



# ANNUAL REPORT

## 2017/2018



**higher education**  
Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA

ENABLING SKILLS DEVELOPMENT IN THE BANKING AND ALTERNATIVE BANKING SECTOR



**INVESTORS  
IN PEOPLE**

Evaluation

Quality

Info  
P

Audit



Assessment



“This report presents the affairs of the Banking Sector Education and Training Authority (BANKSETA) in terms of our operations, financial performance and developments across all performance targets, as set out in the predetermined objectives with the Department of Higher Education and Training (DHET).”

Department of Higher Education and Training  
Honourable Minister, Mrs Grace Naledi Mandisa Pandor  
123 Francis Baard Street  
Pretoria  
0001

Dear Honourable Minister,

**REPORT TO THE HONOURABLE MINISTER OF HIGHER EDUCATION AND TRAINING, IN TERMS OF SECTION 10 (2) OF THE PUBLIC AUDIT ACT, 2004 (ACT NO 25 OF 2004)**

In terms of the provision of section 10 (2) of the Public Audit Act of 2004, it is an honour to submit the annual report for the financial year ended 31 March 2018.

This report presents the affairs of the Banking Sector Education and Training Authority (BANKSETA) in terms of our operations, financial performance and developments across all performance targets, as set out in the predetermined objectives with the Department of Higher Education and Training (DHET).

It gives me great pleasure to announce that the Audit Committee, which was established in terms of section 40 of the Act, is satisfied with BANKSETA's audited financial statements and unmodified audit opinion.

The BANKSETA team would like to thank you for the unwavering support we have received during the performance period under review. We look forward to another dynamic financial year with challenging targets to enhance the skills development and training of the sector we prudently serve.

Yours sincerely,

Caroline King  
Acting Chief Executive Officer (CEO)

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## PUBLIC ENTITY'S GENERAL INFORMATION

**Registered Name:** Banking Sector Education and Training Authority

**Registered Number:** 02/BANKING/1/04/11

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**External Auditors:** The Auditor-General of South Africa

**The Bankers:** Nedbank Corporate Banking

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# ABOUT THIS REPORT

## THE ANNUAL REPORT

The framework for this annual report applies the principles of sustainability reporting as espoused by the King IV Code on Governance. The annual report seeks to measure, disclose and account to internal and external stakeholders for organisational performance. The report consists of a global narrative on institutional strategies to achieve its legislated mandate, financial information, risk reporting and institutional governance framework.

## REPORTING PERIOD

BANKSETA is guided by its legislated mandate, the Public Finance Management (Act No.29 of 1999) and Treasury Regulations. Its financial reporting period is, therefore, in line with the requirements of the said Acts and regulations and covers financial year 2017/18.

## ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements have been prepared on the historical cost basis and are prepared in accordance with Generally Recognised Accounting Practice (GRAP).



## LIST OF ABBREVIATIONS/ACRONYMS

<b>BANKSETA</b>	Banking Sector Education and Training Authority
<b>BASA</b>	Banking Association South Africa
<b>CBDA</b>	Cooperative Bank Development Agency
<b>CFI</b>	Cooperative Financial Institutions
<b>DBSA</b>	Development Bank South Africa
<b>FAIS</b>	Financial Advisory and International Services Act
<b>HEI</b>	Higher Education Institution
<b>AB</b>	Alternative Banking
<b>IT</b>	Information Technology
<b>NEET</b>	Not in Education, Employment or Training
<b>NQF</b>	National Qualifications Framework
<b>NSDS III</b>	National Skills Development Strategy
<b>PIVOTAL</b>	Professional, Vocational, Technical and Academic Learning
<b>RPL</b>	Recognition of Prior Learning
<b>QCTO</b>	Quality Council for Trade and Occupations
<b>SARB</b>	South African Reserve Bank
<b>SARS</b>	South African Revenue Service
<b>SETA</b>	Sector Education and Training Authority
<b>SMEs</b>	Small and Medium Enterprises
<b>SSP</b>	Sector Skills Plan
<b>TVET</b>	Technical and Vocational Education and Training
<b>UOT</b>	University of Technology
<b>WIL</b>	Work Integrated Learning
<b>WSP</b>	Workplace Skills Plan
<b>ATR</b>	Annual Training Report
<b>YES</b>	Youth Employment Service



## CHAIRPERSON'S REPORT

I feel immensely privileged to be affixing my signature to this document, as it speaks from every page of another successful year in the life of one of South Africa's traditionally best-performing Sector Education and Training Authorities (SETAs).

Operating in a sector whose reputation relies on the integrity with which it deals with customers and members of the public and whose success is dependent on its forward-thinking and innovative approach to business, it is only fitting that its SETA should also be a leader, with a progressive outlook to meeting the challenges of a dynamic, technology-fuelled sector and with stakeholder relationships founded on trust and respect.

I am tremendously honoured to be given the position of the chairmanship of the SETA at such an exciting time in South Africa's history, when the national question is increasingly the need for socio-economic reforms for redress and equality.

The last couple of years have been momentous in South Africa's history, with the need for free education having made itself felt clearly and strongly. This issue is not new – it was first documented in the Freedom Charter of 1955, which stated that the 'doors of learning and culture shall be open' and that 'education shall be free, compulsory, universal and equal for all children; higher education and technical training shall be opened to all by means of state allowances and scholarships awarded on the basis of merit'.

I believe the architects of the SETA landscape had the charter open at these words when they contemplated, in the run-up to 2000, the skills development revolution from which so many thousands of worthy South Africans have benefited over the years. Free education is not the responsibility of the Department of Higher Education and Training alone, but of society at large and SETAs are particularly well positioned to play a leading role in the movement.

The SETAs are the custodians of a varied suite of youth-development programmes designed to meet the needs of all sectors of the economy, and have done much over the years not only to upskill those for whom acquiring new skills is a gateway to a better life, but to assist unemployed learners to secure a foot in the door through learnerships, internships or other workplace-centred programmes. But there is much more we can do. And, with the youth unemployment rate above 50%, it is imperative that we do so it swiftly.

There persists to be a misalignment between what institutions of higher learning and in particular, traditional universities produce as the course design and the skills required by the market. Curriculum is more theory based than practice, resulting in a mismatch relating to the academic offering and what the workplace requires. SETAs have helped the government to shoulder the burden through their partnerships with the Technical and Vocational Education and Training (TVET) colleges, and investment in curriculum development and capacitation of lecturers to upgrade the level of tuition to produce more employable graduates.

While this is certainly positive, it is by no means sufficient. Youth unemployment should consume our thoughts every waking moment, as its impacts are so far-reaching. It will take a concerted effort on many levels addressing national skills planning to bring the situation back from the brink. During the year under review, it was heartening to see President Cyril Ramaphosa launch the Youth Employment



BANKSETA Board Chairperson: Ms Nosipho 'Mia' Makhanya

Service (YES), an initiative for which many corporates immediately signed up. YES is a lifeline for more than 1 million South Africans aged from 18 to 35, who will benefit from one-year paid on-the-job experiences or from small business development, to prepare them to start their own businesses. President Ramaphosa stated that 'our most grave and most pressing challenge is youth unemployment. It is, therefore, a matter of great urgency that we draw young people in far greater numbers into productive economic activity.' BANKSETA is committed to playing an active role in youth development.

BANKSETA has a proud history of significant programmes focused on addressing real needs in the banking sector, where professionalism and technical proficiency are paramount. With the effects of the Fourth Industrial Revolution having spread their tentacles across the economy and touching every walk of life, whether it be the way we live in our homes daily or the way we act behind our desks in the workplace, we need to be in unison with trends more so than ever.

The job profiles we know today are being turned on their heads, with as many as 41% of all work activities in South Africa susceptible to automation, as are 44% in Ethiopia, 46% in Nigeria, 48% in Mauritius, 52% in Kenya and 53% in Angola, according to a recent World Economic Forum (WEF) report on skills.

In a scenario where high-level technical skills will be the order of the day, with those affected by automation needing new skills for employability or entrepreneurship, skills planning is a vital starting point for training and development. BANKSETA has a mature and highly functional sector skills planning unit that understands that the quality of research determines the quality of all else.

As the latest BANKSETA Sector Skills Plan points out, 'changing customer needs will challenge the banks' creativity and innovation in the development of agile and relevant markets, products and services. For the sector to retain its market share, it must possess the skills necessary to offer products and services to both its local and global markets. Economic and political shifts associated with the 2019 national elections will impact how the banking sector will both manage its risks and meet regulatory compliance requirements'.

This research extends to another extremely important aspect to BANKSETA's work – the development of the alternative banking sector, which we previously referred to as 'inclusive banking'.

The focus here is on Development Financing Institutions (DFIs), cooperative banks, Cooperative Finance Institutions (CFIs), credit providers and informal saving organisations such as stokvels. These are businesses that need ongoing skills development and mentoring to prosper and thrive in a competitive economy.

Most significantly for the future of skills, the local banking industry is increasingly making inroads into Africa. BANKSETA has long taken advantage of the best that the continent has to offer through its well-regarded International Executive Development Programme (IEDP), which gives local senior management earmarked for top positions a taste of African banking in bustling banking markets, such as Kenya and Ghana.

This year, we went one expansive step further, introducing our flagship Africa Executive Development Programme, an ambitious intervention to promote skills transfer in the banking sectors of African countries.

All of this excellent work is happening against a backdrop of an imminent change in the environment from 1 April 2020, when the National Skills Development Plan (NSDP) takes over from the National Skills Development Strategy. The intention of the NSDP is to make the work of SETAs more impactful and to allow them to play a more direct, active role in skills development activities. The vision of the DHET is a single, coordinated post-school education and training (PSET) system that will assist in building a united, non-racial, non-sexist, democratic and prosperous South Africa.

This will demand several conditions, among them greater cooperation between education and training institutions and the workplace; and expanded access, improved quality and increased diversity of provision.

How SETAs will transform in this new world remains to be seen, but whether it's a series of clustering SETAs or a scenario of shared services among authorities, we are ready and emboldened by the reassurance that the SETAs will continue to be, without the short-term licensing periods that have existed since inception. The news has alleviated greatly the concern of many that the SETAs may cease to exist and indicates the value that the government places on the work of SETAs as agents for change through skills development.

As we move towards a new skills development horizon, we need to ensure that BANKSETA becomes even more entrenched in its sector and widely known across the country by promoting and facilitating partnerships between institutions of learning and employers and developing skills pipeline responding to local labour market needs.

During the 2017/18 year, we witnessed the higher education portfolio change hands three times, but for us it was business as usual. Before year-end, we welcomed Naledi Pandor as new Minister of Higher Education and Training. She has expressed her wholehearted support for the SETAs and has pledged to forge close relationships with them once she has settled in to her new role. We will certainly welcome the opportunity to introduce her to the impressive work of BANKSETA and to share with her our plans.

As I sign off on my first SETA report, my thanks go to the previous Board, whose term of office coincided with the end of the financial year under review. Thanks to its efforts and commitment, the new Board is inheriting a healthy ship more than prepared for the final leg of the NSDS III.

We appreciate the contribution made by the Acting CEO, Caroline King, in the year past and, although it is never ideal to have a person in an acting capacity in a key executive role for an extended period of time, her presence has been greatly valued.

The process to appoint a new permanent CEO is well advanced, having previously been delayed by factors beyond our control, which included the ministerial changes and the end of the tenure of the previous Board. It was decided to hold over the process until the 2018/19 year, with the hope that it will be finalised by end-September. Much preparatory work has been done and representations have been made to DHET on the preferred candidate.

Throughout her time as head of the organisation, Caroline has been supported by a team of dedicated professionals, some true SETA stalwarts who have been with BANKSETA since its early days. This stability is among the reasons that the organisation is so revered in the SETA community and has continued to enjoy the support of the sector to the point that its relationships are not those of supplier and client, but true partnerships for mutual benefit, guided by a vision of the bigger picture – the betterment of the banking sector and of South Africa.

