



# ANNUAL REPORT 2022/23

The essence of health & social development



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



The HWSETA ran a competition on our social media channels in order to find a design for this year's Annual Report cover. We had many submissions and Mlondolzi Luthuli was chosen as the winner. He is a 19-year-old from KwaZulu-Natal, currently studying at the University of Zululand with a strong passion for making a positive mark on his community. Pursuing a Bachelor of Education, he is not only focused on his studies but also driven by his vision to enhance health services, promote community growth, and advance education. Mlondolzi is determined to raise awareness about crucial issues, combat diseases, and empower individuals through knowledge sharing, all with the aim of building a brighter future. Additionally, he nurtures a dream of becoming a pharmacist one day, aiming to combine his dedication to education and healthcare to contribute meaningfully to society.

# HWSETA ANNUAL REPORT 2022/2023

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**Dr. Bonginkosi Blade Nzimande**  
Minister of Higher Education,  
Science and Technology



**Mr. Buti Manamela**  
Deputy Minister of Higher  
Education, Science and Technology





## OUR CREDO

In meeting the needs of creating a skilled workforce for the health and social development sectors in South Africa, and all others who use our services, everything we do, consistently, must be high quality, within Ethical boundaries.

**This commitment extends to everything we do to bring our services to the people who use them.**





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# PART A

## General Information



# ENTITY Details

Registered Name of Entity:	Health and Welfare Sector Education and Training Authority
Physical Address:	17 Bradford Road, Bedfordview, Johannesburg, 2047
Postal Address:	Private Bag X15, Gardenview, 2047
Telephone Number:	011 607 6900
Email Address:	hwseta@hwseta.org.za
Website:	www.hwseta.org.za
External Auditors Information:	The Auditor-General SA, Lefika House, Pretoria
Bankers:	<p><b>Standard Bank of South Africa:</b> 303 Eastgate Office Towers, 43 Bradford Road, Bedfordview, 2008</p> <p><b>Stanlib:</b> 17 Melrose Boulevard, Melrose Arch, 2196</p> <p><b>Corporation for Public Deposits (CPD)</b> PO Box 427, Pretoria, 0001</p>
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# List of Abbreviations / Acronyms

<b>AET</b>	Adult Education and Training
<b>AFS</b>	Annual Financial Statements
<b>APP</b>	Annual Performance Plan
<b>AQP</b>	Assessment Quality Partner
<b>ATRs</b>	Annual Training Reports
<b>AUCOM</b>	Audit Committee
<b>CCMA</b>	Commission for Conciliation, Mediation and Arbitration
<b>CPD</b>	Continuing Professional Development
<b>CS</b>	Corporate Services
<b>DoL</b>	Department of Labour
<b>DoH</b>	Department of Health
<b>DHET</b>	Department of Higher Education and Training
<b>DSD</b>	Department of Social Development
<b>EDP</b>	Executive Development Programme
<b>EISA</b>	External Integrated Summative Assessment
<b>ERP</b>	Enterprise Resource Planning
<b>ETOA</b>	Education and Training Quality Assurance
<b>ETD</b>	Education, Training and Development (Practitioners)
<b>EXCO</b>	Executive Committee
<b>FU</b>	Finance Unit
<b>GDS</b>	Growth and Development Summit
<b>HASA</b>	Hospital Association of South Africa
<b>HDSA</b>	Historically Disadvantaged South Africans
<b>HR</b>	Human Resources
<b>HSRC</b>	Human Science Research Council
<b>H&amp;S</b>	Health and Safety
<b>ISO</b>	International Standards Organisation
<b>IT</b>	Information Technology
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MERP</b>	Monitoring, Evaluation and Reporting Plan
<b>MIS</b>	Management Information Systems

<b>MoU</b>	Memorandum of Understanding
<b>NQF</b>	National Qualifications Framework
<b>NSA</b>	National Skills Authority
<b>NSDS</b>	National Skills Development Strategy
<b>NSDP</b>	National Skills Development Plan
<b>NSF</b>	National Skills Fund
<b>OFO</b>	Organising Framework for Occupations
<b>OHSA</b>	Occupational Health and Safety Act
<b>PAIA</b>	Promotion of Access to Information Act
<b>PAYE</b>	Pay As You Earn
<b>PFMA</b>	Public Finance Management Act
<b>QCTO</b>	Quality Council for Trades and Occupations
<b>RIME</b>	Research, Information, Monitoring and Evaluation
<b>RPL</b>	Recognition of Prior Learning
<b>SACSSP</b>	South African Council for Social Service Professions
<b>SAPS</b>	South African Police Service
<b>SARS</b>	South African Revenue Service
<b>SDA</b>	Skills Development Act
<b>SAQA</b>	South African Qualifications Authority
<b>SDFs</b>	Skills Development Facilitators
<b>SDL</b>	Skills Development Levy
<b>SDP</b>	Skills Development Practitioners
<b>SETA</b>	Sector Education and Training Authority
<b>SGB</b>	Standards Generating Body
<b>SLA</b>	Service Level Agreement
<b>SMMEs</b>	Small, Medium and Micro Enterprises
<b>SSACI</b>	Swiss-South African Cooperation Initiative
<b>SSP</b>	Sector Skills Plan
<b>SWOT</b>	Strengths, Weaknesses, Opportunities and Threats
<b>TVET</b>	Technical and Vocational Education and Training
<b>UIF</b>	Unemployment Insurance Fund
<b>WSPs</b>	Workplace Skills Plans



Dr Nomfundo Mnisi  
Chairperson of the Board

# FOREWORD

## by the Chairperson

I am pleased to present HWSETA's 2022-2023 Annual Report as a true reflection of our activities and the achievement of our goals in the year under review. And while the year proved to be challenging on many levels, HWSETA again proved its mettle with diligence and focus, delivering well on its prescribed mandate.

As Chairperson of the Board and on behalf of the HWSETA Board, I can state that having completed the third year of our tenure, we continue to work hard to respond to changes and developments as they arise, and to meet our objectives as the HWSETA's governance oversight.

I am delighted to acknowledge several instances, which the CEO rightly refers to as "pockets of excellent", where the HWSETA overachieved by a significant margin, positively impacting individual lives as well as the sector as a whole. Where targets were not fully met, steps are being put in place to ensure that they will be achievable in the forthcoming financial year.

Overall, HWSETA implemented the directives of the Honourable Minister of Higher Education, Science and Technology, Dr Bonginkosi Nzimande, in his capacity as the Executive Authority of HWSETA, and the HWSETA ensured that delivery has been in accordance with the National Skills Development Plan, the Medium Term Strategic Framework, and the National Development Plan 2030.

In the year under review, HWSETA achieved 85% of its targets, which, although lower than the previous year, represents a rationalisation of our commitments and a strategic intent to be highly relevant, impactful, and innovative in the initiatives we supported and funded.

### Audit outcome

Regarding this year's Annual Financial Statements, HWSETA received a qualified audit opinion, as the auditors found material misstatements in our financial statements in the area of payables and commitments. However, they concluded that the misstatement is not significant enough to prevent them from giving an opinion on the overall fairness of the Annual Financial Statements.

I would like to assure you that we take the findings of the audit very seriously, we have already taken appropriate steps to address the issues that were raised, and we will continue to work to improve our financial reporting practices.

As a public entity, we have a responsibility to provide accurate and reliable financial information to our stakeholders, and we are committed to ensuring in these two areas that controls and supporting documentation is improved to reverse the qualification in the next financial year.

### With thanks

I would like to extend my personal thanks to every staff member for their consistent hard work and commitment to the effective implementation and continuation of our skills development programmes. Without their efforts, we would not be in the strong position we find ourselves in today.

The HWSETA Board showed strong and insightful leadership throughout the 2022-2023 year, and it was highly effective in the tireless work that was put in to make sure HWSETA was in a position to effectively execute its mandate.

My thanks too goes to the Minister of Higher Education and his team for their strong guidance and support, to Standing Committee members, Office of the Auditor-General, to

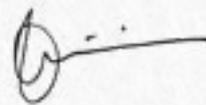
**“The shape and solutions of the future rely totally on the collective effort of people working together. We are all an integral part of the web of life.”**

critical stakeholders and role players, including employers, organised labour, provincial and national departments of Health and Social Development, institutions of higher learning, professional councils, partners, non-governmental organisations, and every person and organisation that are steadfastly committed to building skills development and job creation in our sector.

Our assurance to the sector is, as always, our commitment to skills development and education in our sectors to ensure accessibility, relevance and impact.

It was a wise inventor, Jacque Fresco, who said almost a hundred years ago, “The shape and solutions of the future rely totally on the collective effort of people working together. We are all an integral part of the web of life.”

Thank you.



Dr Nomfundo Mnisi

**Chairperson of the HWSETA**

Date: 31 July 2023



Elaine Brass CA(SA)  
HWSETA CEO

# CHIEF EXECUTIVE Officer's Report

The 2022-2023 financial year was an unpredictable one that challenged us, but on reflection, success far outweighed some of the obstacles encountered. The challenges however make us stronger, and the HWSETA has great anticipation, coupled with resilience and determination, for an overall improved year in 2023-2024.

Overall the HWSETA has strengthened its offering to its sectors relating to skills development and education. We have supported a number of CPD accredited conferences where our professional sector has had much value in gaining new insights into in the sector, recent research findings, trends, and information needed to ensure new knowledge and innovation being disseminated to our professionals.

We continued to pursue a funding model that ensures greater impact to the learner, by including where applicable, uniforms needed, professional registration fees, learners and driver's licences, and relevant equipment. Our objective is to ignite entrepreneurship, and equip the learner beyond the learning programme to have the best possible chance of employment or self employment.

The HWSETA has once again found its strength in partnerships in both the private and public sectors, and including the Departments of Health and Social Development. Through these we have:

- Strengthened our success rate for artisan development and training. The HWSETA has strategically supported learners recruited from poor communities to impact their communities in future;
- Increased our support to the veterinary sector by funding bursaries and learnerships across the professions;
- Lead in the Recognition of Prior learning in our Sector of Social Development, where we have successfully RPL 302

learners for the NQF level 4 qualification on Child and Youth Care;

- Increased the pool of Post Basic Pharmacy assistants in the public sector;
- Supported 600 learners in a digital skills learnership programme learnership: National Certificate: Information Technology: End User Computing;
- Supported occupations in demand across our sectors;
- Increased our support for work based learning and experience to ensure greater employability and reducing the skills gap;
- Supported the physical and mental health of students across CET, TVET and Universities

The programmes HWSETA supports is intended to have impact, and many, including learnerships, skills programmes and RPL have prompted for the formalization of the jobs already held, promotion of equity in the workplace, and improved employability. Through these programme, those whose opportunities were hampered by the past were able to gain equity and access to education.

The momentum of innovation and new programmes has already gained much traction in the new year, 2023-2024, and we are so very excited to share the programmes we have started through our partnerships. It is going to be a 2023-2024 year of IMPACT.

A very proud moment was the participation of HWSETA in World Skills South Africa. HWSETA supported the Health and Social Care skill to compete for the first time in South Africa and internationally. The International Competition took place in Bordeaux, France in October 2022. Our amazing competitor, Ms Tshiamo Moeketsi, competed well amongst the best in the world. Although we did not bring home a medal, we brought home satisfaction that we competed well internationally, and skills development was achieved. It put

**In achieving an average 85% of our targets, we had pockets of excellence where targets were achieved at 100% and higher.”**

SA on the map for the Health and Social Care skill. Its not about a competition, its about skills development.

In participating in World Skills, our local skills are tested against international standards, we learn, we grow, and in the end we have a stronger skill. The HWSETA also funded the International Team (all skills) with psychosocial support throughout the competition, through our partner Higher Health.

HWSETA's commitment to co-operatives saw a further funding of 21 co-operatives over 7 Provinces in SA, providing learnerships in sewing, skills programmes and equipment to be able to be more sustainable and service the local communities. But more importantly, acknowledging women and the impact on communities nationally. The initial beneficiaries through our funding has been rural schools, where children in need received uniforms sewn by our co-operatives. The objective of this is to ensure sustainability and upliftment of socioeconomics in rural communities.

The HWSETA launched a focused career awareness campaign for the Veterinary Sciences. Our Deputy Minister, the honourable Mr Manamela, delivered a key note address on 9 May 2022 officially opening the launch of this campaign on career guidance. The HWSETA partnership with the Department of Higher Education and Training (DHET) identified four provinces, Northern Cape, Mpumalanga, Free State and Limpopo, visiting schools in rural areas in an effort to encourage more learners to consider a career in veterinary services. These learners were all from Grade 9-12 and ideally studying Maths and Science. “It is important to create awareness around the concept of ‘one health’ which incorporates human health, animal health and the health of the environment” says our Chairperson, Dr Mnisi.

In the 2022/2023 financial year the Health and Welfare Sector Education and Training Authority (HWSETA) awarded 95 full bursaries to veterinary students. The bursaries combined total more than R12-million. The beneficiaries include 70 first year students, 60 of whom are studying a Bachelor of Veterinary Sciences and 10 who are studying Veterinary Nursing. It also includes 25 continuing students, in various years of their studies, who received funding last year. Furthermore, the HWSETA is in 2023, funding 50 new

students and 127 continuing students from TARDI for the Animal Health Diploma.

Funded Programmes that include Entrepreneurial skills include early childhood development, artisan development as well as social work. Targeted funding has been made available for social work professionals to develop social Entrepreneurial skills.

In the 2022-2023 year the HWSETA achieved 85% of its targets set. This was a designed strategic move to reduce our commitments in the next three financial years. This in no way reduced our offering and impact to our sectors. Rather, the HWSETA was intentional in the programmes we funded to ensure innovation, high impact and relevance in the sectors we support.

In achieving 85% we had pockets of excellence in the following areas where targets were 100% and more overachieved:

- Post graduate studies for employed and unemployed students – the uptake, including supporting continuing students lead to over 100% achievement on these targets;
- Employed and unemployed apprenticeships – this programme remains a very successful one and saw targets of well over 100% achieved, 200% was achieved on completions for employed and 107% for unemployed;
- Lecturers from TVET and public colleges supported with skills programmes saw HWSETA achieving over 100% of targets set;
- Unemployed undergraduate bursaries – overall the consolidated support to entries and continuing students was overachieved. The increased continuing students is most pleasing;
- Skills programmes for unemployed learners – 83% achieved and a significant improvement over prior year;

- Number of unemployed persons entering and completing AET programmes – this was a great success this year seeing over 200% achievement on both targets, due to an overwhelming response from the sector;
- University students in work integrated programmes – the number of students entering and completing this programmes was overachieved resulting 174% and 256% achieved against set targets respectively;
- Rural and provincial projects supported this year was once again overachieved;
- Support of co-operatives this year was 233% overachieved;
- Number of small and emerging businesses, and levy exempt organisations supported – all these targets were once again 100% achieved;
- Participation by our sector in skills development through the submission of WSPs and ATRs – these targets were overachieved;
- Number of projects funded aimed at public sector education and training was once again overachieved, this year by 250%;
- Number of projects supported with post-school education institutions, professional Councils, employer bodies, and communities of practice in the reporting period was overachieved by 230%;
- The number of SDP's accredited and re-accredited in the year was overachieved;
- Number of certificates issued by the HWSETA to learners found competent by skills development providers was overachieved by 278%, mainly due to the anticipation of expiring legacy qualifications;
- The HWSETA achieved its targets on development and registration of full and part qualifications:
  - Higher Occupational Certificate: Medical Equipment maintainer at NQF 5 with 222 credits (full qualification).
  - Occupational Certificate Assistant Medical Maintainer at NQF level 5 with 107 credits (part qualification)

The HWSETA engaged with its Health and Social Development sectors in April 2023 and delivered the following research reports, which were received with much interest and appreciation. The HWSETA also ensured quality updates to its Sector Skills Plan, thus achieving its targets on research conducted in the year.

- The extent and nature of supply of the Pharmacy occupations, General Medical practitioners' education and training landscape
- Investigation of the effects of COVID-19 on labour in the South African Health and Social sector
- Trends in factors explaining job loss or gain in the health and social development sector
- Recognition of Prior Learning (RPL) in the Social Development Sector: Creation of Access into the Child and Youth Care Profession

The following areas were underachieved in the year:

- Completions in general due to delays in HWSETA receiving the required supporting documentation from Quality Assurance bodies, low uptake in AET programmes by

Employers, poor administration in some bodies issuing results;

- Longer training times especially for employed persons, internships, learnerships, and post graduate bursaries;
- Graduate Internships and TVET work integrated programmes– due to higher costs, including higher stipend amounts, and delays in the approvals for TVET learners;
- Skills programmes for the employed – the target was underachieved due to non-compliant documentation in order to report performance, the lower update by employers and the non-availability of employed staff;
- Employed Learnerships –workplace pressures resulted in a lower achievement;
- Employed undergraduate bursaries – delays on submissions of learner information by approved employers;
- Employers opening up their workplaces is underachieved this year. New strategies with implementing partners will be explored to increase achievement in this area;
- NGO's and NPO's and Trade union support was underachieved due to gaps in implementing partner support.

The performance success of the HWSETA was possible with ensuring that 98% of capacity was in place and increased automation. The HWSETA continues to increase our automation which will result in greater efficiencies in future.

The year under review is the third year of implementing the 2020-2025 strategic plan, which is measured through 34 outcome indicators. To cover all 34 outcome indicators for the mid-term review, more studies were conducted.

The HWSETA received a qualified audit opinion from the Auditor-General of SA (AGSA) in 2022-2023 year on the area of payables and commitments.

Note 23 reflects a balance of R1.1 billion in commitments for 2022-2023. This is a disclosure note in our annual financial statements that reflects our probable commitment over a period of on average 3 years. It is an estimate as it is dependent on the criteria being met by the Employer in signed Memorandum of Agreements. This criteria includes the number of learners being funded, which may change due to dropouts, and the successful completion of the projects. Due to timing, the HWSETA was unable to satisfy the AGSA on the accuracy of the movement in commitments in the year. The AGSA has extrapolated the total possible error to R88.7 million. The HWSETA takes this estimated error as less than 1% of the population of the commitments in note 23.

Payables for 2022-2023 is R67 million in note 10 in the annual financial statements, and is included in the Statement of Financial Position. The AGSA was unable to determine the total error due to a lack of time available. HWSETA did not

provide timeous support for payables. The HWSETA does not believe that payables is understated, but overstatement was acknowledged. Old payables will be attended to.

The above two qualifications are already being attended to by the HWSETA to ensure that these will not affect our opinion in 2023-2024.

The HWSETA can however confirm our financial stability in 2022-2023 and beyond due to the significant efforts made by the HWSETA in reducing its committed state, a reduction of 21% (note 23), and a reduction in its deficit for the year by 99% to R2,3 million compared to R199 million in the prior year. We continue to make good on all contractual obligations. Our assets exceed our liabilities, and we have come within budget for the year on total expenses. There are some areas of non-compliance on Supply Chain Management (SCM), mainly due to the change in the Procurement Regulations. Other than non-compliance on SCM, the HWSETA remain materially compliant to relevant laws and regulations.

Our internal controls remain strong, with some areas for improvement.

As we come to the end of this year, I would like to take a moment to reflect on the progress we have made as an organization. While we have faced challenges and unforeseen circumstances, we have continued to work tirelessly towards achieving our mission. However, there is still much room for improvement and growth.

Moving forward, I am filled with hope and excitement for the year ahead. I am confident that, with the dedication and hard

work of our team, we will overcome any obstacles that come our way.

I would like to take this opportunity to thank our Board and Staff for their unwavering support and commitment throughout the year. We would not be where we are today without their tireless efforts.

Our efforts would be meaningless without our Employers and partners. With their continued support of the HWSETA, we achieve greater impact for our country.

As we prepare to enter this new chapter, let us continue to strive for excellence and never lose sight of our collective vision. I am excited to see what the future holds for our organization and am grateful to be a part of such a driven and passionate community.

Thank you all.



Ms Elaine Brass CA(SA)  
**Chief Executive Officer**

Date: 31 July 2023

## HWSETA PROJECT

# HWSETA ATTENDS DURNACOL SKILLS HUB GRADUATIONS



“Can you imagine the world without artisans? It would be a world without humanity. We all play an important role in the world functioning and without us, the world would break slowly. Our ability to design and create makes us unique in the natural world”, said Innocentia Shabangu, a 27 year old artisan Graduate who is currently employed at Durnacol Skills Hub as a facilitator.

Graduations are always exciting as they are an opportunity to reflect on one`s journey and celebrate the sacrifices made to finally reach their goal. That is why HWSETA is proud to have funded and attended the Durnacol Skills Hub graduations on 18 November 2022 at Durnacol Skills Hub in Kwa-Zulu Natal, Newcastle. One Hundred and two (102) learners were funded by HWSETA in 2020 to study towards electromechanical engineering (Millwright) and Diesel Mechanics, they also received stipend monthly to buy necessities and a drivers license so that after completion they are fully equipped for employment.

Mr Skhumbuzo Gxabashe, the Executive Manager in SDP, HWSETA emphasized on the importance of development. He said that although the HWSETA funded the graduates up to a certain degree, now it's time to the graduates to spread their wings and make a mark in the industry as they are well-equipped, He went on further and said the sky is the limit, with the shortage of such skills in

our country and overseas we have no doubt in our mind that these graduates will not succeed, he said with a smile.

These graduates did not have the “normal” college experience because of COVID-19. Some sacrifices had to be made like changing some of the learning materials to online learning and but they still pushed to make it work.

The HWSETA is proud to continue to contribute to making positive changes in lives. We firmly believe that through skills development we will be able to make a difference in the Country.





## 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 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 annual reports 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 on this information
- The Accounting Authority is responsible for establishing and implementing a system of internal control 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 2023.

Yours sincerely,

Ms Elaine Brass CA(SA)  
**Chief Executive Officer**  
Date: 31 July 2023

Dr Nomfundo Mnisi  
**Chairperson of the HWSETA**  
Date: 31 July 2023



# STRATEGIC Overview

## Our Vision



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

## Our Mission

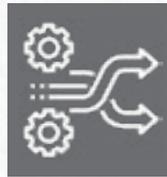


The Health and Welfare Sector Education and Training Authority (HWSETA) endeavours to create and implement an integrated approach to the development and provision of appropriately skilled health and social development workers, to render quality services comparable to world-class standards.

## Our Values



Service Excellence



Transformation



Transparency



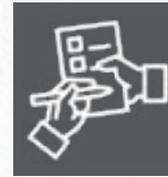
Integrity



Respect



Fairness



Accountability

# LEGISLATIVE and other Mandates

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

### Legislative Mandates

HWSETA derives its mandate from:

- The Skills Development Act, as amended;
- The Skills Development Levies Act, as amended;
- The South African Qualifications Authority Act, as amended;
- The Quality Council for Trades and Occupations 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

Policy mandates are dictated by the Service Delivery Agreements entered into by Ministers of:

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



# ORGANISATIONAL Structure

CEO



Chief Executive Officer  
**Ms Elaine Brass**

CFO



Chief Financial Officer  
**Ms Zandile Mafata**

CS



Executive Manager: CS Division  
**Mr Bob Pardesi**

20

SDP



Executive Manager: SDP Division  
**Mr Sikhumbuzo Gcabashe**

ETQA



Executive Manager: ETQA Division  
**Ms Baakedi Motubatse**

RIME



Executive Manager: RIME Division  
**Mrs Bulelwa Plaatjie**

PRO



Executive Manager: Provinces  
**Mr Clayton Peters**



# OVERVIEW of HWSETA

HWSETA's mandate is to facilitate, coordinate and monitor the implementation of the National Skills Development Plan (NSDP) 2030 in the health and social development sectors.

The core principles are to:

- Identify skills shortages in the sectors
- Support the development of the skills of employees in the sector
- Improve the quality of life prospects and labour mobility of employees in the sector.

Skills development is a national priority in South Africa and a critical factor in the future success of the country. Meeting South Africa's skills needs requires input from numerous public and government institutions, as well as private organisations, big and small.

South Africa's economy is divided into functional sectors that are represented by one of the 21 SETAs. In short, HWSETA exists to drive skills development and act as an advisory body in the education, training and skills development requirements of the health and social development sectors, as well as the veterinary sector. Skills development is about changing people's lives, enhancing their employability and aligning skills to our economy. The health and social development sectors can be described as 'personal services industries' where services are both resource- and time-intensive. Effective delivery of these services depends on the availability of human resources with the appropriate skills.

The growing demand for health and social development services and the introduction of changes in the way these services are delivered to the public drive demand for the right type of skills. Currently demand continues to outstrip supply.

HWSETA exists to achieve the following within the health, social development and veterinary sectors:

- Develop and implement the Sector Skills Plan
- Implement skills development planning, programmes, and initiatives
- Monitor education and training
- Identify workplaces for practical work experience
- Support and facilitate the development of the National Skills Development Plan
- Disburse levies collected through approved mandatory and discretionary grants
- Forge links with all stakeholders and relevant bodies in the sectors
- Account for the effective and efficient use of public monies in line with the provisions of the PFMA and other relevant legislation
- Promote employment of disabled persons, youth and women.

## HWSETA PROJECT

# HWSETA

## INVIGORATES THE SPIRIT OF WOMEN-LED ENTREPRENEURSHIP AND PHILANTHROPY WITH THE LAUNCH OF NEW COOPERATIVE PROJECT



Between 2019 and 2020, we executed our COVID-19-related strategies that were developed to encourage community members from various parts of the country to band together and become skilled in manufacturing of essential items to cope with the pandemic. As a result, we were able to support 19 rural cooperatives, enabling them to manufacture and distribute cloth masks, reusable sanitary pads, and soaps.

Last year, we further funded the cooperatives with industrial sewing machines, fabric, and the necessary tools to assist them to become established businesses. Now, these cooperatives can produce high-quality lab coats and scrubs for HWSETA-linked organisations such as the Wits Health Consortium and Rui and Ru

Medicals. Today, we are excited to be in a position to assist twenty-five women-led cooperatives from across rural South Africa to set up and establish their factory businesses that will manufacture healthcare and school uniforms.

We launched this initiative at one of our affiliated cooperative factories in Nkomazi, Mpumalanga on 29 August 2022. It was our pleasure to host the Honourable Mohita Latchminarain, MEC for Public Works Roads and Transport, who presented learners from various schools with new uniforms. The schools that received uniforms are Bongokuhle primary school, Matsafeni primary school, Luvolwetfu primary school, Ndlemane primary school, Matsamo primary school, Langa secondary school and

Mbambiso secondary school.

Also in attendance at our launch, was Comrade Phakamile Thwala (SANCO) Comrade Phakamile Thwala and Ehlanzeni District Municipality Official. Motivational Speaker, Bongwiwe Ngcube was also one of our honoured guests who gave an inspirational talk to everyone who attended the launch. Women entrepreneurs are playing an increasingly larger role in the South African economy. But, there is still a need to address the structural challenges of social and gender equality that continue to deter their progress.

By creating the right social, political, and financial Women entrepreneurs are playing an increasingly larger role in the South African economy. HWSETA Invigorates the Spirit of Women-Led Entrepreneurship and Philanthropy with the Launch of New Cooperative Project conditions for women to succeed, we will be making a positive impact on the future growth of our economy. With this understanding in mind, our plan in the first phase is to buy the uniform packs from the cooperatives on behalf of the learners to help them generate some much-needed income.

We envisage that the manufacturing of these packs will benefit more than 5000 underprivileged school learners, while also creating critical employment opportunities. These packs of uniforms will include jerseys, trousers, school shirts, skirts and full school



uniform dresses that comply with the participating schools' colours. With the support of the HWSETA, 15 out of the 25 cooperatives are currently operational and have graduated to a phase of sustainable manufacturing. They will continue to receive our support for three years.

The remaining 10 will come into operation in time for the January 2023 school year as they are currently procuring all the necessary tools required to commence production. We want to guarantee that these companies have the best chances to succeed by ensuring that they have an in-depth understanding of all the critical best practice standards that must be adhered to when operating a successful manufacturing business that produces high-quality products. We are excited to be collaborating with such a dynamic group of female entrepreneurs and are proud to be in a position to help our entrepreneurs build profitable businesses that will also help invigorate vital employment opportunities within their communities. Our vision is to unearth more avenues that will give more women entrepreneurs a platform to build successful and sustainable businesses that embrace the spirit of giving back to their communities



# PART B

## Performance Information





# ANNUAL PERFORMANCE Information Report

## Classification of Performance

Colour Code					
Progress in %	0% - 25%	26% - 50%	51% - 75%	76% - 99%	100% - >
Description of Classification	Annual target has not been achieved and strides made have yielded low success by 31 March 2023.	Annual target has not been achieved and strides made yielded moderate success by 31 March 2023.	Annual target was almost achieved based on good progress made by 31 March 2023.	Annual target was almost achieved based on substantial progress made by 31 March 2023.	Annual target has been achieved or exceeded before or by 31 March 2023.

### PROGRAMME 1: ADMINISTRATION

Programme 1: Output No. 18

**Impact Statement No. 1:** The HWSETA contributes to the development of a post-school system which increases the production of occupations in high demand

**Outcome Statement No 1:** The HWSETA provides an efficient and effective skills planning, programme implementation and evaluation system which identifies occupations in high demand during the strategic period

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Achievement 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
The HWSETA is capacitated to deliver on its mandate and achieve its targets in the reporting period	18	Percentage of filled positions in the organizational structure of the HWSETA to facilitate the delivery of its mandate and achievement of its targets in the reporting period	96% (146/152) <b>101%</b>	96% (146/152) <b>107%</b>	95%	98% <b>103%</b>	3%	The HWSETA has made strides in improving its efficiency in its recruitment processes thus filling vacancies at a speedily rate. Turnover rate is stable

Programme 1: Output No. 20

**Impact Statement No. 1:** The HWSETA contributes to the development of a post-school system which increases the production of occupations in high demand

**Outcome Statement No 1:** The HWSETA provides an efficient and effective skills planning, programme implementation and evaluation system which identifies occupations in high demand during the strategic period

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Achievement 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
The HWSETA business processes are automated and integrated for effective delivery of services to the sector in the reporting period	20	Percentage of business processes automated and integrated for efficient delivery of services to the sector in the reporting period	88% <b>88%</b>	92% <b>102%</b>	90%	90% <b>100%</b>	0%	All core business functions, that is, Finance, SDP, and ETQA have been completed. The phase 2, which involves development of modules for SCM, Marketing and Business Intelligence is underway. Requirements gathering and planning for Phase 2 in progress. Focus is on integration which results in reconfiguration of developed modules

Programme 1: Output No. 15

**Impact Statement No. 1:** The HWSETA contributes to the development of a post-school system which increases the production of occupations in high demand

**Outcome Statement No 4:** The HWSETA makes career development services related to the health and welfare sector accessible to rural and targeted youth in the strategic period

The HWSETA makes career development services accessible to school and post-school youths <sup>1</sup> , mainly from rural areas, in the reporting period	15	The number of school and post-school youths, mainly from rural areas, reached through career development awareness programmes in the reporting period	8 363 (11 events) <b>70%</b>	8402 (14 events) <b>1 556%</b>	12 000 (10 events)	11 684 (25 events) <b>97%</b>	-316	The underachievement is due to the seasonal challenges faced where fewer career guidance events were attended during examination period. The HWSETA career awareness portal has been the driver in increasing the reach to learners that seek access to learning opportunities and creating awareness in careers within the sector. Among the learners that were reached 7477 were from rural areas while 4207 were in urban areas
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<sup>1</sup> Post school youth refer to those unemployed youth as defined in the Green paper on post school education. Post school youth includes those from rural and urban areas, and targeted groups, such as learners with disabilities, female, and black South African youths

## PROGRAMME 2: SKILLS PLANNING AND IMPACT ASSESSMENT

Programme 2: Output No. 12

**Impact Statement No. 1:** The HWSETA contributes to the development of a post-school system which increases the production of occupations in high demand

**Outcome Statement No 1:** The HWSETA provides an efficient and effective skills planning, programme implementation and evaluation system which identifies occupations in high demand during the strategic period

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
The SSP updates and research reports produced by the HWSETA are confirmed <sup>2</sup> and made accessible to internal and external stakeholders, as well as the general public, through various dissemination platforms in the reporting period	12	Number of SSP updates and applied research reports <sup>3</sup> completed and confirmed by key stakeholders <sup>4</sup> in the reporting period	5 <b>100%</b>	6 <b>120%</b>	5	5 <b>100%</b>	0	Five research reports and SSP update were completed and confirmed by key stakeholders in 2022/23

<sup>2</sup> SSP update and research reports produced by the HWSETA are confirmed by key stakeholders that they provide information about occupations in demand, skills needs and the education and training landscape for the sector

<sup>3</sup> SSP updates and research reports produced by the HWSETA identify occupations in demand and skills needs in the sector, and aims to inform planning for skills development in the sector

<sup>4</sup> Confirmation of SSP update and research reports by stakeholders refers to the presentation of findings to categories of people who participated in the study and are key to the implementation of the recommendations

Programme 2: Output No. 5

**Impact Statement No. 1:** The HWSETA contributes to the development of a post-school system which increases the production of occupations in high demand

**Outcome Statement No 1:** The HWSETA provides an efficient and effective skills planning, programme implementation and evaluation system which identifies occupations in high demand during the strategic period

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
The monitoring, evaluation, and impact studies, including tracer studies, produced by the HWSETA, are confirmed by key stakeholders as measuring the performance of learning programmes and projects implemented by the HWSETA in the reporting period	5	Number of monitoring, evaluation, and impact studies, including tracer studies, completed and confirmed by key stakeholders in the reporting period	4 <b>100%</b>	5 <b>125%</b>	6	7 <b>117%</b>	1	The year under review is the third year of implementing the 2020-2025 strategic plan, which is measured through 34 outcome indicators. To cover all 34 outcome indicators for the mid-term review, more studies were conducted

Programme 2: Output No. 6

**Impact Statement No. 2:** The HWSETA develops a skilled, employable and highly productive workforce which results in reduced hard to fill vacancies in the health and welfare sector by 2030

**Outcome Statement No 5:** The HWSETA contributes to the improvement of level of skills to 50% of the health and welfare sector workforce through various learning programmes that address critical skills in the strategic period

Workers in the health and welfare sector given bursaries by the HWSETA awarded bursaries by the HWSETA complete post-graduate qualifications funded by the HWSETA and are reported to the HWSETA within 12 months of completion in the reporting period	6(1)	Number of workers entered-into the HWSETA post-graduate bursaries in the reporting period	76 <b>127%</b>	60 <b>100%</b>	60	106 <b>177%</b>	46	The year under review is the third year of implementing the 2020-2025 strategic plan, which is measured through 34 outcome indicators. To cover all 34 outcome indicators for the mid-term review, more studies were conducted
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Programme 2: Output No. 6 contd.

