COVID-19.
		Unemployed	1795 72% 169		2958		

⁵⁸ The output indicator associated with this indicator is indicator 19 sub indicator 3

⁵⁹ The outcome indicators associated with this indicator are indicators is indicator 5 and 12

⁶⁰ This support includes employed workers and unemployed learners

Programme 3: Indicator 21⁶¹

Strategic objective: Support adult education to youth and older persons to capacitate them to enter employment and also promote lifelong learning for those already in employment in the sector in the strategic period⁶²

Success Indicator	Performance Indicator	Socio economic status	Actual Achievement 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement Variance 2019-2020	Comments on Achievements/ Non-Achievements 2019-2020
Number of Learners registered ⁶³ for AET programmes over the strategic period.	Number of learners registered ⁶⁴ for AET programmes funded by HWSETA per year.	Unemployed	1529 102%	982	1925 196%	943	Provincial offices located in all provinces approached Community Colleges to offer support for their programmes. This approach attracted both DHET Community Colleges and those Colleges run as by NGOs and NPCs. More out-of-school youth were supported and were given a second chance to matriculate and given much-needed skills.

⁶¹ The output indicator associated with this indicator is indicator 19 sub indicator 3
⁶² This support includes employed workers and unemployed learners
⁶³ Registered means learner, employer and training provider details captured in the Seta Management System
⁶⁴ Registered means learner, employer and training provider details captured in the Seta Management System

Programme 3: Indicator 16⁶⁵

Strategic objective: Support for public colleges to improve on-site practical and vocational training capacity in the strategic period

Success Indicator	Performance Indicator	Socio economic status	Actual Achievement 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement Variance 2019-2020	Comments on Achievements/ Non-Achievements 2019-2020
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 placed ⁶⁶ in work experience with employers per year.	Employed	50 125%	200	233 117%	33	The HWSETA strategy expanded to lecturers at public Nursing colleges, Emergency Medical care colleges, as well as Community Education centres. The funding offered aimed at preparing lecturers towards quality assurance and facilitation related Skills Programmes which do not consume a lot of their time out of the workplace.

Programme 3: Indicator 22⁶⁷

Strategic objective: Fund levy-exempt organisations skills development in the sector in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement	Comments on Achievements/ Non-Achievements 2019-2020
The number of levy-exempt organisations funded by the HWSETA for skills development in the sector in the reporting period	Number of levy-exempt organisations funded by the HWSETA for skills development in the sector in the reporting period	141 101%	155	178 115%	23	The HWSETA increased support to the levy exempt sector due to its size and capacity of employment absorption during tough economic times. Target was achieved due to increased HWSETA focus and interest by stakeholders in the SMME funding.

⁶⁵ The output indicator associated with this indicator is indicator 19 sub indicator 3
⁶⁶ Placement refers to temporal 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
⁶⁷ The outcome indicator associated with this indicator is indicator 12

PROGRAMME 4: QUALITY ASSURANCE AND QUALIFICATION DEVELOPMENT

Programme 4: Indicator 23⁶⁸

Strategic objective: Support partnerships to facilitate quality training and skills development in the sector in the strategic period⁶⁹

Success Indicator	Performance Indicator	Actual Achievement 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement Variance 2019-2020	Comments on Achievements/ Non-Achievements 2019-2020
The number of partnership ⁷⁰ agreements signed outlining areas of collaboration in the reporting period.	Number of partnerships signed through Memoranda of Understanding with the HWSETA per year ⁷¹ .	47 196%	9	42 467%	33	During the year under review, the HWSETA targeted certain subsectors and rural areas to make an impact. To deliver on these, required new partnerships to be established. The HWSETA delivery model is based on partnerships with employers, training providers, NGOs, and Government Departments.

⁶⁸ The outcome indicator associated with this indicator is indicator 12

⁶⁹ Partnerships include HWSETA-TVET College partnerships, HWSETA-University partnerships and HWSETA-Employer partnerships

⁷⁰ Partnership refers to projects where shared responsibility is agreed upon and defined in the memorandum of agreement or the memorandum of understanding

⁷¹ Partnerships herein include Universities, TVET Colleges, Councils, Statutory bodies, employer bodies, communities of practice, etc.

Programme 4: Indicator 19⁷²

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

Success Indicator	Performance Indicator	Actual Achievement 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement	Comments on Achievements/ Non-Achievements 2019-2020
The number of skills development training providers ⁷³ accredited to offer full qualifications in the reporting period.	Number of skills development training providers ⁷⁴ accredited ⁷⁵ per year	66 165%	24	58 242%	34	The HWSETA does not restrict stakeholders from submitting applications. Accreditation Services are rendered based on the demand from the sector. If stakeholders meet the HWSETA stipulated accreditation policy requirements, the HWSETA cannot limit approval of applications.
	Sub-indicator 1: Percentage of assessors registered per year	55% (223/403) 69%	80%	94% (595/637) 118%	14%	The reason for over-achievement is that applicant assessors are now compelled to read the criteria for registrations before they apply online, and therefore applicants who mostly qualify proceed with the application process and chances of their applications being approved are higher.
	Sub-indicator 2: Percentage of moderators registered per year	75% (41/55) 94%	80%	81% (122/150) 101%	1%	The reason for over-achievement is that applicant moderators are now compelled to read the criteria for registrations before they apply online, and therefore applicants who mostly qualify proceed with the application process and chances of their applications being approved are higher.
	Sub-indicator 3: Number of learners certificated per year ⁷⁶	4456 46%	5832	8086 139%	2254	The reason for overachievement is: 1) SAQA reregistered the legacy qualifications and SDPs opted to train the legacy qualifications rather than the occupational qualifications 2) Some occupational qualifications did not have approved training material and therefore SDPs preferred to train the legacy qualifications which have readily available training material.

⁷² The outcome indicator associated with this indicator is indicator 12

⁷³ 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

⁷⁴ Skills Development Training Providers refers those as defined by the SAQA Act and the HWSETA policy

⁷⁵ Accreditation refers to meeting the criteria as set in the SAQA Act and the QCTO Act and policies/regulations and the HWSETA accreditation policies

⁷⁶ 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 19

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

Success Indicator	Performance Indicator	Actual Achievement 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement Variance 2019-2020	Comments on Achievements/ Non-Achievements 2019-2020	
The number of skills development training providers ⁷⁷ accredited to offer full qualifications in the reporting period.	All Funded Learners	1642 10%	17455	9272 53%	-8183	Administrative processes to collect evidence of completions, together with final moderation or verification, could not be completed due to the national state of disaster and hard lockdown. Employers, training providers and ETQAs could not print evidence of completion timeously. In certain instances, final/summative assessments were postponed. In the next financial year employers will be encouraged to implement early and submit evidence of completion on time.	
	Employed	Learnerships	298 12% 229	2400	133 6%	-2267	Administrative processes to collect evidence of completions, together with final moderation or verification, could not be completed due to the national state of disaster and hard lockdown. Employers, training providers and ETQAs could not print evidence of completion timeously. In certain instances, final/summative assessments were postponed. In the next financial year employers will be encouraged to implement early and submit evidence of completion on time.
		Bursaries (Undergraduate)	174 64%	280	228 81%	-52	Reporting of completions of university programmes was negatively affected by the COVID-19 pandemic as universities could not send evidence of completions on time. In the next financial year employers will be encouraged to implement early and submit evidence of completion on time.
		Bursaries (Post-graduate)	13 130%	45	10 22%	-35	Reporting of completions of university programmes was negatively affected by the COVID-19 pandemic as universities could not send evidence of completions on time. In the next financial year employers will be encouraged to implement early and submit evidence of completion on time.
		Artisans	0 0%	40	0 0%	-40	Administrative processes to collect evidence of completions, together with final moderation or verification, could not be completed due to the national state of disaster and hard lockdown. Employers, training providers and ETQAs could not print evidence of completion timeously. In certain instances, final/summative assessments were postponed. In the next financial year employers will be encouraged to implement early and submit evidence of completion on time.

⁷⁷ 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

Programme 4: Indicator 19

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

Success Indicator	Performance Indicator	Actual Achievement 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement Variance 2019-2020	Comments on Achievements/ Non-Achievements 2019-2020	
	Skills Programmes	269 4%	6000	4618 77%	-1382	Administrative processes to collect evidence of completions, together with final moderation or verification, could not be completed due to the national state of disaster and hard lockdown. Employers, training providers and ETQAs could not print evidence of completion timeously. In certain instances, final/summative assessments were postponed. In the next financial year employers will be encouraged to implement early and submit evidence of completion on time.	
		48					
	Lecturer Development	New target	32	9 28%	-23	Administrative processes to collect evidence of completions, together with final moderation or verification, could not be completed due to the national state of disaster and hard lockdown. Employers, training providers and ETQAs could not print evidence of completion timeously. In certain instances, final/summative assessments were postponed. In the next financial year employers will be encouraged to implement early and submit evidence of completion on time.	
	UNEMPLOYED	Learnerships	378 15% 385	2560	654 26%	-1906	Administrative processes to collect evidence of completions, together with final moderation or verification, could not be completed due to the national state of disaster and hard lockdown. Employers, training providers and ETQAs could not print evidence of completion timeously. In certain instances, final/summative assessments were postponed. In the next financial year employers will be encouraged to implement early and submit evidence of completion on time.
		Bursaries (Undergraduate)	212 43%	480	328 68%	-152	Reporting of completions of university programmes was negatively affected by the COVID-19 pandemic as universities could not send evidence of completions on time. In the next financial year employers will be encouraged to implement early and submit evidence of completion on time.
	Bursaries (Post-graduate)	2 40%	18	6 33%	-12	Reporting of completions of university programmes was negatively affected by the COVID-19 pandemic as universities could not send evidence of completions on time. In the next financial year employers will be encouraged to implement early and submit evidence of completion on time.	

Programme 4: Indicator 19

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

Success Indicator	Performance Indicator	Actual Achievement 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement Variance 2019-2020	Comments on Achievements/ Non-Achievements 2019-2020
	Internships for unemployed graduates	73 9%	800	218 27%	-582	Reporting of completions for internships from employers was negatively affected by the COVID-19 pandemic as employers could not send evidence of completions on time. In the next financial year employers will be encouraged to implement early and submit evidence of completion on time.
	Artisans	61 76%	120	122 102%	2	Intervention in the management of completions for Artisans improved in the reporting thereof.
	Skills programmes	16 48 4%	2000	1308 65%	-691	Administrative processes to collect evidence of completions, together with final moderation or verification, could not be completed due to the national state of disaster and hard lockdown. Employers, training providers and ETQAs could not print evidence of completion timeously. In certain instances, final/summative assessments were postponed. In the next financial year employers will be encouraged to implement early and submit evidence of completion on time.
	AET	269 48 4%	1200	715 56%	-485	Reporting of completions for AET was negatively affected by the COVID-19 pandemic as employers could not send evidence of completions on time. In the next financial year employers will be encouraged to implement early and submit evidence of completion on time.
	TVET WIL	New Target	800	137 17%	-663	Reporting of completions for TVET WIL from employers was negatively affected by the COVID-19 pandemic as employers could not send evidence of completions on time. In the next financial year employers will be encouraged to implement early and submit evidence of completion on time.
	HEI WIL	New Target	400	422 106%	22	Intervention in the management of completions for university work integrated learning improved the reporting thereof.
	Vocational Students	New Target	280	364 130%	84	Intervention in the management of completions for vocational students improved the reporting thereof.

Programme 4: Indicator 24⁷⁸

Strategic objective: HWSETA through its partners register develop and register demand led qualifications in the strategic period

Success Indicator	Performance Indicator	Actual Achievement 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement Variance 2019-2020	Comments on Achievements/ Non-Achievements 2019-2020
Number of new demanded qualifications developed and registered through the registration bodies in the reporting period.	Number of new demanded qualifications developed and registered through the registration bodies per year	5 125%	3	0 0%	-3	The under achievement of both targets is attributed to a number of factors. First, there were delays encountered in processes that are followed before a qualification may be developed. The development of qualifications therefore commenced towards the end of quarter 3. Since the development takes a minimum of six months, the final verification session could not be held before the end of March 2020. The delay in the process for two qualifications for development was due to obtaining sectoral support and consensus for the qualifications identified. By March 2020, profiling, Occupational Document & external assessment were completed. To finalise this qualification a final virtual meeting will be held on 12 June 2020.
	Sub-indicator 1: Percentage of processes supported to develop qualifications per year.	100% 105%	95%	90% 95%	-5%	

⁷⁸ The outcome indicator associated with this indicator is indicator 12

Programme 4: Indicator 25⁷⁹

Strategic objective: Facilitate Recognition of Prior Learning for persons with no formal education but have working experience in order to obtain full or part qualifications in the strategic period.

Success Indicator	Performance Indicator	Actual Achievement 2018/19	Planned Target 2019-2020	Actual Achievement 2019-2020	Planned Target and Actual Achievement Variance 2019-2020	Comments on Achievements/ Non-Achievements 2019-2020
Number of students funded ⁸⁰ to obtain full or part qualification through Recognition of Prior Learning ⁸¹ in the reporting period	Number of students funded ⁸² to obtain full or part qualification through Recognition of Prior Learning ⁸³ in the reporting period	369 105%	381	578 152%	197	The reason for the overachievement is that learners who were funded for RPL obtained both part and full qualifications. Part qualifications (SoRs) and full qualifications were counted separately as different achievements on the ERP system.