In conclusion, I look forward to working with the new BANKSETA Board, BANKSETA staff and all the stakeholders who are the pillars of BANKSETA's success and with whom I will continuously strive to have sustainable strategic discussions and relationships for the betterment of the SETA and our country as a whole.



Ms. Nosipho 'Mia' Makhanya  
BANKSETA Board Chairperson

## ACTING CHIEF EXECUTIVE OFFICER'S STATEMENT

As is usually the case with BANKSETA, when we undertake the introspection and recapping exercise that accompanies the preparation of the annual report, we find ourselves spoilt for choice when we try to single out the most memorable event of the review year.

In 2011, it was a study tour to the Netherlands to investigate global benchmarks relating to Recognition of Prior Learning (RPL), or perhaps it was our partnership with University of Fort Hare, which created a centre of excellence in support of the Financial Markets Programme. In 2012, it could have been our appointment as the lead SETA in Free State that set the tone for collaboration with and capacitation of FET colleges, now called Technical and Vocational Education and Training (TVET) colleges. There was also the birth of our partnership with the Cooperative Bank Development Agency (CBDA) to build the capacity of Cooperative Finance Institutions (CFIs).

The tradition continues. In 2017/18, it would be difficult to top the launch of our Africa Executive Development Programme. This programme is momentous not only because of the calibre of the candidates – Africa's best – but because it is a partnership of the highest order, having evolved from collaboration with the big four banks - giving effect to the sentiments of the 2016 Global African Diaspora Summit, during which Minister Maite Nkoana-Mashabane titled her presentation 'Africa rising' - and with the organisation known for their great strides in executive education, Duke Corporate Education, delivering the academic and logistics elements.

The pilot programme, which culminated in a conference in November 2017, satisfied our mandate of leadership development, while encouraging the generation and sharing of new knowledge, that has the potential to influence the way banking is done into the future.

The first 20 candidates from South Africa and representing countries across the continent completed this life changing programme during the year and we have no doubt that they returned to their institutions enriched and fully prepared to be influencers.

There was another milestone initiative during the year that would undoubtedly be the standout event of the year for those involved, and that was the digitalisation fact-finding mission. The initial inspiration came from SASBO - The Finance Union, and we thank SASBO for bringing the idea to the BANKSETA to bring to fruition. With approval from the Board, the project was expanded into a banking sector mission that took in four countries and took delegates to several stakeholder organisations to explore occupations and skills of the fourth Industrial Revolution future.

Looking at our performance information for the year under review, it shows that none of our tried and tested initiatives that have found a niche in the sector and are favoured for developing the right skills at the right time have lost their impact.

BANKSETA's Kuyasa learnership for unemployed graduates and Letsema learnership for matriculants are programmes that continue apace, with more learners than anticipated enrolling for each year and targets exceeded.

The Maths and Science programme, which provides learners with academic, mentorship and leaderships skills to improve their academic results and qualify for entry into institutions of higher learning, also generated more interest than expected, resulting in 200% achievements against target for enrolments and completions.



**BANKSETA Acting Chief Executive Officer: Ms Caroline King**

Financially, BANKSETA continues to thrive, with some positive developments in the year under review. The organisation receives 80% of the skills development levies paid by employers in the sector, with the remaining 20% going to the National Skills Fund. In addition, the SETA's budget is bolstered by penalties and interest collected from sector companies. In the year under review, the levy income, penalties and interest totalled R765 million, an 11% increase over the R689 million of the previous year. The levy base, however, remained constant, comprising about 3 600 registered levy payers. The annual levy exemption payroll threshold stayed at R500 000.

The mandatory grant participation and pay-out ratios remained at 2016/17's high level of 97%. Mandatory grant disbursement increased to R166 million from R154 million the year before, in line with the increase in levy income. The mandatory grant is pegged at 20%. Discretionary grant expenditure and mandatory grant expenditure for 2017/18, including project expenses, increased by 16%, from R658 million to R760 million. The increase was due mainly to a 15.5% increase in discretionary grants available by virtue of accumulated surpluses and faster delivery of training.

On another positive note, our strict adherence to best governance practices and to the legislation and codes that guide us resulted in another clean audit, the 17th consecutive clean report since BANKSETA's inception. This is almost unheard of in the SETA environment and an achievement of which we are immensely proud.

As the process to recruit a permanent CEO is nearing its final stages, this will be my final report as the Acting CEO. It has been a stimulating and rewarding experience, not least because of the tremendous support I have received from all who hold the SETA's interests at heart. The members of the former Board were always accessible and willing to share their expertise and advice, and the current Board will, I am certain, continue this tradition as we move through 2018/19. The SETA's stakeholders have been encouraging at every turn and continue to be our biggest ally. My final word of thanks goes to my colleagues, who never hesitate to answer any request or respond positively to any challenge.

A handwritten signature in black ink, appearing to read 'CK King', written over a faint circular stamp or watermark.

**Caroline King**  
Acting Chief Executive Officer

# STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

## 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 is consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the Public Finance Management Act (PFMA), 1999 as amended, including any interpretations of such Standards issued by the Accounting Standards Board, applicable to the public entity.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgments made in this information.

The accounting authority is responsible for establishing, and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2018.

Yours faithfully



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**Acting Chief Executive Officer**

Caroline King

31 July 2018



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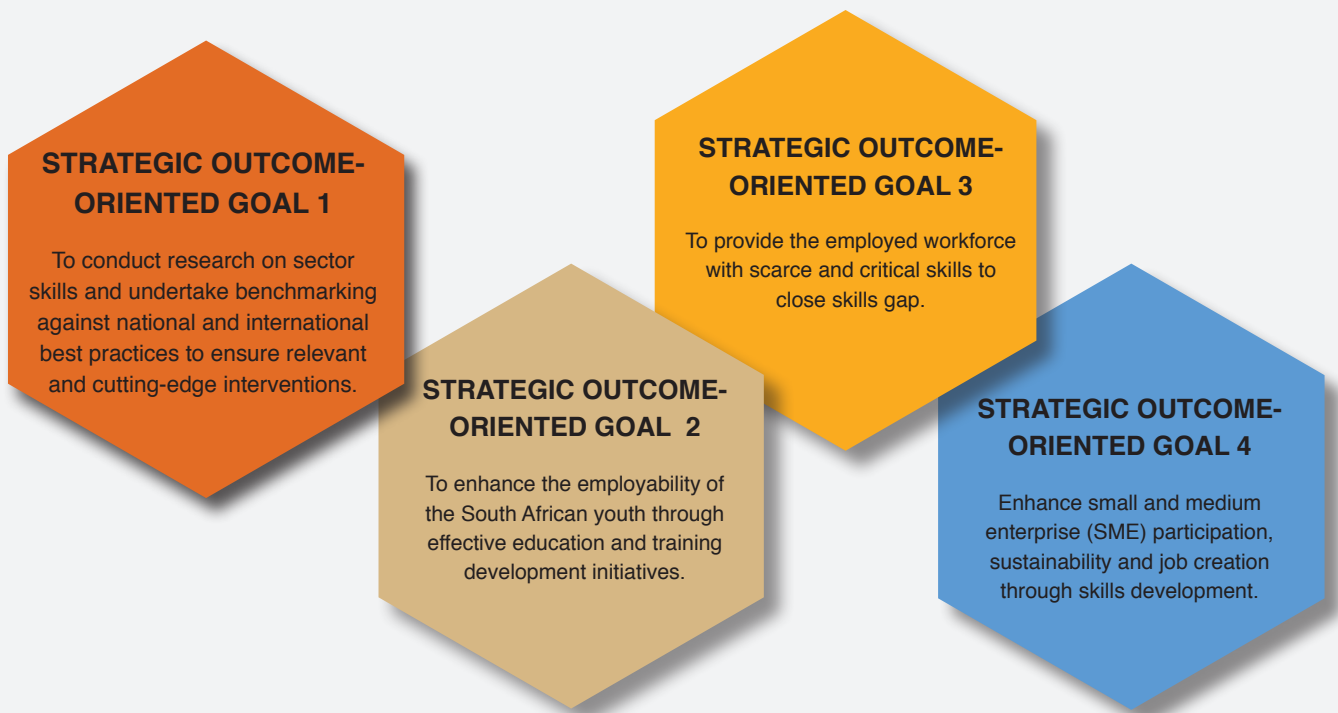
**Chairperson of the Board**

Nosipho Makhanya

31 July 2018

## STRATEGIC OVERVIEW

### STRATEGIC OUTCOME-ORIENTED GOAL



### OUR MANDATE

In terms of the Skills Development Act, No 97 of 1998 as amended by the Skills Development Act Amendment Act 26 of 2011, within the NSDS framework, BANKSETA is mandated to develop skills in the banking and alternative banking sector. It does so by:

- Encouraging employees to develop an active learning environment in the workplace
- Providing employees with opportunities to acquire new skills/progress their careers
- Increase levels of investment in workplace education and training; and
- Promoting transformation as guided by the NSDS equity targets of 85% black, 54% female and 4% people with disabilities (PWDs).

### OUR VISION

To be recognised as a centre of excellence and innovation for skills development in the broader banking and alternative banking sector.

### OUR MISSION

To support transformation and people development and, through partnerships, enable stakeholders to advance the national and global position of the broader banking and alternative banking sector.

Our guiding principles:

- Leverage skills levy funds for the strategic benefit of the banking and alternative banking sector

- Provide quality-assured, world-class skills training services at the lowest cost
- Deploy leading-edge technology
- Judiciously carry out the NSDS mandate
- Maintain status as a preferred human resources development partner in banking and microfinance
- Exceed stakeholder expectations.

## OUR CORPORATE VALUES

- Respect – The way we treat all people
- Innovation – A constant focus
- Stakeholder focus – The Stakeholder is king
- Professionalism – We benchmark against the best
- Diversity – A strength that binds
- Integrity – We act accordingly and encourage reciprocity
- Teamwork – in the service of our stakeholder we are one

The burden of unemployment is concentrated amongst the youth as they account for 63,5% of the total number of unemployed persons. The unemployment rate among the youth is higher irrespective of education level. According to the 2017/18 Statistics South Africa report, the graduate unemployment rate was 33,5% for those aged 15–24 and 10,2% among those aged 25–34 years, while the rate among adults (aged 35–64 years) was 4,7%. Just over 30% of the youth have jobs and about half participate in the labour market. Within the youth, those aged 18–24 years are more vulnerable in the labour market with an unemployment rate of over 52%, an absorption rate of approximately 12,2% and a labour force participation rate of 25,6%. The Not in Education, Employment and Training (NEET) rate, seen in conjunction with unemployment rates, is over 50%, suggesting that the youth face extreme difficulties engaging with the labour market. Certain factors such as lack of skills, experience and length of unemployment may increase the vulnerabilities of these young people in the labour market. To curb the looming crisis, young South Africans should always be at the centre of South Africa's economic agenda.

Employment enables people to improve their living conditions, therefore allowing them to contribute to the advancement of the country. It is essential to educate and endow people in this situation with skills, on the one hand, and then to create work opportunities for them, on the other. Education and training alone cannot generate economic growth or guarantee employment. Yet, by the same token, in a modern economy, economic growth depends on relevant knowledge and skills being available.

BANKSETA works towards increasing the levels of investment in education and training so that work-seekers find work, retrenched workers re-enter the market and employers appoint qualified employees. Transformation is the largest component of BANKSETA's mandate, guided by the NSDS equity targets of 85% black, 54% female and 4% disabled.