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
Workers in the health and welfare sector given bursaries by the HWSETA awarded bursaries by the HWSETA complete post-graduate qualifications funded by the HWSETA and are reported to the HWSETA within 12 months of completion in the reporting period	6(2)	Number of workers re-entered <sup>5</sup> -into the HWSETA post-graduate bursaries in the reporting period	16 <b>53%</b>	5 <b>21%</b>	24	24 <b>100%</b>	0	The annual target was achieved due to compliance to submission of information to the HWSETA by partner institutions. Also, there was a sufficient pool of students eligible to continue to the next level of study, eg Masters or PHD degrees
	6(3)	Number of workers reported to the HWSETA for having completed postgraduate qualifications funded by the HWSETA in the reporting period	21 <b>58%</b>	35 <b>146%</b>	24	7 <b>29%</b>	-17	The annual targets has not been achieved and strides made (engagements with institutions and follow-ups with students directly) have yielded moderate success. This non-achievement is attributed to low completion rates (12-15%). Follow-ups made indicates that many students either dropped out or prolonged the duration of their studies due to the COVID-19 interruptions between 2020 and 2021

<sup>5</sup> Re-entered refers to workers continuing with their studies within the same qualification that was funded by the HWSETA in the prior year

## Programme 2: Output No. 27

**Impact Statement No. 2:** The HWSETA develops a skilled, employable and highly productive workforce which results in reduced hard to fill vacancies in the health and welfare sector by 2030

**Outcome Statement No 6:** The HWSETA contributes to increased access by the unemployed into occupationally directed programmes in the health and welfare sector during the strategic period

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
Unemployed persons awarded bursaries by the HWSETA complete the post-graduate qualifications and are reported to the HWSETA within 12 months of completion in the reporting period	27(1)	Number of unemployed persons entered into the HWSETA post-graduate bursaries in the reporting period	70 <b>175%</b>	41 <b>103%</b>	40	70 <b>175%</b>	30	Based on the funding needs of the applicants the HWSETA was able to fund more students than targeted because the requested amounts by most of the students required less funds than the capped value
	27(2)	Number of unemployed persons re-entered <sup>6</sup> into the HWSETA post-graduate bursaries in the reporting period	19 <b>190%</b>	8 <b>50%</b>	16	15 <b>94%</b>	-1	In the prior year new enrollments were mainly constituted by honours students (one-year qualification) which meant less students could continue with Masters and PhD programs which are multi-year programmes
	27(3)	Number of unemployed persons reported to the HWSETA for having completed post-graduate qualifications funded by the HWSETA in the reporting period	11 <b>46%</b>	28 <b>175%</b>	16	5 <b>31%</b>	-11	In the prior year new enrollments were mainly constituted by honours students (one-year qualification) which meant less students could continue with Masters and PhD programs which are multi-year programmes

<sup>6</sup> Re-entered refers to unemployed persons continuing with their studies within the same qualification that was funded by the HWSETA in the prior year

## PROGRAMME 3: SKILLS DEVELOPMENT PROGRAMMES AND PROJECTS

### Sub-programme 3.1: Learning Programmes

#### Programme 3: Output No. 4

**Impact Statement No. 2:** The HWSETA develops a skilled, employable and highly productive workforce which results in reduced hard to fill vacancies in the health and welfare sector by 2030

**Outcome Statement No 5:** The HWSETA contributes to the improvement of level of skills to 50% of the health and welfare sector workforce through various learning programmes that address critical skills in the strategic period

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
Employed apprenticeships and trainee technicians entered-into the HWSETA apprenticeship programme complete the programme and are reported to the HWSETA within 12 months of completion in the reporting period	4(1)	Number of employed apprentices and trainee technicians entered- into the HWSETA funded apprenticeship programme in the reporting period	16 <b>32%</b>	49 <b>98%</b>	50	55 <b>110%</b>	5	The overachievement is attributed employers enrolling experienced tradesmen into accredited artisan programmes. The training will culminate into a trade test certification which will enhance their chance of upward mobility and/ or creating their own opportunities
	4(2)	Number of employed apprentices and trainee technicians reported to the HWSETA as having completed apprenticeships funded by the HWSETA in the reporting period	0 <b>0%</b>	91 <b>364%</b>	25	50 <b>200%</b>	25	The overachievement is due to improved turnaround time for trade test applications and finalisation of testing as well as completions from the prior year

Programme 3: Output No. 16

**Impact Statement No. 1:** The HWSETA contributes to the development of a post-school system which increases the production of occupations in high demand

**Outcome Statement No 3:** The HWSETA supports the growth of the public and private college system so that colleges may qualify as a centres of specialisation in the strategic period

Output Statement	Output Indicator No	Output Indicator		Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
The HWSETA funds public college lecturers and career guidance practitioners to improve onsite practical and vocational capacity in the reporting period	16(1)	Number of lecturers <sup>7</sup> from TVET and other public colleges <sup>8</sup> as well as career guidance practitioners funded by the HWSETA for skills development in the reporting period	TVET College Lecturers	36 <b>72%</b>	57 <b>114%</b>	35	43 <b>123%</b>	8	The HWSETA budget for the financial year as well as the funding model of this programme provided an opportunity for more lecturers to be funded. This also coupled by the overwhelming response from the sector
			Career Guidance Lecturers	0 <b>0%</b>	15 <b>100%</b>	15	22 <b>147%</b>	7	The HWSETA budget for the financial year as well as the funding model of this programme provided an opportunity for more lecturers to be funded. This also coupled by the overwhelming response from the sector
	16(2)	Number of lecturers from TVET and other public colleges as well as career guidance practitioners reported to the HWSETA as having completed training funded by the HWSETA in the reporting period	TVET College Lecturers	0 <b>0%</b>	35 <b>109%</b>	15	6 <b>40%</b>	-9	The programs implemented by the colleges in this programme have a high dependency of quality assurance by assurance bodies outside of the HWSETA. The delays in issuing of quality assured results impacted negatively on the achievement of this target. The HWSETA in its awarding process for funding in the new financial year, will evaluate the qualifying organisations based on the submission of completions for the previous financial year. This will be one of the criterion for prioritising funding awards

<sup>7</sup> Lecturers includes educators of colleges as well as career guidance teachers at schools

<sup>8</sup> Other Public Colleges comprise of Nursing Colleges, Emergency Services Colleges (EMS), and Agricultural Colleges (for Veterinary training) etc. These colleges are a priority to the HWSETA as they are colleges in the health welfare sector

Programme 3: Output No. 16 contd.

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
The HWSETA funds public college lecturers and career guidance practitioners to improve onsite practical and vocational capacity in the reporting period	16(2)	Number of lecturers from TVET and other public colleges as well as career guidance practitioners reported to the HWSETA as having completed training funded by the HWSETA in the reporting period	0 <sup>9</sup>	0 <sup>10</sup>	10	0 <b>0%</b>	-10	The programs implemented by the colleges in this programme have a high dependency of quality assurance by assurance bodies outside of the HWSETA. The delays in issuing of quality assured results impacted negatively on the achievement of this target. The HWSETA in its awarding process for funding in the new financial year, will evaluate the qualifying organisations based on the submission of completions for the previous financial year. This will be one of the criterion for prioritising funding awards

<sup>9</sup> This is a new sub-indicator introduced in 2022/23

<sup>10</sup> This is a new sub-indicator introduced in 2022/23

Programme 3: Output No. 17

**Impact Statement No. 1:** The HWSETA contributes to the development of a post-school system which increases the production of occupations in high demand

**Outcome Statement No 3:** The HWSETA supports the growth of the public and private college system so that colleges may qualify as a centres of specialisation in the strategic period

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
The HWSETA funds public college students in vocational and occupational training in the reporting period	17(1)	Number of students from TVET and other public colleges funded by the HWSETA for vocational and occupational training in the reporting period	1 279 <b>167%</b>	879 <b>109%</b>	640	506 <b>79%</b>	-134	Heightened promotion of TVET colleges programmes driven by the DHET across all sectors resulted in targeted colleges being overwhelmed with the onboarding of learners. Further, occupational programmes in the health and welfare sector are not offered by most public TVET Colleges resulting in limited seats available. This is aggravated by restrictions on enrollment numbers by sectoral quality assurance bodies. In the next funding cycle, the HWSETA will explore strategies that will differentiate its programme from that of other SETAs and create uniqueness to attract participation

Programme 3: Output No. 17 contd.

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
	17(2)	Number of students from TVET and other public colleges reported to the HWSETA as having completed vocational and occupational training funded by the HWSETA in the reporting period	88 <b>5%</b>	496 <b>129%</b>	400	97 <b>24%</b>	-303	The programs implemented by the colleges in this programme have a high dependency on quality assurance by assurance bodies outside of the HWSETA. The delays in issuing of quality assured results had a negative impact on the achievement of this target. The HWSETA in its awarding process for funding in the new financial year, will evaluate the qualifying organisations based on the submission of completions for the previous financial year. This will be one of the criterion for prioritising funding awards

Programme 3: Output No. 7

**Impact Statement No. 2:** The HWSETA develops a skilled, employable and highly productive workforce which results in reduced hard to fill vacancies in the health and welfare sector by 2030

**Outcome Statement No 6:** The HWSETA contributes to increased access by the unemployed into occupationally directed programmes in the health and welfare sector during the strategic period

The unemployed graduates funded by the HWSETA for internships are reported to the HWSETA within 12 months of completion in the reporting period	7(1)	Number of unemployed graduates entered-into the internship programme funded by the HWSETA in the reporting period	University Graduates	1 220 <b>50%</b>	1 157 <b>96%</b>	763	247 <b>32%</b>	-516	The budget allocated as per the APP for the financial year could not cover the targeted number of learners. This is due to the cost per learner that is attracted by this programme. As learners are university graduates, the stipend amount places a burden on the budget and potential learners are attracted elsewhere resulting in the none achievement of this target
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Programme 3: Output No. 7 contd.

Output Statement	Output Indicator No	Output Indicator		Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
The unemployed graduates funded by the HWSETA for internships are reported to the HWSETA within 12 months of completion in the reporting period	7(1)	Number of unemployed graduates reported to HWSETA as having completed the internship programme funded by HWSETA in the reporting period	TVET College Graduates	0 <sup>11</sup>	0 <sup>12</sup>	326	201 <b>62%</b>	-125	Whilst the target could not be achieved overall, this indicator was supplemented by indicator 17.1 whose focus and strategy is to work directly with TVET colleges for the placement of TVET graduates. In the coming financial year the HWSETA will ensure approvals to employers take place in the second quarter to ensure adequate time for implementation. The target achievement was impacted by the failure to implement the approval by 2 organisations who serve as placement partners and have been with the HWSETA in the past financial years
	7(2)	Number of unemployed graduates reported to the HWSETA as having completed the internship programme funded by the HWSETA in the reporting period	University Graduates	152 <b>23%</b>	1 125 <b>93%</b>	610	30 <b>5%</b>	-580	University graduates enter at different periods in the year resulting in them completing the programme at different times than the HWSETA financial year. Further, regulated internships are of a longer period resulting in reporting of completions in piece meal
			TVET College Graduates	0 <sup>13</sup>	0 <sup>14</sup>	260	33 <b>13%</b>	-227	Onboarding of learners took place in the fourth quarter of the year under review for the first time. Therefore completions will be reported in the next reporting period. In the new financial year, the HWSETA will ensure that approvals to employers take place early in the financial year to ensure that the programme completion aligns to the reporting year

<sup>11, 12, 13, 14</sup> New indicator introduced by the ministerial budget speech (2022/23)

**Impact Statement No. 2:** The HWSETA develops a skilled, employable and highly productive workforce which results in reduced hard to fill vacancies in the health and welfare sector by 2030

**Outcome Statement No 6:** The HWSETA contributes to increased access by the unemployed into occupationally directed programmes in the health and welfare sector during the strategic period

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
Unemployed apprentices and trainee technicians entered-into the HWSETA apprenticeship programme complete the programme and are reported to the HWSETA within 12 months of completion in the reporting period	26(1)	Number of unemployed apprentices and trainee technicians entered- into the HWSETA funded apprenticeship programme in the reporting period	123 <b>123%</b>	102 <b>102%</b>	100	117 <b>117%</b>	17	The over achievement is due to a targeted approach implemented to recruit learners from rural areas that have no “networks” or have lost hope or are discouraged. Further, the HWSETA added another trade in its suite of trades making this programme attractive to both learners and employers
	26(2)	Number of unemployed apprentices and trainee technicians reported to the HWSETA as having completed apprenticeships funded by the HWSETA in the reporting period	148 <b>74%</b>	158 <b>316%</b>	60	64 <b>107%</b>	4	The HWSETA made a concerted effort to closely monitor implementation of the artisan programme and ensure timeous reporting of completed learners

Programme 3: Output No. 8

**Impact Statement No. 2:** The HWSETA develops a skilled, employable and highly productive workforce which results in reduced hard to fill vacancies in the health and welfare sector by 2030

**Outcome Statement No 5:** The HWSETA contributes to the improvement of level of skills to 50% of the health and welfare sector workforce through various learning programmes that address critical skills in the strategic period

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
Workers from the health and welfare sector entered-into credit and non-credit bearing skills programmes funded by the HWSETA complete these programmes and are reported to the HWSETA within 12 months of completion in the reporting period	8(1)	Number of workers entered- into credit and non-credit bearing skills programmes funded by the HWSETA in the reporting period	23 280 <b>134%</b>	5 388 <b>65%</b>	7 470	3 032 <b>40%</b>	-4 438	The underachievement is caused by a significant number of rejections due to non-compliant documentation on training that took place, as well as poor uptake in skills programmes. Capacity building sessions with stakeholders are implemented to improve compliance
	8(2)	Number of workers reported to the HWSETA as having completed credit and non-credit bearing skills programmes funded by the HWSETA in the reporting period	20 289 <b>410%</b>	3 163 <b>76%</b>	4 500	1 983 <b>44%</b>	-2 517	Slow implementation of programmes coupled with non availability of workers for training resulted in the non achievement of the target. Majority of targeted beneficiaries could not be pulled out of jobs for training due to the critical nature of their jobs

**Impact Statement No. 2:** The HWSETA develops a skilled, employable and highly productive workforce which results in reduced hard to fill vacancies in the health and welfare sector by 2030

**Outcome Statement No 5:** The HWSETA contributes to the improvement of level of skills to 50% of the health and welfare sector workforce through various learning programmes that address critical skills in the strategic period

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
Workers from the health and welfare sector with learnership agreements registered with the HWSETA as industry funded or HWSETA funded complete the learnership programmes and are reported to the HWSETA within 12 months of completion in the reporting period	3(1)	Number of workers whose learner agreements are registered with the HWSETA for learnerships as industry funded or HWSETA funded in the reporting period	1 023 <b>56%</b>	955 <b>38%</b>	2 125	1 231 <b>58%</b>	-921	The target was not achieved due to delays in the registration of learners by employers because of workplace pressures, resulting in delays in entries. A monitoring plan will be put in place to continuously monitor the programme's entry rates. Further, the HWSETA is reviewing the implementation of learnerships for workers to attract more trainees and minimize periods out of work
	3(2)	Number of workers reported to the HWSETA as having completed learnership programmes registered with the HWSETA as industry or HWSETA funded in the reporting period	0 <b>0%</b>	22 <b>2%</b>	1 000	247 <b>25%</b>	-753	The target was not achieved due to the fact that employers recruited less numbers of learners in the previous year. Further, employed persons are trained over a longer period and the HWSETA is reviewing how learnerships for workers are implemented

Programme 3: Output No. 6

**Impact Statement No. 2:** The HWSETA develops a skilled, employable and highly productive workforce which results in reduced hard to fill vacancies in the health and welfare sector by 2030

**Outcome Statement No 5:** The HWSETA contributes to the improvement of level of skills to 50% of the health and welfare sector workforce through various learning programmes that address critical skills in the strategic period

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
Workers in the health and welfare sector awarded bursaries by the HWSETA complete under-graduate qualifications funded by the HWSETA and are reported to the HWSETA within 12 months of completion in the reporting period	6(4)	Number of workers entered-into the HWSETA undergraduate bursaries in the reporting period	232 <b>37%</b>	686 <b>109%</b>	585	63 <b>11%</b>	-522	The under achievement is due to the delays on submissions of learner information by approved employers. The HWSETA in its awarding process for funding in the new financial year, will evaluate the qualifying employers also based on participation in the previous financial year. This will be a criteria for the award of approvals
	6(5)	Number of workers re-entered <sup>15</sup> -into the HWSETA undergraduate bursaries in the reporting period	0 <b>0%</b>	50 <b>32%</b>	150	40 <b>27%</b>	-110	Re-entries are dependent on the number of students who were enrolled on multiyear qualifications in the previous financial year. Also, employers are required to submit the EOI to secure funds for continuing students. Achievement therefore is dependent on the sector. This target in the next financial year has been adjusted based on the rate that re-entries have been realized over the past financial years. Furthermore, employers are encouraged via workshops to make use of these opportunities as subsidy to their internal bursary processes. Due to the nature of these programmes (being formal in nature) the uptake is also influenced by the willingness of the working class to commit to formal programs at University level. Most employees are employed based on their current qualifications and would prefer development programmes, short programmes or even postgraduate qualifications etc to enhance their skills rather than full undergrad qualifications

<sup>15</sup> Re-entered refers to workers continuing with their studies within the same qualification that was funded by the HWSETA in the prior year

Programme 3: Output No. 6 contd.

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
Workers in the health and welfare sector awarded bursaries by the HWSETA complete under-graduate qualifications funded by the HWSETA and are reported to the HWSETA within 12 months of completion in the reporting period	6(6)	Number of workers reported to the HWSETA for having completed undergraduate qualifications funded by the HWSETA in the reporting period	19 <b>18%</b>	57 <b>54%</b>	100	6 <b>6%</b>	-94	Delays in quality assurance by external councils and quality assurance bodies, meant some learners could not be reported until final endorsements by the institutions is completed. The HWSETA in its awarding process for funding in the new financial year, will evaluate the qualifying employers also based on the submission of completions for the previous financial year. This will be an additional criteria for new awards

Programme 3: Output No. 21

**Impact Statement No. 2:** The HWSETA develops a skilled, employable and highly productive workforce which results in reduced hard to fill vacancies in the health and welfare sector by 2030

**Outcome Statement No 5:** The HWSETA contributes to the improvement of level of skills to 50% of the health and welfare sector workforce through various learning programmes that address critical skills in the strategic period

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
Workers from the health and welfare sector entered-into Adult Education and Training (AET) programmes funded by the HWSETA complete these programmes and are reported to the HWSETA within 12 months of completion in the reporting period	21(1)	Number of workers entered-into AET programmes funded by the HWSETA in the reporting period	0 <b>0%</b>	324 <b>60%</b>	275	229 <b>83%</b>	-46	In implementing this over the past 3 financial years, it has been noted that the uptake by employers for employed persons converts to low numbers. In our allocations 300 learners were allocated, however a lesser number of learners has been reported. The availability of the Skills Programme funding window also impacts the uptake of this grant by employers. In the next financial year as per the APP the target has been revised to align to the rate of the uptake by the sector. The HWSETA will develop a separate strategy which will aim to encourage employers to enroll more learners in this programme. The type of organisations targeted will also be evaluated in order to boost the number of persons enrolled in this opportunity. Partnerships will also be explored beyond the sector
	21(2)	Number of workers reported to the HWSETA as having completed AET programmes funded by the HWSETA in the reporting period	0 <b>0%</b>	8 <b>40%</b>	270	0 <b>0%</b>	0	The achievement has been affected by a low uptake of employed learners in both the previous and current financial years. A revised strategy to encourage employers to participate will be evaluated

**Impact Statement No. 2:** The HWSETA develops a skilled, employable and highly productive workforce which results in reduced hard to fill vacancies in the health and welfare sector by 2030

**Outcome Statement No 6:** The HWSETA contributes to increased access by the unemployed into occupationally directed programmes in the health and welfare sector during the strategic period

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
Unemployed persons awarded bursaries by the HWSETA complete the under-graduate qualifications and are reported to the HWSETA within 12 months of completion in the reporting period	27(4)	Number of unemployed persons entered-into the HWSETA undergraduate bursaries in the reporting period	540 <b>77%</b>	343 <b>49%</b>	540	131 <b>24%</b>	-409	The HWSETA has committed to progressing learners upon successful completion of each academic year. The number of progressing students is high and thus impacts the allocation of the bursary funding. The underachievement is due to priority being given to the progression of existing learners rather than that of bringing new learners on board. This target is then affected. Correcting the imbalances between 27.4 and 27.5 will not be overnight as students progress through the academic years. In its recruitment strategy for the next financial year the HWSETA will focus on onboarding students in their final year or penultimate in order to convert entries into completions quicker to allow more new learners coming on board

## Programme 3: Output No. 27 contd.

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
Unemployed persons awarded bursaries by the HWSETA complete the under-graduate qualifications and are reported to the HWSETA within 12 months of completion in the reporting period	27(5)	Number of unemployed persons re-entered <sup>16</sup> into the HWSETA undergraduate bursaries in the reporting period	182 <b>75%</b>	577 <b>192%</b>	185	415 <b>224%</b>	230	The HWSETA has committed to progressing learners upon successful completion of each academic year. The number of progressing students is high and thus impacts the allocation of the bursary funding. Due to priority being on the progression of existing learners rather than that of bringing new learners on board this target is then affected. Correcting the imbalances between 27.4 and 27.5 will not be overnight as students' progress through the academic years. In its recruitment strategy for the next financial year the HWSETAA will focus on onboarding students in their final year or penultimate in order to convert entries into completions quicker to allow more new learners to come on board

<sup>16</sup> Re-entered refers to unemployed persons continuing with their studies within the same qualification that was funded by the HWSETA in the prior year

**Impact Statement No. 2:** The HWSETA develops a skilled, employable and highly productive workforce which results in reduced hard to fill vacancies in the health and welfare sector by 2030

**Outcome Statement No 6:** The HWSETA contributes to increased access by the unemployed into occupationally directed programmes in the health and welfare sector during the strategic period

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
Unemployed persons awarded bursaries by the HWSETA complete the under-graduate qualifications and are reported to the HWSETA within 12 months of completion in the reporting period	27(6)	Number of unemployed persons reported to the HWSETA as having completed undergraduate qualifications funded by the HWSETA in the reporting period	374 <b>122%</b>	463 <b>265%</b>	350	246 <b>70%</b>	-104	Completions are highly aligned to entries in each financial year. The higher the number of learners who are entered close to their final year, the higher the number of completions. In its recruitment strategy for the next financial year the HWSETA will focus on onboarding students in their final year or penultimate in order to convert entries into completions quicker to allow more new learners coming on board

Programme 3: Output No. 28

**Impact Statement No. 1:** The HWSETA contributes to the development of a post-school system which increases the production of occupations in high demand

**Outcome Statement No 3:** The HWSETA supports the growth of the public and private college system so that colleges may qualify as a centres of specialisation in the strategic period

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
The TVET, other colleges, and university students funded by the HWSETA for work integrated programmes are reported to the HWSETA as having completed the programme within 12 months of completion in the reporting period	28(1)	Number of TVET and other college students entered-into work integrated programmes funded by the HWSETA in the reporting period	768 <b>77%</b>	1 063 <b>97%</b>	800	290 <b>36%</b>	-510	The budget allocated as per the APP for the financial year could not cover the targeted number of learners. This is due to the cost per learner that is attracted by this programme. As learners are in the workplaces for 18 months, the stipend amount places a burden on the budget and thus the target could not be reached. The APP budget for the 2023-2024 financial year has been revised and aligned to the cost implications per learner to ensure the maximum number of targeted learners is achieved. This will allow the HWSETA to strategically approve placement taking into consideration the different sizes of organisations that we service

Programme 3: Output No. 28 contd.

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
The TVET, other colleges, and university students funded by the HWSETA for work integrated programmes are reported to the HWSETA as having completed the programme within 12 months of completion in the reporting period	28(2)	Number TVET and other college students reported to the HWSETA as having completed the work integrated programmes funded by the HWSETA in the reporting period	92 <b>15%</b>	7 <b>1%</b>	500	96 <b>19%</b>	-404	The reporting on this programme was impacted by the rate of reporting by employers. This is a result of poor administration on the side of TVET colleges. Efforts to solicit the submission of completions have however not yielded in the achievement of the target. The HWSETA in its awarding process for funding in the new financial year, will evaluate the qualifying employers also based on the submission of completions for the previous financial year. This will be a criterion for the award of approvals

Programme 3: Output No. 29

**Impact Statement No. 2:** The HWSETA develops a skilled, employable and highly productive workforce which results in reduced hard to fill vacancies in the health and welfare sector by 2030

**Outcome Statement No 6:** The HWSETA contributes to increased access by the unemployed into occupationally directed programmes in the health and welfare sector during the strategic period

Unemployed persons registered with the HWSETA as industry or HWSETA funded for learnership programmes are reported to the HWSETA within 12 months of completion in the reporting period	29(1)	Number of unemployed persons whose learner agreements are registered with the HWSETA for learnerships as industry funded or HWSETA funded in the reporting period	2 018 <b>81%</b>	1 955 <b>78%</b>	2 200	2 019 <b>92%</b>	-181	The under achievement is attributed to the timing of registrations for targeted learnerships as well as restrictions in enrolment numbers of colleges. The HWSETA is also mindful not to flood workplaces with learners as this will have a negative impact on the quality of learning
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## Programme 3: Output No. 29 contd.

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
Unemployed persons registered with the HWSETA as industry or HWSETA funded for learnership programmes are reported to the HWSETA within 12 months of completion in the reporting period	29(2)	Number of unemployed persons reported to the HWSETA as having completed learnerships registered with the HWSETA as industry or HWSETA funded in the reporting period	330 <b>14%</b>	1 394 <b>199%</b>	800	437 <b>55%</b>	-363	The under achievement is due to the late submission of completion certificates by the participating organizations and prior year uptake. Learner certification timeframes are not dependent on the HWSETA as the project is subject to quality assurance processes by other quality assurance bodies, resulting in delayed results because of the lengthy quality assurance processes

## Programme 3: Output No. 30

**Impact Statement No. 2:** The HWSETA develops a skilled, employable and highly productive workforce which results in reduced hard to fill vacancies in the health and welfare sector by 2030

**Outcome Statement No 6:** The HWSETA contributes to increased access by the unemployed into occupationally directed programmes in the health and welfare sector during the strategic period

Unemployed persons entered- into credit and non-credit bearing skills programmes funded by the HWSETA complete these programmes and are reported to the HWSETA within 12 months of completion in the reporting period	30(1)	Number of unemployed persons entered- into credit and non-credit bearing skills programmes funded by the HWSETA in the reporting period	1 946 <b>78%</b>	1 623 <b>65%</b>	2 000	1 660 <b>83%</b>	-340	Interventions in the management of entries for Skills Programmes improved in the reporting thereof
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Programme 3: Output No. 30 contd.

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
Unemployed persons entered-into credit and non-credit bearing skills programmes funded by the HWSETA complete these programmes and are reported to the HWSETA within 12 months of completion in the reporting period	30(2)	Number of unemployed persons reported to the HWSETA as having completed credit and non-credit bearing skills programmes funded by the HWSETA in the reporting period	1 932 <b>109%</b>	1 745 <b>174%</b>	1 900	999 <b>53%</b>	-901	The under achievement is due to the late submission of completion certificates by the participating organizations. Learner certification timeframes are not dependent on external quality assurance processes

Programme 3: Output No. 31

**Impact Statement No. 2:** The HWSETA develops a skilled, employable and highly productive workforce which results in reduced hard to fill vacancies in the health and welfare sector by 2030

**Outcome Statement No 6:** The HWSETA contributes to increased access by the unemployed into occupationally directed programmes in the health and welfare sector during the strategic period

Unemployed persons from the health and welfare sector entered-into Adult Education and Training (AET) programmes funded by the HWSETA complete these programmes and are reported to the HWSETA within 12 months of completion in the reporting period	31(1)	Number of unemployed persons entered-into AET programmes funded by the HWSETA in the reporting period	325 <b>60%</b>	669 <b>124%</b>	320	645 <b>201%</b>	325	The budget allocated for the 2022-2023 financial year was stretched to cover as many learners as possible. This programme specifically for the unemployed has an overwhelming response from the sector
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Programme 3: Output No. 31 contd.