⁷⁹ The output indicator associated with this indicator is indicator 19 sub indicator 3

⁸⁰ Funded in this context refers to signing the MoA and registering in the HWSETA Management System (SMS)

⁸¹ 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

⁸² Funded in this context refers to signing the MoA and registering in the HWSETA Management System (SMS)

⁸³ 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

5. STRATEGIES TO OVERCOME AREAS OF UNDERPERFORMANCE:

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

DIVISION	INDICATOR DESCRIPTOR	INDICATOR	Annual Target	ANNUAL ACHIEVEMENT	VARIANCE	% ACHIEVEMENT	Comments on Achievements/ Non-Achievements 2019-2020
1	ETQA Percentage of processes supported to develop qualifications per year	*24 (1)	95%	90%	-5%	95%	The under achievement of both targets is attributed to a number of factors. First, there were delays encountered in processes that are followed before a qualification may be developed. The development of qualifications commenced towards the end of quarter 3. Since the development takes a minimum of six months the final verification session could not be held before the end of March 2020. By March 2020, profiling, Occupational Document & external assessment were completed. These started qualifications will be completed in 2020-2021.
2	CS Percentage of processes automated and integrated per year	*20	100%	87%	-13%	87%	Reason for non-achievement is that there were additional changes to business processes which required the further development of automation of processes. This is a dynamic and on-going process and the initial processes automation did not factor in these changes or improvements. Going forward the business processes will be documented and automated with very little changes.
3	RIME Percentage of qualified technicians, artisans and unemployed learners previously funded by the HWSETA finding employment per year.	*5	80%	60%	-20%	60%	The annual target has not been achieved because this target relies on tracking learners that have completed funded programmes. The rate of participation of these learners is at 27% (329/1199), with Artisan students participating the most (45% -29/65); followed by the learnership programme (30% - 197/666). The university bursaries (23% - 51/224), and Internships (21% - 52/244), participated the least. Due to the high non-response rate, the employment status of 73% of students who completed their qualifications which were funded by the HWSETA remains unknown. For the next tracer study, additional platforms for reaching students such as survey monkey for those that have emails, will be utilised. This should increase the response rate of learners.
4	SDP Number of learners in TVET colleges and other public colleges (and the number of associated learners) enrolled for vocational training courses funded by the HWSETA per year	17	4125	2317	-1808	56%	In response to the Ministerial Instruction to offer more support to TVET Colleges, the target was increased with the aim of reaching a much higher number of Vocational students. TVET Colleges, however, had a limited number of students that could be funded as they offer a limited number of qualifications in the health and welfare sectors. Further, the accreditation of Nursing programmes for public nursing colleges came late in the year resulting in the lower uptake of funding than anticipated. In the next financial year TVET Colleges will be encouraged to form partnerships with accredited private providers to offer sector-specific vocational programmes.

DIVISION	INDICATOR DESCRIPTOR	INDICATOR	Annual Target	ANNUAL ACHIEVEMENT	VARIANCE	% ACHIEVEMENT	Comments on Achievements/ Non-Achievements 2019-2020
5	SDP Number of funded learners certificated and those who completed work-based training per year	19(3) f	17455	9272	-8183	53%	Administrative processes to collect evidence of completions, together with final moderation or verification could not be completed due to the national state of disaster and hard lockdown. Employers, training providers and ETQAs could not print evidence of completions timeously. In certain instances, final/summative assessments were postponed. In the next financial year employers will be encouraged to implement early and submit evidence of completion on time.
6	SDP Number of Large, Medium, Small Levy paying as well as Small and Emerging businesses funded through HWSETA mandatory and discretionary grant funding in the reporting period	10 Large Levy Paying	84	35	-49	42%	For this target employers/organisations are funded for different projects, but are counted once for reporting in this indicator. WSP workshops and employer engagements will be improved to increase the participation rate.
10 Medium Levy Paying		90	41	-49	46%	For this target employers/organisations are funded for different projects, but are counted once for reporting in this indicator. WSP workshops and employer engagements will be improved to increase the participation rate.	
10 Small Levy Paying		524	207	-317	40%	For this target employers/organisations are funded for different projects but are counted once for reporting in this indicator. WSP workshops and employer engagements will be improved to increase the participation rate.	
9	ETQA Number of new demand-led qualifications developed and registered through the registration bodies per year	*24	3	0	-3	0%	The under achievement of both targets is attributed to a number of factors. First, there were delays encountered in processes that are followed before a qualification may be developed. The development of qualifications therefore commenced towards the end of quarter 3. Since the development takes a minimum of six months, the final verification session could not be held before the end of March 2020. By March 2020, profiling, Occupational Document & external assessment were completed.

In order to address these areas of under-achievement the HWSETA has adopted the following strategies:

- Completions will be monitored and collected from various stakeholders. 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 population.
- Qualifications that were already under development will be completed and submitted for registration to the QCTO in quarter 1 of 2020-2021.
- For the next tracer study, additional platforms for reaching students such as survey monkey for those that have emails, will be utilised. This should increase the response rate of learners.
- In the next financial year, TVET Colleges will be encouraged to form partnerships with accredited private providers to offer sector specific vocational programmes.

6. DISCLOSURE ON PRIOR YEAR ACHIEVEMENTS

Prior year achievements have not been included in the Annual Performance Plan as they do not get audited and do not add any value to the report. Records of these achievements are captured for evaluation purposes and are filed appropriately.

REVENUE COLLECTION: R-million

SKILLS DEVELOPMENT REVENUE

Estimate	Actual Collection	(Over)/Under	Commentary	Estimate	Actual Collection	(Over)/Under
2019-20	2019-20	Collection		2018-19	2018-19	Collection
R 490	R 539	(R 49)	9.98% 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.	R 472	R 492	(R 20)

INVESTMENT INCOME

Estimate	Actual Collection	(Over)/Under	Commentary	Estimate	Actual Collection	(Over)/Under
2019-20	2019-20	Collection		2018-19	2018-19	Collection
R 63	R 64	R 1	Actual collection higher to amount budgeted. This is 2% over budget and this is mainly attributable to revenue being higher than the budgeted amount.	R 60	R 62	(R 2)

GOVERNMENT LEVIES

Estimate	Actual Collection	(Over)/Under	Commentary	Estimate	Actual Collection	(Over)/Under
2019-20	2019-20	Collection		2018-19	2018-19	Collection
R 150	R 183	(R 33)	Government levy collection is as per expectations, as more departments comply with the Cabinet Circular of 2012. This collection is much higher than expected due to extensive follow ups and timeous invoicing.	R 143	R 145	(R 2)

HWSETA JOINS THE FIGHT AGAINST GBV ON SOUTH AFRICAN CAMPUSES

Whereas GBV is largely considered a public health issue that affects individuals, their families and communities at large, South African institutions of higher learning have not escaped the scourge of GBV.

Speaking at an Imbizo at the Tshwane North College in August 2018, Deputy Minister Buti Manamela of DHET said violence on campuses was continuous and that there was a dire need for psychosocial support for survivors of sexual abuse.

DHET mandated Higher Health (formerly HEADS) to develop and implement a psychosocial policy and programme on campuses at 26 South African universities and 50 TVET colleges to help mitigate violence on campuses, as well deal with HIV, TB and other issues faced by students. Higher Health is a non-profit organisation established to ensure students undergoing post school education and training (PSET) and studying at higher education institutions (HEI) are physically and emotionally healthy to enable them to take their rightful places in contributing to the economic growth of our country.

Their core focus lies in providing a comprehensive combination of services to mitigate the spread of HIV, TB, sexually transmitted infections (STIs), as well as a range of other health and wellness related services. ailments. This programme was

developed to introduce peer-to-peer-led health and wellness activities on campuses, bringing a wide spectrum of services to the doorstep of young people – at no cost to them. During the previous financial period, the HWSETA partnered with Higher Health and approved R3.4 million of funding for the training of 180 peer mentors. Training kicked off during this same period and came to fruition during the period under review.

“High alcohol consumption statistics, increased levels of GBV and staggering HIV infection rates negatively impact young people studying at Higher Education Training institutions,” emphasises Sikhumbuzo Gcabashe, HWSETA’s Executive Manager of Skills Development and Planning. “The wellbeing of our students on campuses across the country is very important if the country is intent on meeting its skills development targets.”

“We need our young people to be enthusiastic and full of energy to do well in their studies so that they too can one day fully participate in the economic and social development activities of the country. This project provides a holistic contribution to education and HWSETA’s involvement is impacting the education sector beyond skills development,” Gcabashe concluded.

www.higherhealth.ac.za



Rapid Response to COVID-19 by Higher Health

As South Africa’s 21 SETAs were wrapping up skills development activities for the 2019-2020 financial period, the country was just starting to get to grips with the sudden and unexpected arrival of COVID-19 in South Africa.

Higher Health, in partnership with numerous public and private entities, of which the HWSETA is one, responded quickly to capacitate students across the country with information relating to the prevention of COVID-19, as well as the supply of PPE.

Higher Health’s rapid response to the crisis, once again proved the value of the programme in protecting the lives of South Africa’s young learners.

C

GOVERNANCE



GOVERNANCE STRUCTURE

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

The Board is constituted of 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

The Board 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. 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 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.

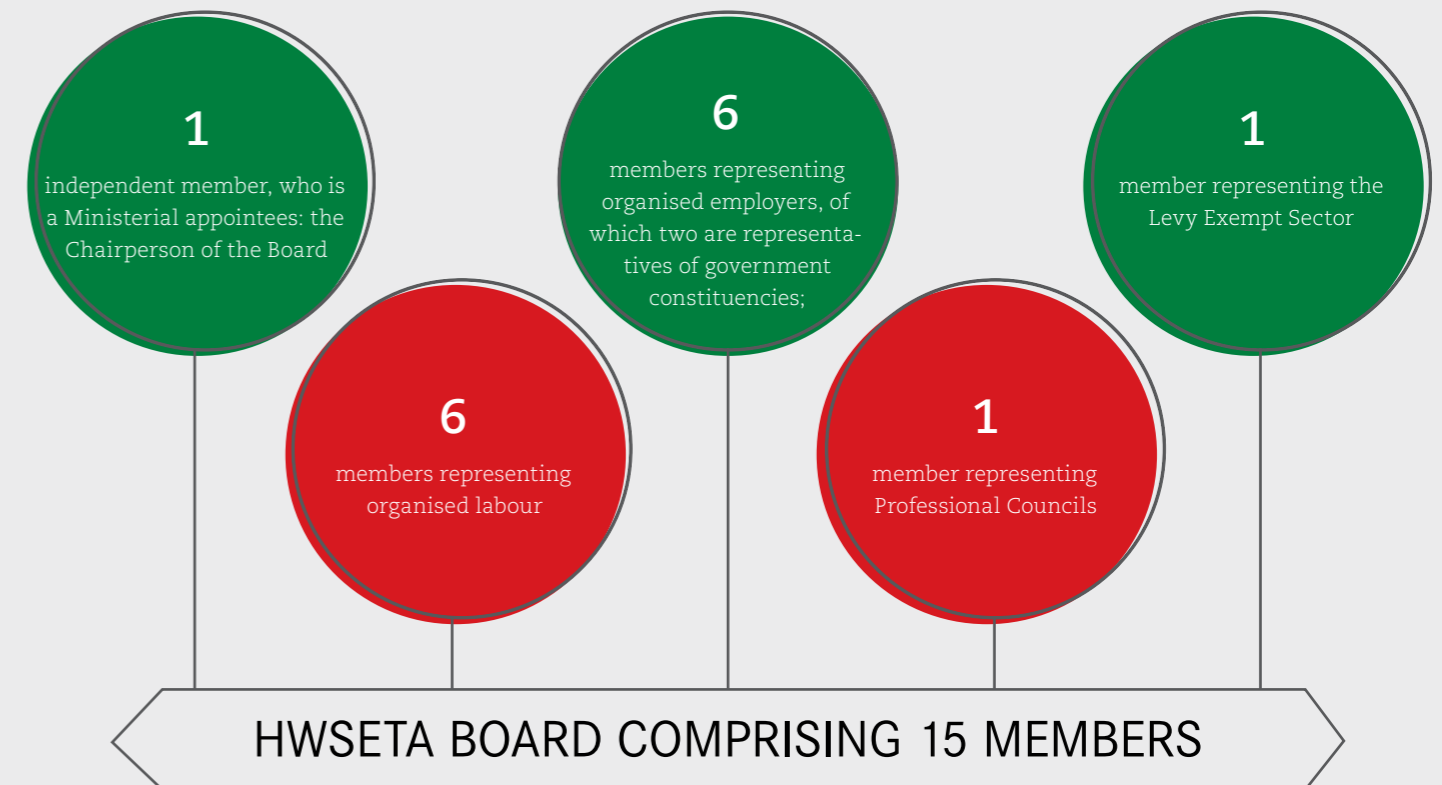
A record is kept of all allowances paid to members, and such record is audited through internal and external audits conducted by the Internal Auditor and the Auditor-General South Africa, respectively.