BANKSETA operates in a constantly changing environment. A number of factors are driving change in the South African banking sector and the country as a whole. Industrial revolutions have always dominated and changed the world in a big way. The initial industrial revolution

occurred in the 18th century, the subsequent one in the 20th century, followed by the third half a century later, whilst the fourth was observed within three decades. By the speed these transformations are occurring, a fifth industrial revolution is already around the corner. The fourth industrial revolution has undoubtedly disrupted traditional job prospects, work patterns and career paths within the sector, hence the BANKSETA is committed to informing the youth about skills of the future in banking, upskilling and reskilling those who are already in employment about the potential of new technology and its subsequent impact. South Africa has to ride the digitisation wave and promote skills required in order to thrive which include:

- Creativity
- Cognitive agility
- Adaptability
- Negotiation skills
- Emotional intelligence
- Service orientation
- Multitasking
- Service orientation
- Judgment and decision-making

It is the BANKSETA's end goal to have as many of our current generation pursue a career in the exciting world of banking. The SETA together with the sector and SASBO embarked on a fact-finding mission to the Netherlands, Sweden, Denmark and Singapore to learn more about how digital advancement will change the world of work and future skills requirements.

The SETA's partnership with the CBDA has borne fruit over the years, but more interventions are in the pipeline. The SETA is working on strengthening its focus on SMEs and alternative banking initiatives in order to enlarge the number of cooperatives and SMEs. Transformation of the Sector is imperative and the BANKSETA has to fulfil the role of not only transforming the sector but be a key player in transforming the country where transformation targets relating to race, class, gender, age and disability targets are concerned. Expanding reach to the outlying rural areas is also a strategic deliverable that the BANKSETA is committed to. Due to the digital divide, the rural area population is more often than not at a disadvantage where information distribution is concerned. The BANKSETA will further strengthen its reach into the rural areas in order for balance between rural and urban populations and service provision to be struck.

The Honourable Minister of Higher Education and Training, Mrs. Naledi Pandor expects SETAs to be fully compliant and the BANKSETA is committed to fulfilling its mandate while adhering to legislative requirements. The SETA has to keep operating like a well-oiled machine and show that its interventions are having the desired impact on the lives of ordinary South Africans. The BANKSETA takes heed of the President, Mr Cyril Ramaphosa call to action to the country's citizens to make a difference, to play a role in changing lives and therefore positioning South Africa positively through the Thuma Mina campaign. He further stated that public entities should continue embracing the Batho Pele campaign and the that SETAs' programmes are meant to improve skills and change lives.

BANKSETA's future outlook includes the further strengthening of partnerships with institutions of higher learning, the measurement of programme impacts, tracking and tracing of beneficiaries, the promotion of cooperation between stakeholders, solid focus on entrepreneurship, SETA collaboration initiatives and continuous research in partnership with industry associations and leaders in the banking and alternative banking sectors.

## LEGISLATIVE AND OTHER MANDATES

The BANKSETA is established in terms of the Skills Development Act, 1998 (Act No. 97 of 1998) and operates within the following mandates:

## CONSTITUTIONAL MANDATE

The sections within the Constitution of the Republic of South Africa, 1996 (Act No.108 of 1996) that guide the operations of the BANKSETA include the following:

- Promoting and maintaining high standards of ethics
- Providing service impartially, fairly, equitably and without bias
- Utilising resources efficiently and effectively
- Responding to people's needs; the citizens are encouraged to participate in policymaking
- Rendering an accountable, transparent, and development-oriented administration.

## LEGISLATIVE MANDATES

BANKSETA is governed by the following legislative mandates:

- Skills Development Act 1998 (Act No 97 of 1998) as amended
- Skills Development Levies Act, 1999 (Act No 09 of 1999)
- Regulations published in the Government Gazette, No. 35940, 03 December 2012 regarding Monies Received by a SETA and Related Matters
- South African Qualifications Authority Act, 1995 (Act No 58 of 1995)
- The National Qualifications Framework Act, (Act No. 67 of 2008)
- Public Finance Management Act (Act No 29 of 1999)
- Employment Equity Act, 1998 (Act No 55, 1998).
- Promotion of Access to Information Act, 2000

In terms of the Skills Development Act, 97 of 1998, BANKSETA was established on 20 March 2000 for a five-year period ending March 2005. This was extended for another five years on 03 March 2005. After the move to the Department of Higher Education and Training in 2010, the Minister of Higher Education and Training further announced on 9 November 2010 that the BANKSETA be re-established for an additional five years until 2016. In accordance with the Government Gazette (No 39260 and 39263 respectively), the SETAs have been re-established and the NSDS III extended until 31 March 2020.

# ORGANISATIONAL STRUCTURE

## Executive Management



**Caroline King**  
Acting Chief Executive Officer



**Beaula Dziruni**  
Chief Financial Officer



**Dimakatso Seete**  
General Manager – Corporate Services



**Christine Fritz**  
General Manager – Operations



## DEPARTMENTAL MANAGEMENT



**Mohammed Kader**  
Head – Internal Audit



**Busisiwe Lubisi**  
Manager – Marketing and Communications



**Hlamalani Baloyi**  
Manager – Supply Chain Management



**Tendai Sithole**  
Manager – Finance



**Charmaine Janisch**  
Manager – Quality Management



**Elelwani Netshituni**  
Regional Office Manager – Limpopo



**Moyahabo Mohlabeng**  
Manager – Information and Communications Technology



**Brian Dhlwayo**  
Manager – Project Management Office



**Deerani Naidoo**  
Manager – Youth Development



**Nobuzwe Mangcu**  
Regional Manager – Eastern Cape



**Madeleine Pelzer**  
Manager – Skills Development



**Angie Naidoo**  
Manager – Research



**Lefaso Motsoeneng**  
Manager – Human Resources



**Shaun Starr**  
Manager – Alternative Banking



**Similo Dlamini**  
Manager – Work Integrated Learning and Bursaries

# PART B

OPERATIONAL OVERVIEW  
AND PERFORMANCE REPORT



## OPERATIONAL OVERVIEW

### RESEARCH AND SKILLS PLANNING

#### STRATEGIC PLAN

When updating its five-year strategic plan annually, BANKSETA is mindful of its focus on achieving outcomes, implementing performance measurement, learning from past experiences, benchmarking best practice, and reporting on performance.

The principles that guide BANKSETA's strategy are:

- Acceleration of social transformation through skills development: 85% of beneficiaries will be black, 54% women and 4% disabled
- Leveraging skills levy funds for the strategic benefit of the sector and realisation of the goals of the NSDS
- Being cost-effective, placing value on the swift delivery of services at the lowest cost
- Employing leading-edge technology and best business practices
- Being a hub for sector collaboration
- Promoting cooperation and coordination with other SETAs and stakeholders for the achievement of national imperatives
- Promoting the banking and alternative banking sector as a sector of choice
- Building strategic alliances in the sector to achieve own and governmental objectives.

#### SECTOR SKILLS PLAN

Currently the South African banking sector comprises 18 registered banks, two mutual banks, 14 local branches of foreign banks, and 43 foreign banks with approved local representative offices. Alternative banking includes 10 DFIs, three cooperative banks, 24 registered CFIs, a large number of credit providers, credit bureaux and debt counsellors registered with the National Credit Regulator (NCR), more than 100 financial technology (fintech) companies and about 800 000 stokvels.

The annual review and update of the Sector Skills Plan (SSP) reinforced the choice of five specific areas as core to BANKSETA operations, namely:

- Risk management and compliance
- Management and leadership
- Information technology and digitisation
- Customer relationships, and;
- Core banking products/services.

The SETA has identified the following five strategic skills development focus priorities aligned to the SSP:

- Technology, digitisation and innovation
- Compliance and risk management
- Management and leadership development
- Markets, products and services
- Customer centricity.

In line with DHET requirements, the SSP covers a five-year period and continues to:

- Identify factors influencing and driving change in an economic sector from a skills perspective
- Identify occupational shortages and skills gaps within the sector
- Identify occupations in demand and estimate the extent of demand, if possible
- Determine the labour supply in occupations that are available currently in the sector and those that will be required in the future
- Propose new career pathways and qualifications
- Promote industry training clusters to improve skills, productivity and competitiveness
- Respond to government's priorities and its objectives when developing skills development interventions
- Outline key skills development targets and activities
- Provide a signal to skills development service providers on occupational demand that will inform the development of relevant training programmes
- Inform the development of the strategic plan and APP that outline key strategic interventions to address identified skills needs and constraints to address effective recruitment, use and development of skills.

#### RESEARCH

Research enables skills development efforts and is a prerequisite for any BANKSETA plan of action. A process of desktop research and stakeholder consultation is ongoing and as encompassing as possible based on trends identified in the sector.

The 2017/18 year was research heavy, with the following topics cast in the spotlight:

- Drivers of change for the banking and alternative banking sectors
- Aligning the banking sector to national priorities
- Fourth Industrial Revolution – labour market forecast
- Regulatory changes, including Twin Peaks regulation
- Development finance institutions
- Cooperative banks and cooperative financial institutions
- Wage/salary trends and analysis in the banking sector
- Migration and importation of skills in the banking sector
- Career guidance

- Employer and labour market analysis, including employer trend analysis for last five years
- Challenges in the skills supply pipeline
- Aligning jobs to occupations in the banking sector
- Profile of the African banking leader
- Continuous professional development as an assessment methodology
- Analysis of stakeholder engagements
- Economic performance of the banking sector
- Occupational shortages and skills gaps
- Impact assessment and tracer studies.

### HARD-HITTING FACT-FINDING MISSION

Knowledge of international best practice and trends is essential in a sector as sophisticated, technologically advanced and global as banking.

Digitisation is encroaching on every aspect of banking life and the extent to which it is shaping skills and occupations was the primary agenda item for BANKSETA's 2017/18 international fact-finding mission.

The idea was conceptualised by SASBO – The Finance Union, and brought to BANKSETA for consideration.

Feeling that the initiative would add great value to the sector and its skills development journey, the SETA approached stakeholders with the concept and received an enthusiastic response.

Role-players including policymakers, regulators, association representatives and employers joined the delegation, which travelled to Netherlands, Singapore, Denmark and Sweden to see digitisation in high-tech action. The group, led by BANKSETA Acting CEO, Caroline King, visited diverse organisations, including trade unions, banks, professional associations, monetary authorities, fintechs and business incubators.

Ultimately, the experience revealed which occupations are becoming obsolete, what young occupations are emerging and what new skills need to be developed for the digital bank of the future.

The intention of the mission was not to generate new knowledge, but to provide recommendations to the banking fraternity on interventions that would strengthen the sector as it moves into the digital age.

The group examined trends from the following perspectives:

- Policy
- Regulation
- Technology

- Digital
- Data security and;
- Skills development

## FOCUS ON THE YOUTH

### MAKING MATHEMATICS AND SCIENCE ATTRACTIVE OPTIONS

Mathematics and Science have been identified as among the scarcest skills in the country, but those most needed in the economy. SETAs have rallied behind the call to make these subjects appealing to school pupils rather than subjects to be avoided.

The BANKSETA Mathematics and Science Support Programme is rolled out across KwaZulu-Natal, Limpopo, Mpumalanga, Free State and Gauteng. Its intention is to improve the academic results of the learners and, thereby, qualify them for entry into institutions of higher learning. The programme also builds capacity among the educators of the two subjects in historically disadvantaged schools.

The aim of this programme is to improve results in Mathematics and Science for grades 10, 11 and 12, and to increase the number of successful black applicants who qualify for university entrance into sciences, commerce, engineering and mining-related careers.

During the year, funding was more plentiful for this programme, thus more learners could be assisted. Against a target of 500 pupils entering the programme, more than 1 300 were signed up. More than triple the targeted number of completions were recorded.

### LEARNING THROUGH LETSEMA

'The learnership helped me to understand the banking space and how everything connects to make it work,' says Letsema Learnership Programme graduate, Ntombi Mahleke. 'I was introduced to the professional environment, which increased my knowledge and allowed me to grow as an individual.'

Fellow Nedbank employee, Mashe-Leigh Naidoo, viewed Letsema as chance to grow and learn, through study and work. 'I've learnt that hard work and determination definitely pay off, as I now have permanent employment,' she says.

Ntombi and Mashe-Leigh are two of hundreds of individuals who completed the programme during 2017/18. All have been given a new perspective on banking as a consequence of the 12-month learnership.