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
Unemployed persons from the health and welfare sector entered-into Adult Education and Training (AET) programmes funded by the HWSETA complete these programmes and are reported to the HWSETA within 12 months of completion in the reporting period	31(2)	Number of unemployed persons reported to the HWSETA for having completed <sup>17</sup> AET programmes funded by the HWSETA in the reporting period	32 <b>11%</b>	162 <b>60%</b>	270	670 <b>248%</b>	400	The overachievement is because of the overflow from previous financial years. However, to ensure that the overflow from one financial year to the other is reduced, approvals will be done earlier to ensure that learners complete within the same financial year that they entered in

Programme 3: Output No.32

**Impact Statement No. 2:** The HWSETA develops a skilled, employable and highly productive workforce which results in reduced hard to fill vacancies in the health and welfare sector by 2030

**Outcome Statement No 6:** The HWSETA contributes to increased access by the unemployed into occupationally directed programmes in the health and welfare sector during the strategic period

The TVET, other colleges, and university students funded by the HWSETA for work integrated are reported to the HWSETA as having completed the programme within 12 months of completion in the reporting period	32(1)	Number of university students entered-into work integrated programmes funded by the HWSETA in the reporting period	256 <b>27%</b>	810 <b>81%</b>	275	479 <b>174%</b>	204	The duration of the WIL programme across the different qualification varies. Budgeting is done using the maximum cost as actuals can only be determined once Universities are on board. This then results in a higher number of learners funded within the budget
	32(2)	Number university students reported to the HWSETA as having completed the work integrated programmes funded by the HWSETA in the reporting period	352 <b>97%</b>	438 <b>104%</b>	200	512 <b>256%</b>	312	The overachievement is due to more learners being funded with the same budget. The different durations of WIL also will ensure fluctuations in this indicator

<sup>17</sup> Completions are reported to the HWSETA within 12 months of having completed the funded programme

## PROGRAMME 3: SKILLS DEVELOPMENT PROGRAMMES AND PROJECTS

### Sub-programme 3.2: Workplace Skills Plan and Projects

#### Programme 3: Output No. 1

**Impact Statement No. 4:** The HWSETA contributes to the increased capacity of the State, NGO, and NPO sector, Trade Unions to meet social and rural development needs of South African Citizens by 2030

**Outcome Statement No 8:** The HWSETA provides increased support to the State, Trade unions, NGOs, and NPOs in order to strengthen governance and service delivery and thus advance social, rural, and community development in the strategic period

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
The HWSETA funds rural and provincial development projects in the health and welfare sector during the reporting period	1	Number of rural and provincial skills development projects funded by the HWSETA through grants to develop and address mid-level skills in the reporting period	10 <b>167%</b>	19 <b>271%</b>	6	8 <b>133%</b>	2	In the year under review the HWSETA focussed on contributing to rural development by targeting certain provinces and rural areas and linking their learners with workplaces in urban areas. As a result, more opportunities opened up and more employers were attracted with the funding linked to rural development

#### Programme 3: Output No. 2

**Impact Statement No. 1:** The HWSETA contributes to the development of a post-school system which increases the production of occupations in high demand

**Outcome Statement No 2:** The HWSETA promotes linkages between education and the workplace to increase work-based learning opportunities in the health and welfare sector in the strategic period

Employers in the sector open-up their workplaces for learning through partnerships with the HWSETA in the reporting period	2	Number of employers in the sector who open-up their workplaces for learning through partnerships with the HWSETA in the reporting period	380 <b>140%</b>	348 <b>128%</b>	300	173 <b>58%</b>	-127	The strategy employed in the 2022-2023 financial year aimed to reduce the administrative burden on SETA staff by bringing on board implementing partners. Due to the fact that this target is achieved based on the signed MOAs, the number of employers reported is less than the actual number of workplaces that learners are placed. In the next financial year, implementing partners will be required to submit signed placement agreements which can then be used to supplement this target
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Programme 3: Output No. 9

**Impact Statement No. 3:** The HWSETA contributes to the increased capacity of large, medium, and small firms, as well as small and emerging businesses and cooperatives of the health and welfare sector to become more sustainable and expand in size by 2030

**Outcome Statement No 7:** The HWSETA provides increased support towards skills development activities for entrepreneurial, cooperative, as well as the establishment of new enterprises in the strategic period

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
The HWSETA fund skills development of cooperatives of the health and welfare sector during the reporting period	9	Number of cooperatives in the health and welfare sector whose skills needs are funded by the HWSETA per year	8 <b>27%</b>	25 <b>100%</b>	9	21 <b>233%</b>	12	Cooperatives in the 2022-2023 were funded using various project strategies. This then allowed the HWSETA to utilize the budget from other indicators to fund more cooperatives

Programme 3: Output No. 10

**Impact Statement No. 3:** The HWSETA contributes to the increased capacity of large, medium, and small firms, as well as small and emerging businesses and cooperatives of the health and welfare sector to become more sustainable and expand in size by 2030

**Outcome Statement No 7:** The HWSETA provides increased support towards skills development activities for entrepreneurial, cooperative, as well as the establishment of new enterprises in the strategic period

The HWSETA funds skills development of small and emerging businesses of the health and welfare sector during the reporting period	10	Number of small and emerging businesses from the health and welfare sector whose skills needs funded by the HWSETA per year	160 <b>101%</b>	161 <b>102%</b>	128	130 <b>101%</b>	2	The annual target has been achieved due to increased interest in funding from stakeholders
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Programme 3: Output No. 11

**Impact Statement No. 4:** The HWSETA contributes to the increased capacity of the State, NGO, and NPO sector, Trade Unions to meet social and rural development needs of South African Citizens by 2030

**Outcome Statement No 8:** The HWSETA provides increased support to the State, Trade unions, NGOs, and NPOs in order to strengthen governance and service delivery and thus advance social, rural, and community development in the strategic period

The HWSETA funds the skills development of officials from NGOs, NPOs and Trade Unions during the reporting period	11(1)	Number of officials from NGOs and NPOs funded by the HWSETA for skills development per year <sup>18</sup>	159 <b>111%</b>	141 <b>166%</b>	128	82 <b>64%</b>	-46	The annual target was not achieved due to inadequate implementation by the hosting employer. HWSETA will capacitate implementing partner to comply with the prescribed governance measures
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<sup>18</sup> Per year refers to financial year of the APP

Programme 3: Output No. 11 contd.

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
The HWSETA funds the skills development of officials from NGOs, NPOs and Trade Unions during the reporting period	11(2)	Number of officials from Trade Unions funded by the HWSETA for skills development per year	110 <b>180%</b>	81 <b>111%</b>	80	53 <b>66%</b>	-27	The strategy implemented in the 2022-2023 financial year was based on the progression of learners to the next academic year. Due to dropouts and failures in the 2022 academic year, the target was affected. As the learners are in their final year in 2023, the HWSETA will implement a different strategy for the next intake to ensure national coverage

Programme 3: Output No. 13

**Impact Statement No. 3:** The HWSETA contributes to the increased capacity of large, medium, and small firms, as well as small and emerging businesses and cooperatives of the health and welfare sector to become more sustainable and expand in size by 2030

**Outcome Statement No 7:** The HWSETA provides increased support towards skills development activities for entrepreneurial, cooperative, as well as the establishment of new enterprises in the strategic period

Support of interventions required to increase the level of skills of the health and welfare sector workforce by the HWSETA in the reporting period	13(1)	Number of WSPs and ATRs approved for Small firms per year	1 445 <b>328%</b>	1 389 <b>268%</b>	1 200	1 392 <b>116%</b>	192	The annual target was overachieved due to WSP/ATR workshops to raise awareness resulting in increased number of stakeholders who submitted the WSP&ATR
	13(2)	Number of WSPs and ATRs approved for Medium firms per year	178 <b>274%</b>	169 <b>188%</b>	170	177 <b>104%</b>	7	
	13(3)	Number of WSPs and ATRs approved for Large firms per year	142 <b>143%</b>	150 <b>152%</b>	120	155 <b>129%</b>	35	

Programme 3: Output No. 14

**Impact Statement No. 4:** The HWSETA contributes to the increased capacity of the State, NGO, and NPO sector, Trade Unions to meet social and rural development needs of South African Citizens by 2030

**Outcome Statement No 8:** The HWSETA provides increased support to the State, Trade unions, NGOs, and NPOs in order to strengthen governance and service delivery and thus advance social, rural, and community development in the strategic period

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
The HWSETA supports skills development priorities of the Department of Social Development and Health in the reporting period	14	Number of projects funded through discretionary grants aimed at public sector education and training in the reporting period	16 <b>107%</b>	11 <b>110%</b>	6	15 <b>250%</b>	9	Participation of the public sector is at provincial level with each province having its own area of focus. Provinces are also therefore contracted on an individual basis for both the Health and Social Departments. In the new financial year, funding windows will be opened up early in the year to ensure that achievements are reported earlier

Programme 3: Output no. 22

**Impact Statement No. 4:** HWSETA contributes to the increased capacity of large, medium, and small firms, as well as small and emerging businesses and cooperatives in the health and welfare sector to become more sustainable and expand in size by 2030

**Outcome Statement No 8:** HWSETA provides increased support to the State, trade unions, NGOs, and NPOs in order to strengthen governance and service delivery, and thus advance social, rural, and community development in the strategic period.

The HWSETA funds the skills development initiatives of levy exempt organisations in the reporting period	22	Number of skills development initiatives of levy exempt organizations funded by the HWSETA in the reporting period.	59 <b>656%</b>	179 <b>105%</b>	60	63 <b>105%</b>	3	The annual target was overachieved due to increased interest in funding from stakeholders.
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**Impact Statement No. 1:** The HWSETA contributes to the development of a post-school system which increases the production of occupations in high demand

**Outcome Statement No 2:** The HWSETA promotes linkages between education and the workplace to increase work-based learning opportunities in the health and welfare sector in the strategic period

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
The HWSETA supports partnerships <sup>19</sup> with post-school education institutions, professional Councils, employer bodies, and communities of practice; in order to facilitate work-based learning opportunities in the sector in the reporting period	23	Number of partnerships entered-into by the HWSETA with post-school education institutions, professional Councils, employer bodies, and communities of practice in the reporting period	39 <b>144%</b>	40 <b>148%</b>	20	46 <b>230%</b>	26	Various programmes implemented in the financial year focused on strengthening our relationship with the post school education sector. It is through these initiatives that we managed to overachieve on this target. Contracting therefore is done with each individual organisation

<sup>19</sup> Partnerships are entered into through Memorandums of Agreement and/or Memorandums of Understanding

PROGRAMME 4: QUALITY ASSURANCE AND QUALIFICATION DEVELOPMENT

Programme 4: Output No. 19

**Impact Statement No. 1:** The HWSETA contributes to the development of a post-school system which increases the production of occupations in high demand

**Outcome Statement No 2:** The HWSETA promotes linkages between education and the workplace to increase work-based learning opportunities in the health and welfare sector in the strategic period

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
The HWSETA accredits skills development providers, and issue certificates for learners found competent in the reporting period	19(1)	Number of skills development providers accredited and re-accredited <sup>20</sup> by the HWSETA in the reporting period	70 <b>100%</b>	73 <b>126%</b>	58	77 <b>133%</b>	19	The HWSETA relies on applications submitted by SDPs and is not in control of how many applications are received per annum
	19(2)	Number of certificates issued by the HWSETA to learners found competent by skills development providers <sup>21</sup> and then confirmed by HWSETA in the reporting period	3 746 <b>114%</b>	5 224 <b>209%</b>	2 500	6 940 <b>278%</b>	4 440	The overachievement is due to SDPs anticipating the expiry date for legacy programmes on 30 June 2023, and submitting assessments before the programmes expire

<sup>20</sup> The accreditation and re-accreditation include, both, primary and secondary accreditation by the HWSETA

<sup>21</sup> These skills development training providers are accredited by the HWSETA

Programme 4: Output No. 24

**Impact Statement No. 1:** The HWSETA contributes to the development of a post-school system which increases the production of occupations in high demand

**Outcome Statement No 2:** The HWSETA promotes linkages between education and the workplace to increase work-based learning opportunities in the health and welfare sector in the strategic period

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
The HWSETA develops full and part occupational qualifications relevant to occupations in the sector in the reporting period.	24	Number of full and part occupational qualifications developed by the HWSETA and accepted by the QCTO for registration	4 <b>100%</b>	2 <b>100%</b>	2	2 <b>100%</b>	0	The HWSETA has completed and submitted a full and part qualification to QCTO for evaluation and submission to SAQA for registration. The qualifications are: <ul style="list-style-type: none"> <li>Higher Occupational Certificate: Medical Equipment maintainer at NQF 5 with 222 credits (full qualification).</li> <li>Occupational Certificate Assistant Medical Maintainer at NQF level 5 with 107 credits (part qualification)</li> </ul>

Programme 4: Output No. 25

**Impact Statement No. 2:** The HWSETA develops a skilled, employable and highly productive workforce which results in reduced hard to fill vacancies in the health and welfare sector by 2030

**Outcome Statement No 5:** The HWSETA contributes to the improvement of level of skills to 50% of the health and welfare sector workforce through various learning programmes that address critical skills in the strategic period

The health and welfare sector workers entered into the HWSETA Recognition of Prior Learning (RPL) complete the programme and are reported to the HWSETA within 12 months of completion.	25(1)	Number of workers enter into the HWSETA Recognition of Prior Learning programme per year	357 <b>102%</b>	349 <b>99%</b>	300	281 <b>94%</b>	-19	The target was not achieved as some candidates were not eligible for the programme as per the HWSETA RPL policy. Most of the candidates do not qualify to go through the process because of the number of years in the occupation.
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## Programme 4: Output No. 25 contd.

Output Statement	Output Indicator No	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviation
The health and welfare sector workers entered into the HWSETA Recognition of Prior Learning (RPL) complete the programme and are reported to the HWSETA within 12 months of completion.	25(2)	Number of workers reported at the HWSETA as having completed the Recognition of Prior Learning programme funded by the HWSETA in the reporting period.	305 <b>134%</b>	0 <b>0%</b>	228	264 <b>116%</b>	36	The target was exceeded due the overwhelming support the candidates have received from all stakeholders during the recognition process.

**(C) STRATEGY TO OVERCOME AREAS OF UNDER-ACHIEVEMENT**

Programme 1:	A higher number of career guidance events will be targeted in quarter 1 and 2 so that there is no need to host events during the exam period as this yields low attendance from scholars.
Programme 2:	Universities will be requested by the end of the year to identifying funded students who will be continuing with their studies in the next academic year so that they can be re-entered into the post-graduate bursary programme in January or February.
Programme 3:	Full qualifications will be offered in parts to workers so as to make it possible for employers to release their workers for training as employers could not afford to release workers for prolonged periods of time in order to attend training. Also, all completions will be collected and reported timeously. Pipeline approach will be used for bursary students to ensure that students are funded for the duration of the entire qualification as these span for multiple years.
Programme 4:	Learners will be entered earlier on in the financial year into the RPL programme to allow for the assessments to be conducted and completed before the end of the financial year. This will make it possible to have assessment that are completed and thus reported against the indicator that measures completions for the RPL programme.

**(D) REPORTING IN INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC**

Budget Programme	Intervention	Geographic Location		Number of Beneficiaries	Total Budget Allocation	Budget Spent	Contribution to the App	Immediate Outcome (Planned)
		Local Municipality	District Municipality					
Internship	Internship (Pharmacy Technician)	Nyandeni, Bizana, KSD	OR Tambo	11	R660 000	R660 000	7(1)	Employment
Learnership	Learnership (Nursing)	Nyandenl, KSD, Mhlontlo, Ngquza Hill, OR Tambo, Qaukeni, Port St Johns	OR Tambo	44	R2 332 000	R2 332 000	3(1) & 29(1)	Employment

Budget Programme	Intervention	Geographic Location		Number of Beneficiaries	Total Budget Allocation	Budget Spent	Contribution to the App	Immediate Outcome (Planned)
		Local Municipality	District Municipality					
Learnership	Learnership (NC: Pharmacist Assistant)	Ingquza Hill, KSD, Nyandeni, OR Tambo	OR Tambo	6	R318 000	R318 000	3(1) &29(1)	Employment
Internship	Internship (Pharmacy Technician)	OR Tambo, KSD, Nyandeni, iNgquza Hill	OR Tambo	12	R720 000	R720 000	7(1)	Employment
Learnership	Learnership (Nursing)	KSD, iNgquza Hill, Nyandeni, OR Tambo, Mhlontlo, Ntabankulu	OR Tambo	27	R1 431 000	R1 431 000	3(1) &29(1)	Employment
Learnership	Learnership (Child & Youth Care Work)	KSD	OR Tambo	20	R1 060 000	R530 000	3(1) &29(1)	Employment
Learnership	Learnership (Social Auxiliary Work)	KSD	OR Tambo	30	R1 590 000	R795 000	3(1) &29(1)	Employment
WIL	TVET WEG	KSD	OR Tambo	1	R72 000	R0,00	28(1)	Obtain Qualification
Learnership	Learnership (Health Promotion Officer)	Ingquza Hill	OR Tambo	17	R901 000	R0,00	3(1) &29(1)	Employment
Internship	Intership	KSD	OR Tambo	2	R120 000	R0,00	7(1)	Employment
WIL	TVET WEG	KSD	OR Tambo	3	R216 000	R0,00	28(1)	Obtain Qualification
Graduate Programme	Internship	KSD	OR Tambo	5	R300 000	R0,00	7(1)	Employment
WIL	TVET WEG	KSD	OR Tambo	10	R720 000	R0,00	28(1)	Obtain Qualification
Learnership	Learnership(Child & Youth Care)	Mhlontlo	OR Tambo	3	R159 000	R0,00	3(1) &29(1)	Employment
Learnership	Learnership (Social Auxiliary Work)	Mhlontlo	OR Tambo	3	R159 000	R0,00	3(1) &29(1)	Employment
WIL	Internship	KSD	OR Tambo	1	R72 000	R72 000	7(1)	Obtain Qualification
WIL	TVET WEG	KSD	OR Tambo	5	R362 813	R0,00	28(1)	Obtain Qualification
WIL	TVET WEG	Port St John's	OR Tambo	2	R145 125	R0,00	28(1)	Obtain Qualification
WIL	TVET WEG	Mhlontlo	OR Tambo	5	R362 813	R0,00	28(1)	Obtain Qualification
WIL	TVET WEG	KSD	OR Tambo	1	R72 563	R0,00	28(1)	Obtain Qualification

Budget Programme	Intervention	Geographic Location		Number of Beneficiaries	Total Budget Allocation	Budget Spent	Contribution to the App	Immediate Outcome (Planned)
		Local Municipality	District Municipality					
Internship	Internship	Mhlontlo	OR Tambo		R4 157 993	R0,00	7(1)	Not yet commenced
Bursary	Vocational Bursary	Mhlontlo	OR Tambo	120	R10 270 000	R0,00	17(1)	Obtain Qualification
Internship	Internship	Mhlontlo, KSD	OR Tambo	4	R288 000	R0,00	7(1)	Employment
WIL	TVET WEG	Qawukeni, KSD, Mhlontlo	OR Tambo	7	R504 000	R0,00	28(1)	Employment
WIL	TVET WEG	KSD, Qawukeni, iNgquza Hill	OR Tambo	39	R2 808 000	R2 808 000	28(1)	Employment
				433	R32 716 307	R12 051 000		

## REVENUE COLLECTION: R-MILLION

### SKILLS DEVELOPMENT REVENUE

Estimate	Actual Collection	(Over)/Under	Commentary	Estimate	Actual Collection	(Over)/Under
2022-23	2022-23	Collection		2021-22	2021-22	Collection
R 621	R 652	(R 31)	4.99% 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 567	R 592	(R 25)

### INVESTMENT INCOME

Estimate	Actual Collection	(Over)/Under	Commentary	Estimate	Actual Collection	(Over)/Under
2022-23	2022-23	Collection		2021-22	2021-22	Collection
R 15	R 19	(R 4)	Actual collection higher to amount budgeted. Investment income decreased due to increase in investment rates mainly in the CPD account.	R 30	R 14	R 16

### GOVERNMENT LEVIES

Estimate	Actual Collection	(Over)/Under	Commentary	Estimate	Actual Collection	(Over)/Under
2022-23	2022-23	Collection		2021-22	2021-22	Collection
R 184	R 272	(R88)	47.8% higher than budgeted due to stringent revenue collections with Government Departments.	R 176	R 162	(R14)



# OVERVIEW of HWSETA Performance

## (A) SERVICE DELIVERY ENVIRONMENT

The year 2022-2023 is a year described as the Post-COVID-19 period where the main focus of the South African Economy was geared towards recovery. The service delivery environment of the Health and Social Development Sector is described in this section in line with political, economic, social, technological, environmental, and legal factors as follows:

### POLITICAL FACTORS

#### Affecting Skills Development in the Health and Social Development Sector Performance

The lifting of national state of disaster as from 5 April 2022 given the low level of COVID-19 infections resulted in a reduced demand for health and social services from the one experienced during COVID-19 waves of high infections.



The reduction of the severity of COVID-19 started to yield a positive impact on the skills development training as employers could release workers for training for they could not during high levels of COVID-19 resulting in lower achievements of training targets for workers.

Further implication of lifting the 2-year restriction on movement implies resumption of economic activities in the entire economy with more prospects of economic recovery and growth.



#### MOVING FOR PROSPERITY | Global Migration and Labor Markets

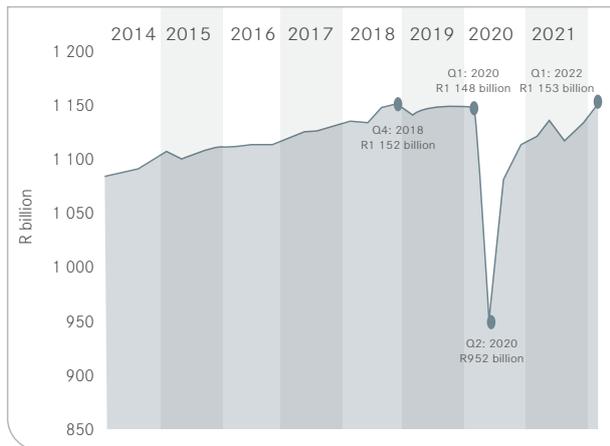
The immigration policy has influence in the supply of key healthcare occupations through the determination of scarce skills by Department of Home Affairs.

NEDLAC raised a concern with the inclusion of Nursing Occupations in the scarce and critical skills list produced by the Department of Home Affairs while there are Nursing graduates that are unemployed. The reality is that the Nursing Occupations on the National scarce and critical skill list require Nurses with post-graduate qualifications in specific specialisations. Therefore a pipeline approach for upskilling workers to obtain the required specialized skills was adopted by the HWSETA through post-qualification education and training programme. These workers are expected to fill the hard to fill vacancies and thus reduce the numbers required by the sector, and also leave vacancies at entry level, which can be occupied by newly qualified graduates.

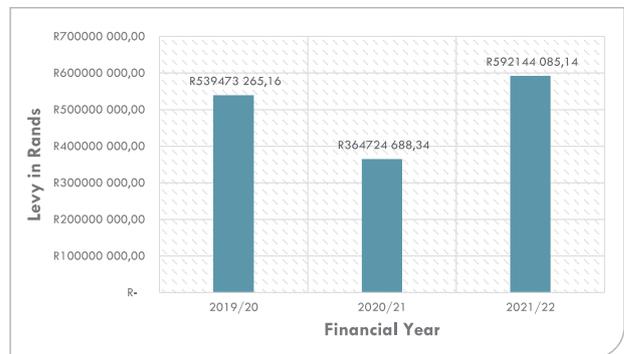
# ECONOMIC FACTORS

## Affecting Skills Development in the Health and Social Development Sector Performance

- The ERRP problematised economic stagnation for the past decade with two consecutive quarters of a recession pre-COVID-19 pandemic accompanied by a series of downgrades including SOEs. Thus, COVID-19 pandemic exacerbated an existing economic crisis.
- Statistics South Africa (2022) reports that South African GDP returned to pre-pandemic levels after two years (see Figure below).



- HWSETA Levy contributions also returned to pre-pandemic levels especially after the 4-month SDL holiday for companies came to an end as well as the lifting of the national state of disaster from 5 April 2022.
- This signaled a positive change in the economic environment and showed how political factors influence economic factors in the external environment.
- It further showed how the external environment directly affected the operational environment of the HWSETA such as levy contributions which increased the capacity of the organization’s interventions.



# SOCIAL FACTORS

## Affecting Skills Development in the Health and Social Development Sector Performance



More than half of South Africans were poor in **2015**

Poverty headcount increasing to **55.5%**

Stats SA 2017



**360 000** new cases of TB diagnosed in 2019



**54%** Increase in Gender-based Violence (GBV)

Challenging socio-economic realities drive the need for public health services and social development interventions in South Africa.

More than half of South Africans were poor in 2015, with the poverty headcount increasing to 55.5% (Stats SA 2017).

The high burden of disease in South Africa further hampers economic growth and development. This is influenced by environmental factors that compromise health. For example, South Africa has one of the highest tuberculosis (TB) incidences in the world, with more than 360 000 new cases diagnosed in 2019 (WHO 2020).

In addition to these challenges, the Foundation for Human Rights reported a 54% increase in Gender-based Violence (GBV) cases during lockdown across all provinces in South

Africa (Mail&Guardian 2020).

Skilled professionals are therefore in high need to provide these specialized services. The following strategies therefore were put in place to ensure that health and social development services have a capable workforce.

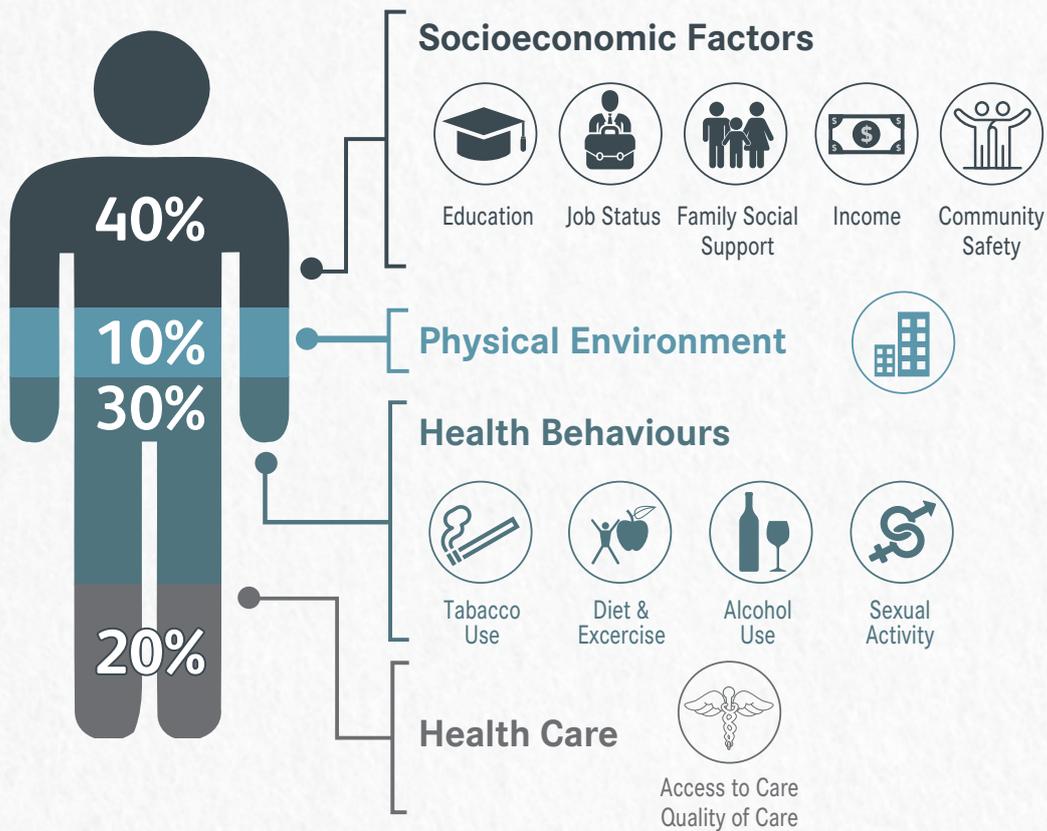
1. Support for the National Health Insurance (NHI):
  - Support for the implementation of the new landscape for Nursing which shifted from registration of Nursing Professionals with low skill level (NQF level 1 to 4) to registration of mid skill level (NQF 5, 6, & 7) and high skills level (NQF level 8, 9, & 10).
  - Training of specialists with post-graduate qualifications (NQF 8 – 10) in Nursing as these are required for strengthening of primary health care.

# SOCIAL FACTORS CONTD.

## Affecting Skills Development in the Health and Social Development Sector Performance

- Support for the implementation of the new landscape for Emergency Services which shifted from registration of EMS Practitioners with low skill level (NQF level 1 to 4) to registration of mid skill level (NQF 5, 6, & 7).
- 2. Support for the Strategy for the Employment of Unemployed Social Service Professionals through the capacitation of Social Workers, Social Auxiliary Workers, and Child and Youth Care Workers to become social entrepreneurs.

### SOCIOECONOMIC FACTORS



### SOCIAL DETRIMENTS OF HEALTH

The social determinants of health are the conditions in which we are born, we grow and age, and in which we live and work. the factors below impact on our health and wellbeing.



# TECHNOLOGICAL FACTORS

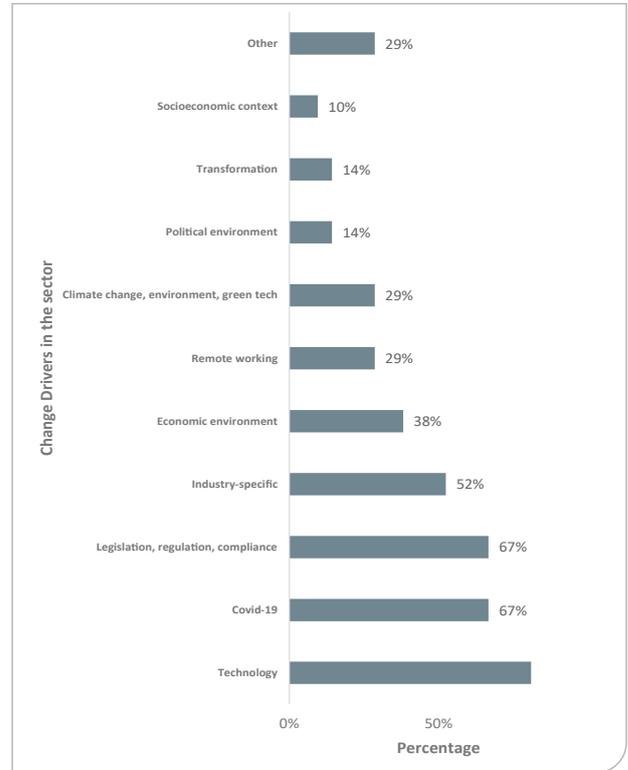
## Affecting Skills Development in the Health and Social Development Sector Performance

New technologies have a profound effect on the sector. In some instances, it allows for the automation of processes, which leads to either an occupation redesign, occupation redundancy, or an occupation replacement.

Simultaneously, technological developments also have a constant effect on treatment methodologies and interventions. DHET's employer interviews conducted across 21 SETAs in 2021 shows that technology (81%), COVID-19 (67%), and legal factors (67%) were key change drivers in the external environment.

This HWSETA research study assessed the exposure and adoption of the Fourth Industrial (4IR) in the health sector with specific focus on general Medical practitioners, nursing professionals, medical and pharmaceutical technicians, and clinical engineers.

Fortunately, the findings indicate that Job losses in the health sector are unlikely to occur as a direct result of 4IR technology advancement. Instead, skill development initiatives will be required to better complement new technologies in the sector, thus the focus on the revision of the qualification and increased training of Biotechnologists, as well as increased training of Microbiologists, and general technicians.



# ENVIRONMENTAL (SPATIAL) FACTORS

## Affecting Skills Development in the Health and Social Development Sector Performance

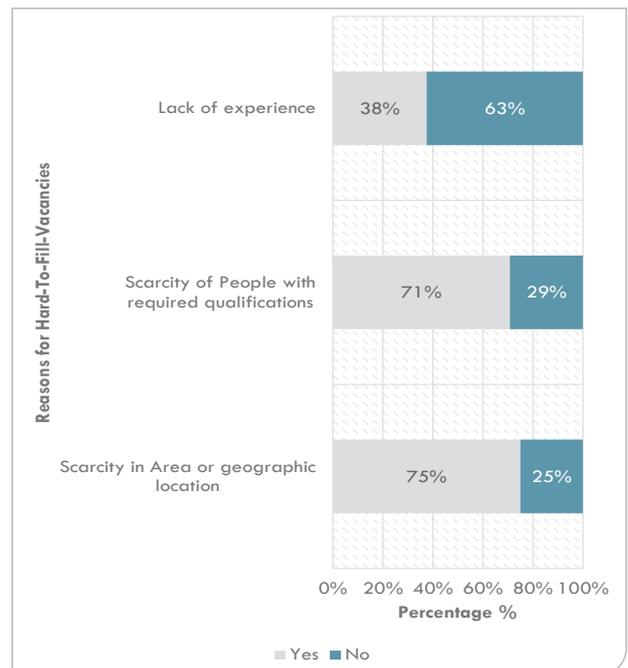
The spatial differences and biases (rural vs urban) worsen the mismatch between demand and supply in the health and social development sector due to in-migration.

It is further reinforced by the reliance on technology limiting access to opportunities to those from rural areas with less resources.

The human resources for health crisis is characterised by staff shortages and inequity in the distribution of skilled health professionals not only between the public and private sectors but also between urban and rural areas.

This inequity exacerbates shortages in the public health sector that takes care of most of the South African population, especially the rural, with an extraordinarily complex disease burden (DoH 2020, SA Lancet National Commission 2019).

The rural-urban divide on skills development is addressed through the promotion of e-learning within the health and welfare sector. Also, prioritization of funding employers in rural areas for learnerships which promotes the employment of at least 80% of trained by the funded employer



# LEGAL FACTORS

## Affecting Skills Development in the Health and Social Development Sector Performance

There are a number of changes to the scopes of practice of healthcare and social services professionals.

These emanate from shifting service demands and technological progress which necessitated legislative reform, such as the NHI.