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 member	Representing	Appointment Date:
Ms Refilwe Matenche	Independent Chairperson	1 April 2018
EMPLOYER REPRESENTATIVES		
Mr Rudie van Loggerenberg	Department of Social Development	3 July 2018
Dr Dumisani Bomela	Hospital Association of South Africa	1 April 2018
Dr Nceba Ndzwayiba	Netcare Limited	3 July 2018
<i>Vacant</i>	<i>Life Healthcare</i>	
Dr Katlego Mothudi	Board of Healthcare Funders	26 November 2018
<i>Vacant</i>	<i>Department of Health</i>	
LABOUR REPRESENTATIVES		
Ms Mosidi Nkambule	DENOSA	1 April 2018
Ms Joyce Kumalo	HOSPERSA	1 April 2018
Mr Sidney Kgara	NEHAWU	1 April 2018
Mr Mbongiseni Khanyeza	NPSWU	1 April 2018
Mr Leon Gilbert	PSA	1 April 2018
Mr Reuben Maleka	PSA	1 April 2018
SOCIAL SECTOR		
Ms Langanane Malamba	SACSSP	1 April 2018
PROFESSIONAL COUNCILS		
Dr Charlotte Nkuna	SA Veterinary Council	1 April 2018

Board member	Representing	Appointment Date:	Resigned
Ms Peggy Naicker	Life Healthcare	3 July 2018	1 August 2019



EXECUTIVE COMMITTEE OF THE BOARD

The Board is assisted by its Executive Committee, comprising 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 4 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 3 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

HWSETA BOARD MEETING ATTENDANCE 2019-2020

	R Mantenche	M Nkambule	J Kumalo	L Gilbert	R Maleka	S Kgara	M Khanyeza	D Bomela	C Nkuna	L Malamba	N Ndzwayiba	R van Loggerenberg	K Mothudi	P Naicker
Board Meetings and Special Board Meetings	8	9	7	7	7	6	9	3	5	7	7	7	9	3
EXCO and EM Recruitment	12		12		10			5				6		
SD/RIME Standing Committee Meetings						3	3		2	1	3			
ETQA Standing Committee Meetings		3	1			1	3		2	1	3	1	1	
Corporate Services Standing Committee Meetings		4	4	3	1					2	4	4		
Finance and Remuneration Standing Committee Meetings		5			3		5	2						1
Audit and Risk Committee Meetings				2									4	
Other Meetings	2	1	2		1		1	1	1	1	2			
TOTAL	22	22	26	12	22	10	21	11	10	12	19	18	14	4

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 an annual 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 AND AUDIT, RISK AND GOVERNANCE COMMITTEE – THE EFFECTIVENESS OF INTERNAL CONTROL

The system of internal control applied by the Health and Welfare SETA over financial and risk management is effective, efficient and transparent.

In line with the PFMA and the Treasury Regulations, Internal Audit provides the Audit and Risk Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls

and processes. From the various reports of the Internal Auditors, we noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations there from.

Management is committed to addressing the issues raised by the Internal Auditors and External Auditors and this follow-up report is reviewed by the Committee during its meetings. Accordingly, the system of internal control over financial reporting for the period under review was efficient and effective.

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.

AUDIT, RISK AND GOVERNANCE COMMITTEE RESPONSIBILITY

The Audit, Risk and Governance 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, Risk and Governance Committee has conducted its affairs in compliance with this Charter.

KEY ACTIVITIES AND OBJECTIVES OF THE AUDIT AND RISK COMMITTEE

The Audit, Risk and Governance Committee has:

- reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report, with the Auditor-General South Africa and the Accounting Authority;
- reviewed the Auditor-General's management letter and management's response thereto;

- reviewed changes in accounting policies and practices; and
- reviewed significant adjustments resulting from the audit if applicable.

The Audit, and Risk and Governance Committee concurs and accepts the Auditor-General's conclusions on the Annual Financial Statements, and is of the opinion that the Audited Annual Financial Statements be accepted and read together with the report of the Auditor-General South Africa.

The following internal audits were conducted by the internal auditors during the 2019-2020 financial year:

- Audit of Predetermined Objectives (Q1 and Q2)
- Supply Chain Management Review
- Financial Management Review
- IT Application Control Review
- Human Resource Management
- Follow Up Reviews on IA and EA findings
- Grants and Commitment Review
- Projects Visits

The Audit, Risk and Governance Committee is established and comprises three independent members and two Board members. The Committee is advisory in nature and reports directly to the Board.

The Committee's Charter and Terms of Reference are aligned to the HWSETA's constitution, the PFMA and Treasury Regulations. This Committee also takes on the responsibility of IT and Governance oversight.

The Audit, Risk and Governance Committee has the following objectives, to review:

- a. the effectiveness of the internal control systems;
- b. the effectiveness of internal audit;
- c. the risk areas of the entity's operations to be covered in the scope of internal and external audits;
- d. the adequacy, reliability and accuracy of financial information provided to management and other users of such information;

- e. any accounting and auditing concerns identified as a result of internal and external audits;
- f. the entity's compliance with legal and regulatory provisions;
- g. the activities of the internal audit function, including its annual work programme, coordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations; and
- h. where relevant, the independence and objectivity of the external auditors.

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 influenced the period under review.

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 Governance Committee
3. Finance, Remuneration and Tender Committee

The Audit, Risk and Governance Committee also attends to matters of Ethics. Any matters of ethics are reported to the EXCO and Board meetings.

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, 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, Risk and Governance Committee meetings. The HWSETA has complied with all principles applicable to a public entity

except for the following:

1.Principle 3: The Accounting Authority should ensure that the organisation is and is seen to be a responsible corporate citizen.

Response by HWSETA: The Responsible Corporate Citizen document was finalised after year-end and is now published on the HWSETA website.

2.Principle 4: The accounting Authority should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performances and sustainable development are all inseparable elements of the value creation process.

Response by the HWSETA: The draft value chain and communication of this is in progress.

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. As one mechanism, the HWSETA has an 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 hot line 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 no pending cases at the CCMA as all matters have been resolved.

A total of 14 tip-offs were received between 1 April 2019 and 31 March 2020. These tip-offs were reported through the tip-offs hot line and went directly to the Internal Auditors to ensure confidentiality. All 14 related to external skills development providers and not the internal affairs of the HWSETA. Six 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 that 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.

ETHICS

Under the period of review, the HWSETA developed an Ethics Guideline. The guideline sets out the ethics that the HWSETA espouses and strives to uphold. The guideline was made available to all staff and is posted on the website for stakeholders. This is in order to create accountability and foster a deep sense of ethics within the organisation and with our stakeholders.

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.

REMUNERATION PHILOSOPHY

The HWSETA is committed to good practice and governance, fairness and equity in remuneration of its employees in line with relevant legislation. The HWSETA embraces a Cost to Company (CTC) as part of the overall Employee Value Proposition considering the following-Remuneration at HWSETA that is based on a Cost to Company package with a flexible guaranteed package structure,

encompassing cash and benefits, travelling allowances and provident fund. Insurance, medical aid allowance and risk benefits fall outside the CTC and are paid by the employer. The HWSETA uses the Paterson method of job evaluation that is a systematic approach to determine as objectively as possible the worth of one job relative to the other within the organisation. The HWSETA pays employees at the median range ie 50% percentile. Pay scales for all levels have been developed in accordance with sound reward practices, including job hierarchy, overlap by pay level, pay range (minimum to maximum) and slope (percentage increase between the median of one level relative to the next).

SOCIAL RESPONSIBILITY

The HWSETA invested over R36 000 in the period under review in various initiatives such as the promotion of literacy in girl children. Due to COVID-19 challenges, several projects have been extended to the next financial year such as disability assistance and a sanitary pad project.



AUDIT, RISK AND GOVERNANCE COMMITTEE REPORT FOR THE YEAR ENDED 31 MARCH 2020

1. LEGISLATIVE REQUIREMENTS

The Audit, Risk and Governance Committee herewith presents its report for the financial year ended 31 March 2020, 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.

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 2020, the Audit and Risk Committee met on 5 occasions.

The table below shows the attendance of these meetings:

3. AUDIT AND RISK COMMITTEE'S RESPONSIBILITY

The Audit, Risk and Governance 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.

Name	Tenure	Qualifications	Number of meetings scheduled	Number of meetings attended
Mr G Higgins	1 Sept 2018 to 31 July 2020	CA(SA)	5	5
Ms M Ramutsheli	1 Sept 2018 to 31 July 2020	MPhil Internal Auditing	5	4
Ms P Motlokoa	1 Sept 2018 to 31 July 2020	CA(SA)	5	5
Mr L Gilbert	1 April 2018 to 31 March 2020	MPhil Labour Law and Employment Relations	5	2
Dr K Mothudi	1 February 2019 to 31 March 2020	MB Chb	5	4

2. AUDIT AND RISK COMMITTEE MEMBERS AND ATTENDANCE

The Audit, Risk and Governance Committee was established in accordance with sections 51 (1)(a)(ii) and 77 of the PFMA. The Audit, Risk and Governance Committee requires a minimum of three members and a maximum of five members, the majority of whom should be independent members. The Audit and Risk Committee for the HWSETA comprises five members, including the chair, Mr George Higgins CA(SA). In

The members of the Audit, Risk and Governance 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.

4. EFFECTIVENESS OF INTERNAL CONTROL

The Audit, Risk and Governance 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, Risk and Governance 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, Risk and Governance Committee will monitor these going forward.

The vacancies of the Executive for RIME, SDP, and CFO were filled in the current year. Measures were put in place to ensure the effective functioning of internal control prior to these appointments.

Due to the strategic importance of, and investment in, the modernisation of information and communication technology (ICT) in the HWSETA, the Audit, Risk and Governance Committee has monitored the risk register and progress reports on the respective action plans during the year under review. The Audit, Risk and Governance 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, Risk and Governance Committees 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, Risk and Governance Committee has engaged with management to remedy shortcomings, especially relating to reports on performance against predetermined objectives.

The Audit, Risk and Governance 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 July 2020.

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, Risk and Governance 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, Risk and Governance Committee is responsible for the oversight of the risk management function. The risk management committee reports to the Audit, Risk and Governance 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, Risk and Governance Committee is satisfied with the HWSETA's finance function during the year under review.

9. PERFORMANCE MANAGEMENT

Part of the responsibilities of the Audit, Risk and Governance Committee includes the review of performance management. The Audit, Risk and Governance 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; and
- Review and comment on the HWSETA's performance management system and making recommendations for its improvement.

The Audit, Risk and Governance 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, Risk and Governance 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 reevaluations;
- Calculation and levels of general and specific provisions;
- Write-offs and reserves; and
- The basis for the going concern assumption, including any financial sustainability risks and issues;

The Audit, Risk and Governance Committee notes that due to the conversion of commitments into disbursements for the current year, the approved budget of the HWSETA was overspent in the year under review. Consistent with all SETAs, the AGSA has concluded that the overspend constitutes irregular expenditure as defined and the HWSETA has disclosed it as such. This matter has been elevated to the Executive Authority together with National Treasury to resolve this technical non-compliance identified by the AGSA.

The Audit, Risk and Governance Committee has also evaluated the impact of the COVID-19 impact on the financial statements and is satisfied that any impact has been adequately dealt with by the HWSETA.

The Audit, Risk and Governance Committee is comfortable that the Annual Financial Statements have been prepared in terms of GRAP and the PFMA.

11. AGSA'S REPORT

The Audit, Risk and Governance Committee concurs with, and accepts, the conclusion and audit opinion of the external auditors on the Annual Financial Statements. 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, Risk and Governance 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, Risk and Governance Committee concurs with the findings on the reported performance information; financial statement as well as procurement and contract management.

The external audit function, performed by the Auditor-General South Africa, is independent of the HWSETA. The Audit, Risk and Governance 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

Health and Welfare Sector Education Training Authority

30 September 2020

FUNDING FOR DIESEL MECHANIC TRAINING LINKED TO CENTRE OF SPECIALISATION



North-West provinces.

On 9 April 2019, DHET officially launched the Centres of Specialisation programme at ORBIT TVET College's Brits Campus.

The HWSETA has committed R8.6 million over a three-year period that will see ?? learners undergo theoretical training at Orbit TVET College, and practical training at

private companies such as Great North Transport, SA Nuclear Energy Corporation, Ditsibi Motor Engineering, among others.

According to 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 closer to the graduates as they will ideally be able to approach them after the completion of the programme for permanent employment."

"In 2013, South Africa identified a critical shortage of trained artisans and

established that by 2030, the country should be training 30 000 artisans a year to meet the needs of the economy and industry," comments Mrs Elaine Brass, CEO for the HWSETA "and the Centres of Specialisation programme will not only contribute to the achievement of this target, but also build a better apprenticeship training system."

The Centres of Specialisation Programme was established to train artisans in 13 priority trades that are in demand; establish strong partnerships between TVET Colleges and employers; as well as lay the foundation for college differentiation.

The programme, in essence, creates a three-way partnership between the funding SETA, the TVET College and the employer and, in its implementation, will see partners working collaboratively towards skills development. This collaboration will break down barriers between the TVET college system and industry needs, making TVET colleges more relevant and responsive to industry labour needs.

In March 2018, the then Minister of Higher Education and Training, Dr Naledi Pandor launched the Centres of Specialisation Artisan Programme in Gauteng. In her address she stated: "The Department expects to secure partnerships to implement effective programmes for training artisans in a range of sectors."