During the year, 424 learners sign up for the Letsema Programme, exceeding the target by 124, while 341 completed, against a target of 195.

## KUYASA OPENS DOORS

'The Kuyasa learnership was my golden ticket to my empire of successes,' says Khanyisani Buthelezi, who is now happily employed at Absa, having attained an NQF level 6 National Certificate in Financial Markets and Instruments. 'From being an unemployed graduate, the Kuyasa learnership really gave me a shot at life that I grabbed with both hands, and now I am a permanent employee with one of the top companies in the southern hemisphere. Signing that learnership contract was sealing a deal for me and proved that it is not the size of the opportunity that counts, but the fact that there is an opportunity.'

Kutloano Thatohatsi Molotsi, also of Absa, is equally enthusiastic about the power of the Kuyasa learnership Programme. 'The learnership to me was a gateway into the banking environment and a chance to gain work experience,' she says. 'It not only helped me to understand more about the work environment and financial markets, but it led to me being employed by one of the biggest banks in the country. I am learning a great deal that I can also apply in my daily life, in my dealings with finance and with people.'

The Kuyasa learnership Programme has become an institution in the banking sector, having grown in stature and popularity over many years, producing thousands of skilled, knowledgeable individuals who continue to make their mark in both the mainstream and alternative banking industries.

The one-year learnership programme prepares unemployed youth for a career in one of two banking streams: Financial Management or Business Analysis. Whilst there is no guarantee that a candidate, on completion of the programme, will secure permanent employment, the programme has average employment of above 72%.

During the year under review, 300 individuals were enrolled and 234 completed against targets of 220 and 143 respectively, reinforcing the programme as a perfect vehicle to mould those fresh out of tertiary institutions into workplace-ready recruits.

Letsema and its companion Kuyasa are strong co-drivers in the BANKSETA transformation agenda vehicle.

## WORK-INTEGRATED LEARNING AND BURSARIES

The Work-Integrated Learning (WIL) department pursues a multifaceted approach on Work Integrated Learning and provision of bursary funding to the needy and deserving candidates in most of our public institutions. All our training interventions and programmes are earmarked to capacitate public institutions through implementation of developmental programmes that respond to the needs of the banking and alternative banking sector as outlined in the SSP.

The WIL department strives to create a talent-pipeline that addresses scarce and critical skills by focusing on the occupations in short supply within the sector, through a robust project management philosophy. As stipulated in the Post-School White paper from the DHET, the BANKSETA continuously endeavours to create a working environment that's conducive for learning. In order to remain relevant

and current, we also invest in the innovative and entrepreneurial spirit of youths.

## HIGHER EDUCATION BURSARY PROGRAMME

Lanné du Preez credits BANKSETA with assisting her to complete her second year and also helping her to 'shape South Africa into the country it is destined to be. If it was not for BANKSETA, I may not have been able to complete my second year or even register for my third year, she says. 'I am so thankful.'

Roselin Karim shares Lanné's gratitude. 'The BANKSETA grant benefited me tremendously,' she explains. 'With my mother having to solely pay for my university costs, the first year brought great financial strain. I worked extremely hard to achieve outstanding results in the hope of receiving funding and felt honoured to be one of the 2017 recipients of the BANKSETA grant. It allowed me to focus on my studies without worrying about financial difficulties.' It certainly was money well spent, as Roslin notched up distinctions among her grades.

Vuyokazi Voyi says that, before she obtained a BANKSETA bursary, she lacked confidence and didn't know how her studies would progress. 'The support reduced my student debt and, by covering my books, food and accommodation, offloaded some of the obstacles that were impacting negatively on my work,' she explains. 'This, and the motivation created by the BANKSETA team, allowed me to focus closely on my studies and I became one of the top students in my group. I will be starting an Honours degree next year.'

These three students were among 130 University of Pretoria bursary recipients who benefited from the BANKSETA Higher Education Funding Window, which resulted in an investment of R13 million over two years, concentrating on individuals studying BCom Marketing and BCom Informatics degrees.

They were part of a group who completed bursary programmes during 2017/18, many of whom enrolled in the previous year. Key areas supported include Actuarial Science (Accounting), BSc Information Technology and BCom Finance, Economics, Financial Markets or Financial Modelling streams.

## TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING COLLEGES (TVETs)

A total of 723 individuals accessed this programme during the year. The purpose of this project is to fund WIL modules with TVET Colleges, thereby allowing learners to be placed with employers where they get relevant workplace experience in order to have their qualifications conferred.

The BANKSETA continues to support TVET Colleges and focuses on students who need at least 18 months in-service training in order to graduate with a National Diploma in a specific career path.

## UNIVERSITIES OF TECHNOLOGY WORK INTEGRATED LEARNING FUNDING (UOT WIL FUNDING)

This national internship programme integrates learners into the workplace. Graduates obtain an opportunity to advance skills within the work environment for a period of 12 – 18 months. This affords them the opportunity to be noticed by the industry either as interns, entry-level employees or be absorbed into graduate programmes within partner companies.

## ASSOCIATION OF ACCOUNTING TECHNICIANS SOUTH AFRICA AT(SA)

The purpose of this programme is to fund the capacity building of public UoT to deliver programmes required by the broader banking and alternative banking sector. The BANKSETA entered into Memoranda of Understanding (MoU) with AT(SA) to offer the NQF level 4 and 5 National certificate: Accounting Technician.

The BANKSETA remains dedicated to its work with the UoTs in their journey to become accredited providers of the AT(SA), a NQF level 4 and 5 accounting technician qualification. Since inception this programme has proudly impacted 380 beneficiaries nationwide. The project is currently in phase three of its implementation, which allows the UoT to present the training in-house as a third revenue stream.

## WORK READINESS PROGRAMME (ICT SYSTEMS SUPPORT SKILLS)

BANKSETA's strategic approach puts emphasis on the development of Information and Communication Technology (ICT) skills as an enabler in banking. The BANKSETA understands that in order for banking and microfinance to meet, adequate and ICT competent human resources demands require skills to be developed-locally and made available without resorting to importing such skills.

As a result, the BANKSETA implemented a work readiness programme in the ICT systems support space where 80 ICT unemployed graduates were enrolled on a work readiness skills programme. This programme was located in three provinces, Johannesburg, Durban and Cape Town. The programme was designed such that the graduates receive four months class room training, which was subsequently followed by industry experiential training for six months at a host company. The six months involved a structured training programme implemented by identified mentors who are experts and practicing IT specialists in their respective host workplaces.

## ALTERNATIVE BANKING

### SKILLS INNOVATION AND INITIATIVE

Propelled by the skills development levies paid by supportive employers in the banking sector, BANKSETA is able to plan and implement programmes of the highest quality and that produce the greatest value-adding results year on year.

Levies that are not paid back to employers for compliance with Workplace Skills Plan (WSP) and Annual Training Plan (ATR)

submission requirements are funnelled into discretionary grants to be allocated to special projects to meet the needs of employed, unemployed and small business beneficiaries, and that are aimed at filling the scarce and critical skills voids identified through sector skills research. To this end, the SETA has entered into agreements and collaborations with employers, not-for-profit organisations, and public and private training providers.

It remains BANKSETA's aim to:

- Provide easy access to learning
- Increase access to employment opportunities
- Assist in career-pathing and self-development of beneficiaries
- Fast track the development of current employees, increasing productivity and performance
- Support the growth of small and medium enterprises, cooperatives and not-for-profit organisations
- Promote transformation and;
- Develop scarce and critical skills.

The biggest disruptor for the banking sector today is digitisation, as it is changing the way the world thinks about banking. People are making greater use of innovations such as mobile banking and apps. The banked are becoming more technologically sharp and the unbanked are increasingly recognising of the benefits of being banked.

Upskilling is becoming more prominent as the quest is on to keep people employable. While new banking and finance products are making the world a better place, skills remain the passport not only to employment, but entrepreneurship, the saving grace of any developing economy.

During the year, the target for employers large, medium and small submitting WSPs and ATRs to qualify for grants was exceeded by 43 companies, most of the new submissions coming from small companies, both levy-paying and non-levy-paying. The response can be attributed to continuous communication, national information sessions and one-on-one support to employers.

The trend is most encouraging, as it reflects the importance the sector attaches to the work of BANKSETA and the demonstrable effects that skills development has on workplace professionalism and productivity.

Practically, it means more information for a data-driven organisation that sets the tone for skills initiatives in the sector. With data come better decisions on the type of training that should be taking place and, with data as a foundation, forecasts and projections may be made for 10, even 15, years into the future, ensuring that the SETA remains relevant to the sector and to South Africa.

The updated SSP, which sets the compass for and navigates BANKSETA through each successful intervention, cites the alternative banking industry as accommodating more than 10 DFIs, three cooperative banks, 24 registered CFIs, a large number of credit providers, credit bureaux and debt counsellors registered with the National Credit Regulator (NCR), more than 100 financial technology (fintech) companies and about 800 000 stokvels. That is a sizeable market in need of a significant skills injection.

## SUPPORT FOR SMALL BUSINESS PLAYERS

Small and medium enterprises (SMEs) are a major BANKSETA focus. Although most are not levy payers, they benefit from the skills levies contributed by the larger, more established banking institutions. But, in a win-win situation that keeps the money going around, the programmes often benefit smaller entrepreneurs who have bank accounts, so the money they make is then deposited with levy-paying businesses and organisations, thus promoting sustainable growth of the industry.

BANKSETA has a wide range of training programmes across South Africa that benefit SMEs in urban areas and in rural areas, where the majority of the population remains unbanked.

The unbanked community is made up largely of the older generation, as millennials have migrated to urban areas. Indications have been noted that the unbanked are being wooed into the banked community as they recognise the ease with which they can receive and access money through modern technology and digital innovation.

BANKSETA also works closely with the CBDA in a long-standing partnership that provides funding for financial cooperatives and support through structured programmes.

All SMEs that have submitted a WSP are eligible for funding support and BANKSETA supports a minimum of 100 businesses every year with various, needs-driven training interventions linked to scarce and critical skills.

## EMPOWERING COOPERATIVES

Cooperative banks and CFIs play an important role in the financial makeup of the country, offering similar services to those provided by commercial private banks. Democratically structured and founded by communities or specific groups, they provide a safe, convenient place for members to deposit or save money or obtain financial assistance at low cost.

South African cooperative banks have assets of more than R300-million and serve around 30 000 members.

Each year, BANKSETA, in collaboration with CBDA, supports 30 cooperatives that are well established, training a minimum of 300 CFI members each year. The training is a mix of support workshops, and coaching and mentoring. Areas covered include regulatory compliance, customer expectations, digitisation, risk management, particularly cyber-security and leadership.

## ENABLING ENTREPRENEURS

Ofentse Modibane is a content construction business owner who owes his constant smile to the partnership between BANKSETA and the Cape Peninsula University of Technology (CPUT) to develop entrepreneurial talent.

When participants in the six-month programme from which Ofentse was to benefit were asked to share their expectations, he stated that he wanted to play with the 'big boys' but did not see this as a possibility as he was merely a small fish in a big pond. About halfway through the programme, though, he was truly swimming upstream, having landed a R40 million contract.

By the end of the course, his confidence and business acumen had grown so much that he was awarded another lucrative contract, this one worth R100 million. All he did, he says, was apply the new learning brought to his doorstep in the spirit of 'creating futures to build individuals, society and the economy'. Although these contracts were not awarded by the BANKSETA, it is the skills that he learned while on the BANKSETA programme that enabled him to tender successfully for new business.

It is generally accepted that job creation rests in the hands of entrepreneurs, and the more skilled those hands are the better.

BANKSETA's highly productive partnership with CPUT continued through 2017/18 to provide emerging businesspeople such as Ofentse with knowledge and skills identified as essential for a fledgling enterprise to thrive. Topics include tendering for public and private sector projects, determining and managing the financial requirements of the business, creating a business plan and sourcing funding.