The White Paper on National Health Insurance for South Africa (2015), introduced universal healthcare.

This health care reform affects the landscape of occupations in the health sector, such as Nursing and Radiography.

Focus is on transitioning from curative health care to preventive health care, which translates to a shift from secondary and tertiary care to primary health care.

This legislative reform has resulted in changes in the health

education landscape where standards for occupations are moving towards intermediate to high skills level (that is NQF level 5-10), as primary healthcare requires highly skilled healthcare workers who can work independently requiring no supervision.

For example, lower levels of Nursing are being phased out to focus on more professional education of Nursing instead of paraprofessional which are required for hospital health care.

The Sectoral Priority Occupations and Intervention List produced through sector skills plan identify a high number of hard to fill vacancies for Nursing specialisations, as thus interventions planned were directed towards post-graduate qualifications.

### WHAT UNIVERSAL HEALTH CARE MEANS FOR YOU

Compulsory national insurance, or NHI, is being introduced in phases until 2025...

#### FIRST PHASE 2012-2013 TO 2016-2017



NHI functions are tried and tested countrywide in 11 pilot projects



A transitional NHI fund is established

#### SECOND PHASE 2017-2018 to 2019-2021



The fund becomes fully functional and begins to buy health services from providers



The health registration system, or HPRS, is started up and the public begin to get NHI cards

#### THIRD PHASE 2021-2022 to 2024-2025



Public and private health services are integrated into a single system. Medical aids only offer top-up cover



Taxes are introduced to pay for NHI and it buys health services from public and private providers

... but some alternative or voluntary private health insurance will be available

**COMPLEMENTARY COVERAGE** provides cover for services excluded or only partially covered by the NHI

**SUPPLEMENTARY COVERAGE** increases choice of services and provides faster access to health care

**SUBSTITUTIVE COVERAGE** is for those excluded from the NHI such as foreign tourists or extreme sports players such as surfers

### LEVELS OF CARE

#### PRIMARY CARE

- Prevention, diagnostic, therapeutic svcs., health education, minor surgery
- Primary care is an “approach to providing health care”

#### SECONDARY CARE

- Short-term
- Sporadic consultation with specialist for advanced interventions not available in PC

#### TERTIARY CARE

- For conditions that are relatively uncommon
- Institution-based, highly-specialised (e.g. open-heart surgery)

**(i) Performance of the HWSETA in Achieving Workplace-based learning, Bursary, and Occupationally based Programmes**

The HWSETA has been able to reach a performance level of **84,8%** of its annual targets of the 2022-2023 APP.



The HWSETA targeted to fund a total of 19 502 students in its APP of 2022-2023 through the following programmes:

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

A total of 12 305 learners were funded through the workplace-based learning programs, Bursary programs and skills-based programmes. Of the 12 305 learners, 5 092 were employed (42%) while 6 943 (58%) were unemployed.



**12 305**

Students were funded through the workplace-based learning programs, Bursary programs and skills-based programmes.



Of the 12 305 learners, **4 641 (39%)** learners were entered into workplace-based learning programmes; **1 370 (11%)** were entered into bursaries programmes; **6 024 (50%)** were entered into skills-based training programme.



**4 641**

**Workbased learning programmes** (Learnership, Internship, apprenticeship, TVET work-integrated learning, University work-integrated learning)



**6 024**

**Skilled-based training programs** (RPL, AET, lecturer development, Trade Union members, NGO workforce, Skills)



**1 370**

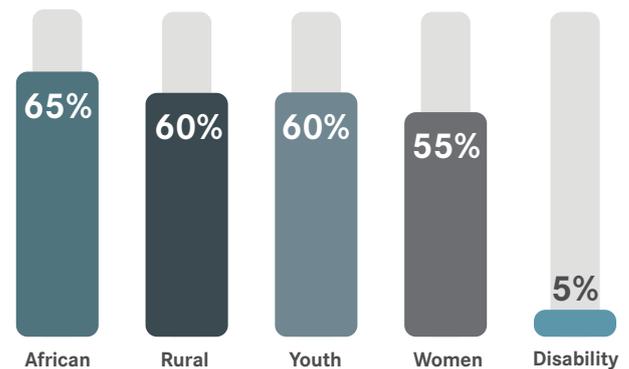
**Bursaries programmes** (Undergraduate, postgraduate and vocational)

**(ii) Performance of the HWSETA in supporting the South African National Transformative and Redress Priorities**

The HWSETA set the following targets in its APP for 2022-2023 with the aim to support the South African national transformative and redress priorities for race, people from rural areas, youth, women, and disability.

**Targets for transformational and redress imperatives**

(race, rural, women, youth and people with disabilities)



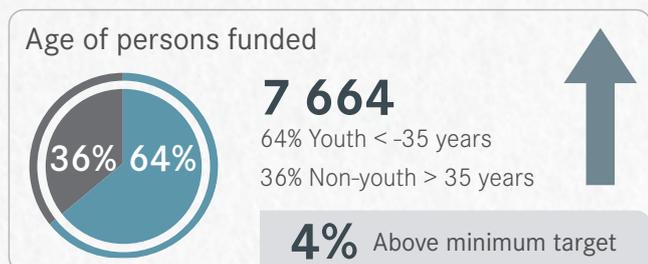
The race profile of learners funded in 2022-2023 consisted of 10 010 (91%) Africans. This achievement is above the minimum targeted of 65% by 26%.

**9/10**  
were African

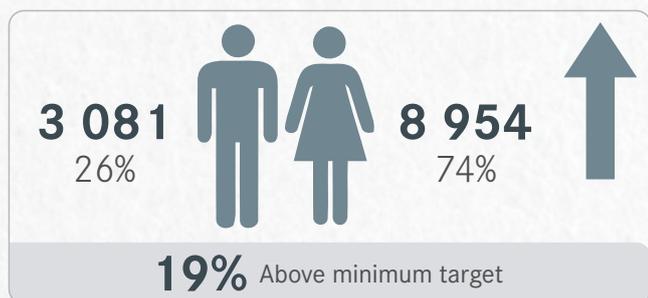
10 010  
**91%**

**26%**  
Above minimum target

The age profile of learners funded by the HWSETA in 2022-2023 consisted of 64% of youth. This achievement is 4% above the target.



The gender profile of learners funded by the HWSETA in 2022-2023 consisted of 74% women. This achievement is above the minimum target of 55% by 19%.



The disability profile of learners funded by the HWSETA in 2022-2023 consisted of 6% of people with disabilities. This achievement is above the minimum target of 5% by 1%.



The rural versus urban areas profile of learners funded by the HWSETA in 2022-2023 consisted of 50% of people from rural areas. This achievement has a shortfall of 10% from the targeted 60%.

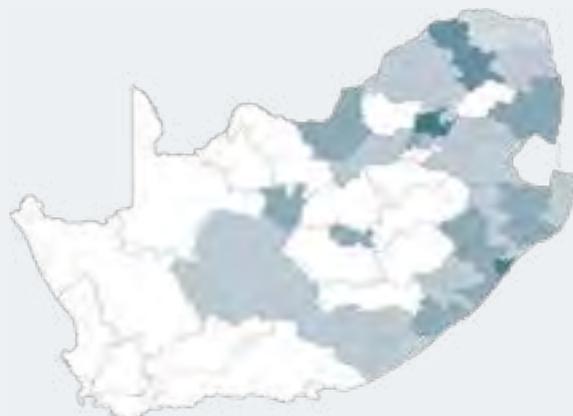


### Performance of the HWSETA in supporting the South African National Transformative and Redress Priorities: Entires

Name of District	Number of funded learners	Setting
City of Tshwane Metropolitan Municipality	1 194	Urban
eThekweni Metropolitan Municipality	1 147	Urban/Rural
Capricorn District Municipality	505	Rural
Mangaung Metropolitan Municipality	497	Urban
Ugu District Municipality	477	Rural
OR Tambo District Municipality	456	Rural
City of Johannesburg Metropolitan Municipality	427	Urban
Frances Baard District Municipality	403	Urban
Ehlanzeni District Municipality	367	Rural
uMgungundlovu District Municipality	341	Urban/Rural
Ngaka Modiri Molema District Municipality	338	Rural
Mopani District Municipality	331	Rural



#### Most learners funded were from:



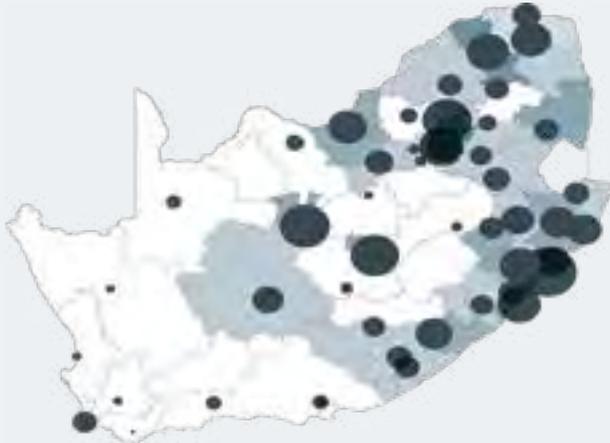
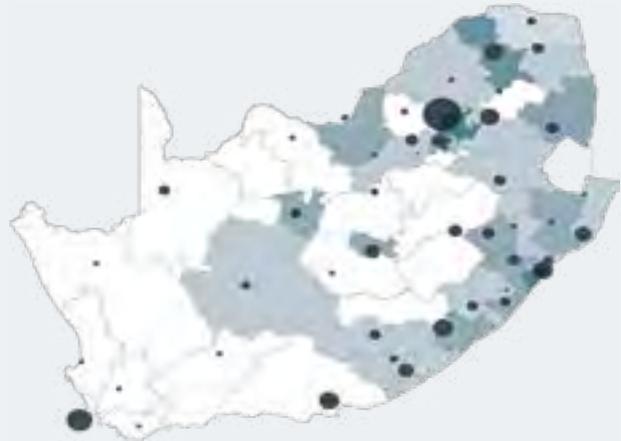
Performance of the HWSETA in supporting the South African National Transformative and Redress Priorities: Entires contd.



**378 Bursary Programmes**

The Bursary programme had the least number of funded learners compared to the other programmes. A majority of learners funded on these programmes were from:

City of Tshwane Metropolitan Municipality	City of Cape Town Metropolitan Municipality	eThekweni Metropolitan Municipality
<b>211</b>	<b>95</b>	<b>72</b>



**1 065 Skills/based occupationally directed programmes**

The HWSETA funded more learners from:

City of Tshwane Metropolitan Municipality	eThekweni Metropolitan Municipality	Ehlanzeni Districts, Mpumalanga
<b>603</b>	<b>603</b>	<b>259</b>
for work-based learning programmes		OR Tambo Districts
		<b>203</b>
		Ugu Districts
		<b>187</b>

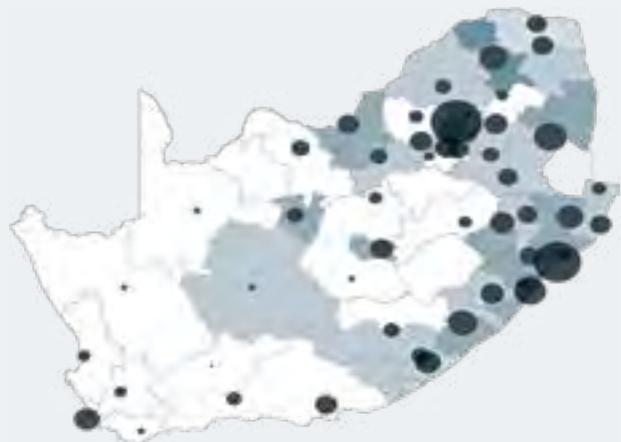
Overall, KZN, GP, and Limpopo had a large representation of learners funded for skills-based or occupationally directed programmes.



**1 827 workplace-based learning programmes**

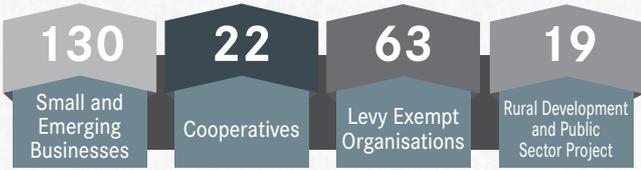
In terms of learners funded for Workplace-Based Programms per district:

eThekweni Metropolitan Municipality	City of Tshwane Metropolitan	Mangaung
<b>471</b>	<b>380</b>	<b>350</b>
Frances Baard District	Capricorn	
<b>347</b>	<b>279</b>	



Furthermore;

- the HWSETA funded a total of 130 Small Businesses for skills development; 19 Rural Development and Public Sector Projects; and 22 Cooperatives.



- the HWSETA entered into 527 partnerships, which comprised of 57 partnerships with large, medium, and small firms; 129 partnerships with non-profit organisations; 13 partnerships with National and Provincial Government Departments; 7 Professional Bodies; 22 Public Universities, 116 TVET and other Colleges; and 173 employer organisations for workplace-based training of unemployed persons.



- Completions from prior year entries, which were reported by employers during the year under review were a total of 5 743, of which:

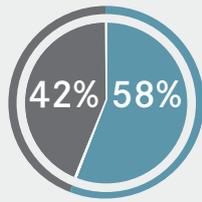
- 2 547 (45%) were workers and 3 196 (55%) were unemployed persons
- 5 164 (90%) were African, 4 325 (75%) were females and 1 418 (25%) were males; 3 745 (65%) were youth; 714 (11%) were persons with disabilities; 2 782 were from rural areas (48%)



The majority of completions were from learners that have completed skills-based training programs (68%), followed by work-based learning programmes (25%) then bursary program (6%). The skills-based training programs offers short-courses to the workers hence the increase in number of completions. On the contrary, work-based learning and bursary programs have a longer training period. Overall, there was an increase in achievement for completions compared to prior years and this is due to effectiveness of the systems that were in place.

The employment rate derived from a track a trace study of learners that completed learning programmes in 2020 and 2021 is 46.5%.

58% Unemployed  
42% Employed



#### (j) Organisational Environment

Training of workers in the sector continued to experience the effects of Covid-19 as employers still found it difficult to release workers for prolonged period of time for training. The HWSETA had to restructure its training modalities to be in the form of block release for one to two weeks at a time instead of workers being away from work for months. This assisted the HWSETA to achieve 58% (14/24) of its worker education targets and making good progress on achieving 42% (10/24) of these targets, achieving them at a median performance level of 45%.

Operations for skills development were decentralised fully to the provincial offices of the HWSETA as a result performance information was generated at the provincial offices and reporting came from these offices. The Head office retained the planning functions, monitoring of implementation, management of commitments, verification and consolidation of performance information from the 9 provincial offices.

#### (k) Key Policy Developments and Legislative Changes

The key policy developments for the HWSETA involved:

- The Draft Skills Strategy: Support for the South African Economic Reconstruction and Recovery Plan (ERRP); and also

- The Draft Sector Strategy for Employment of Social Service Professionals.

The Draft Skills Strategy: Support for the South African Economic Reconstruction and Recovery Plan was implemented while still in draft because of the urgent response that was required from Government to deal with the economic crisis faced by the Country. The draft strategy set out key interventions that aimed at ensuring the effective implementation of the ERRP. It is intended to ensure that skills are not constrained to economic development and therefore proposes interventions and actions that address occupational shortage and skills gaps in the labour market. Most importantly, the strategy supports the implementation of the ERRP in ways that both maximise opportunities for new entrants to the labour market and promote the preservation of existing jobs and the creation of new jobs. The draft skills strategy was embedded in the strategic plan and APP for 2023-2024.

The sector strategy for employment of social service professionals (SSP) was designed by the National Department of Social Development to leverage and strengthen the employment of social service professionals across the country. The sector strategy aims to address the current unemployment of social service professionals across the country. The strategy identifies around 9000 social service professionals that are unemployed and seeks Government Departments and Entities to join forces in addressing the challenge of unemployed SSPs. The HWSETA funded a number of these SSPs on its work experience programme and will continue to do so in the next financial years. Also, SSPs will be capacitated through partnerships with universities to form social enterprises and thus create jobs for other SSPs. This will be implemented in 2023-2024.

## (B) OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS, AND ACTUAL ACHIEVEMENTS

Table 2.4.4.1: (The APP for 2022-2023 was not revised)

Outcome No	Output Statement	Indicator No	Indicators to be Measured	2019-2020 Baseline	2024-2025 Target	Actual Achievement by 30 September 2022	Data Sources	Comment on Achievement and Improvements required for the remainder of the planning period
1	The HWSETA provides an efficient and effective skills planning, programme implementation, and evaluation system which identifies and increases the production of occupations in high demand in the strategic period.	1	The extent to which external stakeholders of the HWSETA are satisfied with efficiency and effectiveness service delivery.	60%	80%	43% 54%	Stakeholder satisfaction survey	A Stakeholder Satisfaction Survey was conducted in 2021-2022 and results yielded an efficiency level of 43,25% and effectiveness level of 42,09%. Overall, therefore the HWSETA achieved an average efficiency and effectiveness level of 43%. The next stakeholder satisfaction survey will be conducted in 2023-2024.  The HWSETA will review the findings from the survey and strengthen its stakeholder relations through monitoring of adherence to service delivery charter in order to ensure that its stakeholders are attended to timeously.
		2	The relevance of the Sector Skills Plan of the HWSETA to the DHET SSP framework.	85%	85%	89% 105%	DHET SSP assessment report	The DHET peer reviews the SSP annual update to check its alignment to the research outputs stipulated in the NSDP (2030). In 2020-2021 the quality of the HWSETA SSP update was rated 85% and in 2021-2022 it was rated 89%.  The HWSETA needs to ensure that all areas of improvement from the DHET assessment are addressed to facilitate annual improvement of the quality of its SSP.
		3	The extent to which internal stakeholders of the HWSETA implement Monitoring and Evaluation recommendations.	75%	80%	85% 106%	Evaluation Findings register Follow-up report	Recommendations made on M&E studies conducted in 2019-2020 were implemented in 2020-2021. Those that had not been implemented by financial year end will be implemented in 2021-2022. The next follow-up study will be conducted in 2022-2023.

Outcome No	Output Statement	Indicator No	Indicators to be Measured	2019-2020 Baseline	2024-2025 Target	Actual Achievement by 30 September 2022	Data Sources	Comment on Achievement and Improvements required for the remainder of the planning period
1	The HWSETA provides an efficient and effective skills planning, programme implementation, and evaluation system which identifies and increases the production of occupations in high demand in the strategic period.	3						Frequency of follow-up on the implementation will be improved from once per year to every six months. This is believed that it will prompt implementing managers to closely monitor their progress towards addressing resolutions of findings raised through evaluation studies.
		4	The extent to which monitoring and evaluation reports measure the strategic outcomes of the HWSETA strategic plan 2022-2025 by the end of the strategic plan.	90%	90%	65% 72%	Strategic Plan 2020-2025: mid-term progress report end-term progress report.	The HWSETA evaluated 22 of the 34 strategic outcomes. Each of the evaluation reports produced have been confirmed by implementing managers.  The remaining 12 outcome indicators will be measured in 2022-2023 to 2024-2025.
2	The HWSETA promotes linkages between education and the workplace to increase work-place based learning opportunities in the health and welfare sector in the strategic period.	5	The extent to which employers participate in HWSETA skills development initiatives in comparison to those that submit the WSP in the strategic period.	30%	60%	40% 66%	Desktop review report	40% of employers partnered with the HWSETA to implement learnerships, apprenticeships, and TVT/ University WIL. These employers constituted 687 of the 1708 organisations that submitted their WSPs and were approved. Another desk-top review will be conducted in 2022-2024.  Employers will be encouraged to increase their participation in skills development activities. Provincial Offices of the HWSETA will organize workshops targeting employers that do not participate on skills development programme and inform them about the benefits and incentives available for participating in workplace-based programmes of the HWSETA.

Outcome No	Output Statement	Indicator No	Indicators to be Measured	2019-2020 Baseline	2024-2025 Target	Actual Achievement by 30 September 2022	Data Sources	Comment on Achievement and Improvements required for the remainder of the planning period
2	The HWSETA promotes linkages between education and the workplace to increase work-place based learning opportunities in the health and welfare sector in the strategic period.	6	The extent to which Universities, TVET Colleges, and Professional Councils participate in HWSETA skills development initiatives in comparison to the total number of those that offer education and training in the sector.	70%	80%	53% 66%	Desktop review report;;	53% of Universities, TVET Colleges and Other Colleges partnered with the HWSETA to implement vocational, under-grad degrees, post-grad diplomas, and post-grad degreed bursaries. These PSET institutions constituted 40 of the 76 institutions that offer training programmes funded by the HWSETA during the strategic period. Another desk-top review will be conducted in 2022-2023.  Additional universities and TVET Colleges will be lobbied to partner with the HWSETA to implement its skills development initiatives.
3	The HWSETA contributes to the improvement of level of skills to 50% of the health and welfare sector workforce through various learning programmes that address critical skills in the strategic period.	7	Number of workers who progress to higher positions of employment after successful completing learnerships funded by the HWSETA.	1 485	1 485	Undetermined	Tracer study report	Tracer studies for workers will be conducted on all workers whose training was funded by the HWSETA in 2022-2023.
		8	Number of workers who progress to higher positions of employment after successful completing apprenticeships funded by the HWSETA.	80	75	Undetermined	Tracer study report	
		9	Number of workers who progress to higher positions of employment after successful completing under-graduate and post-graduate degrees funded by the HWSETA.	159	159	Undetermined	Tracer study report	

Outcome No	Output Statement	Indicator No	Indicators to be Measured	2019-2020 Baseline	2024-2025 Target	Actual Achievement by 30 September 2022	Data Sources	Comment on Achievement and Improvements required for the remainder of the planning period
3	The HWSETA contributes to the improvement of level of skills to 50% of the health and welfare sector workforce through various learning programmes that address critical skills in the strategic period.	10	Number of workers who progress to higher positions of employment after successful completing post-graduate degrees funded by the HWSETA	36	36	Undetermined	Tracer study report	Tracer studies for workers will be conducted on all workers whose training was funded by the HWSETA in 2022-2023.
		11	Number of workers whose performance improves after successful completing skills programmes, funded by the HWSETA.	6 198	6 198	Undetermined	Tracer study report	
		12	Number of workers who obtain full qualifications after successfully completing AET programmes funded by the HWSETA.	660-	660	Undetermined	Tracer study report	
		13	Number of workers who obtain full qualifications after successfully completing RPL programmes funded by the HWSETA	342	342	302% 88%	Tracer Study report	20% of the outcome target has been met. A Track and Trace study for workers that had undergone the Recognition of Prior Learning Assessment during the strategic period was conducted in 2021-2022 to identifying learners that actually obtained full qualifications through RPL. The next cohort will be evaluated in 2023-2024.

Outcome No	Output Statement	Indicator No	Indicators to be Measured	2019-2020 Baseline	2024-2025 Target	Actual Achievement by 30 September 2022	Data Sources	Comment on Achievement and Improvements required for the remainder of the planning period
4	The HWSETA contributes to increased access by the unemployed into occupationally directed programmes in the health and welfare sector during the strategic period.	14	Unemployed persons who find employment after successfully completing internships for graduates funded by the HWSETA in the strategic period.	610	610	226% 37%	Tracer study report	Progress made in 2021-2022 towards meeting the 5year target reached 25% of the target. 226/950 (25%) unemployed persons funded for internships found jobs six months after completing their internship programmes. Another track and trace study will be conducted in 2022-2023 and learners that completed in quarter 4 2021-2022 and quarters 1 to 3 of 2022-2023 will be followed.
			TVET College Graduates	0	305	Undetermined	Tracer study report	
		15	Unemployed persons who find employment after successfully completing vocational programmes, funded by the HWSETA in the strategic period.	572	835	Undetermined	Tracer study report	Track and trace study for the unemployed did not include students funded through vocational bursaries mainly because the support that was given was not for the entire programme. In 2022-2023 the HWSETA will track learners that actually complete their vocational qualifications and then identify those that find jobs at least six months after completing their qualifications.

Outcome No	Output Statement	Indicator No	Indicators to be Measured	2019-2020 Baseline	2024-2025 Target	Actual Achievement by 30 September 2022	Data Sources	Comment on Achievement and Improvements required for the remainder of the planning period
4	The HWSETA contributes to increased access by the unemployed into occupationally directed programmes in the health and welfare sector during the strategic period.	16	Unemployed persons who find relevance to skills programmes, funded by the HWSETA in the strategic period.	1 500	4 316	Undetermined	Tracer study report	A track and trace study will be conducted in 2022-2023.
		17	Unemployed persons who find employment after successfully completing learnerships funded by the HWSETA in the strategic period.	1 400	1 400	483% 35%	Tracer study report	Progress made in 2021-2022 towards meeting the 5year target reached 34.5% of the target. 483/1400 (34.5%) unemployed persons funded for learnerships found jobs six months after completing their qualifications. Another track and trace study will be conducted in 2022-2023 and learners that completed in quarter 4 2021-2022 and quarters 1 to 3 of 2022-2023 will be followed.
		18	Unemployed persons who find employment after successfully completing apprenticeships funded by the HWSETA in the strategic period.	150	150	85% 57%	Tracer study report	Progress made in 2021-2022 towards meeting the 5year target reached 34.5% of the target. 483/1400 (34.5%) unemployed persons funded for learnerships found jobs six months after completing their qualifications. Another track and trace study will be conducted in 2022-2023 and learners that completed in quarter 4 2021-2022 and quarters 1 to 3 of 2022-2023 will be followed.
		19	Unemployed persons who find employment after successfully completing university degrees funded by HWSETA undergraduate programme in the strategic period.	262	262	135% 52%	Tracer study report	Progress made in 2021-2022 towards meeting the 5year target reached 51.5% of the target. 354/262 (51.5%) unemployed persons funded through bursaries for university undergraduate programmes found jobs six months after completing their qualifications. Another track and trace study will be conducted in 2022-2023 and learners that completed in quarter 4 2021-2022 and quarters 1 to 3 of 2022-2023 will be followed.

Outcome No	Output Statement	Indicator No	Indicators to be Measured	2019-2020 Baseline	2024-2025 Target	Actual Achievement by 30 September 2022	Data Sources	Comment on Achievement and Improvements required for the remainder of the planning period
4	The HWSETA contributes to increased access by the unemployed into occupationally directed programmes in the health and welfare sector during the strategic period.	20	Unemployed persons who find employment after successfully completing university degrees funded by HWSETA post-graduate programme in the strategic period.	Undetermined	120	35% 29%	Tracer study	Progress made in 2021-2022 towards meeting the 5year target reached 39% of the target. 35/90 students that completed post-graduate degrees were tracked and confirmed through self-disclosure.  Multiple data collection sources will be used to secure a higher response rate as this usually affects the results of the tracer study.
		21	The percentage of the unemployed who find employment after completing learning programmes funded by the HWSETA in the strategic period.	60%	60%	46.5% 77.5%	Synthesis of tracer studies report	A tracer study was conducted on unemployed learners that completed learning programs funded by the HWSETA through learnerships, bursaries, artisans and internships. The overall employment rate yielded by tracer study conducted in 2020-2021 was 60%, and the one yielded by the 2021-2022 study was 33%. This therefore results in an average employment rate of 46.5% over the two years of the strategic period.
		22	Number of unemployed persons who obtain their TVET College qualification after successfully completing TVET WIL programmes funded by HWSETA in the strategic period.	685	685	142% 21%	Tracer study report	Multiple data collection sources will be used to secure a higher response rate as this can affect the results of the tracer study.
		23	Number of unemployed persons who obtain their university qualifications after successfully completing university WIL programmes funded by HWSETA in the strategic period.	1 211	1 211	204% 17%	Tracer study	Multiple data collection sources will be used to secure a higher response rate as this can affect the results of the tracer study.

Outcome No	Output Statement	Indicator No	Indicators to be Measured	2019-2020 Baseline	2024-2025 Target	Actual Achievement by 30 September 2022	Data Sources	Comment on Achievement and Improvements required for the remainder of the planning period
5	The HWSETA supports the growth of the public and private college system so that colleges may qualify as centres of specialisation in the strategic period.	24	Occupational qualifications developed by the HWSETA are confirmed by the sector to be relevant to occupations on high demand.	0%	100%	Undetermined	Survey report	Two qualifications were developed in 2021-2022. Track and trace study of learners trained through these qualifications will be used to confirm the relevance of these qualifications to occupations as a proxy indicator. Employers will also be interviewed about the relevance of these qualifications in 2023-2024.
		25	Increased number of lecturers whose performance in teaching improves due to skills development initiatives funded by the HWSETA in the strategic period.	35	53	19% 36%	Survey Report	A survey measuring increased skills of lecturers that were funded during the strategic period was conducted in 2021-2022 and 19 lectures were identified to have improved performance due to the skills development initiatives of the HWSETA. A survey of additional cohorts will be conducted in 2023-2024.
6	The HWSETA provides increased support towards skills development activities for entrepreneurial, cooperative, as well as the establishment of new enterprises in the strategic period.	26	Number of cooperatives whose sustainability is strengthened through skills development initiatives funded by the HWSETA.	0	36	13% 36%	Evaluation study report	Outcomes evaluation study was conducted in 2022-2023 and it confirmed that cooperatives supported by the HWSETA do achieve the desired and outcomes.
		27	Increased number of small and emerging businesses exposing their employees to skills development training in the strategic period	0	348	161% 46%	Desktop review report	Of the 348 SMEs that submitted their WSPs during the strategic period, 161 SMEs exposed their workers to skills development training, resulting in an achievement of 46% of the strategic target. A rapid assessment of the outcomes of the SME project of the HWSETA will be conducted in 2023-2024.

Outcome No	Output Statement	Indicator No	Indicators to be Measured	2019-2020 Baseline	2024-2025 Target	Actual Achievement by 30 September 2022	Data Sources	Comment on Achievement and Improvements required for the remainder of the planning period
6	The HWSETA provides increased support towards skills development activities for entrepreneurial, cooperative, as well as the establishment of new enterprises in the strategic period.	28	Number of enterprises established with the support of the HWSETA in the strategic period.	0	200	Undetermined	Survey report	This outcome is new as it supports the new strategy of the HWSETA to capacitate unemployed social service graduate to open up social enterprises.
		29	Increase in the percentage of health and welfare sector large, medium, and small firms that actually send employees for training as per WSPs to the health and social development sector in the strategic period.	Undetermined	60%	Undetermined	Database analysis report	Database analysis will be conducted to compare the number of levy paying and non-levy paying employers that actually implement their WSPs submitted to the HWSETA. Also, a database analysis will be conducted on non-levy paying. This will show the level of participation of employers on skills development.
7	The HWSETA supports officials from NGOs, NPOs, and Trade Unions in order to strengthen governance and service delivery, and thus advance social, rural, and community development in the strategic period.	30	Increased number of levy exempt organisations exposing their employees to skills development training that is relevant to their work in the strategic period.	300	400	179% 45%	Database analysis report	Database analysis was conducted in 2021-2022 and identified the number of levy exempt organisations that submit WSPs from those that participate in skills development initiatives of the HWSETA. A follow-up study will be conducted in 2023-2024.
		31	Increased number of trade union officials exposed to skills development programmes that are relevant to their skills needs in the strategic period.	234	253	192% 76%	Survey report	A survey was conducted in 2021-2022 to find out the relevance of skills development training union officials are exposed to and also assessed whether the skills needs of these officials are met. 192 confirmed the relevance of training to their skills development needs.

Outcome No	Output Statement	Indicator No	Indicators to be Measured	2019-2020 Baseline	2024-2025 Target	Actual Achievement by 30 September 2022	Data Sources	Comment on Achievement and Improvements required for the remainder of the planning period
8	The HWSETA supports career development services related to the health and welfare sector and makes them accessible to rural and targeted youth in the strategic period.	32	Number of learners from rural school exposed to career awareness services in the strategic period.	Undetermined	14 400	2 740 19%	Career Portal Database	Only 19% of the 5-year target was achieved in 2021-2022 due to learners that register on the career portal who do not indicate where they are coming from. This will be strengthened going forward. A follow-up desktop analysis will be conducted in 2023-2024.
		33	Percentage of learners exposed to career awareness services who enter into HWSETA funded learning programmes in the strategic period.	5%	10%	4% 40%	Bursary	10% of the 5-year target was achieved as the career portal was launched in 2021-2022. Additional bursaries will be offered in 2022-2023, and rapid assessment to evaluate the immediate outcomes of the career awareness programme will be conducted in 2023-2024.
		34	Number of career guidance practitioners funded by the HWSETA who offer their services to rural areas in the strategic period.	Undetermined	36	Undetermined	Survey report	A survey will be conducted in 2022-2023 on career guidance practitioners funded by the HWSETA for training whether they do offer training in schools that are in the rural areas. A survey of additional cohorts will be conducted in 2024-2025.