Each of South Africa's 21 SETAs was mandated to provide funding in one of thirteen priority trades that were identified to be in demand. Heeding this call, the HWSETA partnered with ORBIT and Mopane South East TVET Colleges, as well as ten employers from Limpopo, Gauteng and

DISADVANTAGED WOMEN SKILLED IN MANUFACTURE OF REUSABLE SANITARY PROTECTION

Research by the United Nations confirms that 1 in 10 girls in Africa misses school during menstruation. In South Africa alone, 30% of young impoverished girls miss school during their menstrual cycles due to limited or no access to sanitary products. This appalling reality is known as 'period poverty', which refers to a lack of access to sanitary protection and menstrual hygiene education.

Period poverty is a debilitating concern for all developing countries, because the lack of menstrual hygiene products inflicts indignity upon disadvantaged young girls. Disposable sanitary products are prohibitively unaffordable making it difficult to maintain good menstrual hygiene. This perpetuates a culture of continued girl absenteeism in schools and increased dropout rates.

To be able to do this, the Afrbiz Foundation has for the past five years specialised in the manufacture of Kuhle Pads, which are reusable sanitary products that provide sustainability for disadvantaged girls in no fee-paying schools. The foundation

also raises funds to educate and provide reusable sanitary towels to girls in school, not only to maintain their attendance in school, but also to give them a sense of dignity by raising their self-esteem and confidence whilst on their period. This comes at a time where the country's unemployment rate is far higher for women than for men at all ages, with 54% of young women being unemployed.

To aid in reducing the unemployment rate and to empower young girls in schools, the foundation recruits young women from disadvantaged communities and trains them to manufacture Kuhle Pads.

The HWSETA has funded more than R1,6 million to the foundation to train 50 young women in Kwazulu Natal and 50 in Gauteng. In addition to being trained in manufacture of the pads, project beneficiaries will receive training in entrepreneurship, health and safety processes, machinery and material knowledge and customer service.

"Our contribution to this project yields two important outcomes," says Luyanda Lokwe, HWSETA's Project Manager in the



Skills Development and Planning Division. "Skilling these women empowers them socially and financially as they'll be able to generate income for themselves to sustain their families, whilst also ensuring that young girls stay in school."

"What's more, once they have completed the training they have acquired skills that they can use to create employment for themselves," adds Lokwe.

Through this and numerous other skills development projects, the HWSETA continues to place emphasis on bettering the lives of all South Africans through people development.

MOTIVATIONAL SUPPORT FOR THE SOUTH AFRICAN GIRL CHILD

Since 2017, the Footprints Foundation has reached over 4500 previously disadvantaged young South African girls with their inspirational 'Dear African Girl Journal'. Through its pledge to print 200 copies of the journal, the HWSETA has added its voice to the message of hope that young South African girls need.

"It is the bold steps taken by African women in the iconic 1956 Women's March to the Union Buildings in Pretoria that laid a robust foundation for women leaders today to see the value and importance of grooming women from a young age," states Elaine Brass, HWSETA's Chief Executive Officer. "This journal provides the girl child with hope that tomorrow will be different from today through hard work, perseverance, resilience and enduring faith

that your dreams will come true no matter what obstacles are put in your way."

The journal was inspired by a lack of mentoring platforms for girls and the need for role modelling amongst girls in rural or previously disadvantaged communities. Footprints Foundation, a South African not-for-profit organisation, has a network of 120 schools based in the Free State, Mpumalanga, Kwa-Zulu Natal and Limpopo provinces.

The 'Dear African Girl' journal is donated to marginalised girls in our society and contains a series of personal letters from some of Africa's most powerful and inspirational women such as Professor Lulama Makhubela, Claire Mawisa, Nozipho Langa, Shoki Mmola and Advocate Rashida Ntlotela to name a few.



These stories are written specifically for the African girl and each story talks through the writer's life challenges as a girl child, perseverance, resilience and hard work, and how these are central to their achievements and success.

The HWSETA commends the Footprints Foundation for the positive change to our local communities and country in working towards producing a generation of visionary and empowered African girl leaders.

CONTRIBUTING TO FOOD SECURITY DURING CORONAVIRUS CRISIS

The right to food is enshrined in the South African Constitution and whereas the country remains vigilant about food security, the unexpected and rapid arrival of the Coronavirus in South Africa prompted concerns about access to food by South Africans.

Around the world, the availability of foodstuff has become a major concern. In fact, 265 million people could face acute hunger by the end of 2020. Quite simply, the world has never before encountered such a great hunger emergency

With this in mind, and in line with its COVID-19 educational and awareness campaign, the HWSETA awarded discretionary grants to entities that would be able to help disseminate vital COVID-19 communication.

Talent Brand was a recipient of one of these discretionary grants. With its specialist knowledge of the FMCG sector, the company was well positioned to educate essential workers in the food supply sector on disease prevention.

Talent Brand applied its experience and knowledge in the production of educational videos to the production of a series of animated videos, crafted to provide essential workers in manufacturing, retail and supply chain industries with information about how to identify COVID-19 symptoms, and how to protect themselves and family members from the spread.

The animated videos – each under three minutes long – are available in English, Afrikaans, Zulu and Setswana, and aim to dispel myths about the spread of the virus

and address critical issues such as physical distancing, when to self-isolate, and how and when to get tested.

The initiative formed part of a comprehensive plan developed by the HWSETA to assist with COVID-19 efforts. At that time, the HWSETA had invested over R100 million in a variety of projects to make the correct information accessible to South Africans.

"There had been a lack of information available in many languages, and the Talent Brand project proved to be an integral part of the HWSETA's COVID-19 educational campaign and we are very proud of this project and of the quality of the videos. We are looking forward to seeing the impact of the project," comments Elaine Brass, CEO of the HWSETA.

CORONA VIRUS



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HUMAN RESOURCES
MANAGEMENT

HUMAN RESOURCES

EMPLOYMENT AND VACANCIES

Programme/activity/objective	2019-2020 No. of Employees	2019-2020 Approved Posts	2019-2020 Vacancies	% of vacancies
Top Management	1	1	0	0%
Senior Management	6	6	0	0%
Professional qualified	22	24	2	1%
Skilled	53	73	20	13%
Semi-skilled	61	48	0	(8%)
Unskilled	0	0	0	0%
TOTAL	143	152	6	6%

EMPLOYMENT CHANGES

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	0	0	1
Senior Management	3	3	0	6
Professional qualified	22	3	3	22
Skilled	46	10	3	56
Semi-skilled	47	18	4	61
Unskilled	0	0	0	0
Total	119	34	10	143

REASONS FOR STAFF LEAVING

Reason	Number	% of total no. of staff leaving
Death	0	0%
Resignation	7	4.7%
Dismissal	3	2.1%
Retirement	0	0%
Ill health	0	0%
Expiry of contract	0	0%
Other	0	0%
Total	10	6.8%

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Nature of disciplinary Action	Number
Verbal Warning	3
Written Warning	1
Final Written warning	2
Dismissal	3
TOTAL	9

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	1	0	1	2	0	0	0
Professional qualified	7	1	0	1	2	2	1	0
Skilled	17	15	3	1	3	2	1	1
Semi-skilled	14	26	2	2	1	3	0	1
Unskilled	0	0	0	0	0	0	0	0
TOTAL	39	43	5	5	8	7	1	2

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	0
Senior Management	3	0	0	0	0	0	0	2
Professional qualified	7	3	1	0	3	0	0	0
Skilled	27	7	3	1	1	3	0	3
Semi-skilled	30	27	10	1	3	2	1	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	67	37	14	2	7	5	2	5

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

LEVELS	DISABLED STAFF			
	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	1	2	2	2
Unskilled	0	0	0	0
TOTAL	1	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)
ADMIN	93 364	51 849	56%	51	1 017
SDP*	35 275	30 817	87%	78	395
ETQA	17 281	9 977	58%	14	713

PERSONNEL COST BY SALARY BAND

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	2 272	2.45%	1	2 272
Senior Management	9 419	10.16%	6	1 570
Professional qualified	20 076	21.67%	22	912
Skilled	34 206	36.92%	53	645
Semi-skilled	26 670	28.79%	61	437
Unskilled	0	0	0	0
TOTAL	92 643		143	634

Employee numbers includes terminations and appointments

PERFORMANCE REWARDS

Programme//activity/objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	171	2 272	8%
Senior Management	561	9 419	6%
Professional qualified	1 462	20 076	7%
Skilled	1 596	34 206	5%
Semi-skilled	1 328	26 670	5%
Unskilled	0	0	0
TOTAL	5 118	92 643	6%

Performance rewards per the Financials include the current year expenditure and the provision for staff bonuses for the 2020- 2021 financial year

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; CS; RIME& OCEO	51 849	341	0.66%	100	3.41
SDP*	30 817	86	0.28%	79	1.09
ETQA	9 977	45	0.45%	14	3.21
TOTAL	92 643	472	0.51%	193	2.45

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

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FINANCIAL
MANAGEMENT

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE 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 78 to 117, which comprise the statement of financial position as at 31 March 2020, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison between budget and actual expenditure 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 2020, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practise (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 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 Code of ethics for professional accountants and parts 1 and 3 of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes) as well as 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.

EMPHASIS OF MATTER

- 6: I draw attention to the matter below. My opinion is not modified in respect of this matter.

Events after reporting date

7. I draw attention to note 22 to the financial statements, which deals with subsequent events and specifically the possible effects of the future implications of Covid-19 on the public entity's future prospects, performance and cash flows. Management have also described how they plan to deal with these events and circumstances.

RESPONSIBILITIES OF ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA and the SDA, and for such internal control as

the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Report on the audit of the annual performance report

INTRODUCTION AND SCOPE

12. 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 on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
13. My procedures address the usefulness and reliability of 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 do not examine whether the actions taken by the public entity enabled service delivery. My procedures also do 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.
14. 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 2020:

Programmes	Pages in the annual performance report
Programme 3 - learning programmes and projects	29-41

15. 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.
16. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
 - Programme 3 - learning programmes and projects

OTHER MATTER

17. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

18. Refer to the annual performance report on pages 24 to 49 for information on the achievement of planned targets

for the year and explanations provided for the under-/overachievement of a number of targets.

ADJUSTMENT OF MATERIAL MISSTATEMENTS

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Programme 3: learning and programmes 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

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

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

Annual Financial Statements, performance and annual report

22. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1) (b) of the PFMA.

23. Material misstatements of non-exchange revenue, cash flow statement, statement of comparison between budget and actual expenditure, segment reporting were identified in the submitted financial statements. The misstatements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

PROCUREMENT AND CONTRACT MANAGEMENT

24. Persons in service of the public entity had a private or business interest in contracts awarded by the public entity participated in the process relating to that contract in contravention of treasury regulation 16A8.4.

OTHER INFORMATION

25. The accounting authority is responsible for the other information. The other

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

26. 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.

27. In connection with our audit, our 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 our knowledge obtained during the audit or otherwise appears to be materially misstated.

28. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

29. I considered internal control relevant to my audit of 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 basis for the opinion, the findings on the name of performance report and the findings on compliance with legislation included in this report.

30. The public entity did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. This is evidenced by material adjustments on the financial statements

31. The review processes on the financial statements and performance information were not adequate to ensure accurate financial statements and performance report that are free from material misstatements and compliance with legislation.

32. Oversight responsibility regarding financial and performance reporting and compliance was not adequately exercised, as the controls in place did not prevent or detect internal control deficiencies that resulted in material misstatements.

Auditor-General

Pretoria

30 September 2020



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's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt

on the ability of the Health and Welfare Sector Education and Training Authority to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

4. I also 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, actions taken to eliminate threats or safeguards applied.