BANKSETA supports a minimum of 200 SME entrepreneurs on financial management, taking them through a six-month NQF level 5 programme, supplemented by structured coaching and mentoring support.

## ENRICHING RURAL BENEFICIARIES

South Africa's rural areas are skills sparse, but potential rich. To maximise this potential, BANKSETA support a minimum of 1 500 beneficiaries a year from rural areas in financial management. The training is provided in three-day workshops that cover basic financial and management skills.

During 2017/18, training took place in 18 rural locations, which exceeded the target.

## FOCUSED DEVELOPMENT

### PIVOTAL ROUTE TO QUALIFICATIONS

PIVOTAL programmes are Professional, Vocational, Technical and Academic Learning programmes that result in occupational qualifications or part qualifications on the NQF.

They are demand driven and set out to improve the probability of employment for unemployed beneficiaries or enhance employment for existing employees.

During 2017/18, the four categories for employees were extended to five, as follows:

- Learnerships
- Bursaries to achieve a qualification and then candidacy
- Skills programmes
- Candidacy through board examinations
- Recognition of Prior Learning.

Programmes applied for should address and/or link to skills required for occupational shortages and hard to fill vacancies identified in the BANKSETA Sector Skills Plan (SSP):

Priority areas given preference are Corporate General Manager, Programmer Analyst, Computer Engineer, Information and Communication Technology Cyber-Security specialist, Investment Manager, Actuary, Statistician and Compliance Officer.

During the period under review, a target was set of 2 600 candidates enrolled on projects.

## AFRICAN EXPANSION DEVELOPMENT PROGRAMME

The African Expansion Development Programme strives to shape leadership in banking, with a view to creating a sustainable sector in which access to banking services is available to all. This calls for a shift from banking that is elitist and exclusionary, to financial inclusion across the African continent. The intervention supports South African banks with their expansion plans for Africa by allowing them to create a high-level talent pool of individuals who can head the establishment of a new bank in any African country and enable the transfer of knowledge and skills.

In development, the AEDP was a meeting of influential minds from Absa, First Rand, Nedbank and Standard Bank, discussions set against a backdrop of Minister of International Relations, Maite Nkoana Mashabane's 'Africa rising' theme of the 2016 Global African Diaspora Summit, and bringing in the talents of global leader, Duke Corporate Education, to handle the academic component.

The first iteration of the AEDP involved banking sector leading lights from 13 African countries – South Africa, Lesotho, Kenya, Namibia, Mauritius, Nigeria, Botswana, Swaziland, Tanzania, Zambia, Zimbabwe, Ghana and Seychelles .

At the culmination of the intensive five-month programme, the candidates, working in pairs, presented to a wide audience research of import to the banking sector. The topics were:

- The bionic bank: Africa's solution to ensuring it remains relevant to millennials
- Why African banks must focus more on cyber risk
- Empowering Africa's rise through block chain
- Cultural intelligence: The competitive edge for business crossing African borders
- Customer centricity
- Leadership competencies 4.0
- Strategies for the banking industry to win in the Fourth Industrial Revolution
- Data management is key to banks' success
- Turning open banking into a sustainable competitive advantage
- The role of ethics as part of African expansion

Franco Davis is Finance Director of Barclays Bank Mauritius. He is a born leader, with proven capabilities, who often serves as an example to colleagues, as he started out as a clerk and progressed

to a directorship.

Moeketsi Mafereka, Projects Manager of Nedbank Lesotho, has extensive experience in managing diverse projects, which has brought him into contact with the intriguing areas of money laundering, financing of terrorism, and design, testing and implementation of products such as chip-on debit cards.

At first glance, Franco and Moeketsi may not appear to have more in common than their choice of workplace. But they are trendsetters, part of the first intake of 20 African banking sector achievers that broke the champagne bottle on the bow of BANKSETA's new flagship project, the Africa Executive Development Programme (AEDP).

The programme culminated in the Africa Expansion Conference in 2017 that was attended by international and local stakeholders. Research conducted by the candidates in various African countries was shared during the conference and research papers can be downloaded from the BANKSETA website.

## INTERNATIONAL EXECUTIVE DEVELOPMENT PROGRAMMES

### GENERAL BANKING

A flagship programme of the BANKSETA, the International Executive Development Programme: General Banking has successfully prepared 20 Senior Managers each year from various local banking institutions for Executive roles that are perceived on par with Executives across the business spectrum. Candidates are exposed to banking perspectives locally, in Africa and in the UK. The local business school creates partnerships with banks and other institutions locally, in Africa and abroad. Each syndicate group is tasked with researching a topic – relevant to the Banking Industry at the time – during the course of the programme. The culmination of the project is the Action Learning Project Research Paper that is produced and presented at the closing ceremony in front of a panel made up of academia and subject matter experts within their field of speciality in the banking sector. This project targets employed people within the banking sector.

### INVESTMENT BANKING

Having noted investment banking as one of the top scarce skills in the Sector, including lack of executive management skills in this area, the BANKSETA initiated an IEDP with a focus on investment banking. Work was undertaken to set this programme up with a local business school which used its contacts in Africa and the US. The programme provides key insights into the changes taking place in the local and global environment. The delegates are exposed to best practice in the banking sector whilst sharing their South African experiences with executives abroad. The delegates are tasked with researching industry relevant topics that add value to the sector. They then present their research to a panel, drawn from senior executives within the banking sector as well as Academia from the business school.



The benefits of both the international executive development programmes include personal and professional growth through engagements with executives, exposure to top local and international business schools, being ambassadors for South Africa in a variety of social settings, living and working in an international city.

## EVOLVING QUALITY ROLE

The role of quality management at the SETAs has evolved since the Quality Council for Trades and Occupations (QCTO) conferred on them the authority to undertake the following quality assurance functions:

- Accredite training providers for qualification and skills programmes in terms of criteria determined by the QCTO;
- Monitor the provision by training providers of learning programmes leading to qualifications or part qualifications to ensure that the criteria for accreditation are being complied with;
- Evaluate learner assessment and the facilitation of moderation of learner assessment by providers in terms of criteria determined by the QCTO;
- Register assessors and moderators to undertake assessment for specified qualifications and part qualifications in terms of criteria determined by the QCTO;
- Certify qualified learners in accordance with the policy determined by the QCTO;
- Maintain a comprehensive learner information management system;
- Upload learner data to the National Learner Record Database (NLRD) according to the NLRD load specifications;
- Perform such other functions consistent with the National Qualifications Framework Act and the Skills Development Act as the QCTO may from time to time allocate to the SETAs and professional bodies in writing.

For the year under review, BANKSETA was responsible for the quality assurance functions for all legacy qualifications and worked in partnership with the QCTO to develop new occupation-based qualifications.

These developments will lead to the following:

- Increased number of occupation-based qualifications developed
- Learning materials for selected qualifications are developed and made available for public use
- Increased number of training providers accredited, especially public TVET, UoT and Universities to offer SETA-accredited programmes
- Effective and efficient external moderation process is implemented
- Timely issuing of certificates of competence to qualifying learners
- A reliable database of providers, assessors, moderators and learners established and maintained .

## RECOGNITION OF PRIOR LEARNING (RPL) GOES ONLINE

The RPL online platform was developed for the Recognition of Prior Learning of bank employees. This platform allows a bank employee to register, capture all personal information as well as all short courses

done through the bank. The system will automatically evaluate all completed short courses and will identify a formal qualification linked to the information received and subsequently identify the gaps needed to finish the identified qualification. Once this process is done, the system then allows the bank employee access to a list of preferred training providers with whom he or she can enrol to obtain the qualification.

[www.rplbankseta.org.za](http://www.rplbankseta.org.za)

## GENERAL MANAGEMENT: BANKING

As the qualification restructure programme continued to meet the requirements of the QCTO, a milestone was achieved during 2017/18, when the General Management: Banking certificate programme on NQF level 5 was accredited by the QCTO and the CPUT became the first institution accredited to offer it.

Professor Paul Green, Dean of the Faculty of Business and Management Sciences, Graduate Centre for Management at CPUT addressed 'fellow lifelong learners' at a function to mark the handover by BANKSETA of accreditation status.

'At CPUT,' he told those present, 'our mission is to develop and sustain an empowering environment where — through teaching, learning, research and scholarship — our students and staff, in partnership with the community and industry, are able to create and apply knowledge that contributes to development. This we believe we have achieved in partnerships with BANKSETA.

The CPUT slogan is 'creating futures' and, in collaboration with BANKSETA, the CPUT engaged with more than 400 entrepreneurs nationally in 2017/18, delivering a successful entrepreneurial skills development programme.

President Cyril Ramaphosa stated recently: 'Change starts with simple intentional actions' and the 'relentless pursuit to help create more entrepreneurs who will arise as job creators and propel our communities, economy and young people to success'

## THE FUNCTIONS OF AN ASSESSMENT QUALITY PARTNER (AQP)

An Assessment Quality Partner must, for the qualifications and part qualifications specified in the Service Level Agreement:

- recommend the external assessment specifications document for approval by the QCTO
- develop and maintain a national data bank of instruments for external assessments
- publish exemplars of external assessments
- recommend to the QCTO the accreditation and withdrawal of accreditation of skills development providers for the knowledge and/or practical skills component using criteria and guidelines provided by the QCTO
- register assessors and moderators for the external assessments
- develop criteria for the accreditation of assessment centres or the approval of assessment sites for external assessments

- recommend to the QCTO the accreditation and withdrawal of accreditation of assessment centres
- recommend to the QCTO the accreditation and withdrawal of accreditation of skills development providers for the knowledge and/or practical skills component using criteria and guidelines provided by the QCTO
- Coordinate and manage external assessment processes
- Record and upload learner external assessment applications and achievements to the QCTO
- Moderate at least 10% of learner external assessments; Recommend the certification of learners to the QCTO
- Implement an appeals policy guided by an assessment policy; Conduct learner tracer studies
- Promote continuous professional development of AQP associated practitioners
- Report to the QCTO on the performance of its functions in the form and manner required by the QCTO
- Provide a mechanism for RPL.

## MARKETING AND COMMUNICATIONS

The marketing and communications function is focused on establishing and maintaining BANKSETA as a trusted brand that is committed to transforming the skills development landscape in the banking and alternative banking sector through a wide range of communication channels to maintain and develop the BANKSETA brand and reputation through strategic marketing and communications interventions in support of BANKSETA business objectives and to support functional departments by translating their project goals and objectives into creative and effective marketing strategies.

An integrated approach is adopted to drive brand awareness and strengthen stakeholder engagement through the well-coordinated use of different promotional methods that are intended to reinforce each other, such as advertising, media relations, public relations, direct marketing and interactive communication and through the combination of these to provide clarity, consistency and maximum communication impact.

### CAREER AWARENESS PROJECT

Much emphasis is placed on career awareness, where BANKSETA has an opportunity to catch the attention of young minds mulling over the career possibilities that await them as they pack away 12 years of schooling and head out of the school gates.

The purpose of the project is to promote banking as a dynamic sector for those seeking career options.

The approach is two-pronged and is implemented through disseminating information on scarce and critical skills and careers available to a wide target audience, including Life Orientation teachers who are able to exert influence on young minds by sharing information on careers of choice, non-governmental institutions, communities, in-school learners and the Not-in-Education, Training

or Employment (NEET) through career exhibitions and career guidance workshops.

Interest in the project has been sustained over the years and continues to be reflected in the impressive attendance figures at workshops and the demand for career guides. During the year under review, the intervention reached 938 Life Orientation teachers against a target of 500, and more than 8438 guides were disseminated.

### STAKEHOLDER SATISFACTION SURVEY

The BANKSETA conducts a stakeholder satisfaction survey on an annual basis to assess how effectively and efficiently BANKSETA is achieving its mandate. The purpose of the research was to evaluate BANKSETA's performance as rated by BANKSETA stakeholders. The information was gathered from a variety of stakeholder groups from different regions. Data was also collected from BANKSETA employees in order to assess the gap between how BANKSETA employees regard their service provision and how such provision is perceived by both internal and external stakeholders. The data collection approach employed a number of different techniques including online surveys and telephonic surveys which were used to collect quantitative data.