This progress is based on measuring outputs from 2020-21, 2021-22, and 2022-2023 through evaluation studies. As such, the expected level of performance is 40% at the level of indicator targets.

To calculate the aggregated achievement for each of the outcome statements, indicator targets falling under the same outcome statement were averaged. As thus, outcome statements 1, 2, 3, 4, 6, and 7 have an aggregated average performance that is above 40%. While outcome statement 5 and 8 have an aggregated performance falling below 40%.

### Outcome statement 1

The HWSETA provides an efficient and effective skills planning, programme implementation, and evaluation system which identifies and increases the production of occupations in high demand in the strategic period

1. A Stakeholder Satisfaction Survey was conducted in 2021-2022 and results yielded an efficiency level of 43,25% and effectiveness level of 42,09%. Overall, therefore the HWSETA achieved an average efficiency and effectiveness level of 43%. The aggregated achievement for each of the outcome statements was 54%.
2. The DHET measures the relevance of the SSP of each SETA through an evaluation process that is conducted annually on each SSP update. In 2020-2021 the quality of the HWSETA SSP was rated 85% and in 2021-2022 it was rated 89%. Research reports produced contribute to the SSP as an input and their relevance to the NSDP (2030) was not individually measured. Research reports produced in 2021-2022 will have their relevance to the NSDP (2030) measured so that progress can be reported against this outcome indicator comprehensively.
3. A recommendation register from monitoring and evaluation studies conducted each year on programmes and projects of the HWSETA is maintained. The implementation of these recommendations is monitored annually to ensure utilisation of monitoring and evaluation studies. By the end of 2021-2022 the implementation of M&E recommendations was at 85%, which is an over-achievement of the 5-year target. It should be noted however that this target is a cumulative percentage counted over the 5-year strategic period. The remaining 15% is as a result of M&E studies that were concluded by financial year end of 2021-2022, which therefore could not be implement within the period under review. This outstanding percentage is expected to be implemented by mid-year of 2022-2023.
4. The HWSETA evaluated 22 of the 34 strategic outcomes. Each of the evaluation reports produced have been confirmed by implementing managers. The remaining 12 outcome indicators will be measured in 2022-2023 to 2024-2025.

The aggregated achievement for each of the outcome statements was

**54%**

### Outcome statement 2

The HWSETA promotes linkages between education and the workplace to increase work-based learning opportunities in the health and welfare sector in the strategic period

5. Databases of employers were cross-tabulated to check the percentage of employers that participate in workplace based training against those that submit the Workplace Skills Plans. 40% of employers partnered with the HWSETA to implement learnerships, apprenticeships, and TVT/ University WIL. These employers constituted 687 of the 1708 organisations that submitted their WSPs and were approved. Another desk-top review will be conducted in 2022-2024.
6. 53%of Universities, TVET Colleges and Other Colleges partnered with the HWSETA to implement vocational, under-grad degrees, post-grad diplomas, and post-grad degreed bursaries. These PSET institutions constituted 40 of the 76 institutions that offer training programmes funded by the HWSETA during the strategic period. Another desk-top review will be conducted in 2022-2023.

The aggregated achievement for each of the outcome statements was

**66%**

### Outcome statement 3

The HWSETA contributes to the improvement of level of skills for 50% of the health and welfare sector workforce through various learning programmes that address the critical skills required by the sector in the strategic period

- 7-12 One outcome was measured thus far, six more will be measured in 2022/23. Track and trace studies for identifying workers that progress to higher positions require to be given a period of at least a year after completion to realise such a progression. This means that workers that completed in 2021-2022 will be tracked in 2022-2023. Progress towards the 5year targets against the above outcome indicators will be determined in quarter 4 of 2022-2023 (this will include learners that completed in quarters 1 to 3 of 2021-2022).
13. 20% of the outcome target has been met. A Track and Trace study for workers that had undergone the Recognition of Prior Learning Assessment during the strategic period was conducted in 2021-2022 to identifying learners that actually obtained full qualifications through RPL. The next cohort will be evaluated in 2023-2024

The aggregated achievement of outcome statement measured is

**84%**

### Outcome statement 4

The HWSETA contributes to increased access, by the unemployed, into occupationally directed programmes of the health and welfare sector in the strategic period

14. Progress made in 2021-2022 towards meeting the 5year target reached 25% of the target. 226/950 (25%) unemployed persons funded for internships found jobs six months after completing their internship programmes. Another track and trace study will be conducted in 2022-2023 and learners that completed in quarter 4 2021-2022 and quarters 1 to 3 of 2022-2023 will be followed.

A track and trace study for TVET and other College Graduate internships will be conducted in 2023-2024 as the first cohort of graduates was funded in 2021-2022.

15. Track and trace study for the unemployed did not include students funded through vocational bursaries mainly because the support that was given was not for the entire programme. In 2022-2023 the HWSETA will track learners that actually complete their vocational qualifications and then identify those that find jobs at least six months after completing their qualifications.

16. A track and trace study on the unemployed students who find skills programmes relevant to their skills development needs will be conducted in 2023-2024 as the first cohort of graduates was funded in 2021-2022.

17. Progress made in 2021-2022 towards meeting the 5year target reached 34.5% of the target. 483/1400 (34.5%) unemployed persons funded for learnerships found jobs six months after completing their qualifications. Another track and trace study will be conducted in 2022-2023 and learners that completed in quarter 4 2021-2022 and quarters 1 to 3 of 2022-2023 will be followed.

18. Progress made in 2021-2022 towards meeting the 5year target reached 57% of the target. 85/150 (57%) unemployed persons funded for apprenticeships found jobs six months after completing their qualifications. Another track and trace study will be conducted in 2022-2023 and learners that completed in quarter 4 2021-2022 and quarters 1 to 3 of 2022-2023 will be followed.

19. Progress made in 2021-2022 towards meeting the 5year target reached 51.5% of the target. 354/262 (51.5%) unemployed persons funded through bursaries for university undergraduate programmes found jobs six months after completing their qualifications. Another track and trace study will be conducted in 2022-2023 and learners that completed in quarter 4 2021-2022 and quarters 1 to 3 of 2022-2023 will be followed

22-23 Progress made in 2021-2022 towards meeting the 5year target reached 39% of the target. 35/90 students that completed post-graduate degrees were tracked and confirmed through self-disclosure. Multiple data collection sources will be used to secure a higher response rate as this usually affects the results of the tracer study.

The aggregated achievement of outcome statements measured is

**41%**

### Outcome statement 5

The HWSETA supports the growth of the public and private college system so that colleges may qualify as a centres of specialisation in the strategic period

24. Two qualifications were developed in 2021-2022. Track and trace study of learners trained through these qualifications will be used to confirm the relevance of these qualifications to occupations as a proxy indicator. Employers will also be interviewed about the relevance of these qualifications in 2023-2024.

25. A survey measuring increased skills of lecturers that were funded during the strategic period was conducted in 2021-2022 and 19 lectures were identified to have improved performance due to the skills development initiatives of the HWSETA.

The aggregated achievement of outcome statement measured is

**61%**

### Outcome statement 6

The HWSETA provides increased support towards skills development activities for entrepreneurial and cooperative activities, as well as the establishment of new enterprises and cooperatives in the strategic period

26. Outcomes evaluation study was conducted in 2022-2023 and it confirmed that cooperatives supported by the HWSETA do achieve the desired and outcomes.

27. Of the 348 SMEs that submitted their WSPs during the strategic period, 161 SMEs exposed their workers to skills development training, resulting in an achievement of 46% of the strategic target. A rapid assessment of the outcomes of the SME project of HWSETA will be conducted in 2023-2024.

28. This outcome is new as it supports the new strategy of HWSETA to capacitate unemployed social service graduates to open up social enterprises.

29. Database analysis will be conducted to compare the number of levy paying and non-levy paying employers that implement their WSPs submitted to HWSETA. A database analysis will also be conducted with non-levy paying employers. This will show the level of participation by employers in skills development.

The aggregated achievement of outcome statements measured is

**41%**

## Outcome statement 7

HWSETA supports officials from NGOs, NPOs, and trade unions in order to strengthen governance and service delivery, thereby advancing social, rural, and community development in the strategic period

30. Database analysis was conducted in 2021-2022 and identified the number of levy-exempt organisations that submit WSPs against those that participate in skills development initiatives of HWSETA. A follow-up study will be conducted in 2023-2024.

31. A survey was conducted in 2021-2022 to determine the relevance of skills development training that union officials are exposed to and to assess whether the skills needs of these officials are met. 192 confirmed the relevance of training to their skills development needs.

The aggregated achievement of outcome statements measured is

**61%**

## Outcome statement 8

HWSETA supports career development services related to the health and welfare sector, and makes them accessible to rural and targeted youth in the strategic period

32. An innovative career guidance portal to reach school learners with online career awareness was developed by HWSETA and was launched on 9 March 2021. A total of 8 402 learners were reached through the portal, however, only 2 740 learners who accessed the career portal could be confirmed as from rural areas. Going forward, the career portal will ask learners to state the province and town they are from, to determine if they are from rural areas. Two outcome statements were measured, and another will be measured in 2022-23. This will be strengthened going forward. Follow-up desktop analysis will be conducted in 2023-2024

33. 10% of the 5-year target was achieved as the career portal was launched in 2021-2022. Additional bursaries will be offered in 2022-2023, and rapid assessment to evaluate the immediate outcomes of the career awareness programme will be conducted in 2023-2024.

34. A survey will be conducted in 2022-2023 on career guidance practitioners funded for training by HWSETA to determine if they offer training in schools in the rural areas. A survey of additional cohorts will be conducted in 2024-2025.

The aggregated achievement of outcome statements measured is

**30%**

## INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

### (A) DESCRIPTION OF EACH PROGRAMME

#### PROGRAMME 1: ADMINISTRATION

Purpose:	This programme is responsible for the overall strategic management and support to the HWSETA operations divisions. The goal of this programme is to ensure that the HWSETA is well-positioned and capacitated to deliver on its targets. This programme cuts across a number of divisions and functional areas including Finance, which incorporates procurement and grants management, Corporate Services, which incorporates Human Resource Management, Information Technology and Marketing.
Institutional Outcomes	The HWSETA delivers its mandate efficiently and effectively through its well capacitated organizational structure and business processes that are automated and integrated in the strategic period.
	The HWSETA supports career development services related to the health and welfare sector and makes them accessible to rural and targeted youths in the strategic period.

#### PROGRAMME 2: SKILLS PLANNING AND IMPACT ASSESSMENT

Purpose:	The HWSETA has configured this programme to include two sub-divisions, namely Research and Information and Monitoring and Evaluation. Each sub-division is headed by its own manager. The HWSETA utilizes this programme to implement skills planning related projects that include development and update of the sector skills plan, research leading to a better understanding of the dynamics surrounding sectoral labour market, production of new knowledge in the sector and development of new researchers in the sector. This programme also implements the vital and timeous evaluation and impact assessments of projects and programmes implemented by the HWSETA. These are vital for lessons learned and ensuring that projects contribute positively to the sector and desired impacts are achieved.
Institutional Outcomes	Research, monitoring, evaluation, and impact system of the HWSETA provide a credible skills planning and evaluation system that ensures that its funding initiatives yield good impact in the strategic period.

#### PROGRAMME 3: SKILLS DEVELOPMENT PROGRAMMES AND PROJECTS

Purpose:	The purpose of this programme is to provide skills for learners in the workplace is scarce and critical areas within the health and welfare sectors. To this end, this programme is responsible for the implementation of learning programmes, approval of grants and implementation of projects. It also provides policy and advice to employers wishing to access grants from the HWSETA.
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#### SUB-PROGRAMME 3.1: LEARNING PROGRAMMES

Purpose:	The purpose of this sub-programme is to implement learning programmes. It also provides policy and advice to employers wishing to access grants from the HWSETA.
Institutional Outcomes	The HWSETA supports the growth of the public college system so that public colleges may qualify as a centres of specialisation in the strategic period.
	The HWSETA contributes to the improvement of level of skills for 50% of the South African workforce through various learning programmes that address the critical skills required by the sector in the strategic period.
	The HWSETA supports the growth of the public college system so that public colleges may qualify as a centres of specialisation in the strategic period.
	The HWSETA contributes to increased access, by the unemployed, into occupationally directed programmes of the health and welfare sector in the strategic period.

### SUB-PROGRAMME 3.2: WORKPLACE SKILLS PLAN AND PROJECTS

Purpose:	The purpose of this sub-programme is to approve grants and implement projects. It also provides policy and advice to employers wishing to access grants from the HWSETA.
Institutional Outcomes	The HWSETA supports officials from NGOs, NPOs, and Trade Unions in order to strengthen governance and service delivery, and thus advance social, rural, and community development, as well as provisions for persons with disabilities in the strategic period.
	The HWSETA promotes linkages between education and the workplace to increase work-based learning opportunities in the health and welfare sector in the strategic period.
	The HWSETA contributes to the improvement of level of skills for 50% of the South African workforce through various learning programmes that address the critical skills required by the sector in the strategic period.
	The HWSETA supports skills development for entrepreneurial and cooperative activities, as well as the establishment of new enterprises and cooperatives in the strategic period.

### PROGRAMME 4: QUALITY ASSURANCE AND QUALIFICATION DEVELOPMENT

Purpose:	This programme consists of three subdivisions, namely Qualification Development, Skills Development Provider accreditation and Learner achievement. The purpose of the programme is to develop fit for purpose qualifications and ensure quality training is offered in the health and welfare sector. This programme, therefore, is responsible for the coordination, development and registration of new qualifications, accreditation and quality assurance of training providers and quality assurance of learner achievement, which culminates in certification. Developments and circulars by the Quality Council for Trade and Occupations (QCTO) on the continued delegation of the functions incorporated in this programme make this programme unclear going forward and these developments will be monitored closely.
Institutional Outcomes	The HWSETA supports career development services related to the health and welfare sector and makes them accessible to rural and targeted youths in the strategic period.
	The HWSETA provides quality assurance services for the health and welfare sector to ensure quality in occupational education and training in the strategic period.
	The HWSETA contributes to the improvement of level of skills for 50% of the South African workforce through various learning programmes that address the critical skills required by the sector in the strategic period.

## PROGRESS TOWARDS THE ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

This was the third year of implementing the strategic plan for 2020-2025. This plan maps out 4 impact statements which are broken down to 9 outcome statements and these are measured through 34 outcome indicators and targets. Progress towards the achievement of the 5-year targets is measured through evaluation studies. During the financial years 2020-2022, 22 of the 34 (65%) outcomes indicators were measured through evaluation studies, as follows:

	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Outcomes measured annually	10	10	10	10	10
Outcomes measured once	3	9	12	12	12
Total Outcomes Measured	13	19	22	22	22
<b>BUDGET SPENT</b>	<b>R722,198</b>	<b>R2,163,600</b>	<b>R2,750,000</b>	<b>R2,750,000</b>	<b>R2,750,000</b>

### IMPACT STATEMENT 1

This is a high level performance review of the achievement of the strategic outcomes as at 30 September 2022. The review is based on measuring outputs from 2020-21 and 2021-22 through evaluation studies. As such the expected level of performance is 40% at the level of indicator targets.

To calculate the aggregated achievements for each of the outcome statements, indicator targets falling under the same outcome statement were averaged. As thus, outcome statements 1, 2, 3 and 4 have an aggregated average performance that is above 40%.

To calculate the average performance towards achieving impact therefore progress achieved per outcome indicator was summed up for 15 outcome indicators and averaged. This yielding a performance level of 57%.

The HWSETA contributes to the development of a post-school system which increases the production of occupations in high demand by 2030

Average performance towards impact 57%

Outcome Statement 1	Outcome Statement 2	Outcome Statement 3	Outcome Statement 4
<b>84%</b>	<b>66%</b>	<b>88%</b>	<b>41%</b>
4 Outcomes Measured	2 Outcomes Measured	1 outcomes measured, 6 outcomes to be measured in 2022-23	2 outcomes measured, 1 to be measured in 2022-23
The HWSETA provides an efficient and effective skills planning program implementation and evaluation system which identifies and increases the production of occupations in high demand in the strategic period.	The HWSETA promotes linkages between education and the workplace to increase work-based learning opportunities in the health and welfare sector in the strategic period.	The HWSETA contributes to the improvement of level skills for 50% of the South African workforce through various learning programs that address the critical skills required by the sector in the strategic period.	The HWSETA contributes to increased access, by the unemployed, into occupationally directed programmes of the health and welfare sector in the strategic period.

## IMPACT STATEMENT 2

Outcome statements 5 has aggregated performance failing below 40%, while outcome statement 6, has a aggregated performance above the 40% mark. Thus, the average performance towards achieving impact is 39%. A reason for this low achievement is that performance for outcome 24 is affected by the TVET College lecturer development, where only 37% of participants responded to the survey questionnaire. A follow-up on the non response rate will be made to improve the response rate and the perhaps improve the performance of this outcome.

The HWESTA develops a skilled, employable and highly productive workforce which results in the reduced hard to fill vacancies in the health and welfare sector by 2030.

Average performance towards impact 39%

Outcome Statement 5	Outcome Statement 6
<b>36%</b>	<b>41%</b>
1 outcomes measured, 1 outcome statement to be measured in 2022-23	2 outcomes measured, 2 outcome statement to be measured in 2022-23
The HWESTA supports officials from NGO's, NPO's and Trade Unions in order to strengthen governance and service delivery, and this advance social, rural and community development in the strategic period.	The HWESTA provides increased support towards skills development activities for entrepreneurial cooperative, as well as the establishment of new enterprises in the strategic period.

## IMPACT STATEMENT 3

Outcome statement 7 has an aggregated performance above the 40% mark. Thus, the average performance towards achieving impact is also 61%.

The HWESTA contributes to the capacity of large, medium and small firms, as well as small and emerging businesses and cooperatives of the health and welfare sector to become more sustainable and expand in size by 2030.

Average performance towards impact 61%

Outcome Statement 5
<b>61%</b>
2 outcomes measured
The HWESTA supports officials from NGO's, NPO's and Trade Unions in order to strengthen governance and service delivery, and thus advance social, rural and community development in the strategic period.

## IMPACT STATEMENT 4

Outcome statement 8 has an aggregated performance below the 40%. Thus, the average performance towards achieving impact is also 30%. A reason for this low achievement is that performance for outcome statement 5 is affected by the low number of learners that register their addresses on the career portal rendering it difficult to account for the geographic locations off all the learners that visit the portal. The field for addresses has been marked mandatory on registration to the portal.

The HWESTA contributes to increased capacity of the State, NGO's, NPO's sector and Trade Unions to meet social and rural development needs of the South African Citizens 2030.

Average performance towards impact 30%

Outcome Statement 5
<b>30%</b>
2 outcomes measured, 1 outcome statement to be measured in 2022-23
The HWESTA supports career development services related to the health and welfare sector and makes them accessible to rural and targeted youths in the strategic period.

HWSETA PROJECT

# FOUR PROVINCES VISITED DURING VETERINARY CAREER AWARENESS PROGRAMME AWARENESS PROGRAMME



Following the launch of the Health and Welfare Training Authority Veterinary Career Guidance launch, an initiative proposed to address the transformation and critical skills shortage inherent within the South African veterinary sector, prompted the HWSETA to visit four provinces to create awareness for the profession.

The HWSETA partnership with the Department of Higher Education and Training (DHET) identified four provinces, Northern Cape, Mpumalanga, Free State and Limpopo, visiting schools in rural areas in an effort to encourage more learners to consider a career in veterinary services. These learners were all from Grade 9-12 and ideally studying Maths and Science.

The first school visited was Moroka Secondary School, in Thaba N`chu, Free State on 26 July 2022. The career exhibition was attended by 207 learners from Albert Moroka High School, Sediti High School and Moroka High School. Dr Nomfundo Mnisi was the keynote speaker and engaged with the learners on different careers available in the veterinary sector.

The second school to host was Kgomotso High School, in Pampierstad in the Northern Cape Province on 26 August 2022 and a total of 221 learners from different schools attended this event. The second part of the programme was an exhibition where learners got the opportunity to engage with exhibitors who were

present on the day. A veterinary student shared information on what is involved in veterinary studies, as well as the challenges and highlights of the profession.

Representatives from Society for the Prevention of Cruelty to Animals (SPCA), the South African Veterinary Association, University of Pretoria and Tsolo Agriculture and Rural Development Institute (TARDI). We also had a mobile clinic from the Department of Agriculture that were one of the exhibitors for the day. The Para-vets were performing surgeries on animals and learners got an opportunity to witness 'vets in action'.

The last one, and what we called the "showstopper" was held in Limpopo, Hoedspruit in a village called Gasekororo were 471 learners from 10 schools attended. The event took place on 28 September 2022, that also marks 'World Rabies Day'. The Department of Agriculture hosted a vaccination drive from 26 - 28 September 2022 to commemorate World Rabies Day and members of the community brought in their pets to be vaccinated. The HWSETA's Board Chair, Dr Mnisi, demonstrated how to do a pregnancy diagnosis by rectal examination.

Mr. Buti Manamela, Deputy Minister of DHET addressed the issue of too few learners matriculating with mathematics core and sciences subjects, which then limits their career opportunities in related industries. He emphasised how excited he and the



Department are that the HWSETA is fully committed to career guidance and firmly believes that these learners will grab this opportunity with both hands.

Dr Mnisi believes that it is important to reach out to students in rural communities because awareness about animal health is limited in these areas. She noted that this is due to the veterinary sector not being widely known across all sectors of society. “Animal health awareness is especially poor in rural areas. It is important to create awareness around the concept of ‘one health’ which incorporates human health, animal health and the health of the environment,” she added.



# PART 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 it administers to promote public interest in skills development within the health and social development (welfare) sectors.

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

- Ministerial appointed independent chairperson
- Organised labour
- Organised employers, including small businesses and relevant government departments
- Levy-exempt sector
- Any interested professional body or bargaining council with jurisdiction in the sector, which the DHET Minister considers appropriate for the sector.

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

### Fiduciary Responsibility of Board Members

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

### Board members in place during the year under review:

Board member	Representing	Appointment date:
Dr Nomsa Mnisi	Independent Chairperson	1 April 2020
<b>Employer representatives</b>		
Mr Rudie van Loggerenberg	Department of Social Development	1 April 2020
Vacant	Department of Health	
Dr Nceba Ndzwayiba	Hospital Association of South Africa	1 April 2020
Dr Katlego Mothudi	Board of HealthCare Funders	1 April 2020
Dr Siphon Kabane	SA Medical Schemes	4 June 2021
Dr Lillian Marutle	Organised Employers	1 April 2020

### Statutory Meetings

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

### Meeting Attendance Fees for Board Members

Board members are not staff members of HWSETA, and they do not receive salaries or benefits. Board members are employers of HWSETA staff, and as such, serve 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.

### Board changes during the year under review:

The sixth Board was appointed on 1 April 2020 for the period up to 31 March 2025.

Board member	Representing	Appointment date:
<b>Labour representatives</b>		
Mr Khaya Sodidi	DENOSA	12 December 2022
Ms Tselane Mbotshane	HOSPERSA	1 April 2020
Mr Sidney Kgara	NEHAWU	1 April 2020
Ms Nobukhosi Xulu	NEHAWU	1 April 2020
Ms Lungile Duma	NPSWU	1 April 2020
Vacant	PSA	4 June 2021
<b>Non-profit organisations / mental health</b>		
Ms Lalita Harie		1 April 2020
<b>People with disabilities</b>		
Ms Bongive Malope		1 April 2020

**Board terminations during the year under review:**

Board member	Representing	Appointed	Termination
Mr Dimakatso Sebopa	DENOSA	1 April 2020	31 May 2022
Mr C Mntwini	PSA	4 June 2021	17 March 2023

1 independent member, who is a ministerial appointee: the Chairperson of the Board

6 members representing organised labour

6 members representing organised employers, of which two are representatives of government constituencies

1 member representing non-profit organizations and mental health

1 member representing people with disabilities

**HWSETA BOARD COMPRISING 15 MEMBERS**

Executive Committee of the Board	Standing committees	Audit, Risk, Governance and Ethics Committee
<p>The Board is assisted by its Executive Committee, which comprises five members from the Board. Exco meets every two months or as required to assert strategic oversight in HWSETA’s affairs.</p>	<p>The Board has five standing committees, namely:</p> <ul style="list-style-type: none"> <li>• Finance, Remuneration &amp; Tender</li> <li>• Skills Development</li> <li>• RIME</li> <li>• ETQA</li> <li>• Corporate Services</li> </ul> <p>These standing committees provide technical guidance and recommendations in key portfolio areas, and assist Exco.</p>	<p>The Audit, Risk, Governance and Ethics 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 risk analysis, by management and independently from internal audit.</p> <p>The Audit, Risk, Governance and Ethics Committee comprises 3 independent members who are recruited openly and are not members of the Board. The remaining two members of this committee are from the Board.</p> <p>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.</p>

THE HWSETA BOARD



DR NOMFUNDO MNISI



MR RUDIE VAN  
LOGGERENBERG



DR NCEBA  
NDZWAYIBA



DR SIPHO  
KABANE



DR KATLEGO  
MOTHUDI



MS DIMAKATSO  
SEBOPA



DR LILLIAN  
MARUTLE



MR SIDNEY  
KGARA



MS TSELANE  
MBOTSHANE



MS NOBUKHOSI  
XULU



MR CEBO  
MNTWINI



MS LUNGILE  
DUMA



MS LALITA  
HARIE



MS BONGIWE  
MALOPE

## HWSETA BOARD MEETING ATTENDANCE 1 APRIL 2022 TO 31 MARCH 2023

	N Mnisi	K Mothudi	N Ndzwayiba	R van Loggerenberg	S Kabane	L Marutle	C Mntwini	S Kgara	N Xulu	T Mbotshane	K Sodidi	L Duma	L Harie	B Malope	D Sebopa
Board meetings and special Board meetings: <b>18 meetings</b>	18	17	13	10	14	17	6	13	16	15	4	16	14	16	
Exco and special Exco meetings: <b>8 meetings</b>	8	6				8				8		8			
SD/RIME Standing Committee meetings: <b>3 meetings</b>			3	1					3	1		3	3		
ETQA Standing Committee meetings: <b>4 meetings</b>			3	2		4			3	4			4	4	1
Corporate Services Standing Committee meetings: <b>4 meetings</b>			3		3	4				2		4	3	4	
Finance and Remuneration Standing Committee meetings: <b>7 meetings</b>		7			4	7		3							
Audit and Risk Committee meetings: <b>7 meetings</b>		3			3	2		7							

### Executive Authority DHET

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
- Any other reporting request by the Department.

### Internal Control Unit

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 HWSETA's current operations and the strategic plan, with a focus on the key risks of HWSETA as identified by an annual risk assessment. 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 controls.

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

### Internal Audit and Audit, Risk, Governance and Ethics Committee – the effectiveness of internal controls

The system of internal controls applied by HWSETA over financial and risk management is effective, efficient and transparent.

In line with the PFMA and Treasury Regulations, the Internal Auditors provides the Audit, Risk, Governance and Ethics Committee and management with assurance that 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 controls or any deviations therefrom.

Management is committed to addressing 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 controls 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 addressed the risks pertinent to HWSETA in its audits. We believe that internal audit contributed to the improvement of internal controls within HWSETA.

### Audit, Risk, Governance and Ethics Committee responsibility

The Audit, Risk, Ethics 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 PFMA, 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, Risk, Governance and Ethics Committee

The Audit, Risk, Ethics 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
- Reviewed significant adjustments resulting from the audit if applicable.

The Audit, Risk, Ethics 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 audits were conducted and completed by the Internal Auditors for the 2022/2023 Financial Year:

- Audit of Predetermined Objectives (Q3) Review
- Finance Review
- Governance, Ethics and Risk Management Review
- Health and Safety/Security (OHS) Review
- ICT Governance Review
- Learnerships, Learning Programmes, and Bursaries Review
- POPIA Assessment
- Performance Information at Provincial Offices Review – in progress
- Projects, Contracts, and Commitment Review- in progress
- Supply Chain Management Review
- Unaudited Annual Financial Statements Review
- Unaudited Performance Information Review.

The Audit, Risk, Governance and Ethics 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 HWSETA's Constitution, the PFMA, and Treasury regulations. This Committee also takes on the responsibility of IT and Governance oversight.

The Audit, Risk, Governance and Ethics Committee has the objective to review:

- a. The effectiveness of 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 external auditors, reports of significant investigations and responses of management to specific recommendations
- h. Where relevant, the independence and objectivity of external auditors.

## Compliance with laws and regulations

HWSETA has established internal mechanisms to ensure compliance with laws and regulations, including checklists and internal reporting. Significant changes to laws and regulations have influenced the period under review, as with the:

## Application of King IV Principles

The impact of corporate governance on operations and the creation of capitals to provide value to stakeholders cannot be underestimated. Where there is poor performance, there is poor corporate governance and conversely poor corporate governance is likely to result in HWSETA underperforming. HWSETA supports the shift from King III to King IV towards an outcomes-based and holistic approach to corporate governance; and the mindful application of the governance practices in the pursuit of achieving the aspirational governance principles. The ultimate goal being the realisation of an ethical culture, good performance, effective control, and legitimacy.

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

1. Executive Committee (Exco)
2. Audit, Risk, Governance and Ethics Committee
3. Finance, Remuneration and Tender Committee.

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

Systems are in place to identify changes in legislation as and when they arise. Changes in legislation and statutory requirements are reported to the Board on a quarterly basis, and as and when it is necessary.

HWSETA ensured that all King IV principles were applied and matters arising were presented on quarterly basis at the Audit, Risk, Governance and Ethics Committee meetings, Exco, and the Board.

HWSETA has complied with the 16 principles of King IV applicable to state-owned entities.

## Risk management

The Accounting Authority is responsible for the HWSETA risk management process. The Audit, Risk, Governance and Ethics Committee assists the Accounting Authority to carry out its risk management responsibilities.

HWSETA continuously strives to improve its risk management processes and ensure that 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

HWSETA has a fraud prevention plan in place that has been implemented. As one mechanism, HWSETA has an anonymous tip-off hotline that is widely advertised and has been uploaded to our website. HWSETA investigates all tip-offs without exception. Tip-offs from our hotline are sent directly to our Internal Auditors, who then report to the appropriate authority for investigation.

### Allegations of misconduct

A total of 15 tip-offs were received between 1 April 2022 and 31 March 2023; 13 were reported through the tip-off hotline and sent directly to Internal Auditors to ensure confidentiality. Another two were reported through the CEO or Executive of the Division within HWSETA. The nature of these tip-offs are as follows:

- 5 – stipend-related matters
- 4 – accreditation
- 3 – certificates
- 1 – HWSETA funding
- 1 – SDFs
- 1 – University funding

Five of these matters were reported in the last two months of the financial period and are pending resolution. The other matters have been resolved. None of the matters reported related to internal HWSETA fraud or corruption.

### Minimising conflict of interest

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

All employees, including senior management, declare their interests annually, which is coordinated and monitored by the Corporate Services Division. In an effort to discourage conflicts of interest, it is the policy of HWSETA that all employees must refrain from acceptance of gifts from employers, suppliers and other outside parties.

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

### Code of Conduct

HWSETA has a Code of Conduct and Business Ethics Policy that provide 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 they contravene any provision of the Code or fail to comply with any provision thereof. A record of all declaration of interests and gifts is maintained.

### Health, safety and environmental issues

The health and safety of all employees is of paramount importance for HWSETA. With the onset of the COVID-19 pandemic, HWSETA OHS Committee devised a plan to ensure the safety of staff. Regular meetings of HWSETA OHS Committee are held to discuss safety issues, identify potential safety risks and address these accordingly.

Members of the committee are trained in OHS and conduct regular inspections. A safe working environment contributes to heightened staff morale and productivity.

### Remuneration philosophy

HWSETA is committed to good practice and governance, fairness and equity in remuneration for its employees in line with relevant legislation. HWSETA embraces a Cost to Company (CTC) as part of the overall Employee Value Proposition, considering the following parameters. Remuneration at HWSETA is based on Cost to Company with a flexible guaranteed package structure, encompassing cash and benefits, travelling allowances and provident fund; insurance, medical aid allowance and risk benefits fall outside CTC and are paid by the employer. HWSETA uses the Paterson method of job evaluation, which is a systematic approach to determine, as objectively as possible, the worth of one job relative to the other within the organisation. HWSETA pays employees at the median range (i.e. 50% percentile); and 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).