Statement of Financial Performance

FOR THE PERIOD ENDED 31 MARCH 2020

	Note	2019-2020 R'000	2018-2019 R'000
REVENUE			
Non - Exchange Revenue	3	7 22 657	636 745
Skills Development Levy: income		716 245	6 30 316
Skills Development Levy: penalties and interest		6 412	6 429
Exchange Revenue		65 163	62 730
Interest income	4	64 330	62 427
Other income	5	833	303
		-	-
TOTAL REVENUE		787 820	699 475
EXPENSES			
Total expenses		893 517	574 487
Employer grant and project expenses	6	747 597	446 172
Administration expenses	7	145 920	128 315
		-	-
Net surplus/ (deficit) for the Year	2	(105 697)	124 988

Statement of Financial Position

AS AT 31 MARCH 2020

	Note	2019-2020 R'000	2018-2019 R'000
ASSETS			
Current assets		1 114 582	1 156 595
Accounts receivable: Non-exchange transactions	10.1	5 041	1 534
Accounts receivable: Exchange transactions	10.2	3 007	3 327
Prepayments and advances	9	2 279	1 307
Inventories	12	1 112	688
Cash and cash equivalents	13	1 103 143	1 149 739
Non-current assets		1 4 999	13 492
Property, plant and equipment	8.1	9 254	7 891
Intangible assets	8.2	5 745	5 601
		-	-
TOTAL ASSETS		1 129 581	1 170 087
FUNDS AND LIABILITIES			
Current liabilities		174 426	109 235
Grants and transfers payable - Non exchange transactions	14.1	149 116	93 165
Trade & other payables: Exchange transactions	15.1	1 6 435	8 742
Provision for staff Bonuses	15.2	2 339	650
Levy exempt provision	16	6 535	6 285
NSF Funds received in Advance	17	1	1
Operating lease payables	26	-	392
Funds and reserves		955 155	1 060 852
Administration reserve		1 4 999	13 492
Employer grant reserve		-	-
Discretionary reserve		940 156	1 047 360
		-	-
TOTAL FUNDS AND LIABILITIES		1 129 581	1 170 087

Statement of Changes in Net Assets

FOR THE YEAR ENDED 31 MARCH 2020

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 2018	13 916	-	921 948	-	935 864
Net surplus	2			1 24 988	124 988
Allocation of unappropriated surplus	18 563	40 587	6 5 838	(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	-	1047 360	-	1060 852
Net surplus	2			(105 697)	(105 697)
Allocation of unappropriated surplus	30 637	40 495	(176 829)	105 697	
Transfer from Employer reserves		(40 495)	40 495		
Transfer to Discretionary reserves	-29 130		29 130		
Balance at 31 March 2020	14 999	-	9 40 156	-	955 155

Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019-2020 R'000	2018-2019 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating activities			
Cash receipts from stakeholders		7 20 237	637 048
Levies, and penalties received		7 19 084	636 745
Other cash receipts from stakeholders		1 153	303
Cash paid to stakeholders, suppliers and employees		(827 522)	(544 450)
Grants and project payments		(691 722)	(444 266)
Compensation of employees		(87 964)	(78 377)
Payments to suppliers and other		(47 836)	(21 807)
Cash generated from operations	27	(107 286)	92 598
Interest income		6 4 330	62 427
Net cash inflow/ (outflow) from operating activities		(42 956)	155 025
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8.1	(3 370)	(1 814)
Purchase of intangible assets	8.2	(270)	(147)
Disposal of property, plant and equipment			
Net cash (outflow) from investing activities		(3 640)	(1 961)
Net Increase/ (decrease) in cash and cash equivalents		(46 596)	153 064
Cash and cash equivalents at the beginning of the year		1 149 739	996 675
Cash and cash equivalents at the end of the year	13	1 103 143	1 149 739

Statement of Comparison Between Budget and Actual Expenditure

FOR THE YEAR ENDED 31 MARCH 2020

Reference to explanations	R'000 Actual	2019-2020 R'000 Approved Budget	% Variance	R'000 Variance	2018-19 R'000 Prior year Actual
Total Levy Income	539 224	490 271	9.98%	48 953	492 182
Levy - Mandatory	134 627	122 442	9.95%	12 185	119 338
Levy - Discretionary	328 436	303 602	8.18%	24 834	302 709
Levy - Administration	69 751	64 227	8.60%	5 524	63 706
Levy Interest and Penalties	6 410	-	0.00%	6 410	6 429
Total Income - Government Departments	183 433	150 489	21.89%	32 944	144 563
Total Investment Income	64 330	63 056	2.02%	1 274	62 427
	786 987	703 816	11.82%	83 171	699 172
Skills Development Levies Grant refund	148	-	-	-	136
Sundry income	685	-	-	-	167
Administration Expenditure	145 920	149 126	-2.15%	(3 206)	128 315
Accommodation and travelling	6 214	6 193	0.34%	21	5 457
Advertising and promotions	1 602	1 635	-2.05%	(33)	2 211
Audit - external	3 003	3 078	-2.43%	(75)	2 609
Audit - internal	3 004	3 160	-4.94%	(156)	2 978
Bank charges	124	116	7.05%	8	113
Branding	479	842	-43.14%	(363)	1 202
Catering and refreshments	449	527	-14.72%	(78)	369
Cleaning	1 158	1 097	5.56%	61	1 124
Consulting fees	386	737	-47.63%	(351)	731
Courier & postage	175	263	-33.52%	(88)	22
Depreciation	2 133	2 961	-27.96%	(828)	2 288
Audit committee costs	270	227	18.71%	43	163
Governance costs	2 424	3 232	-25.00%	(808)	2 198
Insurance premiums	505	632	-20.07%	(127)	513
General expenses	-	7	-100.00%	(7)	-
Groceries	100	135	-25.81%	(35)	104
Lease charges	31	192	-83.85%	(161)	84
Legal fees	659	1 053	-37.42%	(394)	199
Memberships & subscriptions	728	373	95.40%	355	369
Motor vehicle expenses	49	84	-41.83%	(35)	41

Reference to explanations	R'000 Actual	2019-2020 R'000 Approved Budget	% Variance	R'000 Variance	2018-19 R'000 Prior year Actual
Office move	-	105	-100.00%	(105)	-
Printing and stationery	1 738	2 106	-17.47%	(368)	1 936
Programme evaluations and etqa aqp	785	1 748	-55.08%	(963)	743
Quality council for trades and occupations	3 294	3 866	-14.80%	(572)	3 100
Research costs	1 344	893	50.51%	451	1 146
Recruitment costs	1 393	502	177.33%	891	1 152
Rent paid and storage	9 125	9 484	-3.79%	(359)	8 975
Repairs and maintenance	110	122	-9.53%	(12)	147
Salaries	92 643	92 707	-0.07%	(64)	78 377
Security	76	237	-67.92%	(161)	170
Social responsibility	37	118	-68.63%	(81)	212
Software licences and support	3 141	2 608	20.42%	533	1 892
Staff, board training and bursaries	801	1 217	-34.19%	(416)	1 172
Staff welfare and eap	1 035	211	391.45%	824	240
Telephone and faxes	2 029	1 641	23.64%	388	1 840
Management of fraud hotline	35	43	-18.93%	(8)	35
International benchmarking and research	592	948	-37.53%	(356)	-
Water and electricity, rates and taxes	1 684	1 580	6.62%	105	1 839
Other consumables	155	158	-1.90%	(3)	185
Write off of assets	-	-	-100.00%	-	96
Popi compliance	-	-	-100.00%	-	256
Workshops	2 410	2 288	5.32%	122	2 027
Mandatory Grants	94 132	85 709	9.83%	8 423	78 751
Project Expenditure - Discretionary Funds	653 465	466 981	39.93%	186 484	367 421
Total grants	747 597	552 690		194 907	446 172
Surplus/(Deficit) before capital expenditure	(105 697)	2 000			124 988
CAPEX	3 640	2 000	82.00%	1 640	1 961
Surplus	(109 337)	-			123 027

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

- A Depreciation -The expense is below budget due to the high number of assets reaching the end of their useful life and replacements of these assets continue in the 2020-2021 financial year.
- B Governance costs -The expense is below budget due to some of the meetings scheduled for last three weeks in March 2020 not being conducted due to the unavailability of some of the members following the announcement of the national state of disaster while other meetings were conducted virtually resulting in savings in travel and accommodation costs
- C Programme evaluations as AQP -This expense is determined by the number of requests received for programmes to be evaluated and cannot be accurately predicted. The current year budget is based on the prior year actuals.
- D Recruitment costs -Over expenditure due to higher staff turnover this year, recruitment of three executive positions, and positions identified through the Organisational Development project were being filled during the year.
- E Software, licenses and support -Over expenditure due to Governance software, Microsoft Academic Software and Back up licenses purchased.
- F Staff welfare -Over expenditure due to costs incurred towards employee satisfaction initiatives which was a recommendation coming out of the staff survey. An external service provider was appointed to conduct the engagements with employees.
- G Mandatory Grants -Employer grants are driven by a participation rate that cannot be predicted with accuracy as there is uncertainty of how many employers will submit a WSP and be approved at the time of creating the budget. Participation rate has increased due to the HWSETA implementing the ERP system thus making it easier for employers to participate.
- H Project expenditure on discretionary grants -Although this expenditure is over budget this was funded through reserves as depicted in commitments previous years -Commitments note 19. It is almost impractical to predict the expenditure relating to employer grant and project expenses. Various factors influence the completion of projects and payments of tranches against a commitment. Due to circumstances many projects were successfully completed in terms of the criteria in the month of March 2020, where about R 200 million was paid alone in this period. It was impractical to submit an adjusted budget at this late stage of the financial year. COVID-19 Projects to support our sectors contributed to this in March 2020. Amounts set aside for discretionary grants in the reserves have been approved in previous years by the DHET and NT. Factors that influence project deliverables include: • Statutory bodies setting standards -The start dates of projects are out of the control of the HWSETA as they are determined by Statutory bodies • Recruitment by employers -Employers recruit at different times depending on their target market, e.g. some employers recruit from recently passed matriculants whilst others recruit from the unemployed and out of school youth • Misalignment of academic years -The academic year of Universities and TVET Colleges is not aligned to the HWSETAs, e.g. The first semester of Universities and TVET Colleges is the fourth quarter of the HWSETA • Government Departments - Tender and learner recruitment processes taking longer thus making it forecast difficult. Also, the PFMA does not allow for the HWSETA to budget a deficit without approval. This makes it difficult to control discretionary grant disbursements as commitments were raised in previous financial years.

Notes to the Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH 2020

1. Accounting Policies to the Annual Financial Statements

BASIS OF PREPARATION

The principal 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 as 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

The HWSETA has not applied the following standards and interpretations, as the effective dates have not yet been gazetted by the Minister:

Standard/ Interpretation:	Effective date: Years beginning on or after	Impact
GRAP 34 - Separate Financial Statements	01 April 2020	This standard prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures, and associates when an entity prepares separate financial statements. The HWSETA does not have any business combinations or business arrangements as referred to in the standard.
GRAP 35 - Consolidated Financial Statements	01 April 2020	The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The HWSETA does not have any business combinations or business arrangements as referred to in the standard.
GRAP 36 - Investment in Associates and Joint Ventures	01 April 2020	This standard prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures, and associates when an entity prepares separate financial statements. The HWSETA does not have any business combinations or business arrangements as referred to in the standard.
GRAP 37 - Joint Arrangements	01 April 2020	The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements). The HWSETA does not have any business combinations or business arrangements as referred to in the standard.
GRAP 38 - Disclosure of Interests in Other Entities	01 April 2020	This standard prescribes the accounting and disclosure
GRAP 110 - Living and Non-living Resources	01 April 2020	This standard prescribes the • recognition, measurement, presentation, and disclosure requirements for living resources; and • disclosure requirements for non-living resources. The HWSETA does not have any business transactions that involve Living resources

1.1 CURRENCY

These financial statements are presented in South African Rands since that is the currency in which most of the entity's 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 is 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 and 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 is recognised 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) who 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 12month 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 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 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 at 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 incidence 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:

- It is probable that the future economic benefits or service potential associated with the item will flow to the entity, and
- 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 an estimate accounted for on a prospective basis.

Impairment

Assets are reviewed regularly to assess whether there is any indication of impairment and 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:

- 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 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

Internally generated fixed assets

Initial Recognition

The HWSETA has recognised the development of the HWSETA ERP system as Internally Generated Software. All expenses that are measurable and clearly identifiable to development of the ERP system have been capitalised to the cost of Internally Generated Software as and when incurred. The following costs are capitalised to the cost of the asset

- Materials and services consumed in the development effort, such as third-party development fees, and software purchase costs related to development work.
- The payroll costs of those employees directly associated with software development.

Subsequent measurement

The HWSETA ERP system is subsequently measured using the cost model. The HWSETA has considered various factors in assessing the lifespan of the ERP system developed. Management expects continued service potential of the ERP system as long as the SETA is in existence. There are limited Processing and Reporting systems currently in the market that are able to meet the operational needs of SETAs. Based on the latest promulgations by the Minister of Higher Education and Training, SETAs will have an indefinite lifespan. The HWSETA system has thus been assessed to have an indefinite lifespan and as such will not be amortised.

Other intangible assets

Initial Recognition

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

- It is probable that the future economic benefits or service potential associated that are attributable to the asset will flow to the entity, and
- 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 using the cost model.

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 using the straight-line method, 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 estimate accounted for on a prospective basis.

Impairment

Intangible assets are reviewed regularly to assess whether there is any indication of impairment and 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. Amortisation and impairment losses are included in the statement of financial performance.

De-recognition of other 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. 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 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

Initial recognition

Inventories are initially measured at cost, and shall be recognised as an asset if, and only if,

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

Subsequent measurement

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 asset's 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 it 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 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.

Statutory receivables

Initial measurement

Statutory receivables comprise SARS Receivables. These are receivables due from employers and arise due to SDL adjustments processed by SARS. SARS receivables are initially recognised at cost and are recovered from future payments due to the relevant employers.

Subsequent measurement

On an annual basis the HWSETA considers the recoverability of the SARS receivables. A provision of doubtful debts is calculated based on the aging of the debts and the likelihood of recovery.

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 principal 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:

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's board 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 is 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 receivable

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:

- 1) Depreciation of property, plant and equipment, and amortisation of intangible assets.
- 2) Provision for doubtful debts from non-exchange transactions.
- 3) 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 affected by prior scheme year levy reversals that occurred in the current year.

Provision of staff bonuses

A provision for staff bonuses is made annually based on expected performance in comparison to the prior year and is calculated in the accordance with the performance management policy. The provision is based on management's expectation on the Audit Opinion of the Auditor-General and Cash- Flow constraints are considered in the determine of the provision.