The overall rating of the 2017/18 external Stakeholder Satisfaction Survey is 3.1 out of 5.

### COMMUNITY INFORMATION SESSIONS

Over and above the exhibitions that the BANKSETA hosts nationally through its career guidance initiatives, the SETA disseminates information on its various offerings through its collaboration with other SETAs. In the year under review, the BANKSETA hosted a provincial community imbizo which was attended by over 1000 community members in the North West, who comprised youth, small businesses, NGOs, community leaders and the employed. This is a public stakeholder engagement project that is aimed at reaching all nine provinces. The intervention was a success and impressively, most of the citizens within the North West showed huge interest in the BANKSETA's offerings and followed up with the SETA on how they can improve their skills.

### BUSINESS BOARDROOM FORUMS

The BANKSETA hosted two Business Boardroom Forums. The first forum focused on the impact of the Fourth Industrial Revolution on skills within the banking sector. The discussions focused on the key considerations in achieving the right career fit, the effects of digitisation and its importance in ongoing skills training and future skills that are required to stay abreast of industry changes. Consequently because of the discussions that took place, BANKSETA partnered with the Sector and SASBO and undertook a fact-finding mission to the Netherlands, Sweden, Singapore and Denmark.

The second forum focused on sustainable and progressive relations between the SETA and institutions of higher learning. The discussions were centered around adopting a uniform strategy, occupational shortages, multi-year bursaries, learner support models and impact assessment.

The SETA has over the year under review disseminated information aimed at the diverse target markets that the organisation serves. Outreach campaigns included information sharing through broadcast, printed, social and digital media. The number of BANKSETA's Facebook fans considerably increased from 9 113 to 15 299 between the 2016/17 to 2017/18 years. The LinkedIn members that follow the BANKSETA and have increased to 4520. The Twitter followers are

at 870. The SETA will embark on reaching out more to our diverse stakeholders and to also communicate relevant information that will promote engagement. As the SETA works towards improvement in the manner in which the organisation communicates so that more stakeholders are informed about our offerings, we urge all BANKSETA's stakeholders to be part of the organisation's social media communities.

**\*DETAILED INFORMATION ON TARGETS AND ACHIEVEMENTS FOR PROGRAMMES IS PRESENTED IN THE ANNUAL PERFORMANCE REPORT**



# ANNUAL PERFORMANCE REPORT

1 APRIL 2017 – 31 MARCH 2018





## PROGRAMME AND SUB-PROGRAMME PLANS

**BANKSETA aligns to the following programmes and Sub-Programmes:**

- **Programme 1: Administration**
  - o Sub-Programme 1.1: Corporate Services
  - o Sub-Programme 1.2: Finance
  - o Sub-Programme 1.3: Governance
- **Programme 2: Skills Planning**
- **Programme 3: Learning Programmes**
- **Programme 4: Quality Assurance**

## PROGRAMME 1: ADMINISTRATION

Sub-Programme 1.1		Corporate Services						
<b>Description</b>		To ensure that the organisation has the appropriate human resources skill to deliver on the activities required to achieve its mandate. To ensure that the IT system and governance protocols provide the required ICT system for the management of data. To ensure that a clear communications plan is implemented so that all stakeholders participate in the SETA processes and are kept informed of all activities						
<b>Responsibility</b>		General Manager: Corporate Services						
<b>Budget</b>		Incorporated into administration budget						
<b>Strategic Objective</b>		Implement efficient resource planning for human resources, information and communications technology and marketing and communications to support the disbursement of mandatory and discretionary grants.						
<b>Skills Priorities</b>		Not applicable						
<b>Scarce Skill / PIVOTAL Programme</b>		Not applicable						
Performance indicator		Baseline			Actual performance 2016/17	Medium-term targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1.1.1	Success is measured by Human Resources complement as per the organogram is achieved	No Baseline	No Baseline	No Baseline	90% staff complement achieved	90% staff complement achieved	90% staff complement achieved	90% staff complement achieved
1.1.2	Success is measured by Information and Communications Technology operates optimally with minimum disruptions and downtime	No Baseline	No Baseline	No Baseline	95% of time ICT systems are active	95% of time ICT systems are active	95% of time ICT systems are active	95% of time ICT systems are active
1.1.3	Clear and timeous communication with all stakeholders	No Baseline	No Baseline	No Baseline	Updated website, BANKSETA Account	Updated website, BANKSETA Account	Updated website, BANKSETA Account	Updated website, BANKSETA Account
<b>Quarterly Achievement 2017/18</b>					<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
1.1.1	Success is measured by Human Resources complement as per the organogram is achieved				90% staff complement achieved	90% staff complement achieved	90% staff complement achieved	90% staff complement achieved
1.1.2	Success is measured by Information And Communications Technology operates optimally with minimum disruptions and downtime				95% of time ICT systems are active	95% of time ICT systems are active	95% of time ICT systems are active	95% of time ICT systems are active
1.1.3	Clear and timeous communication with all stakeholders				Updated website, BANKSETA Account	Updated website, BANKSETA Account	Updated website, BANKSETA Account	Updated website, BANKSETA Account

### Comments

- 1.1.1 Achieved
- 1.1.2 Achieved
- 1.1.3 Achieved

Sub-Programme 1.2		Finance						
<b>Description</b>		To ensure that all accounting processes align to the requirements of the PFMA, that the organisation meets all Treasury requirements for cost saving, that there is no wasteful and irregular expenditure and that the organisation is fully compliant with treasury and accounting practices and principles						
<b>Responsibility</b>		Chief Financial Officer						
<b>Budget</b>		Incorporated into admin budget						
<b>Strategic Objective</b>		Apply sound financial management in line with the PFMA requirements resulting in an unqualified clean audit						
<b>Skills Priorities</b>		Not applicable						
<b>Scarce Skill / PIVOTAL Programme</b>		Not applicable						
Performance indicator		Baseline			Actual performance 2016/17	Medium-term targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1.2.1	Success is measured by no material fruitless and wasteful expenditure	No Baseline	No Baseline	No Baseline	Statement of Irregular, fruitless and wasteful expenditure	Statement of Irregular, fruitless and wasteful expenditure	Statement of Irregular, fruitless and wasteful expenditure	Statement of Irregular, fruitless and wasteful expenditure
1.2.2	Success is measured by Full compliance to the requirements of the PFMA	No Baseline	No Baseline	No Baseline	Clean audit	Unqualified audit	Unqualified audit	Unqualified audit
1.2.3	Success is measured by SCM meeting full compliance requirements	No Baseline	No Baseline	No Baseline	SCM Transactions report	SCM Transactions report	SCM Transactions report	SCM Transactions report
Quarterly Achievement 2017/18					Q1	Q2	Q3	Q4
1.2.1	Success is measured by no material fruitless and wasteful expenditure				Unqualified audit			
1.2.2	Success is measured by full compliance to the requirements of the PFMA				Unqualified audit			
1.2.3	Success is measured by SCM meeting full compliance requirements				Unqualified audit			

## Comments

- 1.2.1 Achieved
- 1.2.2 Achieved
- 1.2.3 Achieved

Sub-Programme 1.3		Governance						
<b>Description</b>		To ensure that the organisation complies with all regulatory and governance requirements as laid down by the various authorities. To ensure that the organisation aligns its governance protocols to King IV as soon as it is implemented						
<b>Responsibility</b>		Company Secretary						
<b>Budget</b>		Incorporated into Admin Budget						
<b>Strategic Objective</b>		Ensure compliance with all regulatory requirements and adherence to the King III governance requirements and all public institutional mandate.						
<b>Skills Priorities</b>		Not applicable						
<b>Scarce Skill / PIVOTAL Programme</b>		Not applicable						
Performance indicator		Baseline			Actual performance 2016/17	Medium-term targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1.3.1	Success is measured by Compliance to all regulatory requirements as per treasury requirements	No Baseline	No Baseline	No Baseline	Treasury Reports submitted as required	Treasury Reports	Treasury Reports	Treasury Reports
1.3.2	Success is measured by Compliance to all DHET requirements	No Baseline	No Baseline	No Baseline	Governance and QMR Reports submitted as required	Governance and QMR Reports	Governance and QMR Reports	Governance and QMR Reports
1.3.3	Success is measured by adherence to King III governance requirements	No Baseline	No Baseline	No Baseline	Internal Audits if required	Internal Audits if required	Internal Audits if required	Internal Audits if required
Quarterly Achievement 2017/18					Q1	Q2	Q3	Q4
1.3.1	Success is measured by Compliance to all regulatory requirements as per treasury requirements				Treasury Reports submitted as required	Treasury Reports submitted as required	Treasury Reports submitted as required	Treasury Reports submitted as required
1.3.2	Success is measured by Compliance to all DHET requirements				Governance and QMR Reports submitted as required	Governance and QMR Reports submitted as required	Governance and QMR Reports submitted as required	Governance and QMR Reports submitted as required
1.3.3	Success is measured by adherence to King III governance requirements				Internal Audits conducted as per Internal Audit Plan	Internal Audits conducted as per Internal Audit Plan	Internal Audits conducted as per Internal Audit Plan	Internal Audits conducted as per Internal Audit Plan



## PROGRAMME 2: SKILLS PLANNING

Sub-Programme 2.1		Research and Skills Planning						
<b>Description</b>		Research and benchmarking studies must be undertaken as per the approved research agenda to ensure that validated data supports the development of a credible skills plan for the banking sector						
<b>Responsibility</b>		Head: Research and Skills Planning						
<b>Budget</b>		R5 000 000.00						
<b>Strategic Objective</b>		Research reports are developed for all commissioned and in-house research (as detailed in the approved research agenda) and are accessible to stakeholders on the BANKSETA Knowledge Bank portal						
<b>Skills Priorities</b>		Not applicable						
<b>Scarce Skill / PIVOTAL Programme</b>		Not applicable						
Performance indicator		Baseline			Actual performance	Medium-term targets		
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
2.1.1	Success is measured by the Approval of the Research Agenda by DHET			Research Agenda Approved	Research Agenda Approved	Research Agenda Approved	Research Agenda Approved	Research Agenda Approved
2.1.2	Success is measured by the number of research reports completed and posted on the BANKSETA Knowledge Bank	-	-	3	3	3	3	3
Quarterly Achievement 2017/18					Q1	Q2	Q3	Q4
2.1.1	Success is measured by the approval of the research agenda by DHET				Approved	-	-	-
2.1.2	Success is measured by the number of research reports completed and posted on the BANKSETA Knowledge Bank				0	0	10	7

### Comments

- 2.1.1 Research agenda approved by DHET  
 2.1.2 More research reports than planned were completed through the various projects

Sub-Programme 2.2		Research and Skills Planning						
Description		As per mandatory requirements from DHET, BANKSETA must develop a Sector Skills Plan in line with the guidelines presented by the DHET by 01 August 2017 for approval						
Responsibility		Head: Research and Skills Planning						
Budget		Nil						
Strategic Objective		The Banking Sector Skills plan meet the requirements of DHET and provides a sound analysis of the sector and articulate an agreed sector strategy to address skills demand with an appropriate and relevant supply pipeline						
Skills Priorities		Not applicable						
Scarce Skill / PIVOTAL Programme		Not applicable						
Performance indicator		Baseline			Actual performance 2016/17	Medium-term targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
2.2.1	Success is measured by approval of the SSP by DHET	SSP approved	SSP approved	SSP approved	SSP approved	SSP approved	SSP approved	SSP approved
2.2.2	Success is measured by stakeholder satisfaction with the Sector Skills Plan measured in the annual stakeholder satisfaction survey rating	70%	79%	80%	65%	70%	70%	70%
Quarterly Achievement 2017/18					Q1	Q2	Q3	Q4
2.2.1	Success is measured by approval of the SSP by DHET				-	Draft SSP Approved	Final SSP Approved	-
2.2.2	Success is measured by stakeholder satisfaction with the Sector Skills Plan measured in the annual stakeholder satisfaction survey rating exceeding 70%				-	-	-	62%

#### Comments

- 2.2.1 SSP submitted and approved.  
2.2.2 The rating is for BANKSETA overall and does not refer to satisfaction with the SSP only.