### Ethics

HWSETA Board is the ultimate custodian of HWSETA's values and ethics, and in its own conduct strives to lead by example. It follows that the Board aims to integrate these values and ethics into HWSETA's strategy. HWSETA has established a Social and Ethics Committee as a formal structure that can give appropriate attention to the soft, but very important, dimensions of how HWSETA goes about its business, specifically its value system with regard to ethical standards.

In terms of the Companies Regulation 43, a Social and Ethics Committee has to monitor HWSETA's activities with regard to matters relating to the social and economic development, including HWSETA's standing.

HWSETA adopts the following framework elements to facilitate the effective management of ethics performance:

1. Clear ethical standards are set – the values of HWSETA including those relating to ethics, are articulated, and approved by the Board
2. HWSETA has an approved Code of Conduct and Ethics Guideline
3. The respective roles of the Board, executive management, employees, and stakeholders are clearly described
4. The Audit, Risk, Governance and Ethics Committee monitors the ethical dimension of the business and is chaired by an independent non-executive member
5. Specific ethics risks and opportunities in relation to HWSETA's operating context has been formally and rigorously identified, documented, and mitigated
6. The adequacy of resources to properly perform on the responsibilities allocated are being considered
7. HWSETA has a hotline that is anonymous and effective
8. HWSETA maintains and builds awareness by communication, training, and disclosure of information
9. HWSETA Audit, Risk, Governance and Ethics Committee obtains acceptable assurance on ethical performance by adopting a combined assurance approach to ethics performance, which reduces the risk of incorrect information, and the existence of an inappropriate ethical culture, to an acceptable minimum
10. HWSETA seeks to establish and maintain the trust of stakeholders by furnishing appropriate external and independent assurance

11. HWSETA promotes good corporate citizenship including HWSETA's promotion of equality, prevention of unfair discrimination, and other measures to address corruption
12. All gifts and sponsorships, donations and charitable giving are recorded and disclosed. Transgressions are dealt with swiftly and effectively.

HWSETA believes in obtaining, and furnishing, acceptable assurance on ethical performance by adopting a combined assurance approach to ethics performance that reduces the risk of incorrect information, and the existence of an inappropriate ethical culture, to an acceptable minimum and establishing and maintaining the trust of stakeholders by furnishing appropriate external and independent assurance.

The Social and Ethics Committee assumes the responsibility to ensure that the Board sets the appropriate tone, and that the behaviour and messages of the Board and the directors support and contribute to HWSETA 's ethical corporate culture.

### **Social responsibility**

HWSETA invested over R57 000 in the period under review in various initiatives, such as the donation of new mother and baby care packages at public hospitals.

# AUDIT, Risk, Governance and Ethics Committee (AUCOM) Report For the Year Ended 31 March 2023



## 1. Legislative requirements

The Audit, Risk, Governance and Ethics Committee (Aucom) herewith presents its report for the financial year ended 31 March 2023, as required by section 77 of the Public Finance Management Act, 1999 (Act No. 1 of 1999, as amended by Act No. 29 of 1999) (PFMA) read with Treasury Regulation 27.1.10.

## 2. Audit, Risk, Governance and Ethics Committee members and attendance

The Aucom was established in accordance with sections 51(1)(a)(ii) and 77 of the PFMA. The Auco charter requires that the Committee comprises a minimum of three members and a maximum of five members, the majority of whom should be independent members. The Aucom comprises five members, 3 independent members and 2 member representing Council. In terms of section 77(b) of the PFMA, the Aucom must meet at least twice a year. During the financial year ended 31 March 2023, the Aucom met on eight occasions.

The table below shows the attendance of these meetings including a workshop and Special meetings:

Name	Tenure	Qualifications	Number of meetings scheduled 2022/2023	Number of meetings attended 2022/2023
Mr G Higgins Aucom Chairperson	1 Sept 2018 to 31 January 2021 10 March 2021 to 31 July 2023 1 August 2023 to 31 July 2025	CA(SA)	8	8
Dr K Mothudi Board/Aucom member	1 April 2020 to 31 March 2025	Board member	8	3
Mr S Kgara Board/Aucom member	1 February 2019 to 31 March 2025	Board member	8	6
Mr W Carrim Aucom member	10 March 2021 to 31 July 2023, 1 August 2022 to 31 July 2024	MCom taxation MBA CA(SA)	8	8
Ms I Mathatho Aucom member	10 March 2021 to 31 July 2023 1 August 2023 to 31 July 2025	MBA B.Com Hons H.Dip Tax Law	8	8

The members of the Aucom 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 was also in attendance at the Board meetings to report on governance, internal control, risk, performance and financial information and other relevant matters concerning the HWSETA.

## 3. Audit, Risk, Governance and Ethics Committee's responsibility

The Aucom 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 Aucom charter read in conjunction with the internal audit charter.

#### 4. Effectiveness of internal control

The Aucom 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 particularly in respect of the preparation of the Annual Financial Statements and Annual Performance Report.

The Aucom 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 Aucom will monitor these going forward.

Due to the strategic importance of, and investment in, the modernisation of information and communication technology (ICT) in the HWSETA, the Aucom has monitored the risk register and progress reports on the respective action plans during the year under review. The Aucom remains concerned that not all ICT risks are being addressed or mitigated, in implementing the new ERP system. This continues to place the HWSETA in a position where manual intervention is required to provide credible information, which contributed to the regression in the audit outcomes as identified by the AGSA.

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

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

The Aucom has reviewed and commented on the HWSETA's annual financial statements and report on performance information and their timely submission to the external auditors by 31 May 2023.

#### 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 Aucom. The Aucom is satisfied that the internal audit function has properly discharged its functions and responsibilities during the year under review. The Aucom 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 Aucom is responsible for the oversight of the risk management function. The risk management committee reports to the Aucom 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, except for the issues that gave rise to the regression of the audit outcomes in payables and commitments,

the Aucom is satisfied with the HWSETA's finance function during the year under review.

#### 9. Performance management

Part of the responsibilities of the Aucom includes the review of performance management. The Aucom has in terms of the performance of the HWSETA performed the following functions:

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

The Aucom 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 Aucom has reviewed the annual financial statements, which focused on the following:

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

Unfortunately, the AGSA reported misstatements in Accounts Payable and Commitments which resulted in a qualified audit

opinion within the Discretionary grant processes. This was mainly as a result of weakness in the internal controls with regards to reconciling grant contracts thereby impacting both the commitment and payables, which may impact the Discretionary grant expense. The details of the findings are described in both the AGSA's audit report and the CEO's forward. Management must improve its reporting controls over financial and disclosure matters to ensure that financial statements are submitted to the assurance providers without misstatements, with the appropriate supporting evidence.

The Aucom will review Management's audit rectification action plan to respond to matters and findings arising from the audit process and will exercise oversight on the implementation of the plan during the next financial year.

### 11. AGSA's report

The Aucom concurs with and accepts the conclusion and audit opinion of the external auditors on the annual financial statements. The Aucom is of the view that the audited financial statements be accepted and read together with the report of

the external auditors. The Aucom 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 Aucom 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, is independent of the HWSETA. The Aucom 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, Risk, Governance and Ethics Committee:

Mr George Higgins CA(SA) RA

**Audit, Risk, Governance and Ethics Committee Chairperson**

Health and Welfare Sector Education Training Authority

31 July 2023

# PART D

## Human Resource Management



**EMPLOYMENT AND VACANCIES**

Programme/activity/objective	2022/2023 No. of Employees	2022/2023 Approved Posts	2022/2023 Vacancies	% of vacancies
Top Management	1	1	0	0%
Senior Management	6	6	0	0%
Professional qualified	24	24	0	0%
Skilled	112	116	4	3%
Semi-skilled	7	7	0	0%
Unskilled	0	0	0	0%
<b>TOTAL</b>	<b>150</b>	<b>154</b>	<b>4</b>	<b>3%</b>

**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	6	0	0	6
Professional qualified	24	0	0	24
Skilled	109	7	4	112
Semi-skilled	7	1	1	7
Unskilled	0	0	0	0
<b>Total</b>	<b>147</b>	<b>8</b>	<b>5</b>	<b>150</b>

**REASONS FOR STAFF LEAVING**

Reason	Number	% of total no. of staff leaving
Death	0	0%
Resignation	5	3%
Dismissal	0	0%
Retirement	0	0%
Ill health	0	0%
Expiry of contract	0	0%
Other	0	0%
<b>Total</b>	<b>5</b>	<b>3%</b>

**LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION**

Nature of disciplinary Action	Number
Verbal Warning	1
Written Warning	0
Final Written warning	1
Dismissal	0
<b>TOTAL</b>	<b>2</b>

## EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

Levels	MALE							
	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	5	1	1	1	2	2	1	0
Skilled	29	39	3	1	4	0	2	1
Semi-skilled	1	1	0	2	0	3	0	1
Unskilled	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>36</b>	<b>42</b>	<b>4</b>	<b>5</b>	<b>8</b>	<b>7</b>	<b>3</b>	<b>2</b>

Levels	FEMALE							
	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	10	3	2	0	3	0	0	0
Skilled	61	34	8	2	4	3	1	3
Semi-skilled	5	0	1	0	0	2	0	0
Unskilled	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>79</b>	<b>37</b>	<b>11</b>	<b>2</b>	<b>7</b>	<b>5</b>	<b>2</b>	<b>5</b>

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	3	1
Semi-skilled	0	2	0	2
Unskilled	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>3</b>

## 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	122 832	72 396	59%	82	883
SDP*	36 498	34 031	93%	53	642
ETQA	23 566	12 258	52%	15	817

**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	2 526	2.12%	1	2 526
Senior Management	10 039	8.46%	6	1 673
Professional qualified	24 132	20.33%	24	1 006
Skilled	79 886	67.31%	112	713
Semi-skilled	2 102	1.77%	7	300
Unskilled	0	0	0	0
<b>TOTAL</b>	<b>118 685</b>		<b>150</b>	<b>791</b>

\* 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	205	2 526	8%
Senior Management	1 024	10 039	10%
Professional qualified	2 102	24 132	9%
Skilled	4 422	79 886	6%
Semi-skilled	170	2 102	8%
Unskilled	0	0	0,00%
<b>TOTAL</b>	<b>7 923</b>	<b>118 685</b>	<b>8,76%</b>

\* Performance bonus rewards disclosed in note 7.1 of the annual financial statements include the bonus provision

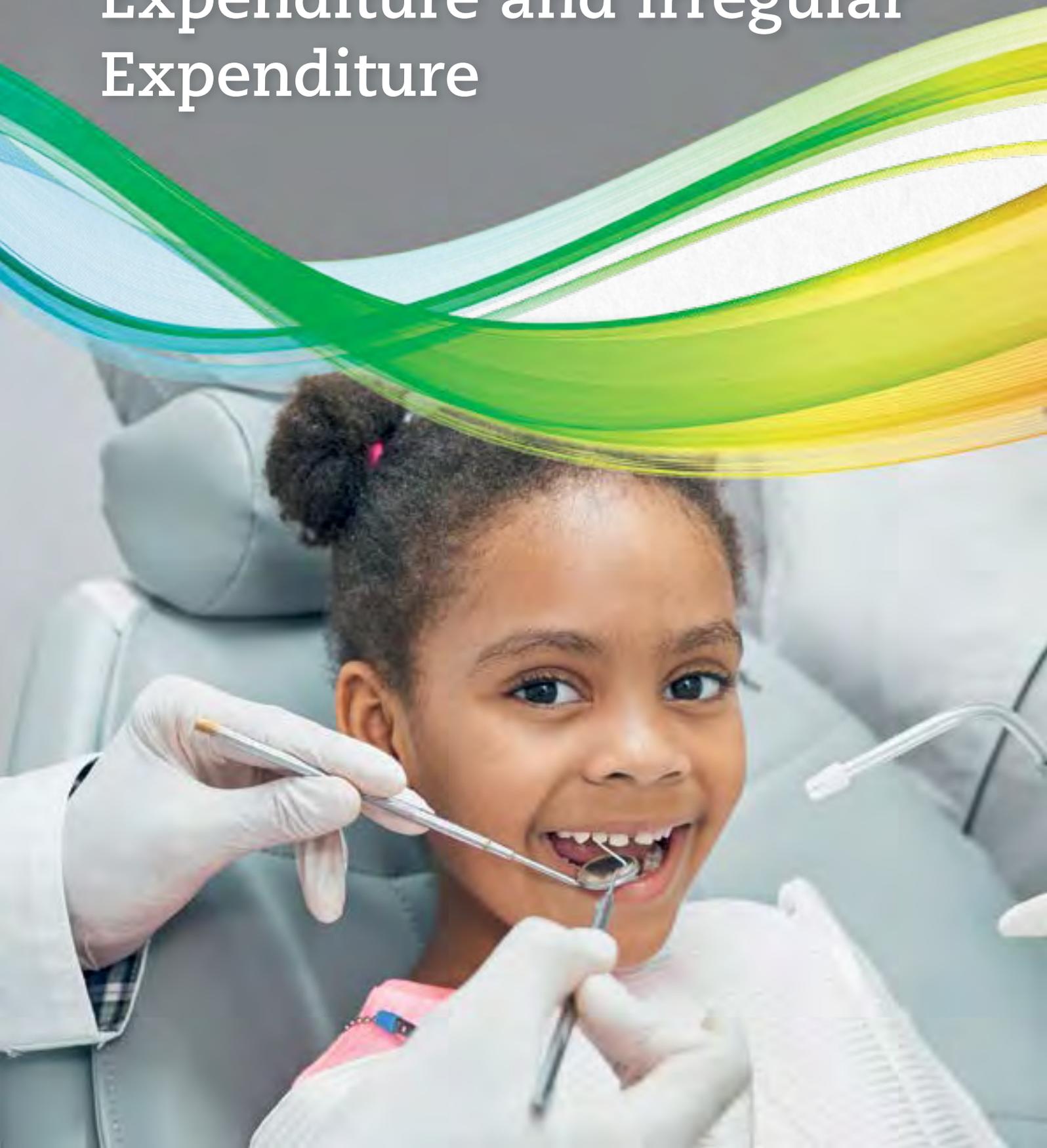
**TRAINING COSTS**

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)	72 552	388	0.53%	120	3.23
SDP*	33 875	39	0,12%	21	1.86
ETQA	12 258	22	0,18%	8	2.75
<b>TOTAL</b>	<b>118 685</b>	<b>449</b>	<b>0,38%</b>	<b>149</b>	<b>3.01</b>

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

# PART E

## Fruitless & Wasteful Expenditure and Irregular Expenditure



# FRUITLESS AND WASTEFUL EXPENDITURE

Non-compliance with legislation resulted in fruitless and wasteful expenditure of R1 172 000 as disclosed in note 25 in the Audited Annual Financial Statements. The fruitless and wasteful expenditure incurred constitutes non-compliance with Section 51(1)(b)(ii) of the PFMA.

	2022-2023 R'000	2021-2022 R'000
<b>Reconciliation of fruitless and wasteful expenditure</b>		
Opening balance	210	189
Add: Incurred during the year	1 172	21
Less: Recovered	3	-
<b>Closing balance</b>	<b>1 385</b>	<b>210</b>
The opening balance of R210 000 is made up of the following amounts:		
- Salary and allowances paid to employee after resignation	21	
- Interest and penalties on late payment of statutory payments	167	
- Interest on late payment of invoices	22	
	<b>210</b>	
<b>Reconciling annual financial statement disclosure</b>		
Fruitless and wasteful expenditure for the current year	1 172	21
<b>Total</b>	<b>1 172</b>	<b>21</b>
Current year fruitless and wasteful expenditure is made up of:		
- Accommodation paid for learners that are not present	272	
- Learner's stipend paid to provider and not subsequently transferred to learners	900	
	<b>1 172</b>	
<b>Details of current year and previous year fruitless and wasteful expenditure (under assessment, determination and investigation)</b>		
Fruitless and wasteful expenditure investigated and closed	-	21
Fruitless and wasteful expenditure under investigation	1 172	-
<b>Total</b>	<b>1 172</b>	<b>21</b>
<b>Details of current year and previous year fruitless and wasteful expenditure recovered</b>		
Recovery of salary and allowances paid to employee after resignation	3	-
<b>Total</b>	<b>3</b>	<b>-</b>

An employee who had resigned was erroneously paid a salary and allowances after leaving the HWSETA's employ. The HWSETA is in the process of recovering the funds from the ex-employee who signed an acknowledgement of debt and agreed to pay back the amount in instalments. By the end of the year under review the ex-employee had paid R2 500 of the R21 000 erroneously paid. Consequence management in the form of a disciplinary process was undertaken and the official responsible for processing the transaction was issued with a final written warning.

# IRREGULAR EXPENDITURE

Non-compliance with legislation resulted in irregular expenditure of R4 004 000 as disclosed in note 26 in the Audited Annual Financial Statements. The irregular expenditure incurred constitute non-compliance with Section 51(1)(b)(ii) of the PFMA.

	2022-2023 R'000	2021-2022 R'000
<b>Reconciliation of irregular expenditure</b>		
Opening balance	1 233	198 352
Add: irregular expenditure confirmed	4 004	668
Less: irregular expenditure not condoned but removed	-1 936	-197 787
<b>Closing balance</b>	<b>3 301</b>	<b>1 233</b>
The opening balance of R1.233 million is made up of the following amounts:		
- 2020/21 fees paid to Accounting Authority members irregularly appointed	565	
- 2021/22 fees paid to Accounting Authority members irregularly appointed	668	
	<b>1 233</b>	
<b>Reconciling annual financial statement disclosure</b>		
Irregular expenditure for the current year	4 004	668
<b>Total</b>	<b>4 004</b>	<b>668</b>
Current year irregular expenditure is made up of:		
- Incurred due to non-compliance with supply chain processes	3 301	-
- Irregular appointment of Accounting Authority members	703	668
	<b>4 004</b>	<b>668</b>
<b>Details of current year and previous year irregular expenditure (under assessment, determination and investigation)</b>		
Irregular expenditure investigated and closed	703	668
Irregular expenditure under determination	3 301	-
Irregular expenditure under investigation	2 850	-
<b>Total</b>	<b>6 854</b>	<b>668</b>
<b>Details of current year and previous year irregular expenditure removed (not condoned)</b>		
Over-spending on mandatory and discretionary grants	-	194 907
Non-compliance with supply chain processes	-	2 880
Irregular appointment of Accounting Authority members	1 936	-
<b>Total</b>	<b>1 936</b>	<b>197 787</b>
The appointment of three Accounting Authority members for a five year term which was effective from 1 April 2020 was found to be irregular. Since this phenomenon was applicable to other SETAs as well, the condonation request was handled by the DHET as the Executive Authority responsible for the appointment of Accounting Authority members for SETAs. The National Treasury declined the DHET's request for the condonation of the irregular expenditure and indicated that the Accounting Authorities of the affected SETAs can approve the removal of the said irregular expenditure from the entity's annual financial statements if provisions of paragraphs 57 & 58 of the Irregular Expenditure Framework have been met. The HWSETA Board meeting of 29 March 2023 approved the removal of the irregular expenditure of R1.9million from the annual financial statements of the HWSETA relating to the irregular appointment of the affected.		
- Incurred for the financial year ended 31 March 2021	565	
- Incurred for the financial year ended 31 March 2022	668	
- Incurred for the financial year ended 31 March 2023	703	
	<b>1 936</b>	

# PART F

## Financial Information



# 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

#### QUALIFIED OPINION

1. I have audited the financial statements of the Health and Welfare Sector Education and Training Authority (HWSETA) set out on pages 117 to 155, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the HWSETA as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

#### BASIS FOR QUALIFIED OPINION

##### Grants payable

3. The grants payable was not recognised in accordance with GRAP 1, Presentation of financial statements. Incorrect balances of service providers were included in grants payable. I was unable to determine the full extent of the misstatement on grants payable, discretionary grant expenditure, receivables from non-exchange transactions and mandatory grant expenditure as it was impractical to do so.
4. In addition, I was unable to obtain sufficient appropriate evidence for the grants payable as supporting evidence could not be provided due to the status of record keeping. I could not confirm this by alternative means. Consequently, I am unable to determine if any further adjustments are necessary to grants payable stated at R 67 375 000 in note 10.

##### Commitments

5. The discretionary grant reserve commitments were materially misstated and not correctly accounted for as required by GRAP 1 as disclosed in note 23. There were

unexplained differences between the amounts in the underlying schedules and the amounts disclosed in note 23 of the financial statements. Furthermore, the disclosure made included contracts that had already expired in the current and prior year resulting in an overstatement of the discretionary reserve commitments of R 88 692 240 (2022: R 12 665 000) in the financial statements.

#### CONTEXT FOR OPINION

6. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor general for the audit of the financial statements section of my report.
7. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### OTHER MATTER

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

#### Irregular Expenditure

10. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 25 and 26 to the financial statements. The movements in respect

of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of the Health and Welfare Sector Education and Training Authority. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

### Retention of surplus

11. There are current deliberations with the National Treasury and the Department of Higher Education and Training regarding the appropriate approval processes for the retained surplus of R310 768 000 for the financial year 2021-22, disclosed in note 22. The ultimate outcome of the matter could not be determined and no provision for any liability was disclosed in the financial statements.

### RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

12. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

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

### RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

## Report on the audit of the annual performance report

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

17. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Pages numbers	Purpose
Programme 2: Skills planning and impact assessment	27 – 30	To implement skills planning related projects that include development and update of the sector skills plan, research leading to a better understanding of the dynamics surrounding sectoral labour market, production of new knowledge in the sector and development of new researchers in the sector.
Programme 3: Skills Development Programmes and Projects	31 – 55	To provide skills for learners in the workplace is scarce and critical areas within the health and welfare sectors.

18. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

19. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements

- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
  - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
  - the reported performance information is presented in the annual performance report in the prescribed manner
  - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
20. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

21. I did not identify any material findings on the reported performance information of the selected programmes: Programme 2 - Skills planning and impact assessment Programme 3 - Skills development programmes and projects.

#### OTHER MATTERS

22. I draw attention to the matters below.

#### Achievement of planned targets

23. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievement. This information should be considered in the context of the material findings on the reported performance information.
24. The public entity plays a key role in delivering services to South Africans. The annual performance report includes the following service delivery achievements against planned targets:

Key service delivery indicators not achieved	Planned target	Reported achievement
<b>Programme 3</b>	<b>Targets achieved: 44%</b>	<b>Budget spent: 93%</b>
3.1 Number of workers whose learner agreements are registered with the HWSETA for learnerships as industry funded or HWSETA funded in the reporting period	2 125	1 209
3.2 Number of workers reported to the HWSETA as having completed learnership programmes registered with the HWSETA as industry or HWSETA funded in the reporting period	1 000	247
16.2 Number of lecturers from TVET and other public colleges as well as career guidance practitioners reported to the HWSETA as having completed training funded by the HWSETA in the reporting period - TVET College lecturers	15	6
16.2 Number of lecturers from TVET and other public colleges as well as career guidance practitioners reported to the HWSETA as having completed training funded by the HWSETA in the reporting period - Career guidance lecturers	10	0
17.1 Number of students from TVET and other public colleges funded by the HWSETA for vocational and occupational training in the reporting period	640	506
17.2 Number of students from TVET and other public colleges reported to the HWSETA as having completed vocational and occupational training funded by the HWSETA in the reporting period	400	97
7.1 Number of unemployed graduates entered-into the internship programme funded by the HWSETA in the reporting period - University graduates	763	247
7.1 Number of unemployed graduates entered-into the internship programme funded by the HWSETA in the reporting period - TVET College graduates	326	201
7.2 Number of unemployed graduates reported to the HWSETA as having completed the internship programme funded by the HWSETA in the reporting period - University graduates	610	30
7.2 Number of unemployed graduates reported bto the HWSETA as having completed the internship programme funded by the HWSETA in the reporting period - TVET College graduates	260	33
8.1 Number of workers entered-into credit and non-credit bearing skills programmes funded by the HWSETA in the reporting period	7 470	2 994

Key Service Delivery Indicators Not Achieved	Planned Target	Reported achievement
8.2 Number of workers reported to the HWSETA as having completed credit and non-credit bearing skills programmes funded by the HWSETA in the reporting period	4 500	1 983
6.4 Number of workers entered-into the HWSETA undergraduate bursaries in the reporting period	585	63
6.5 Number of workers re-entered-into the HWSETA undergraduate bursaries in the reporting period	150	40
6.6 Number of workers reported to the HWSETA for having completed undergraduate qualifications funded by the HWSETA in the reporting period	100	6
21.1 Number of workers entered-into AET programmes funded by the HWSETA in the reporting period	275	229
21.2 Number of workers reported to the HWSETA as having completed AET programmes funded by the HWSETA in the reporting period	270	0
27.4 Number of unemployed persons entered-into the HWSETA undergraduate bursaries in the reporting period	540	131
27.6 Number of unemployed persons reported to the HWSETA as having completed undergraduate qualifications funded by the HWSETA in the reporting period	350	246
28.1 Number of TVET and other college students entered-into work integrated programmes funded by the HWSETA in the reporting period	800	290
28.2 Number of TVET and other college students entered-into work integrated programmes funded by the HWSETA in the reporting period	500	96
29.1 Number of unemployed persons whose learner agreements are registered with the HWSETA for learnerships as industry funded or HWSETA funded in the reporting period	2 200	2 021
29.2 Number of unemployed persons reported to the HWSETA as having completed learnerships registered with the HWSETA as industry or HWSETA funded in the reporting period	800	437
30.2 Number of unemployed persons reported to the HWSETA as having completed credit and non-credit bearing skills programmes funded by the HWSETA in the reporting period	1 900	999

Reasons for the underachievement of targets are included in the annual performance report on pages [15 to 89].

### Material misstatements

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

### Report on compliance with legislation

26. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

27. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-

General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

28. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

29. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

### Annual financial statements

30. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1) (a) and (b) of the PFMA.

31. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were corrected but the uncorrected material misstatements resulted in the financial statements receiving a qualified opinion.

#### Procurement and contract management

32. Some of the goods and services were procured without obtaining at least three written price quotations in accordance with Treasury Regulation 16A6.1 and paragraph 3.2.1 of SCM instruction note 2 of 2021/22.

33. Some of the quotations were awarded to suppliers whose tax matters had not been declared by the South African Revenue Services to be in order as required by Treasury Regulation 16A9.1 (d).

34. Some bid documentation or invitations to tender for procurement of commodities designated for local content and production did not stipulate the minimum threshold for local production and content, as required by the 2017 Procurement Regulation 8(2).

#### Other information in the annual report

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

36. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

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

38. 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

39. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

40. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

41. Management did not implement controls over daily and monthly processing and reconciling resulting in payables and commitments being materially misstated.

42. Management did not prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information.

43. Management did not review and monitor compliance with applicable laws and regulations.

44. The accounting authority did not implement adequate oversight over financial and performance information, compliance with legislation and related internal controls, as misstatements were identified on the financial statement and the annual performance report.

45. The accounting authority did not monitor the implementation of action plans to address internal control deficiencies resulting in repeat findings from the prior year.

*Auditor - General*

Pretoria  
31 July 2023





# ANNEXURE

## to the Auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compHance testing

### Auditor-General's responsibility for the audit

#### PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

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

#### FINANCLAL STATEMENTS

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 matertal 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 discfosures made
- conclude on the appropriateness of the 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 public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the

material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause 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.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

#### COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicabfe, actions taken to eliminate threats or safeguards applied.

#### COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Treasury regulations	Treasury reg 16A6.1 Treasury reg 16A3.2 (fairness) Treasury reg 16A3.2(a) and (b) Treasury reg R16A6.3 (a), (b) (c) & (e) Treasury reg 16A6.4 Treasury reg 16A6.5 Treasury reg 16A6.6 Treasury reg. 16A.7.1

Legislation	Sections or regulations
	Treasury reg. 16A.7.3 Treasury reg. 16A.7.6 Treasury reg. 16A.7.7 Treasury reg. 16A8.3 Treasury reg. 16A8.4 Treasury reg. 16A9.1(b)(ii), (d), (e) Treasury reg. 16A9.1(d), (e) & (f) Treasury reg. 16A9.2(a)(ii) Treasury reg. 8.2.1 Treasury reg. 8.2.2 Treasury reg. 29.1.1(a) & (c) Treasury reg. 29.3.1 Treasury reg. 30.1.1 Treasury reg. 30.1.3(a), (b) & (d) Treasury reg. 30.1.3(b) Treasury reg. 30.1.3(d) Treasury reg. 30.2.1 Treasury reg. 31.1.2(c) Treasury reg. 31.2.1 Treasury reg. 31.3.3 Treasury reg. 33.1.1 Treasury reg. 33.1.3
PFMA instruction note no.3 of 2021/22	Par.4.1 Par.4.2(b) Par. 4.3 Par. 4.4 and Par. 4.4(c), (d)
PFMA SCM instruction-note 03 of 2021/2	Definition par 4.1 par. 4.3 and 4.4 par. 4.4.(d) par. 7.2
SCM Instruction Note 02 of 2021 /22	Par.3.2.1 Par.3.2.4 Par. 3.3.1 par 4.1
SCM Instruction Note 3 of 2016	Note 3
SCM Instruction 3 of 2016	Note 6
National Treasury Instruction 01 of 2021/2022	Par. 4.1
Treasury Instruction note 11 of 2020/21	Par. 3.1 Par 3.4 {b} Par. 3.9
National Treasury Instruction No. 5 of 2020/21	Par.1 Par. 2 Par. 4.8 Par. 4.9 Par. 5.3
National Treasury Instruction 07 of 2017/18	Par. 4.3

Legislation	Sections or regulations
National Treasury Instruction 4A of 2016/17	par 6
National Treasury Instruction note 4 of 2015/16	Par. 3.4
Practice Note 7 of 2009/10	Par 4.1.2
Practice Note 5 of 2009/10	Par.3.3
PFMA	PFMA 35(4) PFMA 38(1)(b) PFMA44 PFMA45(b) PFMA 51{1}(b){ii} PFMA SI(l)(e){lii} PFMA 52(b) PFMA 54(2)(c), (d) PFMA 57(b) PFMA SS(l)(a), (b) PFMA 55(1){c}(i)
PPPFA	definition ““acceptable tender”” section 2{1}(a) and (b) Par. 2(1f)
Preferential Procurement Regulations 2011	Reg. 9(1), 9{5}
Preferential Procurement Regulations 2017	under functionality Reg. 4(1), 4(2) Reg. 5(1), 5(3), 5(6), 5(7) Reg. 6(8), Reg. 7(8) Reg. 8(2), 8(5) Reg. 9(1) Reg. 10(1) Reg. 11(1)
Preferential Procurement reg 2022	Reg. 4(4)
CIBD Act	Section 18(1)
CIBD regulations	Reg.17 Reg. 25{7A}
SBD	SBD 6.2 issued in 2015/16
SITA Act	Section 7(3)
Public Service regulation	Reg. 18(1), (2)
PRECCA	Section 34(1)
Grants regulations	GNR.990 2(1) GNR.990 3(3) & (4) GNR.990 4(3), (8) GNR.990 6(9){iii}

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**Abbreviations used:**

<b>PFMA</b>	Public Finance Management Act	<b>DHET</b>	Department of Higher Education Science and Innovation
<b>GRAP</b>	Generally Recognised Accounting Practice	<b>QCTO</b>	Quality Council For Trades & Occupations
<b>SDL</b>	Skills Development Levy	<b>SME</b>	Small and Medium-sized Enterprises
<b>AQP</b>	Assessment Quality Partner	<b>TVET</b>	Technical and Vocational Education and Training
<b>ASB</b>	Accounting Standards Board	<b>NGO</b>	Non-Governmental Organisation
<b>SARS</b>	South African Receiver of Revenue	<b>RPL</b>	Recognition of Prior Learning

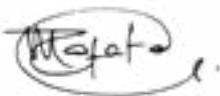
The annual financial statements set out on page 117, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2023 and were signed on its behalf by:



Dr NV Mnisi  
**Chairperson of the Accounting Authority**



Ms Elaine Brass CA(SA)  
**Chief Executive Officer**



Ms Zandile Mafata  
**Chief Financial Officer**

# STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Note(s)	2023 R'000	2022 R'000
<b>Assets</b>			
<b>Current assets</b>			
Receivables from non-exchange transactions	2	13 986	8 670
Statutory receivables	3	58 790	26 253
Receivables from exchange transactions	4	3 533	3 469
Prepayments and advances	5	2 126	1 872
Inventories	6	810	895
Cash and cash equivalents	7	331 987	370 932
		<b>411 232</b>	<b>412 091</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	8 723	8 696
Intangible assets	9	6 380	6 093
		<b>15 103</b>	<b>14 789</b>
<b>Total Assets</b>		<b>426 335</b>	<b>426 880</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Grants and transfers payable (non-exchange)	10	71 160	68 682
Trade and other payables - Exchange transactions	11	5 027	9 461
Short term employee benefits - Provisions	12	16 607	15 214
Levy exempt provision	13	7 445	6 629
Operating lease liability	14	1 873	442
		<b>102 112</b>	<b>100 428</b>
<b>Total Liabilities</b>		<b>102 112</b>	<b>100 428</b>
<b>Net Assets</b>		<b>324 223</b>	<b>326 453</b>
<b>Reserves</b>			
Administration reserve		15 103	14 789
Discretionary reserve		309 120	311 664
<b>Total Net Assets</b>		<b>324 223</b>	<b>326 453</b>

# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2023

	Note(s)	2023 R'000	2022 R'000
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Investment income	15	18 648	14 448
Other income	16	1 116	1 526
<b>Total revenue from exchange transactions</b>		<b>19 764</b>	<b>15 974</b>
<b>Revenue from non-exchange transactions</b>			
Skills Development Levy - income		919 185	745 560
Skills Development Levy - penalties and interest		4 374	8 357
<b>Total revenue from non-exchange transactions</b>	18	<b>923 559</b>	<b>753 917</b>
<b>Total revenue</b>		<b>943 323</b>	<b>769 891</b>
<b>Expenditure</b>			
Employer grants and project expenses	19	(763 275)	(807 148)
General expenses	20	(38 922)	(28 540)
Employee related costs	21	(118 685)	(113 706)
Depreciation and amortisation		(2 616)	(2 629)
Lease rentals on operating lease		(16 366)	(12 425)
Internal audit		(2 672)	(873)
External audit		(3 053)	(3 946)
<b>Total expenditure</b>		<b>(945 589)</b>	<b>(969 267)</b>
<b>Deficit for the year</b>		<b>(2 266)</b>	<b>(199 376)</b>

# STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2023

	Employer grant reserve R'000	Administration reserve R'000	Discretionary reserve R'000	Unappropriated surplus R'000	Total R'000
<b>Balance at 01 April 2021</b>	-	<b>15 336</b>	<b>510 493</b>	-	<b>525 829</b>
Changes in net assets					
Allocation of unappropriated surplus	49 471	15 109	(263 955)	199 376	-
Transfer of Employer reserve	(49 470)	-	49 470	-	-
Transfer to Discretionary reserve	-	(15 656)	15 656	-	-
Net income (losses) recognised directly in net assets	-	(547)	(198 829)	199 376	-
Deficit for the year	-	-	-	(199 376)	(199 376)
Total recognised income and expenses for the year	-	(547)	(198 829)	-	(199 376)
Total changes	-	(547)	(198 829)	-	(199 376)
<b>Balance at 01 April 2022</b>	-	<b>14 789</b>	<b>311 663</b>	-	<b>326 452</b>
Changes in net assets					
Allocation of unappropriated surplus	59 314	33 548	(90 596)	2 266	-
Transfer from Employer reserve	(59 314)	-	59 314	-	-
Transfer of Discretionary reserves	-	(33 234)	33 234	-	-
Net income (losses) recognised directly in net assets	-	314	1 952	2 266	-
Deficit for the year	-	-	-	(2 266)	(2 266)
Total recognised income and expenses for the year	-	314	1 952	-	(2 266)
Total changes	-	314	1 952	-	(2 266)
<b>Balance at 31 March 2023</b>	-	<b>15 103</b>	<b>309 120</b>	-	<b>324 223</b>

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	Note(s)	2023 R'000	2022 R'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Levies, interest and penalties		885 704	753 869
Other cash receipts from stakeholders		1 116	1 293
<b>Total receipts</b>		<b>886 820</b>	<b>755 162</b>
<b>Payments</b>			
Employee related costs		(117 292)	(107 848)
Payments to suppliers and other		(63 396)	(46 388)
Employer grants and project expenses		(760 797)	(834 015)
<b>Total payments</b>		<b>(941 485)</b>	<b>(988 251)</b>
<b>Cash generated from operations</b>	32	<b>(54 665)</b>	<b>(233 089)</b>
Interest income		18 648	14 448
<b>Net cash flows from operating activities</b>		<b>(36 017)</b>	<b>(218 641)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	(2 638)	(2 083)
Purchase of other intangible assets		(290)	-
<b>Net cash flows from investing activities</b>		<b>(2 928)</b>	<b>(2 083)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(38 945)</b>	<b>(220 724)</b>
Cash and cash equivalents at the beginning of the year		370 932	591 656
<b>Cash and cash equivalents at the end of the year</b>	7	<b>331 987</b>	<b>370 932</b>

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2023

## Budget on Accrual Basis

	Approved budget 2023 R'000	Adjustments 2023 R'000	Final Budget 2023 R'000	Actual amounts on comparable basis 2023 R'000	Difference between final budget and actual 2023 R'000	Actual amounts 2022 R'000	Reference
<b>Statement of Financial Performance</b>							
<b>Revenue</b>							
<b>Revenue from exchange transactions</b>							
Other income	-	-	-	1 116	1 116	1 526	
Interest received - investment	30 834	(15 736)	15 098	18 648	3 550	14 448	36.1
<b>Total revenue from exchange transactions</b>	<b>30 834</b>	<b>(15 736)</b>	<b>15 098</b>	<b>19 764</b>	<b>4 94</b>	<b>15 97</b>	
<b>Revenue from non- exchange transactions</b>							
<b>Taxation revenue</b>							
Skills development levy income	774 046	31 138	805 184	919 185	114 001	745 559	36.2
SARS Interest and penalties	-	-	-	4 374	4 374	8 358	
Transfer from reserves 2021/22 retention surplus	-	188 000	188 000	-	(188 000)	-	
<b>Total revenue from non-exchange transactions</b>	<b>774 046</b>	<b>219 138</b>	<b>993 184</b>	<b>923 559</b>	<b>(69 625)</b>	<b>753 917</b>	
<b>Total revenue</b>	<b>804 880</b>	<b>203 402</b>	<b>1 008 282</b>	<b>943 323</b>	<b>(64 685)</b>	<b>769 891</b>	
<b>Expenditure</b>							
Personnel	(114 581)	(5 443)	(120 024)	(118 685)	1 339	(113 706)	
Depreciation and amortisation	(2 840)	93	(2 747)	(2 616)	131	(2 629)	
Discretionary and mandatory grants	(631 850)	(185 398)	(817 248)	(763 275)	53 973	(807 148)	36.3
Lease rentals on operating lease	(12 862)	(744)	(13 606)	(16 366)	(2 760)	(12 425)	36.4
Internal audit fees	(2 697)	697	(2 000)	(2 672)	(672)	(873)	
External audit fees	(3 498)	(626)	(4 124)	(3 053)	1 071	(3 946)	
General Expenses	(33 422)	(3 111)	(36 533)	(38 922)	(2 389)	(28 540)	36.5
<b>Total expenditure</b>	<b>(801 750)</b>	<b>(194 532)</b>	<b>(996 282)</b>	<b>(945 589)</b>	<b>50 421</b>	<b>969 267</b>	
<b>Surplus /(Deficit) before taxation</b>	<b>3 130</b>	<b>8 870</b>	<b>12 000</b>	<b>(2 266)</b>	<b>(14 266)</b>	<b>(199 376)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>3 130</b>	<b>8 870</b>	<b>12 000</b>	<b>(2 266)</b>	<b>(14 266)</b>	<b>(199 376)</b>	

# ACCOUNTING POLICIES

## 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements have been prepared in accordance and in compliance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these Annual Financial Sta

These accounting policies are consistent with the previous period.

### 1.1 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.

### 1.2 MATERIALITY

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

### 1.3 NEW ACCOUNTING PRONOUNCEMENTS

There were no new standards that became effective in the year under review that are relevant to the HWSETA. The ASB has issued the following pronouncements on GRAP Standards and Interpretations which may have an impact on HWSETA future financial statements with effective dates as indicated:

**Standard/Interpretation: GRAP 25 – Employee benefits (revised)**

**Effective date** – Years beginning on or after: To be determined

**Impact:** This standard prescribes the accounting treatment for employee benefits. The changes prescribed from the current applicable standard relate mainly to the accounting requirements of defined benefit plans and as such is not expected to significantly impact HWSETA's current accounting policies or disclosures.

Standard/Interpretation: GRAP 104 – Financial instruments (revised)

**Effective date** – Years beginning on or after: To be determined

**Impact:** This standard prescribes recognition, measurement, presentation and disclosure requirements for financial instruments and makes significant modifications to the principles in the previous standards applied in order to: (a) simplify the recognition, measurement and disclosure of financial instruments; (b) accommodate the types of financial instruments entered into in the public sector. The definitions of the various categories of financial instruments in IAS 39 have been streamlined and replaced which will require us to change our accounting policy accordingly. The following disclosures required under IAS are encouraged but not required: (a) The disclosure of fair values for financial instruments; (b) Certain disclosures about the use of the fair value using the three-tiered hierarchy; and (c) A market sensitivity analysis. It is expected that this standard will not significantly impact HWSETA's future disclosures.

Standard/Interpretation: IGRAP 7 – The limit on a defined benefit asset, minimum funding requirements and their interaction (revised)

**Effective date** – Years beginning on or after: To be determined

**Impact:** The revision limits the measurement of a defined benefit asset to “the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan”.

Minimum funding requirements may exist to improve the security of the post-employment benefit promise made to members of an employee benefit plan. Such requirements normally stipulate a minimum amount or level of contributions that must be made to a plan over a given period. Therefore, a minimum funding requirement may limit the ability of the entity to reduce future contributions. This standard will not have any impact on HWSETA's reporting as the HWSETA does not have any funds held in defined benefit plans.

Standard/Interpretation: IGRAP 21 – The effect of past decisions on materiality

**Effective date** – Years beginning on or after: 01 April 2023

**Impact:** “This Interpretation explains the nature of past materiality decisions and their potential effect on current and subsequent reporting periods. The interpretations look at: (a) Whether past decisions about materiality affect subsequent reporting periods; and (b) Whether applying alternative accounting treatments based on materiality is a departure from the Standards of GRAP or an error. The application of this standard is not expected to have a material impact on HWSETA's reporting.”

Standard/Interpretation: Guideline on accounting for landfill sites

**Effective date** – Years beginning on or after: 01 April 2023

**Impact:** The Guideline applies to entities that are required to comply with the legislative requirements applicable to landfill sites. This guideline is not applicable to the HWSETA.

### 1.4 PRESENTATION CURRENCY

These financial statements are presented in South African

Rands. All amounts are rounded to the nearest one thousand, unless otherwise stated.

## 1.5 REVENUE RECOGNITION

### *Exchange revenue*

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

### *Non - exchange transactions*

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

When the resources transferred to the HWSETA are subject to the fulfilment of specific conditions, it recognises 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.

#### **1.5.1 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 20% 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 overpayment, net of bad debts and provision for irrecoverable amounts.

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

### *Exempted employers*

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

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

### *Interest and penalties – Non-exchange revenue*

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

### *Investment income – Exchange Revenue*

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

#### **1.5.2 Government levy income – Non-exchange revenue**

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

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

#### **1.5.3 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.

## **1.6 EMPLOYER GRANTS AND PROJECT EXPENSES**

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 have been approved as the payment then becomes probable. The grant is equivalent to 20% of the total levies paid by the employer during the corresponding financial period for the skills planning grant and skills implementation grant.

### **Discretionary grants and project expenditure**

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

Project expenditure comprise:

- 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.

## **1.7 EMPLOYEE BENEFITS**

### **1.7.1 Salaries and wages**

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

### **1.7.2 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.

### **1.7.3 Performance bonuses**

A liability and expenses 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 Measurement Policy and the bonus value has been approved. This process starts and is completed after year end.

### **1.7.4 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.

## **1.8 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.

## **1.9 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.

Irregular expenditure or fruitless and wasteful expenditure is incurred when the resulting transaction is recognised in the accounting records. It is disclosed in a note in the Financial Statements when it has been identified and confirmed as irregular expenditure or fruitless and wasteful expenditure.

Where an instance of irregular expenditure or fruitless expenditure has been identified, the incident is investigated and recorded in the register, reported to the Board, recovery

process implemented, and if irrecoverable, condonation and write-off in terms of the National Treasury Irregular Expenditure Framework. Irregular expenditure or fruitless and wasteful expenditure is derecognised when it is either recovered, condoned by the National Treasury, removed or written off by the Accounting Authority in line with the framework issued by the National Treasury:

- a) 2022 PFMA Compliance and Reporting Framework.
- b) Treasury Instruction Note No.4 of 2022-2023: PFMA Compliance and Reporting Framework.

## 1.10 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 asset if, and only if:

It is probably that the future economic benefits or service potential associated with the item will flow to the entity, and

The cost of the item can be measured reliably.

### *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	2 to 6 years
- Motor Vehicles	5 to 10 years
- Office furniture and fittings	10 to 20 years
- Office equipment	10 to 15 years
- Leased assets	Depreciated over the lease period

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

### *Impairment*

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

## 1.11 INTANGIBLE ASSETS

### 1.11.1 Internally generated fixed assets

#### 1.11.1.1 Initial Recognition

The HWSETA recognises the development of the HWSETA ERP system as Internally Generated Software. All expenses that all 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:

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

#### 1.11.1.2 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 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 has thus been assessed to have an indefinite lifespan and as such will not be amortised.

### 1.11.2 Other intangible assets

#### 1.11.2.1 Initial Recognition

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

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

#### 1.11.2.2 Subsequent measurement

After the initial recognition, an item of intangible asset shall be carried at its cost less any accumulated amortisation and any accumulated impairment. Acquired computer software licences and computer application packages are capitalised on the basis of the costs incurred and bring to use the specific software. These costs are amortised using the straight-line method, over their estimated useful lives.

Computer software – 2 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.

#### 1.11.2.3 De-recognition of other intangible assets

An intangible asset shall be derecognised:

- a) On disposal (including disposal through a non-exchange transaction) or
- b) When no future economic benefits or service potential are expected from its use or disposal

The gain or loss arising from the derecognition of an intangible asset item is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an intangible asset item is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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

#### 1.11.3 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. Amortization and impairment losses are included in the statement of financial performance.

#### 1.11.4 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:

- a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b) The intention to complete the intangible asset and use or sell it;
- c) The ability to use or sell the intangible asset;
- d) How the intangible asset will generate probable future economic benefits or service potential. Among the other things, the entity can demonstrate the existence of the market for the output of the intangible asset or the intangible asset itself or if it is used internally, the usefulness of the intangible asset; and
- e) The availability of adequate technical, financial and other resources to complete the development and use or sell the intangible asset.

## 1.12 INVENTORIES

### *Initial recognition*

The HWSETA initially measures inventory at cost.

### *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 hold inventory for consumption in the production process of goods to be distributed at no charge.

## 1.13 LEASES

### *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.

## 1.14 CONTINGENCIES

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.

## 1.15 IMPAIRMENT OF CASH-GENERATING ASSETS

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

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

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

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

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

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

## 1.16 PROVISIONS AND CONTINGENCIES

### 1.16.1 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.

### 1.16.2 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.

## 1.17 FINANCIAL INSTRUMENTS

### 1.17.1 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.

### 1.17.2 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.

### 1.17.3 Financial assets

The HWSETA's principle financial assets are cash and cash equivalents and accounts receivables.

### 1.17.4 Receivables from non-exchange and from exchange transactions

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.

### 1.17.5 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.

### 1.17.6 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.

### 1.17.7 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 unamortized costs, and the amount paid for it is included in net surplus or deficit for the period.

### 1.17.8 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.

### 1.17.9 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.

## 1.18 RESERVES

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

### 1.18.1 Administration reserve

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

### 1.18.2 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.

### 1.18.3 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.

### 1.18.4 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 No 97 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:

	%
Administration cost of the HWSETA	10.5
Employer grant fund levy	20
Discretionary Grant and projects	49.5
Received by the HWSETA	80
Contribution to the National Skills Fund	20
	<b>100</b>

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 utilized for discretionary grants and projects. Other income received are 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. Additional text

## 1.19 COMPARATIVE FIGURES

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

## 1.20 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.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

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

## 1.21 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. The key accounting judgements include:

### 1.21.1 Non-exchange receivables

The calculation in respect of the impairment of non-exchange transactions is based on an assessment of the extent to which receivable have defaulted on payments already due, and an assessment of their ability to make payments based on their credit worthiness or other information available. This was performed across all classes of these receivables. A receivable relating to overpayments made in earlier periods is recognised at the amount of the grant overpayment, net of bad debts and allowance for irrecoverable amounts.

### 1.21.2 Exchange receivables

The HWSETA assesses its sundry debtors for impairment at the end of each accounting period. In determining whether an impairment loss should be recorded, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

### 1.21.3 Non-exchange payables

Payables from non-exchange transactions are stated at their nominal value. The carrying amount of these payables approximates fair value due to the short period of maturity of these instruments.

### 1.21.4 Exchange payables

PayaPayables from exchange transactions are stated at their nominal value. The carrying amount of these payables approximates fair value due to the short period of maturity of these instruments.

### 1.21.5 Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosures of these estimates of provisions is included in note 1.13 – Provisions.

### 1.21.6 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 amounts 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.

### 1.21.7 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:

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

## 1.22 STATUTORY RECEIVABLES

### 1.22.1 Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

### 1.22.2 Recognition

The HWSETA recognises statutory receivables as follows:

- a) If the transaction is an exchange transaction, using the policy on revenue from exchange transactions;
- b) If the transaction is a non-exchange transaction, using the policy on revenue from non-exchange transactions (taxes and transfers); or
- c) If the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the HWSETA and the transaction amount can be measured reliably.

### 1.22.3 Initial measurement

The HWSETA initially measures statutory receivables at their transaction amount.

### 1.22.4 Subsequent measurement

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

- a) Impairment losses; and
- b) Amounts derecognised.

### 1.22.5 Accrued interest

The HWSETA does not charge interest on mandatory receivables because the collecting agent (SARS) charges interest on late payments of levies.

### 1.22.6 Impairment losses

The HWSETA assesses at each reporting date, whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the HWSETA considers, as a minimum, the following indicators:

- a) Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- b) It is probable that the debtor will enter sequestration, liquidation or other financial reorganisation.
- c) A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- d) Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, changes in migration rates and patterns, or long outstanding receivables beyond 120 days and there has not been any recovery over a year.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the HWSETA measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, the HWSETA considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

### 1.22.7 Derecognition

The HWSETA derecognises a statutory receivable, or a part thereof, when:

- a) The rights to the cash flows from the receivable are settled, expire or are waived;
- b) The HWSETA transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- c) The HWSETA, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

In this case, the entity:

- i) derecognises the receivable; and
- ii) recognises separately, any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

	2023 R'000	2022 R'000
<b>2. Receivables from non-exchange transactions</b>		
Non exchange receivables - Mandatory grants over payments	470	470
Non exchange receivables - Discretionary grant over payments and unutilised	6 823	-
Discretionary grant receivables	4 672	4 674
Inter-SETA debtors	2 000	2 712
SARS levy reversals - Employer grant overpaid	2 052	6 018
Provision for doubtful debts	(2 031)	(5 204)
	<b>13 986</b>	<b>8 670</b>
<b>Reconciliation of provision for impairment of receivables from non-exchange transactions</b>		
Opening balance	5 204	3 923
Movement in provision	(3 173)	1 281
	<b>2 031</b>	<b>5 204</b>
<p>In accordance with the Cabinet Circular of 2012, Government Departments of Health and Social Development pay 30% of 1% of their annual payroll budget to the HWSETA, effective 01 April 2013. At year-end government levies that are due but not yet received are recognised as receivables in the Annual Financial Statements.</p>		
<b>Employer Overpaid</b>		
<b>Included in Skills Development Levy debtors is: SARS receivables / (payable)</b>		
Opening carrying amount	6 018	4 038
Net effect of SARS Adjustments on levies for the current year	(3 966)	1 980
<b>Closing carrying amount</b>	<b>2 052</b>	<b>6 018</b>
<b>3. Statutory receivables</b>		
Statutory receivable - Government levies	58 790	26 253
Current assets	58 790	26 253
<b>4. Receivables from exchange transactions</b>		
Interest receivable on cash balances	365	176
Office rental deposits	1 800	1 535
Staff receivables - salary advances	442	526
Staff study assistance/bursaries	926	1 232
<b>Total receivables</b>	<b>3 533</b>	<b>3 469</b>
<b>5. Prepayments and advances</b>		
Insurance	301	298
Office Rental in advance	1 267	930
Subscriptions and other supplier deposits	558	644
<b>Closing balance</b>	<b>2 126</b>	<b>1 872</b>
<b>6. Inventories</b>		
Opening balance	895	968
Purchases	1 377	605
Utilised	(1 462)	(678)
<b>Closing balance</b>	<b>810</b>	<b>895</b>

There are no consumables held at current replacement cost. Inventory is recognised at the lower of cost on the first in first out basis.

	2023 R'000	2022 R'000
<b>7. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	19	43
Cash - Bank deposits	52 257	107 519
Cash - Corporation for Public Deposits	279 711	263 370
<b>Cash and cash equivalents at end of year</b>	<b>331 987</b>	<b>370 932</b>

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.

With the permission of the National Treasury, surplus funds were invested in institutions that have been approved as per Treasury Regulation 3.1.3.5.

No restrictions on the use of cash and cash equivalents exist.

## 8. Property, plant and equipment

	2023			2022		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Computer equipment	13 035	(10 642)	2 393	11 591	(8 997)	2 594
Motor vehicles	890	(840)	50	892	(774)	118
Office equipment	7 614	(4 801)	2 813	7 349	(4 248)	3 101
Office furniture and fittings	7 150	(3 683)	3 467	6 218	(3 335)	2 883
<b>Total</b>	<b>28 689</b>	<b>(19 966)</b>	<b>8 723</b>	<b>26 050</b>	<b>(17 354)</b>	<b>8 696</b>

### Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Depreciation	Total
Motor vehicles	118	-	(68)	50
Office furniture and fittings	2 883	932	(348)	3 467
Office equipment	3 101	274	(562)	2 813
Computer equipment	2 594	1 433	(1 634)	2 393
	<b>8 696</b>	<b>2 639</b>	<b>(2 612)</b>	<b>8 723</b>

Disposals: Computer equipment with a cost of R5 756 707 and a zero carrying value has been identified for disposal in early 2023-2024 financial year. In addition, Office Equipment with a cost of R616 045 (zero carrying value) and Furniture and Fitting (zero carrying value) have also been identified for disposal.

No restrictions on the use of property, plant and equipment exist.

## Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Depreciation	Total
Computer equipment	2 718	1 627	(1 751)	2 594
Motor vehicles	185	-	(67)	118
Office equipment	3 125	446	(470)	3 101
Office furniture and fittings	3 210	10	(337)	2 883
	<b>9 238</b>	<b>2 083</b>	<b>(2 625)</b>	<b>8 696</b>

## 9. Intangible assets

	2023			2022		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Internally generated software	6 477	(97)	6 380	6 186	(93)	6 093

### Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Other intangible assets	4	-	(4)	-
Internally generated software	6 089	291	-	6 380
	<b>6 093</b>	<b>291</b>	<b>(4)</b>	<b>6 380</b>

### Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Other intangible assets	3	-	-	3
Internally generated software	6 095	-	(5)	6 090
	<b>6 098</b>	<b>-</b>	<b>(5)</b>	<b>6 093</b>

The HWSETA system has 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:** No disposals were made during the year.

	2023 R'000	2022 R'000
<b>10. Grants and transfer payables - Non exchange transactions</b>		
Grants payable	67 375	67 440
SARS levy reversals - Employer mandatory grants underpaid	2 335	283
Inter - SETA payables	1 450	959
	<b>71 160</b>	<b>68 682</b>

	2023 R'000	2022 R'000
<b>11. Trade and other payables - Exchange transactions</b>		
Accrued expenses	2 976	3 155
SARS - PAYE/UIF and third party payables	459	3 326
Trade creditors	1 592	2 979
	<b>5 027</b>	<b>9 460</b>

**12. Short term employee benefits - Provisions****Reconciliation of short term employee benefits - provisions - 2023**

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for bonuses	9 501	11 178	(8 744)	(756)	11 179
Provision for leave pay	5 713	-	-	(285)	5 428
	<b>15 214</b>	<b>11 178</b>	<b>(8 744)</b>	<b>(1 041)</b>	<b>16 607</b>

**Reconciliation of short term employee benefits - provisions - 2022**

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for bonuses	4 623	11 797	(6 919)	-	9 501
Provision for leave pay	5 058	655	-	-	5 713
	<b>9 681</b>	<b>12 452</b>	<b>(6 919)</b>	<b>-</b>	<b>15 214</b>

The provision for leave pay 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.

**13. Levy Exempt Provision**

Opening balance	6 629	5 776
Transfer to discretionary income	(1 207)	(1 257)
Additional provision created	2 023	2 110
<b>Closing balance</b>	<b>7 445</b>	<b>6 629</b>

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.

**14. Operating lease liability**

Opening balance	442	-
Recognition of accruals due to commencement of lease contracts	1 431	442
<b>Closing balance</b>	<b>1 873</b>	<b>442</b>

In the previous years the lease liability for the office premises was smoothed over the lease term to equalise the future escalations in the lease payments. In the year under review the smoothing of lease payments was undertaken for the three new long-term lease agreements which were effective from 01 April 2021. The lease period for the remainder of the other long-term leases started in March/April 2022. This was for office space leases which were finalised during March/ April 2022.

Refer to note 24.

## 15. Investment income

Interest income from banking institutions	18 648	14 448
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## 16. Other income

Mandatory grants received from Services SETA	224	168
Recovery of mandatory grant payment	642	674
Write off of old debts due to prescription and refunds	250	684
	<b>1 116</b>	<b>1 526</b>

## 17. Allocation of Net Surplus for the year to reserves 31 March 2023

	Total per Statement of Financial Performance	Administration Reserve	Employment Grant Reserve	Discretionary Grant Reserve
Admin levy income (10.5%)	84 833	84 833	-	-
Grant levy income (69.5%)	562 195	-	161 417	400 778
Government levy income	272 157	129 913	-	142 244
Skills development: penalties and interest	4 374	-	-	4 374
Investment income	18 648	-	-	18 648
Other Income	1 116	1 116	-	-
	<b>943 323</b>	<b>215 862</b>	<b>161 417</b>	<b>566 044</b>
Administration Expenses	(182 314)	(182 314)	-	-
Employer grants and project expenses	(758 743)	-	(102 103)	(656 640)
	<b>2 266</b>	<b>33 548</b>	<b>59 314</b>	<b>(90 596)</b>

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).

## Allocation of surplus for the year ended 31 March 2022

	Total per Statement of Financial Performance	Administration Reserve	Employment Grant Reserve	Discretionary Grant Reserve
Admin levy income (10.5%)	76 373	76 373	-	-
Grant levy income (69.5%)	506 995	-	145 543	361 452
Government levy income	162 191	99 329	-	62 862
Skills development: penalties and interest	8 358	-	-	8 358
Investment income	14 448	-	-	14 448
Other Income	1 526	1 526	-	-
	<b>769 891</b>	<b>177 228</b>	<b>145 543</b>	<b>447 120</b>
Administration Expenses	(162 119)	(162 119)	-	-
Employer grants and project expenses	(807 148)	-	(96 073)	(711 075)
	<b>(199 376)</b>	<b>15 109</b>	<b>49 470</b>	<b>(263 955)</b>

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).

	2023 R'000	2022 R'000
<b>18. Revenue from non-exchange transactions</b>		
<b>Levy income: Administration</b>		
Levies received from SARS	84 833	76 373
Government levies received	129 913	99 329
<b>Total</b>	<b>214 746</b>	<b>175 702</b>
<b>Levy income: Employer Grants</b>		
Levies received from SARS	161 554	145 418
Inter-SETA transfer in	4	380
Inter-SETA transfer out	(141)	(255)
<b>Total</b>	<b>161 417</b>	<b>145 543</b>
<b>Levy income: Discretionary Grants</b>		
Levies received from SARS	399 910	359 885
Government levies received	142 244	62 862
Transfers from levy exempt	1 207	1 257
Interest	2 647	4 173
Penalties	1 727	4 185
Inter-SETA transfer in	11	940
Inter-SETA transfer out	(350)	(630)
<b>Total</b>	<b>547 396</b>	<b>432 672</b>
<b>Total Skills Development Levy Income</b>	<b>923 559</b>	<b>753 917</b>
<b>19. Employer grant and project expenses</b>		
Mandatory Grants	102 103	96 073
Movement in provision	(3 172)	1 281
Disbursed	105 275	94 792
Discretionary Grants	661 172	711 075
Discretionary Grants	661 172	711 075
	<b>763 275</b>	<b>807 148</b>

	2023 R'000	2022 R'000
<b>20. General expenses</b>		
Advertising, marketing and promotions and communication	1 152	1 981
Audit committee fees	299	346
Bank charges	272	5
Branding	3 253	1 535
Catering and refreshments	397	154
Cleaning	1 133	1 098
Consulting and professional fees	116	1 077
Consumables	302	219
Courier and postage	192	476
Groceries	97	47
Insurance	554	558
Legal Fees	151	337
Management of fraud hotline	23	28
Motor vehicle expenses	54	24
Office move	113	186
Printing and stationery	1 055	176
Programme evaluations and AQP	2 193	706
QCTO	3 638	2 556
Recruitment costs	129	99
Remuneration to members of the Accounting Authority	1 909	1 880
Repairs and maintenance	654	4
Research and development costs	1 213	1 099
Security	137	25
Social responsibility	39	-
Software support	3 402	3 493
Staff Bursaries	943	214
Staff training and development	449	1 204
Staff welfare	125	241
Storage	44	14
Subscriptions	449	402
Telephone and fax	1 657	1 532
Travel, subsistence and accomodation	4 191	2 499
Water and electricity, rates and taxes	2 970	1 724
Workshops	5 617	2 601
	<b>38 922</b>	<b>28 540</b>

	2023 R'000	2022 R'000
<b>21. Employee related costs</b>		
Basic salaries	87 112	81 092
Bonus	10 494	11 797
Temporary staff and interns	2 609	2 002
Leave expense	(34)	1 194
Medical aid - company contributions	3 736	3 320
Defined contribution plans	12 836	11 821
SDL	1 028	959
UIF	324	316
Workmens compensation	146	293
Cellphone allowances	434	912
	<b>118 685</b>	<b>113 706</b>
<b>Number of employees at period end:</b>		
Permanent	150	148
Temporary	7	5
Internships	8	5
	<b>165</b>	<b>158</b>

## 22. Contingencies

### Contingent Asset:

21.1 The HWSETA received an email from one learnership beneficiary raising concerns about an incomplete project with Africa Connect (Employer) & Kgosigadi (Service Provider). The service provider claims that an amount of R 900 000 paid to the employer was not paid to the service provider. This matter is currently being investigated and the HWSETA may recover the R 900 000 from the employer.

### Contingent Liabilities:

21.2 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 from 2019. Total possible further cost amounts to R250 000 once the trial begins.

21.3 The CCMA matter relating to an application by an ex-employee on payment by HWSETA of their settlement amount which the HWSETA had paid into a bank account not nominated by the employee was finalised with the ruling being made in the ex-employee's favour. The HWSETA was instructed to pay the ex-employee's legal costs. There has been no correspondence from the ex-employee's legal representatives on the quantum of the amount. Furthermore, the HWSETA had paid an amount of R82 640 to the Acting Sheriff to be held in the trust account. The HWSETA has commenced with the claiming of the money held in the trust account as the ex-employee has not pursued the matter.

21.4 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 "BUSA") 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 BUSA 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 BUSA 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.