	2019-2020 %	2018-2019 %
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

2 Allocation of net surplus for the year to reserves 31 March 2020

	Total per Statement of Financial Performance R'000	Administration Reserve R'000	Employer Grant Reserve R'000	Discretionary Grant Reserve R'000
Total revenue	787 820	176 557	134 627	476 636
Skills development levy: income				
Admin levy income (10.5%)	69 751	69 751	-	-
Grant levy income (69.5%)	463 063	-	134 627	328 436
Government levy income	183 433	105 973	-	77 460
Skills development levy: penalties and interest	6 410	-	-	6 410
Investment income	64 330	-	-	64 330
Other income	833	833	-	-
Total expenses	(893 517)	(145 920)	(94 132)	(653 465)
Administration expenses	(145 920)	(145 920)	-	-
Employer grants and project expenses	(747 597)	-	(94 132)	(653 465)
Net deficit per the Statement of Financial Performance	(105 697)	30 637	40 495	(176 829)

The amounts reflected on the note do not represent actual cashflows. 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 as at 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).

3 Skills Development Levy Income, Penalties and Interest

	2019-2020 R'000	2018-2019 R'000
Levy income: Administration	175 724	146 575
Levies received	175 724	146 575
Levies received from SARS	69 751	63 706
Government levies received	105 973	82 869
Intersecta transfers in	-	-
Intersecta transfers out	-	-
Levy income: Employer Grants	134 627	119 338
Levies received	134 627	119 338
Levies received from SARS	134 627	119 338
Intersecta transfers in	-	-
Intersecta transfers out	-	-
Levy income: Discretionary Grants	412 306	370 832
Levies received	412 306	370 832
Levies received from SARS Interest	327 316	302 709
Government levies received	77 460	61 694
Transfer from Levy Exempt	1 120	-
Interest	2 209	2 917
Penalties	4 201	3 512
Intersecta transfers in	-	-
Intersecta transfers out	-	-
TOTAL SKILLS DEVELOPMENT LEVY INCOME	722 657	636 745

4 INTEREST INCOME

	2019-2020 R'000	2018-2019 R'000
Interest income from banking institutions	64 330	62 427
	64 330	62 427

5 OTHER INCOME

	2019-2020 R'000	2018-2019 R'000
Mandatory grants received from Services SETA	148	136
Proceed from EPL insurance	289	-
Recovery of irregular expenditure	24	-
Write off of old debts due to prescription	372	167
	833	303

6 EMPLOYER GRANT AND PROJECT EXPENSES

	2019-2020 R'000	2018-2019 R'000
Mandatory grants	94 132	78 751
Movement in provision	7 820	1 906
Disbursed	86 312	76 845
Discretionary grants	653 465	367 421
Disbursed	653 465	367 421
	747 597	446 172

7 ADMINISTRATION EXPENSES

	Note	2019-2020 R'000	2018-2019 R'000
Depreciation	8.1	2 007	1 972
Amortisation of Intangible assets	8.2	126	316
Operating lease		9 141	9 040
Buildings		9 110	8 956
Plant, machinery and equipment		31	84
Maintenance, repairs and running costs		110	147
Property and buildings		80	126
Machinery and equipment		30	21
Quality Council for Trades and Occupations (QCTO)		3 294	3 100
Research costs		1 344	1 146
Advertising, marketing and promotions, communication		1 602	2 211
Consultancy and service provider fees		386	731
Legal fees		659	199
Cost of employment	7.1	92 643	78 377
Travel and subsistence and accommodation		6 214	5 457
Staff training and development		472	355
Remuneration to members of the accounting authority		2 424	2 198
Remuneration to members of the audit committee		270	163
External auditor's remuneration		3 003	2 609
Other		22 225	20 294
Workshops		2 410	2 027
Internal audit fees		3 004	2 978
Courier and postage		175	22
Telephone		2 029	1 840
Programme evaluations and AQP		785	743
Management of Fraud hotline		35	35
Printing and stationery		1 713	1 936
Staff welfare		1 035	240
Office cleaning		1 158	1 124
Insurance		505	513
Motor vehicle expenses		49	41
Social responsibility		37	212
Software support		3 141	1 892
Storage		15	19
Subscriptions		728	369
Staff bursaries		329	817
Security		76	170
Water and electricity, rates and taxes		1 684	1 839
Recruitment costs		1 393	1 152
Bank charges		124	113
Branding		479	1 202
Other consumables		155	185
Write off of small assets		25	96
POPI compliance		-	256
International benchmarking		592	-
Catering and refreshments		449	369
Groceries		100	104
		145 920	128 315

7.1 COST OF EMPLOYMENT

	Note	2019-2020 R'000	2018-2019 R'000
Salaries and wages		79 141	66 000
Basic salaries		65 843	59 167
Salary benchmarking		1 364	-
Severance pay		626	-
Performance awards		6 808	4 355
Temporary staff and interns		2 757	2 086
Leave expense		1 743	392
Social contributions		13 502	12 377
Medical aid allowance		2 617	2 126
Provident fund - additional benefits		-	1 670
Provident fund contributions: defined contribution plan		9 420	6 780
SDL Levies		782	688
UIF		251	230
Workmens Compensation		95	612
Other salary related costs - cell phone allowances		337	271
		92 643	78 377
Number of permanent employees at period end			
Permanent		143	119
Temporary		1	7
Internships		19	7

8.1 PROPERTY, PLANT AND EQUIPMENT

	Cost R'000	Accumulated depreciation/ impairment R'000	Closing carrying amount R'000
Period ended 31 March 2020			
Computer equipment	8 529	(5 581)	2 948
Office furniture and fittings	5 995	(2 666)	3 329
Office equipment	5 988	(3 263)	2 725
Motor vehicles	892	(640)	252
Balance at end of year	21 404	(12 150)	9 254
Made up as follows:			
- Owned assets	21 404	(12 150)	9 254

	Cost R'000	Accumulated depreciation/ impairment R'000	Closing carrying amount R'000
Period ended 31 March 2019			
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

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

8.1 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Movement summary 31 March 2020

	Carrying amount 2019 R'000	Additions R'000	Disposals R'000	Depreciation charge/ impairment loss R'000	Carrying amount 2020 R'000
Computer equipment	1 367	2 722	-	(1 141)	2 948
Office furniture and fittings	3 502	141	-	(314)	3 329
Office equipment	2 676	507	-	(458)	2 725
Motor vehicles	346	-	-	(94)	252
Balance at end of year	7 891	3 370	-	(2 007)	9 254

Disposals: Computer equipment with a cost of R561 626 and a Zero carrying value has been identified for disposal in the early 2020-2021 financial year. In addition, Office equipment with a cost of R557 152, that has almost reached the end of their useful life have also been identified for disposal.

Movement summary 31 March 2019

	Carrying amount 2018 R'000	Additions R'000	Disposals R'000	Depreciation charge/ impairment loss R'000	Carrying amount 2020 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: Computer equipment with a cost of R1 115 158 and carrying value of R34 252 has been identified for disposal in early 2018-2019 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 their useful life have also been identified for disposal.

8.2 INTANGIBLE ASSETS

Period ended 31 March 2020	Cost R'000	Accumulated depreciation/ impairment R'000	Closing carrying amount R'000
Internally generated software	5 721	-	5 721
Other software	1 142	(1 118)	24
Balance at end of year	6 863	(1 118)	5 745
Made up as follows:			
- Owned assets	6 863	(1 118)	5 745

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

Period ended 31 March 2019	Cost R'000	Accumulated depreciation/ impairment R'000	Closing carrying amount R'000
Internally generated software	5 310	-	5 310
Other software	1 281	(990)	291
Balance at end of year	6 591	(990)	5 601
Made up as follows:			
- Owned assets	6 591	(990)	5 601

8.2 INTANGIBLE ASSETS (CONTINUED)

Movement summary 31 March 2020

	Carrying amount 2019 R'000	Additions R'000	Disposals R'000	Amortisation charge R'000	Carrying amount 2020 R'000
Internally generated software	5 310	270	-	-	5 580
Other software	291	-	-	(126)	165
Balance at end of year	5 601	270	-	(126)	5 745

The HWSETA has recognised the development of the HWSETA ERP system as Internally Generated Software. The HWSETA has considered various factors in assessing the lifespan of the ERP system developed. Management expects continued service potential of the ERP system as long as the SETA sector is in existence. There are limited processing and reporting systems currently in the market that are able to meet the operational needs of SETAs. Based on the latest promulgations by the Minister of Higher Education and Training, SETAs will have an indefinite lifespan. The HWSETA system as thus been assessed to have an indefinite lifespan and as such will not be amortised. Software in nature can become obsolete over time if no upgrades are made to the system. After consideration of the current operational capability of the ERP Oodo system, management is confident that there is no impairment. In addition, HWSETA fully intends to keep up to date with all upgrades.

Disposals: Computer software with a zero carrying value, costing R556 203 has been identified to be written-off during the current year as these software reached the end of their license period.

Movement summary 31 March 2019

	Carrying amount 2018 R'000	Additions R'000	Disposals R'000	Amortisation charge R'000	Carrying amount 2020 R'000
Internally generated software	5 163	147	-	-	5 310
Other software	607	-	-	(316)	291
Balance at end of year	5 770	147	-	(316)	5 601

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

9 PREPAYMENTS AND ADVANCES

Prepayments and Advances

	2019-2020 R'000	2018-2019 R'000
Insurance premium	321	212
Office rental in advance	793	812
ERP deposit - finance module	247	
Subscriptions and other supplier deposits	918	283
Closing balance	2 279	1 307

10.1 ACCOUNT RECEIVABLES NON EXCHANGE TRANSACTIONS

Prepayments and Advances

		2019-2020 R'000	2018-2019 R'000
	Note		
Interseta debtors	25	18	18
SARS levy reversals - Employer mandatory grant overpaid	11	3 979	3 621
Other employer receivables		3 988	915
Provision for doubtful debts		(2 944)	(3 020)
		5 041	1 534
Reconciliation of movement in doubtful debts			
Opening balance		(3 020)	(1 828)
Movement- in provision created		76	(1 192)
CLOSING BALANCE		(2 944)	(3 020)

10.2 ACCOUNT RECEIVABLES EXCHANGE TRANSACTIONS

	2019-2020 R'000	2018-2019 R'000
Interest receivable on cash balances	992	1 420
Net Receivables	107	-
Other receivables	107	-
Less: Provision for bad debts	-	-
Staff receivables - salary advances	75	76
Office rental deposits	1 215	1 179
Staff study assistance/bursaries	618	652
TOTAL RECEIVABLES	3 007	3 327

11 EMPLOYER OVERPAID

	2019-2020 R'000	2018-2019 R'000
Included in Skills Development Levy debtors is:		
SARS receivable/(payable)		
Opening carrying amount	4 518	3 439
Net effect of SARS Adjustments on levies for the current year	(539)	1 079
CLOSING CARRYING AMOUNT	3 979	4 518

12 INVENTORIES

	2019-2020 R'000	2018-2019 R'000
Consumables	1 112	688

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 basis.

13 CASH AND CASH EQUIVALENTS

	2019-2020 R'000	2018-2019 R'000
Cash - Bank deposits	366 480	462 353
Cash - Corporation for Public Deposits	629 107	587 150
Cash - investments in term deposits	107 523	100 208
Cash on hand	33	28
Cash and cash equivalents at end of year	1103 143	1149 739

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 ACCOUNTS PAYABLES

14.1 GRANTS AND TRANSFERS PAYABLE NON EXCHANGE TRANSACTIONS

	Note	2019-2020 R'000	2018-2019 R'000
Grants payable		148 807	86 773
SARS levy reversals - employer mandatory grants underpaid		285	6 368
Interseta Payables	25	24	24
		149 116	93 165

15.1 TRADE AND OTHER PAYABLES: EXCHANGE TRANSACTIONS

	2019-2020 R'000	2018-2019 R'000
Trade creditors	10 560	5 419
Staff leave accrual	3 962	2 444
SARS - PAYE/UIF and third party payables	1 913	879
	16 435	8 742

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

	2019-2020 R'000	2018-2019 R'000
Opening balance	650	302
Additional provision created	1 689	348
CLOSING BALANCE	2 339	650

16 LEVY EXEMPT PROVISION

	2019-2020 R'000	2018-2019 R'000
Opening balance	6 285	5 640
Transferred to discretionary income	(1 120)	(562)
Additional provision created	1 370	1 207
CLOSING BALANCE	6 535	6 285

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

	2019-2020 R'000	2018-2019 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:		
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 2018-2019 which was approved. Formal approval was sent to the National Treasury on 31 July 2020 to apply to retain surplus funds for 2019-2020 amounting to a surplus of R 939 466. The HWSETA has commitments raised for R 1 666 432

Calculation in terms of Paragraph 3.2 of the National Treasury

Instruction No 12 of 2020/2021

Cash and cash equivalents	1 103 143
Add: Receivables	10 327
Less: Payables	174 426
	939 044

18.2

A letter of demand was received from attorneys after year end 2008-2009, 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 2020. Total possible further cost amounts to R250 000 once the trial begins.

18 CONTINGENCIES (CONTINUED)

18.3

There is currently a CCMA matter relating to an application by an ex-employee. The matter is currently pending. We had paid R 82 640 to the Acting Sherrif to be held in the trust account until the final outcome is received. A debtor has been raised as management believes that the recovery of these monies is highly probable.