Sub-Programme 2.3		Research and Skills Planning						
<b>Description</b>		The participation of stakeholders in terms of sector skills planning and compilation is fundamental to any meaningful and credible SSP and the aim is to maintain the participation rate up to 2019/20						
<b>Responsibility</b>		Manager: Skills Development						
<b>Budget</b>		Nil						
<b>Strategic Objective</b>		Employers submit their WSP/ATR that meet all compliance requirements for the payment of mandatory grants						
<b>Skills Priorities</b>		Not applicable						
<b>Scarce Skill / PIVOTAL Programme</b>		Not applicable						
Performance indicator		Baseline			Actual performance	Medium-term targets		
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
2.3.1	Success is measured by the number of employers submitting WSPs in the categories: <ul style="list-style-type: none"> <li>Large</li> <li>Medium</li> <li>Small (Levy paying and non-levy Paying)</li> </ul>	Large: 57 Medium: 40 Small: 167	Large and medium: 107 Small: 166	Large: 99 Medium: 43 Small: 193	Large: 92 Medium: 41 Small: 240	Large: 92 Medium: 41 Small: 240	Large: 92 Medium: 41 Small: 240	Large: 92 Medium: 41 Small: 240
Quarterly Achievement 2017/18					Q1	Q2	Q3	Q4
2.3.1	Success is measured by the number of employers submitting WSPs in the categories: <ul style="list-style-type: none"> <li>Large</li> <li>Medium</li> <li>Small (Levy paying and non-levy paying)</li> </ul>				Large: 93 Medium: 51 Small: 272	-	-	-

#### Comments

2.3.1 The target was exceeded due to continuous employer communication, national information sessions and one-on-one support to employers.

## PROGRAMME 3: LEARNING PROGRAMMES

Sub-Programme 3.1		Kuyasa Learnership						
<b>Description</b>		The aim of this project is to register unemployed postgraduate learners on a learnership programme with a further aim of achieving successful completions as per the annual targets listed below by the year 2019/20. The number of learners entering the programme and successfully completing the programme annually is reflected in the table below						
<b>Responsibility</b>		Manager: Youth Development						
<b>Budget</b>		R30 000 000.00						
<b>Strategic Objective</b>		Increase access to occupationally directed programmes for unemployed youth through a range of workplace experiential training interventions, including TVET College, Universities of Technology (UoTs) and University students.						
<b>Skills Priorities</b>		<ul style="list-style-type: none"> <li>Skills Priority Action 5: Management and Leadership</li> </ul>						
<b>Scarce Skill / PIVOTAL Programme</b>		<ul style="list-style-type: none"> <li>Financial Markets</li> <li>Management Development</li> </ul>						
Performance indicator		Baseline			Actual performance 2016/17	Medium-term targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
3.1.1	Success is measured by the number of learners entering the programme	405	301	284	260	220	220	220
3.1.2	Success is measured by the number of learners completing the programme successfully	330	312	152	248	143	143	143
Quarterly Achievement 2017/18					Q1	Q2	Q3	Q4
3.1.1	Success is measured by the number of learners entering the programme				-	-	-	300
3.1.2	Success is measured by the number of learners completing the programme successfully				-	-	-	234

### Comments

- 3.1.1 Due to savings from the previous year BANKSETA was able to recruit more learners for Kuyasa than what was originally planned.
- 3.1.2 More learners completed due to more learners entering the previous year.

Sub-Programme 3.2		Letsema Learnership						
<b>Description</b>		The aim of this project is to register unemployed learners on a learnership programme with a further aim of achieving successful completions as per the annual targets listed below by the year 2019/20. The number of learners entering the programme and successfully completing the programme annually is reflected in the table below						
<b>Responsibility</b>		Manager: Youth Development						
<b>Budget</b>		R40 000 000.00						
<b>Strategic Objective</b>		Increase access to occupationally directed programmes for unemployed youth through a range of workplace experiential training interventions, including TVET College, UoT and University students.						
<b>Skills Priorities</b>		· Skills Priority Action 5: Management and Leadership						
<b>Scarce Skill / PIVOTAL Programme</b>		· Financial Services Advice						
Performance indicator		Baseline			Actual performance 2016/17	Medium-term targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
3.2.1	Success is measured by the number of learners entering the programme	480	410	325	380	300	300	300
3.2.2	Success is measured by the number of learners completing the programme successfully	389	403	273	204	195	195	195
Quarterly Achievement 2017/18					Q1	Q2	Q3	Q4
3.2.1	Success is measured by the number of learners entering the programme				-	-	-	424
3.2.2	Success is measured by the number of learners completing the programme successfully				-	-	-	341

### Comments

3.2.1 Due to savings from the previous year BANKSETA was able to recruit more learners for Letsema than what was originally planned.

3.2.2 More learners completed due to more learners entering in the previous financial year.

Sub-Programme 3.3		Learnership Funding for Unemployed						
<b>Description</b>		The aim of this project is to register unemployed learners on a learnership programme as per sector demand for the broader banking and alternative banking sector with a further aim of achieving successful completions as per the annual targets listed below by the year 2019/20. The number of learners entering the programme and successfully completing the programme annually is reflected in the table below						
<b>Responsibility</b>		Manager: Youth Development						
<b>Budget</b>		R22 000 000.00						
<b>Strategic Objective</b>		Increase access to occupationally directed programmes for unemployed youth through a range of workplace experiential training interventions, including TVET College, UoT and University students.						
<b>Skills Priorities</b>		<ul style="list-style-type: none"> <li>· Skills Priority Action 1: Regulatory Compliance</li> <li>· Skills Priority Action 2: Changing Customer expectations</li> <li>· Skills Priority Action 3: Digitisation and Technology including Data Management</li> <li>· Skills Priority Action 4: Risk Management with a key focus on Cyber-security</li> <li>· Skills Priority Action 5: Management and Leadership</li> </ul>						
<b>Scarce Skill / PIVOTAL Programme</b>		Aligned to the five skills priority learning areas and is demand driven						
Performance indicator		Baseline			Actual performance 2016/17	Medium-term targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
3.3.1	Success is measured by the number of learners entering the programme	354	334	429	409	350	350	350
3.3.2	Success is measured by the number of learners completing the programme successfully	70	30	200	194	195	227	227
Quarterly Achievement 2017/18					Q1	Q2	Q3	Q4
3.3.1	Success is measured by the number of learners entering the programme				-	-	403	5
3.3.2	Success is measured by the number of learners completing the programme successfully				186	17	241	48

### Comments

- 3.3.1 BANKSETA was able to fund more learners than budgeted for due to more funds being available.
- 3.3.2 More learners than initially anticipated completed successfully due to more learners entering programmes in the previous year.

Sub-Programme 3.4		Work Readiness Programme						
<b>Description</b>		The aim of this project is to register unemployed youth on work readiness programmes, focusing on scarce and critical skills, with a further aim of achieving successful completions as per the annual targets listed below by the year 2019/20. The number of learners entering the programme and successfully completing the programme annually is reflected in the table below						
<b>Responsibility</b>		Manager: Bursaries and Work Integrated Learning						
<b>Budget</b>		R10 000 000.00						
<b>Strategic Objective</b>		Increase access to occupationally directed programmes for unemployed youth through a range of workplace experiential training interventions, including TVET College, UoT and University students.						
<b>Skills Priorities</b>		· Skills Priority Action 3: Digitisation and Technology including Data Management						
<b>Scarce Skill / PIVOTAL Programme</b>		· Information Technology						
Performance indicator		Baseline			Actual performance 2016/17	Medium-term targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
3.4.1	Success is measured by the number of learners entering the programme	-	-	60	237	80	80	80
3.4.2	Success is measured by the number of learners completing the programme successfully	-	-	40	221	64	64	64
Quarterly Achievement 2017/18					Q1	Q2	Q3	Q4
3.4.1	Success is measured by the number of learners entering the programme				226 (165 Risk, 61 IT)	-	-	-
3.4.2	Success is measured by the number of learners completing the programme successfully				-	-	154	58 (IT)

#### Comments

3.4.1 Target exceeded due to 2016/17 learners starting later than planned.

3.4.2 More learners completed successfully due to more learners entering.

Sub-Programme 3.5		Internships and Work-based Experience Funding						
<b>Description</b>		The aim of this programme is to register learners on work-based experience programmes and internships that meet sector demand in the broader banking and alternative banking sector, with a further aim of achieving successful completions as per the annual targets listed below by the year 2019/20. The number of learners entering the programme and successfully completing the programme annually is reflected in the table below						
<b>Responsibility</b>		Manager: Youth Development						
<b>Budget</b>		R3 750 000.00						
<b>Strategic Objective</b>		Increase access to occupationally directed programmes for unemployed youth through a range of workplace experiential training interventions, including TVET College, UoT and University students.						
<b>Skills Priorities</b>		<ul style="list-style-type: none"> <li>Skills Priority Action 1: Regulatory Compliance</li> <li>Skills Priority Action 2: Changing Customer expectations</li> <li>Skills Priority Action 3: Digitisation and Technology including Data Management</li> <li>Skills Priority Action 4: Risk Management with a key focus on Cyber-security</li> <li>Skills Priority Action 5: Management and Leadership</li> </ul>						
<b>Scarce Skill / PIVOTAL Programme</b>		Aligned to the demands of the sector and in line with the five skills priority learning areas						
Performance indicator		Baseline			Actual performance	Medium-term targets		
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
3.5.1	Success is measured by the number of learners entering the programme	149	104	224	149	100	100	100
3.5.2	Success is measured by the number of learners completing the programme successfully	70	-	140	133	130	65	65
Quarterly Achievement 2017/18					Q1	Q2	Q3	Q4
3.5.1	Success is measured by the number of learners entering the programme				4	-	49	51
3.5.2	Success is measured by the number of learners completing the programme successfully				5	-	-	61

#### Comments

3.5.1 More learners than planned entered internships as four learners from the previous financial year started late.

3.5.2 Learners from the previous intake started late and will therefore will complete later than planned.





Sub-Programme 3.6		Learning Programmes for People with Disabilities						
<b>Description</b>		The aim of this programme is to register unemployed learners with disabilities on learning programmes (this could be a learnership, bridging programme or work readiness programme), to address the sector demand with a further aim of achieving successful completions as per the annual targets listed below by the year 2019/20. The number of learners entering the programme and successfully completing the programme annually is reflected in the table below						
<b>Responsibility</b>		Manager: Youth Development						
<b>Budget</b>		R2 000 000.00						
<b>Strategic Objective</b>		Increase access to occupationally directed programmes for unemployed youth through a range of workplace experiential training interventions, including TVET College, UoT and University students						
<b>Skills Priorities</b>		<ul style="list-style-type: none"> <li>· Skills Priority Action 1: Regulatory Compliance</li> <li>· Skills Priority Action 2: Changing Customer expectations</li> <li>· Skills Priority Action 3: Digitisation and Technology including Data Management</li> <li>· Skills Priority Action 4: Risk Management with a key focus on Cyber-security</li> <li>· Skills Priority Action 5: Management and Leadership</li> </ul>						
<b>Scarce Skill / PIVOTAL Programme</b>		Aligned to the demands of the sector and in line with the five skills priority learning areas						
Performance indicator		Baseline			Actual performance	Medium-term targets		
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
3.6.1	Success is measured by the number of learners entering the programme	50	39	43	42	30	30	30
6.2.2	Success is measured by the number of learners completing the programme successfully	20	32	26	32	20	20	20
Quarterly Achievement 2017/18					Q1	Q2	Q3	Q4
3.6.1	Success is measured by the number of learners entering the programme				-	-	39	0
3.6.2	Success is measured by the number of learners completing the programme successfully				-	-	20	9

#### Comments

3.6.1 More learners were funded due to available funding and more employers applying for programmes for learners with disabilities.