21.5 HWSETA was served with Summons during May 2022. HWSETA is being sued by True Harvest that seeks inter alia compensation for damages to the effect that: True Harvest suffered financial, and reputational loss:

### Costs for professional services

The estimate in legal costs in this matter from now until the period ending March/April 2024 is as follows:

- To their fees: R250 000.00
  - To Counsel fees: R300 000.00
- The Attorneys have indicated that it is almost impossible to estimate the legal costs from now until finality of the matter due to other legal factors that may factor into this case as it progresses, thus the estimate is only until March/April 2024.

The matter is ready for pre-trial conference with the purpose of narrowing down the issues in dispute between the parties and attempt to reach an agreement on whether the matter will proceed on merits or quantum, or both.

In relation to the publication of the SDP's accreditation certificate and number on HWSETA website, this will depend on the existence of legal duty imposed by relevant policy or statute, in the absence of same the HWSETA stand great chances of winning.

21.1 In terms of the PFMA, all surplus funds as at year-end may be forfeited to National Treasury. Formal approval will be sent to the DHET to apply to retain surplus funds for 2022-23. At 31 March 2023 the HWSETA has commitments raised for R1 120 billion.

Calculation in terms of Paragraph 3.2 of the National Treasury Instruction No. 12 of 2020/2021

Cash and cash equivalent	331 987 000
Add: Receivables	78 435 000
Less: Payables	(102 112 000)
	<b>308 310 000</b>

Formal approval was obtained from the Minister of DHET to retain the surplus funds from the 2021-22 financial year.

Calculation in terms of Paragraph 3.2 of the National Treasury Instruction No. 12 of 2020/2021

Cash and cash equivalent	370 932 000
Add: Receivables	40 264 000
Less: Payables	(100 429 000)
	<b>310 768 000</b>

During the audit of the 2022 - 23 Annual Financial Statements it was brought to the attention of the HWSETA that the approval of surpluses may need to be approved by the National Treasury instead of

DHET. This matter is currently being addressed and not yet finalised by by the National Treasury instead of DHET. There is a possibility that the surplus utilised of R 188 000 000 of the total of R 310 768 000 may be considered to irregular expenditure.

## 23. Commitments

### Discretionary reserve

R 1,132 billion has been approved and allocated for future projects and skills priorities as set out below:

Projects	NSDS Objectives and indicators	Opening Commitments 2022-2023	Approved by Accounting Authority 2022-2023	Project funding approved but not committed as at 31 March 2023	Decommitments 2022-2023	Recommitments 2022-2023	Utilised 2022-2023	Closing commitments 2022-2023
Learnerships (Employed and unemployed)	Indicator 3	256 324	-	-	(43 634)	-	(3 560)	209 130
SME Funding	Indicator 10	8 989	-	-	-	-	(180)	8 809
Public Sector Education and Training	Indicator 14	26 632	-	-	(17 864)	-	-	8 768
Internships, Work experience and Work Intergrated Learning	Indicator 7	123 806	-	-	(37 302)	-	(15 318)	71 186
Vocational training to TVET and other public colleges	Indicator 17	82 678	-	-	(70 668)	-	(568)	11 442
Artisan training (Employed and Unemployed)	Indicator 4	51 478	-	-	-	-	(17 350)	34 128
Artisan training (Employed and Unemployed)	Indicators 4 & 26	7 025	-	-	(264)	-	(5 752)	1 009
Undergraduate Bursary Funding (Employed and Unemployed)	Indicator 6	4 843	-	-	-	1 322	-	6 165
Skills Programmes (Employed and Unemployed)	Indicator 8	44 910	-	-	(5 370)	-	(8 142)	31 398
Adult Education and Training (Employed and Unemployed)	Indicator 21	796	-	-	(796)	-	-	-
Adult Education and Training (Employed and Unemployed)	Indicator 21 & 31	986	-	-	(986)	480	-	480
Levy Exempt Support	Indicator 22	19 358	-	-	(3 287)	-	(10 595)	5 476
Post Graduate Bursaries (Employed)	Indicator 6 (1) & 6 (2)	4 836	-	-	-	-	(4 552)	284
Research Projects	Indicator 13	5 563	-	-	-	-	-	5 563
RPL Funding	Indicator 25	1 090	-	-	-	-	-	1 090
NGO, NPO and Trade Union Funding	Indicator 11	120	-	-	-	-	-	120
Lecturer Development (TVET and Public colleges)	Indicator 16	339	-	-	(318)	-	-	21

Projects	NSDS Objectives and indicators	Opening Commitments 2022-2023	Approved by Accounting Authority 2022-2023	Project funding approved but not committed as at 31 March 2023	Decommitments 2022-2023	Recommitments 2022-2023	Utilised 2022-2023	Closing commitments 2022-2023
Cooperatives	Indicator 9	(681)	-	-	-	681	-	-
Accreditation and Moderation Projects	Indicator 19	1 850	-	-	(525)	-	-	1 325
Partnerships	Indicator 23	14 444	-	-	(1 698)	-	(5 730)	7 016
Learnerships and Skills Programmes (Employed and Unemployed)	Indicators 3 & 8	14 727	-	-	(295)	-	-	14 432
Trade Union Support	Indicator 11 (2)	7 617	-	-	(2 679)	-	(3 131)	1 807
Learnerships - Public Sector Education and Training	Indicator 14 & 3	12 941	-	-	(3 488)	-	(2 407)	7 046
Partnerships - Public Sector Education and Training	Indicator 14 & 23	2 169	-	-	(2 169)	-	-	-
NGO and NPO support/ Levy Exempt	Indicators 22 & 11.1	(329)	-	-	-	329	-	-
NGO and NPO support	Indicator 11 (1)	8 688	-	-	-	-	(1 376)	7 312
Undergraduate Bursary Funding (Employed)	Indicators 6.4 & 6.5	12 822	-	-	(6 370)	-	(1 351)	5 101
Skills Programmes (Employed and Unemployed)	Indicator 8 & 30	28 302	-	-	(82)	-	(15 018)	13 202
Work Intergrated Learning (TVET and Public Colleges)	Indicator 28 (1)	147 659	-	-	(20 848)	-	(56 887)	69 924
Work Intergrated Learning (University Students)	Indicator 32 (1)	41 195	-	-	(11 666)	-	(20 262)	9 267
Undergraduate Bursaries (Unemployed)	Indicators 27.4 & 27.5	26 567	-	-	(16 765)	-	(7 430)	2 372
Learnerships (Employed and Unemployed)	Indicators 3 & 29	52 694	-	-	(3 668)	-	(15 755)	33 271
Post Graduate Bursaries (Unemployed and Employed)	Indicator 27.1, 27.2, 6.1 & 6.2	664	-	-	-	-	-	664
Partnerships - Internship Funding	Indicators 23 & 7	440	-	-	(440)	-	-	-
Partnerships - Learnerships for Unemployed	Indicators 29 & 23	851	-	-	(851)	-	-	-
Mid level Skills - Vocational Training	Indicator 1 & 17	31	-	-	(31)	-	-	-
Mid level Skills	Indicator 1	2 775	-	-	(32)	-	(2 555)	188

Projects	NSDS Objectives and indicators	Opening Commitments 2022-2023	Approved by Accounting Authority 2022-2023	Project funding approved but not committed as at 31 March 2023	Decommitments 2022-2023	Recommitments 2022-2023	Utilised 2022-2023	Closing commitments 2022-2023
Artisan training (Unemployed)	Indicator 26	1 966	-	-	(1 966)	-	-	-
Mid level skills (Learnerships for Unemployed)	Indicators 1 & 29	941	-	-	(941)	-	-	-
Mid level skills (Learnerships for Unemployed)	Indicators 1 & 29	265	-	-	(265)	-	-	-
Research Projects	Indicator 12	267	-	-	-	-	-	267
Post Graduate Bursaries (Unemployed)	Indicator 27 (1) & 27 (2)	2 400	-	-	(1 725)	-	(512)	163
Adult Education and Training (Employed)	Indicator 21(1)	1 340	-	-	-	-	-	1 340
Adult Education and Training (Unemployed)	Indicator 31(1)	1 350	-	-	-	-	(1 304)	46
Undergraduate Bursaries (Employed)	Indicator 6 (4) & 6 (5)	23 625	-	-	(4 304)	-	(10 731)	8 590
Internships (Unemployed)	Indicator 7 (1)	69 861	-	-	-	-	(48 418)	21 443
Lecturer Development (TVET and Public colleges)	Indicator 16 (1)	463	-	-	-	-	(215)	248
Artisan Training - (Employed)	Indicator 4 (1)	8 547	-	-	-	-	(7 782)	765
Skills Programmes (Employed)	Indicator 8 (1)	32 489	-	-	-	-	(9 408)	23 081
Skills Programmes (Unemployed)	Indicator 30 (1)	(334)	-	-	-	334	-	-
Learnerships (Employed)	Indicator 3 (1)	37 500	-	-	-	-	(32 476)	5 024
Learnerships (Unemployed)	Indicator 29 (1)	91 360	-	-	-	-	(50 235)	41 125
Undergraduate Bursaries (Unemployed)	Indicator 27 (4)	157 351	-	-	(540)	-	(109 821)	46 990
Lecturer Development (TVET and Public colleges)	Indicator 16 (1)	-	500	(112)	-	208	-	596
Work Integrated Learning (TVET and Public colleges)	Indicator 28 (1)	-	25 346	(1 468)	-	-	(5 997)	17 881

Projects	NSDS Objectives and indicators	Opening Commitments 2022-2023	Approved by Accounting Authority 2022-2023	Project funding approved but not committed as at 31 March 2023	Decommitments 2022-2023	Recommitments 2022-2023	Utilised 2022-2023	Closing commitments 2022-2023
Partnership - Public Sector Education and Training	Indicator 23	-	-	-	-	9 905	(6 370)	3 535
Internships (Unemployed)	Indicator 7 (1)	-	52 560	(6 728)	-	340	(6 393)	39 779
SME Funding	Indicator 10	-	10 240	(518)	-	-	(6 204)	3 518
Levy Exempt Support	Indicator 22	-	4 760	(860)	-	-	(3 100)	800
Vocational Training to TVET and other Public colleges	Indicator 17 (1)	-	50 560	(9 146)	-	3 032	-	44 446
Skills Programmes	Indicator 8 (1)/30 (1)	-	42 680	-	-	39 928	(52 265)	30 343
Learnerships (Employed and Unemployed)	Indicator 3 (1)/29 (1)	-	157 700	-	-	15 953	(68 464)	105 189
Work Integrated Learning - University students	Indicator 32 (1)	-	11 000	(88)	-	-	-	10 912
Artisan training (Employed and Unemployed)	Indicator 26 (1)/4 (1)	-	23 450	-	-	4 328	(16 615)	11 163
Adult Education and Training (Employed and Unemployed)	Indicator 21 (1)/31 (1)	-	3 808	(664)	-	-	(1 006)	2 138
Undergraduate Bursaries (Unemployed)	Indicator 27 (4)/27 (5)	-	94 250	-	-	22 186	(2 514)	113 922
Undergraduate Bursaries (Employers)	Indicator 6 (4)/6 (5)	-	21 589	(2 132)	-	-	(1 138)	18 319
Trade Union Support	Indicator 11 (2)	-	5 192	(1 204)	-	-	(1 567)	2 421
Post Graduate Bursaries (Unemployed and Employed)	Indicator 6 (1)(2)/27 (1)(2)	-	12 227	-	-	-	(6 146)	6 081
Recognition of iPrior Learning	Indicator 25	-	14 635	-	-	-	(11 980)	2 655
Assessor/ Moderator Training	Indicator 19	-	621	-	-	-	(572)	49
World Skills	DHET - HWSETA SLA	-	-	-	-	3 324	(2 292)	1 032
		<b>1 444 590</b>	<b>531 118</b>	<b>(22 920)</b>	<b>(261 837)</b>	<b>102 350</b>	<b>(661 444)</b>	<b>1 131 857</b>

	2023 R'000	2022 R'000
Total Discretionary Grants Committed (Contracted only)	1 131 857	1 444 589

The HWSETA has committed 366% of reserves in 2022-2023. In prior years these commitments were released over a period of 2 to 3 years, which allowed the HWSETA sufficient time to build up funds to make good on all of its commitments. In the recent years the rate of release of commitments has been much quicker thus the rate of cash outflow has been faster than it was in previous years. The HWSETA has put measures in place to manage the overcommitted state to ensure that sufficient funds are available when needed to make good on commitments that become due. The Grant Regulations requires SETA's to commit at least 95% of its reserves each financial year.

## 24. Operating lease commitments

**At the balance sheet date, HWSETA has outstanding commitments under non-cancellable operating lease which fall due as follows:**

Not later than one year	14 139	14 158
Later than one year but not later than five years	46 434	57 933
	<b>60 573</b>	<b>72 091</b>

Refer to note 14.

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

Office	Effective date	Termination date	Escalation Rate
Head Office - Gauteng	01 March 2022	28 February 2027	7%
Northern Cape - Kimberley	01 March 2022	28 February 2027	10%
Eastern Cape - East London	01 April 2021	31 March 2026	8%
Mpumalanga - Nelspruit	01 April 2021	31 March 2026	7%
North West - Mafikeng	01 March 2022	28 February 2027	7%
Gauteng - Midrand	01 February 2022	30 June 2023	N/a
KZN - Durban	01 March 2022	28 February 2027	8%
Western Cape - Cape Town	01 March 2022	28 February 2027	6%
Free State - Bloemfontein	01 April 2021	31 March 2026	6,50%
Limpopo - Polokwane	01 March 2023	28 February 2028	6%

## 25. Fruitless and wasteful expenditure

Incurrred during the period	1 172	21
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## 26. Irregular expenditure

Irregular appointment of Board members	703	668
Incurrred due to non-compliance with supply chain processes	3 301	-
<b>Total</b>	<b>4 004</b>	<b>668</b>

The Accounting Authority granted the approval for the removal of irregular expenditure in relation to the irregular appointment of Board Members that were not appointed in accordance to the Skills Development Act, 97 of 1998 as amended.

R 2 849 730 was identified as possible irregular expenditure in relation to amounts paid to entities that have been deregistered by CIPC. This is under assessment as management does their investigations.

## 27. Events after the reporting date

There were no events after balance sheet date identified.

## 28. Going concern

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

## 29. 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 utilized 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		
<b>Period end - 2023</b>				
<b>Total financial assets</b>				
Cash and cash equivalents	331 987	5,60 %	-	331 987
Accounts receivables	-	-	14 998	14 998
Total financial liabilities	-	-	(24 975)	(24 975)
	<b>331 987</b>		<b>(9 977)</b>	<b>322 010</b>
<b>Period end - 2022</b>				
<b>Total financial assets</b>				
Cash and cash equivalents	370 932	3,90 %	-	370 932
Accounts receivables	-	-	8 143	8 143
Total financial liabilities	-	-	(28 022)	(28 022)
	<b>370 932</b>		<b>(19 879)</b>	<b>351 053</b>

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:

	2023 R'000	2022 R'000
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	331 987	370 932
Accounts receivables from exchange transactions	3 533	3 469
Accounts receivables from non exchange transactions	11 465	4 674
	<b>346 985</b>	<b>379 075</b>
<b>Financial liabilities at amortised cost</b>		
Payables from exchange transactions	(5 027)	(9 460)
Payables from non exchange transactions	(19 948)	(18 562)
	<b>(24 975)</b>	<b>(28 022)</b>

### 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 July 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)
<b>Financial institution</b>	
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

BB + 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.

### The aging of receivables:

	2023		2022	
	Gross	Impairment	Gross	Impairment
<b>Not past due</b>				
0-30 days	607	-	702	-
31-120 days	7 265	-	-	-
120-365 days	-	-	-	-
Over a year	7 126	-	7 441	-
<b>Carrying amount</b>	<b>14 998</b>	<b>-</b>	<b>8 143</b>	<b>-</b>

### 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.

### Not past due

0-30 days	2 248	-	6 917	-
31-120 days	2 779	-	2 371	-
120-365 days	-	-	172	-
Over a year	19 948	-	18 562	-
<b>Carrying amount</b>	<b>24 975</b>	<b>-</b>	<b>28 022</b>	<b>-</b>

### 30. Levy Contributing Departments

Since 1 April 2013, the National Department of Health and National Department of Social Development including the respective Provincial Departments have contributed levies to the HWSETA. This is in line with the Grant Regulations and related Cabinet Circular which became effective from 01 April 2013. In terms of the Grant Regulations and Cabinet Circular the departments must contribute a levy to the relevant SETA. The levy is 30% of 1% of their training budget (being 1% of their approved payroll budget). At the beginning of each financial year the HWSETA invoices the departments based on the payroll figures submitted by the departments to the HWSETA. Some departments settle their invoices in full while others make partial payments or simply default. A third of the receipts is allocated towards the administration/ operations of the HWSETA, with the remaining two thirds being allocated to discretionary grant funding. The HWSETA also funds some of the Health and Social Development projects through discretionary funding to fulfil some of its mandate.

Below are transactions with the National Department Health and National Department of Social Development including the respective Provincial Departments. These transactions relate mainly to levies invoiced and received as well as payments for discretionary funded projects.

	2023		2022		2023	2022
	Total contributions received R'000	Total contributions expected R'000	Total contributions received R'000	Total contributions expected R'000	Discretionary Grants Paid R'000	Discretionary Grants Paid R'000
<b>National</b>						
Health	2 362	2 622	2 536	2 536	-	-
Social Development	1 522	1 522	1 532	1 532	-	-
<b>Provincial</b>						
<b>Western Cape</b>						
Health	6 873	6 873	6 601	19 803	461	646
Social Development	2 983	2 983	2 788	2 788	-	-
<b>Eastern Cape</b>						
Health	12 247	12 247	10 649	31 947	-	6 689
Social Development	3 853	3 853	5 587	5 587	214	4 470
<b>Gauteng</b>						
Health	25 819	25 819	24 636	73 908	2 107	5 839
Social Development	5 791	5 791	5 782	6 086	-	-
<b>Free State</b>						
Health	25 332	25 332	22 000	22 000	691	5 074
Social Development	2 153	2 153	2 192	2 192	2 262	2 274
<b>Northern Cape</b>						
Health	10 157	10 157	-	-	1 353	4 491
Social Development	1 402	1 402	1 410	1 410	380	1 377
<b>Mpumalanga</b>						
Health	29 526	29 526	22 451	27 777	6 433	-
Social Development	-	-	-	-	-	-
<b>Limpopo</b>						
Health	72 599	29 709	400	20 235	1 298	-
Social Development	11 036	3 751	-	-	968	656

	2023		2022		2023	2022
	Total contributions received R'000	Total contributions expected R'000	Total contributions received R'000	Total contributions expected R'000	Discretionary Grants Paid R'000	Discretionary Grants Paid R'000
<b>Kwa-Zulu Natal</b>						
Health	23 248	23 248	23 248	23 248	1 353	12 333
Social Development	4 182	4 182	4 033	4 033	2 262	1 465
<b>North West</b>						
Health	27 932	27 932	23 210	26 729	2 500	2 700
Social Development	3 142	3 142	3 136	3 136	374	-
	<b>272 159</b>	<b>222 244</b>	<b>162 191</b>	<b>274 947</b>	<b>22 656</b>	<b>48 014</b>

### 31. Related parties

#### Relationships

Controlling entity: Department of Higher Education Science and Innovation

The Executive Authority of the HWSETA is the Department of Higher Education Science and Innovation. There were no transactions with the Department of Higher Education Science and Innovation.

#### Related persons

Transactions with other SETAs, who are entities under common control. The HWSETA is a National Public Entity controlled by the DHET, it is considered to be related to other SETAs, the 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.

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

The disclosure of Remuneration made in terms of Board Members, Audit Committee Members and Senior Management have been disclosed under note 34 of the Annual Financial Statements.

#### 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.

#### Related party balances and commitments

##### SETAs

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

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

Related Party	2023		2022	
	Transfers in (out) during the year R'000	Amount receivable/ (payable) R'000	Transfers in/(out) during the year R'000	Amount receivable/ (payable) R'000
<b>Receivables</b>	<b>15</b>	<b>2 000</b>	<b>1 320</b>	<b>2 712</b>
W&R Seta	-	124	838	851
MICT Seta	-	25	25	25
Inseta Seta	-	454	454	454
Services Seta	-	3	3	3
LG Seta	-	214	-	214
ETDP	-	1 165	-	1 165
CHIETA	9	9	-	-
FASSET	6	6	-	-
<b>Payables</b>	<b>(491)</b>	<b>(1 450)</b>	<b>(885)</b>	<b>(959)</b>
Merseta	(2)	(211)	(184)	(209)
MICT Seta	-	(11)	(11)	(11)
Teta Seta	(346)	(422)	(76)	(76)
Services Seta	(20)	(261)	(241)	(241)
Food Beverage Seta	-	(4)	-	(4)
Agri Seta	-	(5)	(5)	(5)
MQA Seta	-	(92)	(92)	(92)
Inseta	-	(3)	(3)	(3)
CHIETA	(123)	(326)	(203)	(203)
W&R Seta	-	(45)	-	(45)
CETA	-	(70)	(70)	(70)
<b>Total</b>	<b>(476)</b>	<b>541</b>	<b>435</b>	<b>1 753</b>
<b>Discretionary projects</b>				
Bank Seta			274	274
ETDP Seta			4 400	4 400
			<b>4 674</b>	<b>4 674</b>

## Universities, TVETs, CETs and Higher Health

Financial year 2023	Universities	TVETs	CETs	Higher Health	Total
Total receivables	-	-	-	-	-
Total commitments balance	118 069	29 077	198	9 983	157 327
Accounts payable	-	-	-	-	-

## Financial year 2022

Total receivables	-	-	-	-	-
Total commitments balance	156 965	22 735	15 940	6 605	202 245
Accounts payable	-	-	-	-	-

	2023 R'000	2022 R'000
<b>32. Reconciliation of net cash flow from operating activities to net deficit</b>		
Deficit	(2 266)	(199 376)
<b>Adjustments for:</b>		
Depreciation and amortisation	2 616	2 629
Movements in operating lease assets and accruals	1 431	442
Movements in provisions	1 393	4 878
Interest income	(18 648)	(14 448)
Levy exempt provision - Current year	2 022	2 110
Levy exempt reversals	(1 207)	(1 257)
Other non-cash items	36	(2)
<b>Changes in working capital:</b>		
Inventories	85	73
Receivables from exchange transactions	(64)	-
Other receivables from non-exchange transactions	(5 316)	(377)
Statutory receivables	(32 537)	-
Prepayments and advances	(254)	-
Trade and other payables - Exchange transactions	(4 434)	(27 761)
Grants and transfers payable (non-exchange)	2 478	-
	<b>(54 665)</b>	<b>(233 089)</b>

### 33. Critical accounting judgement and key sources of estimation uncertainty

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

#### Key sources estimation uncertainty

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

#### 1. Property, Plant and Equipment

The HWSETA reviews the estimated useful lives of property, plant and Equipment at the annual reporting period, refer to note 7 for the carrying values of property, plant and equipment.

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 12.

### 34. Segment reporting

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

- (a) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- (b) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- (c) 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 (b). Therefore this has not been reported on.

### 35. Board remuneration

#### Members remuneration 2023

Names	Designation	Allowances	Travel and Subsistence Allowance		Total R'000
		Meeting Attendance and Preparation R'000	Reimbursement R'000	Cell Phone R'000	
Dr. NV Mnisi	Chairperson	294	39	13	346
Dr. N Ndzwayiba	Board member	83	-	-	83
Mr. SR Kgara	Board member	101	-	-	101
Dr. JK Mothudi	Board member	164	-	7	171
Ms. N Xulu	Board member	92	6	-	98
Ms. DM Sebopa	Board member	3	-	-	3
Ms. TA Mbotshane	Board member	116	-	7	123
Dr. LD Marutle	Board member	237	-	7	244
Ms. BP Malope	Board member	113	8	-	121
Ms. L Harie	Board member	158	1	-	159
Ms. LP Duma	Board member	148	-	7	155
Dr. S Kabane	Board member	105	-	-	105
Mr C Mntwini	Board member	8	1	-	9
Mr KS Sodidi	Board member	5	-	-	5
		<b>1 627</b>	<b>55</b>	<b>41</b>	<b>1 723</b>

#### Members remuneration 2022

Names	Designation	Allowances	Travel and Subsistence Allowance		Total R'000
		Meeting Attendance and Preparation R'000	Reimbursement R'000	Cell Phone R'000	
Dr. NV Mnisi	Chairperson	308	6	13	327
Dr. N Ndzwayiba	Board member	91	-	-	91
Mr. SR Kgara	Board member	96	-	-	96
Dr. JK Mothudi	Board member	198	-	6	204
Ms. N Xulu	Board member	113	-	-	113
Ms. DM Sebopa	Board member	48	-	-	48
Ms. TA Mbotshane	Board member	192	-	6	198
Dr. LD Marutle	Board member	229	-	6	235
Ms. BP Malope	Board member	98	8	-	106
Ms. L Harie	Board member	170	-	-	170
Ms. LP Duma	Board member	192	-	6	198
Dr S Kabane	Board member	71	-	-	71
		<b>1 806</b>	<b>14</b>	<b>37</b>	<b>1 880</b>

#### Independent Audit Committee Member Remuneration 2023

Names	Designation	Meeting and Attendance R'000	Travel and Subsistence Allowances R'000	Total R'000
Mr. CG Higgins	Independent member/Chairperson	116	1	117
Ms. MI Mathatho	Independent member/Deputy Chairperson	85	2	87
Mr. W Carrim	Independent member	94	1	95
		<b>295</b>	<b>4</b>	<b>299</b>

#### Independent Finance, remuneration and Tender Committee Member Remuneration

Name	Designation	Meeting allowance	Travel and Subsistence	Total
Ms Y Pamla	Independent co-opted member	100	-	100

#### Independent Audit Committee Member Remuneration 2022

Names	Designation	Meeting Attendance R'000	Travel and Subsistence Allowances R'000	Total R'000
Mr. CG Higgins	Independent member/ Chairperson	140	-	140
Ms. MI Mathatho	Independent member/Deputy Chairperson - 2 months	52	-	52
Mr. W Carrim	Independent member - 2 months	130	-	130
		<b>322</b>	<b>-</b>	<b>322</b>

#### Independent Finance, remuneration and Tender Committee Member Remuneration

Name	Designation	Meeting and Attendance	Travel and Subsistence Allowances	Total
Ms GP Mnguni	Independent co-opted member	7	-	7
Ms Y Pamla	Independent co-opted member	16	-	16
		<b>23</b>	<b>-</b>	<b>23</b>

**Senior Management Remuneration 2023**

Names	Designation	Basic R'000	Travel R'000	Cell Phone R'000	Bonus R'000	Total R'000
Mrs. E Brass	Chief Executive Officer	2 187	120	14	205	2 526
Ms. Z Mafata	Chief Financial Officer	1 965	-	4	173	2 141
Mr. AK Pardesi	Executive - Corporate Services	1 969	12	10	193	2 183
Mr. C Peters	Executive - Provincial Offices	1 587	144	10	169	1 910
Mr. SB Gcabashe	Executive - SDP	1 744	120	3	182	2 049
Ms. BJ Motubatse	Executive - ETQA	1 544	120	5	147	1 816
Ms. B Plaatjie	Executive - RIME	1 569	66	11	160	1 806
		<b>12 565</b>	<b>582</b>	<b>57</b>	<b>1 229</b>	<b>14 431</b>

**Senior Management Remuneration 2022**

Names	Designation	Basic R'000	Travel R'000	Cell Phone R'000	Bonus R'000	Total R'000
Mrs. E Brass	Chief Executive Officer	1 923	120	15	228	2 286
Ms. Z Mafata	Chief Financial Officer	1 652	-	9	167	1 828
Mr. AK Pardesi	Executive - Corporate Services	1 616	12	6	186	1 820
Mr. C Peters	Executive - Provincial Offices	1 312	144	9	147	1 612
Mr. SB Gcabashe	Executive - SDP	1 447	120	3	175	1 745
Ms. BJ Motubatse	Executive - ETQA	1 280	120	5	141	1 546
Ms. B Plaatjie	Executive - RIME	1 309	66	8	154	1 537
		<b>10 539</b>	<b>582</b>	<b>55</b>	<b>1 198</b>	<b>12 374</b>

**63. Reconciliation between budget information**

Net deficit per the statement of financial performance	(2 264)
Participation on mandatory grants	2 770
Utilisation of reserves for discretionary grants	(56 471)
Underspending on administration expenses	3 280
	<b>(52 685)</b>
Under budget collection of revenue plus transfer of reserves	64 685
<b>Net surplus per approved budget before capital expenditure</b>	<b>12 000</b>

**FACTORS RESULTING IN MAJOR VARIANCES BETWEEN ACTUAL COSTS AND BUDGETED COSTS:**

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

- Actual interest received is higher than budget due to increases in the repo rate announced by the Reserve Bank during the year under review. Furthermore, there were no withdrawals from the CPD Account thus the increase in the repo rate had a positive impact on the interest earned.
- Levy income is higher than budget for both skills development levy as well government levy receipts. For skills development levy current year receipts exceeded prior year receipts by 10% and are higher than pre- covid levels. This is an indication that the sector has recovered from covid-19 challenges. Government levy income exceeded budget due to management's efforts to follow up and recover invoiced government levies hence a 47% positive variance.
- While discretionary grant expenditure is 7% lower than budget, the actual expenditure of R663 million is considered a good achievement as the tranche payments are based on terms of the Memorandum of Agreement signed with HWSETA employers.

4. Actual lease rental is higher than budget due to the smoothing of lease amounts that are accounted for in the reported figures.

5. General expenses

Included in general expenses are the following expenditure line items with high variances:

5.1 Branding

Branding costs were higher due to in-person events resuming and replacing virtual events post the covid-19 pandemic.

5.2 Programme evaluations and AQP

Programme evaluations and AQP are higher because externally developed learning materials not completed in the previous financial year were only completed in the year under review.

5.3 Travel, subsistence, and accommodation

The budgeting on this line item was conservative following the travel restrictions from the prior years. With things going back to normal, the expenditure was also impacted by the sharp increases in flight prices.

International travel costs for World Skills preparation and participation are also included in the expenditure reported.

5.4 Water, electricity, and rates & taxes

Water and electricity expense is higher due to increases in electricity and water tariffs levied by municipalities coupled with staff being back to full time office presence rather than working from home. Diesel charges were also levied by some landlords for backup power supplied during load shedding stages.

5.5 Workshops

Participation at workshops for the year under review was higher than anticipated resulting in expenditure being higher.

**Financial Year 2022-23**

	2022 -2023 Original Approved Budget at start of year R'000	2022- 2023 Final Approved Adjusted Budget at end of year R'000	Difference R'000	2021-2022 Original Approved Budget at start of year R'000	2021-2022 Final Approved Adjusted Budget at end of year R'000
Levy income	590 728	620 931	30 203	323 043	566 756
Government levy contributions	183 318	184 253	935	128 235	175 877
Investment income - interest	30 834	15 098	(15 736)	34 511	29 583
Retention of surplus	-	188 000	188 000	-	350 000
<b>Total income</b>	<b>804 880</b>	<b>1 008 282</b>	<b>203 402</b>	<b>485 789</b>	<b>1 122 216</b>
Administration expenditure	169 900	179 034	9 184	148 174	17 190
Mandatory grants expenditure	95 993	99 333	3 340	51 606	40 492
Discretionary grants expenditure	535 857	717 915	182 058	283 009	283 009
<b>Total expenditure</b>	<b>801 751</b>	<b>996 282</b>	<b>194 531</b>	<b>482 789</b>	<b>1 119 216</b>
Surplus for the period	3 130	12 000	8 870	3 000	3 000
Less: capital expenditure	3 130	12 000	8 870	3 000	3 000
<b>Surplus after capital expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The adjustments to the original approved budget of 2022-2023 (approved in March 2023), were made due to information available six months into the 2022-23 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) Skills development levy was revised to take into account the improved revenue trends in the 2022/23 financial year. Furthermore, results of some hospital groups whose SDL contributions comprises a significant portion of the revenue stream had shown a positive trading performance characterised by revenue and earnings growth. On the other had the inconsistencies presented by government department relating to payment of levy invoices resulted in a more conservative approach being adopted for the revenue stream.
- 2) Interest income had to be reduced significantly to take into account the reduced cash balances.
- 3) Mandatory income follows the increase in Skills Development Levy income.





 17 Bradford Road,  
Bedfordview,  
Johannesburg, 2007

 Private Bag X15,  
 Gardenview, 2047

 Tel: 011 607 6900  
Toll Free Number: 0800 864 478

 [www.hwseta.org.za](http://www.hwseta.org.za)