18.4

In December 2012, the Minister repealed the 2005 Grant Regulations and promulgated the 2012 Grant Regulations. Regulation 4(4) of the 2012 Grant Regulations stipulates that 20% of the total levies paid by the employer in terms of Section 3(1) as read with Section 6 of the Skills Development Levy Act during each financial year may be paid back to the employer who submits the requisite reports and claims back the mandatory grant. This effectively reduced the refund percentage from the initial 50%, as established by the 2005 Grant Regulation, to 20%. Business Unity South Africa (hereinafter referred to as "BUSAs") filed a Labour Court application to review and set aside the 2012 Grant Regulations in its entirety or alternatively Regulation 4(4). In October 2019, after a long legal battle between BUSAs and the Minister, the Labour Appeal Court set aside Regulation 4(4) as promulgated in Government Notice 23 of 2016. The judgement is however silent on the question of whether the mandatory grant that may be claimed back by the employers from the SETAs is set to revert back to the pre-2012 Grant Regulations position, as well as whether the judgement has a retrospective or prospective effect. This means there is uncertainty of timing and amount. Although the Minister has been in discussions with BUSAs on the matter, there has been no directive from the Department of Higher Education and Training to the SETAs on how to handle this matter. The SETAs continue to pay mandatory grants at 20% to all qualifying employers.

19 COMMITMENTS

19.1 DISCRETIONARY RESERVE

R1 667 billion has been approved and allocated for future projects and skills priorities as set out below

Projects	NSDS Objectives and Indicators	Opening Commitment 2019-20	Approved by Accounting Authority and committed - 2019-2020	Recommitments	Commitments released - 2019-20	Utilised-2019-20	Closing Commitment 2019-20
Middle level skills	Indicator 1	1 752	-	-	-	-	1 752
Learnerships	Indicator 3	403 210	145 686	246 279	(129 053)	(158 895)	507 227
Artisans	Indicator 4	143 079	79 557	12 606	(15 187)	(72 703)	147 351
Bursaries	Indicator 6	144 459	375 888	12 459	(78 373)	(106 786)	347 648
TVET - Internships, Student Placement	Indicator 7	208 449	194 442	720	(27 027)	(88 175)	288 409
Skills Programmes	Indicator 8	119 720	65 607	6 009	(34 364)	(51 454)	105 518
Co-operative support	Indicator 9	6 662	2 925	-	-	(1 398)	8 189
SMME funding	Indicator 10	13 073	9 159	-	(647)	(9 498)	12 087
NGOs, CBOs and Trade Unions	Indicator 11	17 129	-	2	-	(7 713)	9 418
Post graduate research	Indicator 13	14 562	7 562	-	(1 600)	(10 506)	10 019
Public sector education	Indicator 14	50 189	-	-	(12 956)	(16 919)	20 315
Partnerships	Indicator 15	-	-	-	-	-	-
TVET lecturer development	Indicator 16	1 252	215 768	37 594	(132)	(103 559)	150 924
Vocational training in TVET and public colleges	Indicator 17	28 983	-	-	(6 125)	(12 317)	10 541
Accreditation of SDPs	Indicator 19	1 452	-	-	-	-	1 452
Adult based education and training	Indicator 21	8 683	3 493	-	(1 284)	(2 957)	7 936
Levy exempt support	Indicator 22	20 532	9 705	-	(4 683)	(4 713)	20 841
Partnerships	Indicator 23	12 586	200	25	(4 349)	(206)	8 256
Qualification development	Indicator 24	5 255	-	-	-	(436)	4 819
Students funded through RPL	Indicator 25	8 963	-	-	-	(5 232)	3 731
TOTAL		1 209 991	1 109 992	315 694	(315 780)	(653 465)	1 666 432

19 COMMITMENTS (CONTINUED)

Approved but not yet contracted:

	2019-2020 R'000	2018-2019 R'000
	-	-
	-	-
	-	-
TOTAL DISCRETIONARY GRANTS COMMITTED (Contracted only)	1 666 432	1 209 991
	177%	116%

The HWSETA has committed 177% of reserves in 2019-2020, 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.

OPERATING COMMITMENTS

Approved and contracted:

	2019-2020 R'000	2018-2019 R'000
Internation benchmarking trip to Rwanda	-	360
Procurement of furniture and fittings	94	
Procurement of IT equipment	335	76
Development of IT software - ERP development	-	-
	429	436
TOTAL COMMITMENTS- DISCRETIONARY AND OPERATING	1666 861	1210 427

20 OPERATING LEASES

	2019-2020 R'000	2018-2019 R'000
At the balance sheet date, HWSETA has outstanding commitments under non-cancellable		
Not later than one year	4 782	9 271
Later than one year but not later than five years		
Later than five years		-
	4 782	9 271
Refer to note 26		

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

OFFICE	EFFECTIVE DATE	TERMINATION	ESCALATION RATE
Head Office - Gauteng	01 April 2020	30 September 2020	N/a
Northern Cape - Kimberley	01 April 2020	30 September 2020	N/a
Eastern Cape - East London	01 April 2020	30 September 2020	N/a
Mpumalanga - Nelspruit	01 April 2020	30 September 2020	N/a
North West - Mafikeng	01 April 2020	30 September 2020	N/a
Gauteng - Midrand	01 April 2020	30 September 2020	N/a
KZN - Durban	01 April 2020	30 September 2020	N/a
Western Cape - Cape Town	01 April 2020	30 September 2020	N/a
Free State - Bloemfontein	01 April 2020	30 September 2020	N/a
Limpopo - Polokwane	01 April 2020	30 September 2020	N/a

21 MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

	2019-2020 R'000	2018-2019 R'000
Irregular expenditure	197 787	
Non compliance:		
Non-compliance to own SCM policy, Treasury Regulations and National Treasury Instruction note 2016/17. No contract or SLA available.	149	
Non-compliance to own SCM policy, Treasury Regulations and National Treasury Instruction note 08 of 2007/08	263	
Non-compliance to the preferential procurement regulations 2017, Section 6(3)	404	
Non-compliance to the preferential procurement regulation 2017 section 8(1). Local content not applied.	7	
Contract:		
The HWSETA entered into a three-year contract with Telkom SOC in October 2014 for VPN services. HWSETA contravened the Supply Chain management regulations when the contract was continued automatically due to management oversight. The HWSETA did receive value for money for funds paid and contravention is free of fraudulent, corrupt or criminal conduct. This matter is awaiting condonation from the National Treasury.	2 057	
Actual Vs Budget Overspending:		
Mandatory Grants overspent in line with budget. Employer grants are driven by a participation rate that cannot be predicted with accuracy as there is uncertainty of how many employers will submit a WSP and approved at the time of creating the budget. Participation rate has increased due to the HWSETA implementing the ERP system, thus making it easier for employers to participate. The HWSETA had collected revenue in this regard that was much higher than budgeted and the overspent was funded through revenue.	8 423	
Discretionary Grants overspent in line with budget. Project expenditure on discretionary grants - Although this expenditure is over budget, this was funded through reserves as depicted in commitments in previous years - Commitments note 19. It is almost impractical to predict the expenditure relating to employer grant and project expenses. Various factors influence the completion of projects and payments of tranches against a commitment. Due to circumstances, many projects were successfully completed in terms of the criteria in the month of March 2020, where about R 200 million was paid alone in this period. It was impractical to submit an adjusted budget at this late stage of the financial year. COVID-19 projects to support our sectors contributed to this in March 2020. Amounts set aside of discretionary grants in the reserves have been approved in previous years. See note in Statement of Comparison between actual and budget.	186 484	
	195	6
Fruitless expenditure		
1. Interest charges on late payment of invoices The interest is mainly levied by Telkom. A query has been lodged with the service provider and assistance sought from the IT department to determine the cause.	4	6
2. SARS penalty on late payment We filed an EMP 201 on 04 December 2019 for the November Payroll. The payment was loaded on Standard Bank on 05 December 2019; however the payment was not released. We will take this matter on appeal with SARS and complete our internal investigation in terms of the National Treasury's Framework and the HWSETA's policies.	167	
3. International travel procured but was not utilised As part of a benchmarking trip to Rwanda, travel cost were incurred in respect of flights and accommodation for a staff member selected to go. The staff member unfortunately was not able to embark on the trip due to an expired passport. The matter was investigated and the staff member has been requested to repay the related costs.	24	
TOTAL	197 982	6

22 EVENTS AFTER REPORTING DATE

The global and local economies have been severely impacted by the COVID-19 pandemic. In responding to the impact of the pandemic on the South African economy and business in general, the State President announced, on 21st April 2020, the economic relief stimulus package which included a four month Skills Development Levy contribution holiday for employers effective 1 May 2020 until 31 August 2020. HWSETA's revenue consists of skills development levy contributions from employers in the health and social development sectors, as well as levy contributions from health and social departments within government. While the four month contribution holiday may impact future cash flows of the organisation, it has no impact on the financial position and results of operations of the HWSETA at 31 March 2020.

The HWSETA has therefore determined that these events are non-adjusting events after the reporting date. Accordingly, the financial position and results of operations as of and for the year ended 31 March 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the impact on the country, remains unclear at this time. The severity of these consequences, as well as their impact on the financial position and results of the HWSETA for the foreseeable future are documented in the Going Concern note 23 below.

23 GOING CONCERN

In terms of the Government Gazette No. 42589 issued 22 July 2019 the HWSETA has been established up to 31 March 2030.

As a result of the COVID-19 pandemic the State President announced the economic stimulus package which included a four month Skills Development Levy contribution holiday for employers effective 1 May 2020 to 31 August 2020.

Following the announcement of the four month contribution holiday the HWSETA assessed its impact in particular on the administration budget as well as the annual performance plan and prepared an adjustment budget and annual performance plan for the 2020-2021 financial year. The adjusted budget indicates that the four-month contribution holiday will severely affect the HWSETA's ability to meet administration expenditure in line with its original budget and in line with legislated spending on administration. The HWSETA has re-organised its administration budget in light of the situation, but still will not be able to meet its administration obligations in line with the legislated 10.5% spend on administration. The HWSETA, in order to meet legal obligations on administration is likely to exceed the 10.5% thus resulting in a material non-compliance with laws and regulations. The matter is being discussed at the level of the Department of Higher Education, Science and Innovation, as well as National Treasury.

The HWSETA will still be able to deliver on its mandate and meet its legal obligations in the foreseeable future.

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:

	Floating rate			Non-interest bearing Amount R'000	Total Amount R'000
	Amount	R'000	Effective interest rate		
Period end 29 March 2020					
Total financial assets					
Cash		1103 143	5.83%	-	1103 143
Accounts receivable				3 007	3 007
Total financial liabilities				(16 435)	(16 435)
		1103 143		(13 428)	1089 715

24 RISK MANAGEMENT (CONTINUED)

	Floating rate			Non-interest bearing Amount R'000	Total Amount R'000
	Amount	R'000	Effective interest rate		
Year ended 31 March 2019					
Total financial assets					
Cash		1149 739	5.40%	-	1149 739
Accounts receivable				3 327	3 327
Total financial liabilities				(8 742)	(8 742)
		1149 739		(5 415)	1144 324

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

	2019-2020 R'000	2018-2019 R'000
Financial assets at amortised cost	1 106 150	1153 066
Cash and cash equivalents	1 103 143	1149 739
Receivables from exchange transactions	3 007	3 327
Financial liabilities at amortised cost	16 435	8 742
Payables from exchange transactions	16 435	8 742

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 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:

(Fitch ratings)

Financial institution	
First Rand Bank Ltd.	BB
Nedbank Ltd.	BB
Standard Bank	BB
Corporation for public deposits	N/a

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 - An elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists that supports the servicing of financial commitments.

24 RISK MANAGEMENT (CONTINUED)

The aging of receivable from exchange transactions:

	2019-2020		2018-2019	
	Gross	Impairment	Gross	Impairment
Not past due				
0-30 days	1 174	-	1 496	-
31-120 days	-	-	-	-
121-365 days	-	-	-	-
Over a year (Rental deposits and Staff bursaries)	1 833	-	1 831	-
Carrying amount	3 007	-	3 327	-

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 aging of payables from exchange transactions:

	2019-2020		2018-2019	
	Gross	Impairment	Gross	Impairment
Days				
0-30 days	15 826	-	8 133	-
31-120 days	138	-	138	-
121-365 days	471	-	471	-
Over a year	-	-	-	-
Carrying amount	16 435	-	8 742	-

FINANCIAL INSTRUMENTS

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

Relationships

Controlling entity

Department of Higher Education and Training

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

Related persons

1) Entities under common control

Transactions with other SETAs, that 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 QCTO, Higher Health, NSF, TVETs, CETs and Universities. The transactions are consistent with normal operating relationships between entities and are undertaken on terms and conditions that are normal for such transactions.

2) Chairman of the Board - HWSETA

Ms R Matenche CA(SA)

Founder and Chairman of African Women Movement

The African Women's Movement(AWM), through the Chairperson of the board, had offered a partnership intervention for the HWSETA by offering pre-negotiated rates and assisting in the organising of relevant contacts to maximise the impact of the intervention through the inclusion of stakeholders in the programme. The Chairperson declared her relationship to the event upfront in the meeting that considered the intervention, and the Board agreed to continue. All other balances and transactions below are at arms length and in the normal course of business.

25 RELATED PARTY TRANSACTIONS (CONTINUED)

3) Remuneration of Management

The disclosure of Remuneration made in terms of Board Members, Audit Committee Members and Senior Management have been disclosed under note 31 of the Annual Financial Statements.

4) Related Party transactions

The HWSETA is exempt from all the disclosure requirements in paragraph .27 in relation to related party transactions as transactions with these related parties occurs within normal supplier relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the HWSETA to have adopted if dealing with that individual entity or person in the same circumstances; and terms and conditions within the normal operating parameters established by that reporting entity's legal mandate.

All other balances and transactions below are at arms length and in the normal course of business.

5) Government Departments

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 01 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 2017-2018 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 HWSETA is the SETA established in the Health and Social Development Sector. Transactions with the National Department Health and National Department of Social Development are listed below as this will be useful to the entities.

	2019-2020		2018-2019		2019-2020	2018-2019
	contributions R'000	expected R'000	contributions R'000	contributions R'000	Grants Paid R'000	Grants Paid R'000
National						
Health	2 642	2 642	2 486	2 486	-	760
Social Development	1 503	1 503	1 398	1 398	-	-
Provincial Western Cape						
Health*	6 126	17 459	5 702	38 777	676	602
Social Development	2 539	2 539	2 315	2 437	180	1 292
Eastern Cape						
Health*	12 263	36 788	11 857	45 214	5 980	-
Social Development	3 720	3 720	2 834	2 834	3 055	202
Gauteng						
Health*	22 135	63 085	20 962	76 113	10 405	6 808
Social Development	5 197	5 197	4 331	4 331	-	700
Free State						
Health	20 830	20 830	19 186	20 195	460	597
Social Development	2 074	2 074	1 928	2 028	361	-
Northern Cape						
Health	9 410	9 410	8 081	8 505	411	4 526
Social Development	1 252	1 252	1 154	1 154	-	-
Mpumalanga						
Health	42 758	42 758	14 001	14 737	6 937	3 554
Social Development*				2 006	1 586	-
Limpopo						
Health*				40 634	-	403
Social Development	1 619	1 619	1 436	1 436	4 080	4 630
Kwa-Zulu Natal						
Health	22 036	62 803	20 868	21 967	12 035	1 806
Social Development	4 683	4 683	4 489	4 489	285	2 455
North West						
Health	19 915	19 915	18 955	18 955	-	2 325
Social Development	2 730	2 730	2 580	2 580	640	-
	183 432	301 007	144 563	312 276	47 091	30 660

*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.

Related party balances and commitments

SETAs

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.

25 RELATED PARTY TRANSACTIONS (CONTINUED)

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

	2019-2020 R'000		2018-2019 R'000	
	Transfers in/ (out) during the year	Amount receivable/ payable)	Transfers in/ (out) during the year	Amount receivable/ payable
Related party				
Receivables	-	18	-	18
Bank Seta	-	18	-	18
Services Seta	-	-	-	-
Payables	-	(24)	-	(24)
Merseta	-	(9)	-	(9)
FMP Seta	-	(5)	-	(5)
Inseta	-	(1)	-	(1)
ETDP Seta	-	(1)	-	(1)
CHIETA	-	(3)	-	(3)
W&R Seta	-	-	-	-
CETA	-	(5)	-	(5)
TOTAL	-	(6)	-	(6)

Universities, TVETs, CETs and Higher Health		R'000			
Financial year 2019-2020	Universities	TVETs	CETs	Higher Health	Total
Total receivables	48	-	-	-	48
Total commitments balance	98 389	213 960	753	2 745	315 847
Accounts payable	3 443	-	8 008	6 405	17 856

Universities, TVETs, CETs and Higher Health		R'000			
Financial year 2018-2019	Universities	TVETs	CETs	Higher Health	Total
Total receivables	48	-	-	-	48
Total commitments balance	37 534	44 072	11 690	-	93 296
Accounts payable	10 087	26	-	-	10 113

National Skills Fund	2019-2020 R'000	2018-2019 R'000
NSF Advance receipts	1	1

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:

	2019-2020 R'000	2018-2019 R'000
Opening balance	392	20
Release of accruals due to termination of lease contracts	(392)	-
Current year smoothing	-	372
Closing balance	-	392

Refer also to note 20

27 RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET SURPLUS

	2019-2020 R'000	2018-2019 R'000
Net surplus/(deficit) as per Statement of Financial Performance	(105 697)	124 988
Adjusted for non-cash items:		
Depreciation	2 007	1 972
Write-off of assets	-	97
Amortisation	126	316
Provision for staff bonuses	1 689	348
Investment income	(64 330)	(62 427)
Levy exempt provision - Current year	1 370	-
Levy exempt Reversals	(1 120)	-
Adjusted for working capital changes:	58 669	27 304
(Increase)/Decrease in inventory	(424)	153
(Increase)/Decrease in receivables	(4 159)	1 710
Increase in smoothing lease	(392)	372
Increase/(Decrease) in payables	63 644	25 069
Cash generated from operations	(107 286)	92 598

28 CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of HWSETA's accounting policy management it 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 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 of 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 34 - Separate Financial Statements	01 April 2020	This standard prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements. The HWSETA does not have any business combinations or business arrangements as referred to in the standard.
GRAP 35 - Consolidated Financial Statements	01 April 2020	The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The HWSETA does not have any business combinations or business arrangements as referred to in the standard.
GRAP 36 - Investment in Associates and Joint Ventures	01 April 2020	This standard prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements. The HWSETA does not have any business combinations or business arrangements as referred to in the standard.
GRAP 37 - Joint Arrangements	01 April 2020	The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements). The HWSETA does not have any business combinations or business arrangements as referred to in the standard.
GRAP 38 - Disclosure of Interests in Other Entities	01 April 2020	This standard prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements. The HWSETA does not have any business combinations or business arrangements as referred to in the standard.
GRAP 110 - Living and Non-living Resources	01 April 2020	This standard prescribes the • recognition, measurement, presentation and disclosure requirements for living resources; and • disclosure requirements for non-living resources. The HWSETA does not have any business transactions that involve Living resources.

30 SEGMENT REPORTING

In terms of GRAP 18 paragraph 05. A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
 - whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
 - for which separate financial information is available.
- The accounting authority does not review projects in terms of segments to make decisions and assessing the performance. Projects are approved individually based on the funding module. The HWSETA does not have any segments as defined by GRAP 18, Paragraph 5 (d) Therefore this has not been reported on.

31 BOARD REMUNERATION

Financial year 2019-2020

Names	Designation	Total	Allowances	Travel and Subsistence	
			Meeting Attendance and Preparation	Reimbursement	Cell Phone
		R	R	R	R
Ms R Matenche	Chairperson	328 173	304 525	12 648	11 000
Ms R Maluleke	Board Member	13 905	13 905	-	-
Mr N Ndzwayiba	Board Member	125 132	121 270	3 862	-
Dr CC Nkuna	Board Member	85 173	81 323	3 850	-
Dr DS Bomela	Board Member	97 195	90 045	-	7 150
Ms M Nkambule	Board Member	210 187	166 022	44 165	-
Mr M Khanyeza	Board Member	180 616	173 143	7 473	-
Mr A Kyereh	Co-opted Member	81 119	70 127	10 992	-
Mr RM Maleka	Board Member	174 123	155 304	11 669	7 150
Ms LLC Malamba	Board Member	71 796	70 740	1 056	-
Ms BJ Kumalo	Board Member	195 234	183 330	4 754	7 150
Mr SR Kgara	Board Member	85 480	85 320	160	-
Mr LA Gilbert	Board Member	68 786	64 611	4 175	-
Ms K Naicker	Board Member	14 681	14 310	371	-
Dr JK Mothudi	Board Member	93 822	87 750	6 072	-
Mr P Hill	Independent Member	80 715	80 715	-	-
		1 906 137	1 762 440	111 247	32 450

Independent Audit Committee Member Remuneration Financial year 2019-2020

Names	Designation	Total	Meeting Attendance	Travel and Subsistence
		R	R	R
Mr CG Higgins	Independent member/ Chairman	107 996	104 740	3 256
Mr MP Ramutsheli	Independent member	47 802	45 878	1 924
Mr P Motlokoa	Independent member	62 708	60 907	1 801
		218 506	211 525	6 981

Senior Management Remuneration Financial year 2019-2020

Names	Designation	Total	Basic	Travel	Cell	
					Phone	Bonus
		R'000	R'000	R'000	R'000	R'000
Mrs E Brass	Chief Executive Officer	2 272	1 967	120	13	171
Ms Z Mafata	Chief Executive Officer (8 mths)	1 144	1 136	-	3	5
Mrs D Theaker	Acting Chief Financial Officer (4 Mths)	524	492	32	1	-
Mr AK Pardesi	Executive - CS	1 763	1 607	-	7	148
Mr C Peters	Executive - Provincial (9 Mths)	1 136	1 018	108	5	5
Mr SB Gcabashe	Executive - RIME/SDP	1 750	1 481	120	5	144
Ms BJ Motubatse	Executive - ETQA	1 563	1 340	90	5	129
Ms B Plaatjie	Acting Executive - RIME	1 538	1 341	66	3	129
		11 691	10 382	536	41	732

31 BOARD REMUNERATION (CONTINUED)

Financial year 2018-2019

Names	Designation	Total	Allowances	Travel and Subsistence	
			Meeting Attendance and Preparation	Reimbursement	Cell Phone
		R	R	R	R
Ms R Matenche	Chairperson	283 840	258 999	12 742	-
Dr E Moloko	Chairperson (Ex)	32 121	32 001	120	12 100
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	-	-
Ms M Nkambule	Board Member	152 618	128 470	24 148	6 050
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	-
Ms LLC Malamba	Board Member	42 779	42 525	254	6 050
Ms BJ Kumalo	Board Member	157 457	147 150	4 257	-
Mr SR Kgara	Board Member	51 393	51 300	93	6 050
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	-	-
Mr P Hill	Co-opted member	106 881	106 881	-	6 782
		1 728 340	1 609 185	82 123	37 032

Independent Audit Committee Member Remuneration Financial year 2018-2019

Names	Designation	Total	Meeting Attendance	Travel and Subsistence
			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
		160 052	141 019	19 033

31 BOARD REMUNERATION (CONTINUED)

Senior Management Remuneration Financial year 2018-2019

Names	Designation	Total	Basic	Travel	Cell	
					Phone	Bonus
		R'000	R'000	R'000	R'000	R'000
Mrs E Brass	Chief Executive Officer	2 285	1 980	120	13	172
Mrs D Theaker	Acting Chief Financial Officer	1 671	1 439	96	8	128
Mr AK Pardesi	Executive - CS	1 731	1 591	-	8	132
Mr P Samuels	Executive - SDP (2 Months)	190	178	12	-	-
Mr SB Gcabashe	Executive - RIME/SDP	1 682	1 429	120	6	127
Ms BJ Motubatse	Executive - ETQA	1 497	1 377	-	6	114
Ms B Plaatjie	Acting Executive - RIME	1 456	1 311	66	7	71
		10 512	9 305	414	48	745

32 PRESENTATION OF BUDGET INFORMATION

Reconciliation of budget surplus with the surplus in the statement of financial performance - 2019-2020

	R'000
Net surplus per the statement of financial performance	(105 697)
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	-
	(105 697)
Participation on mandatory grants	8 423
Utilisation of reserves for discretionary grants	186 484
Underspending on administration expenses	(3 206)
	86 004
Exceeded budget collection of revenue and transfer of reserves	84 004
Net surplus per approved budget before capital expenditure	2 000

Factor 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.
- Increased payment of mandatory grants and discretionary grants due to increased participations and increased capacity, as a concerted effort to reduce bottlenecks for the disbursement of mandatory grants.
- Savings are mainly due to postponement of office moves, lower spend on staff training and advertising costs. In addition, the HWSETA has heeded the call for austerity measures. This has resulted in savings in administration expenditure.

32 PRESENTATION OF BUDGET INFORMATION (CONTINUED)

Reconciliation of budget surplus with the surplus in the statement of financial performance - 2018-2019

	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 on mandatory grants	5 495
Utilisation of reserves for discretionary grants	(89 992)
Underspending on administration expenses	(10 773)
	(95 160)
Exceeded budget collection of revenue and transfer of reserves	(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

1. 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.
 2. Government levies are higher than expected despite a few outstanding levies from the Departments. This is due to higher salaries costs borne by the departments and improved contribution to the HWSETA.
 3. Interest income is higher than budget due to the high cash reserves being held at banking institutions.
 4. Lower than expected payment of discretionary grants due changes in the Nursing Qualifications impacting learnerships. In addition low participation by Government
 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-

Financial Year 2018-2019	Original approved budget at start of year 2018-2019	Final Approved Budget 2018-2019	Difference
	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 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	-

32 PRESENTATION OF BUDGET INFORMATION (CONTINUED)

The adjustments to the originally approved budget of 2018-2019 (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:

- 1) Based on actual collections for the prior year, SDL income was projected to increase by 6%. Six months into the year, it became evident
- 2) Increase in projected interest income due to higher cash balances.
- 3) Payments of mandatory grants was projected to be lower than expected due employer participation rate first six months of the year.
- 4) Administration costs were increase to cater for expected increases for the employment of additional staff capacity.



Health and Welfare Sector
Education and Training Authority

HWSETA