3.6.2 Target exceeded due to more learners entering in the previous year.

Sub-Programme 3.7		Mathematics and Science Support Programme						
<b>Description</b>		The aim of this programme is to register unemployed learners on a programme to improve results in mathematics and science for grade 10, 11 and 12 with a further aim of achieving successful completions as per the annual targets listed below by the year 2019/20. The number of learners entering the programme and successfully completing the programme annually is reflected in the table below. This programme has a rural skills development element						
<b>Responsibility</b>		Manager: Skills Development						
<b>Budget</b>		R10 000 000.00						
<b>Strategic Objective</b>		Improve the quality of secondary schooling learning through interventions that address the low level of youth language and numeracy skills						
<b>Skills Priorities</b>		<ul style="list-style-type: none"> <li>· Skills Priority Action 3: Digitisation and Technology including Data Management</li> <li>· Skills Priority action 4: Risk Management with a key focus on Cyber-security</li> </ul>						
<b>Scarce Skill / PIVOTAL Programme</b>		This project does not address any specific scarce skill/PIVOTAL programme in the sector but supports the development quality matriculants who enter university qualifications that are required by the sector						
Performance indicator		Baseline			Actual performance 2016/17	Medium-term targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
3.7.1	Success is measured by the number of learners entering the programme	665	1224	578	1316	500	500	500
3.7.2	Success is measured by the number of learners completing the programme successfully	-	92	392	1375	325	325	325
Quarterly Achievement 2017/18					Q1	Q2	Q3	Q4
3.7.1	Success is measured by the number of learners entering the programme				-	-	1327	-
3.7.2	Success is measured by the number of learners completing the programme successfully				73	-	-	905

#### Comments

3.7.1 More learners were assisted with math and science support due to funding being available.

3.7.2 More learners completed successfully due to more learners entering at the beginning of the academic year.

Sub-Programme 3.8		PIVOTAL Grant Funding Window: Unemployed						
<b>Description</b>		The aim of this programme is to register unemployed beneficiaries to meet sector demand that fall within the definition of PIVOTAL programmes as per the annual targets listed, by the year 2019/20. The number of learners entering the programme annually is reflected in the table below						
<b>Responsibility</b>		Manager: Youth Development						
<b>Budget</b>		R6 750 000.00						
<b>Strategic Objective</b>		Increase access to occupationally directed programmes for unemployed youth through a range of workplace experiential training interventions, including TVET College, UoT and University students.						
<b>Skills Priorities</b>		<ul style="list-style-type: none"> <li>· Skills Priority Action 1: Regulatory Compliance</li> <li>· Skills Priority Action 2: Changing Customer expectations</li> <li>· Skills Priority Action 3: Digitisation and Technology including Data Management</li> <li>· Skills Priority Action 4: Risk Management with a key focus on Cyber-security</li> <li>· Skills Priority Action 5: Management and Leadership</li> </ul>						
<b>Scarce Skill / PIVOTAL Programme</b>		Aligned to the demands of the sector and in line with the five skills priority learning areas						
Performance indicator		Baseline			Actual performance	Medium-term targets		
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
3.8.1	Success is measured by the number of learners entering the programme	-	-	-	-	150	150	150
Quarterly Achievement 2017/18					Q1	Q2	Q3	Q4
3.8.1	Success is measured by the number of learners entering the programme				3	-	107	50

#### Comments

3.8.1 The target was slightly exceeded due to the number of successful applications that could be funded. In addition to the learners entering PIVOTAL Programmes, 137 learners from previous intakes also completed programmes successfully.

Sub-Programme 3.9		TVET Work Integrated Learning Funding Window						
<b>Description</b>		The aim of this programme is to assist TVET College learners to access work integrated learning (WIL) opportunities through collaborations with Technical and Vocational Education and Training Institutions (TVET's) as per the annual targets set by the year 2019/20. The number of learners entering the programme annually is reflected in the table below						
<b>Responsibility</b>		Manager: Bursaries and Work Integrated Learning						
<b>Budget</b>		R15 000 000.00						
<b>Strategic Objective</b>		Increase access to occupationally directed programmes for unemployed youth through a range of workplace experiential training interventions, including TVET College, UoT and University students.						
<b>Skills Priorities</b>		<ul style="list-style-type: none"> <li>· Skills Priority Action 1: Regulatory Compliance</li> <li>· Skills Priority Action 2: Changing Customer expectations</li> <li>· Skills Priority Action 3: Digitisation and Technology including Data Management</li> <li>· Skills Priority Action 4: Risk Management with a key focus on Cyber-security</li> <li>· Skills Priority Action 5: Management and Leadership</li> </ul>						
<b>Scarce Skill / PIVOTAL Programme</b>		Aligned to the demands of the sector and in line with the five skills priority learning areas						
Performance indicator		Baseline			Actual performance	Medium-term targets		
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
3.9.1	Success is measured by the number of (MoUs) signed with TVETs	-	13	26	10	10	10	10
3.9.2	Success is measured by the number of learners accessing WIL opportunities	-	623	569	682	300	300	300
<b>Quarterly Achievement 2017/18</b>					<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
3.9.1	Success is measured by the number of MoUs signed with TVETs				8	-	3	-
3.9.2	Success is measured by the number of learners accessing WIL opportunities				93	381	249	-

#### Comments

3.9.1 One more application than anticipated could be approved due to funding being available.

3.9.2 Target exceeded due to a greater need for WIL opportunities from the TVET Colleges and additional funding being available.

Sub-Programme 3.10		Universities of Technology Work Integrated Funding Window						
<b>Description</b>		The aim of this programme is to fund demand-driven skills development through collaborations with Universities of Technology (UoTs) and to register learners to access work-integrated learning (WIL) opportunities as per the annual targets listed by the year 2019/20. The number of learners entering the programme annually is reflected in the table below						
<b>Responsibility</b>		Manager: Bursaries and Work Integrated Learning						
<b>Budget</b>		R13 000 000.00						
<b>Strategic Objective</b>		Increase access to occupationally directed programmes for unemployed youth through a range of workplace experiential training interventions, including TVET College, UoT and University students.						
<b>Skills Priorities</b>		<ul style="list-style-type: none"> <li>· Skills Priority Action 1: Regulatory Compliance</li> <li>· Skills Priority Action 2: Changing Customer expectations</li> <li>· Skills Priority Action 3: Digitisation and Technology including Data Management</li> <li>· Skills Priority Action 4: Risk Management with a key focus on Cyber-security</li> <li>· Skills Priority Action 5: Management and Leadership</li> </ul>						
<b>Scarce Skill / PIVOTAL Programme</b>		Aligned to the demands of the sector and in line with the five skills priority learning areas						
Performance indicator		Baseline			Actual performance 2016/17	Medium-term targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
3.10.1	Success is measured by the number of MoUs signed with UoTs	3	1	6	5	5	5	5
3.10.2	Success is measured by the number of learners accessing WIL opportunities	50	383	147	502	200	200	200
Quarterly Achievement 2017/18					Q1	Q2	Q3	Q4
3.10.1	Success is measured by the number of MoUs signed with UoTs				1	-	3	1
3.10.2	Success is measured by the number of learners accessing WIL opportunities				99	160	15	-

#### Comments

3.10.1 Target met.

3.10.2 Target exceeded due to a greater need for WIL opportunities from the UoTs and additional funding being available.

Sub-Programme 3.11		Higher Education Funding Window						
<b>Description</b>		The aim of this programme is to fund demand-driven skills through collaborations with Universities and Universities of Technology (UoTs) and Professional Bodies, with a focus on awarding bursaries in scarce and critical skills areas with a further aim of achieving successful completions as per the annual targets listed below by the year 2019/20. The number of learners entering the programme and successfully completing the programme annually is reflected in the table below						
<b>Responsibility</b>		Manager: Bursaries and Work Integrated Learning						
<b>Budget</b>		R65 000 000.00						
<b>Strategic Objective</b>		Implement a range of capacity building interventions to support the growth of a public TVET College system with specific reference to lecturer capacity building						
<b>Skills Priorities</b>		<ul style="list-style-type: none"> <li>· Skills Priority Action 1: Regulatory Compliance</li> <li>· Skills Priority Action 2: Changing Customer expectations</li> <li>· Skills Priority Action 3: Digitisation and Technology including Data Management</li> <li>· Skills Priority Action 4: Risk Management with a key focus on Cyber-security</li> <li>· Skills Priority Action 5: Management and Leadership</li> </ul>						
<b>Scarce Skill / PIVOTAL Programme</b>		Aligned to the demands of the sector and in line with the five skills priority learning areas						
Performance indicator		Baseline			Actual performance	Medium-term targets		
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
3.11.1	Success is measured by the number of MoUs signed with Higher Education Institutions	-	-	19	6	8	8	8
3.11.2	Success is measured by the number of learners entering the programme	-	-	230	1 454	650	650	650
3.11.3	Success is measured by the number of learners completing the programme successfully	-	-	0	488	138	450	390
3.11.4	Success is measured by the number of lecturer bursaries signed	-	-	-	13	50	50	50
Quarterly Achievement 2017/18					Q1	Q2	Q3	Q4
3.11.1	Success is measured by the number of MoUs signed with Higher Education Institutions				21	-	-	-
3.11.2	Success is measured by the number of learners entering the programme				1 725	527	343	35
3.11.3	Success is measured by the number of learners completing the programme successfully				46 [28 bursaries, 18 AT(SA)]	-	-	604 (bursaries)
3.11.4	Success is measured by the number of lecturer bursaries signed				0	44	-	17

#### Comments

3.11.1 and 3.11.2 Targets exceeded due to additional funding being available.

3.11.3 Target was exceeded due to more learners receiving bursaries in previous financial years.

3.11.4 More lecturers applied for bursaries than anticipated and due to funding being available, were funded. 58 Lecturers who had previously entered a programme completed successfully.

Sub-Programme 3.12		NSFAS Support						
<b>Description</b>		The aim of the programme is to increase access to occupationally directed programmes by reimbursing learners who have successfully completed their qualifications (within scarce and critical skills scope of BANKSETA or teaching qualifications in Maths or Accounting, with bursary funding through NSFAS as per the annual targets listed)						
<b>Responsibility</b>		Manager: Bursaries and Work Integrated Learning						
<b>Budget</b>		R4 000 000.00						
<b>Strategic Objective</b>		Increase access to occupationally directed programmes for unemployed youth through a range of workplace experiential training interventions, including TVET College, UoT and University students.						
<b>Skills Priorities</b>		<ul style="list-style-type: none"> <li>· Skills Priority Action 1: Regulatory Compliance</li> <li>· Skills Priority Action 2: Changing Customer expectations</li> <li>· Skills Priority Action 3: Digitisation and Technology including Data Management</li> <li>· Skills Priority Action 4: Risk Management with a key focus on Cyber-security</li> <li>· Skills Priority Action 5: Management and Leadership</li> </ul>						
<b>Scarce Skill / PIVOTAL Programme</b>		Aligned to the demands of the sector and in line with the five skills priority learning areas						
Performance indicator		Baseline			Actual performance 2016/17	Medium-term targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
3.12.1	Success is measured by the number of learners reimbursed for completing the programme successfully	-	0	0	70	80	80	80
Quarterly Achievements					Q1	Q2	Q3	Q4
3.12.1	Success is measured by the number of learners reimbursed for completing the programme successfully	-	-	-	-	-	-	95

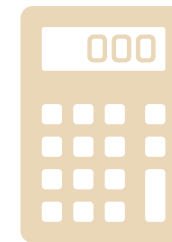
#### Comments

3.12.1 More learners could be funded for successful completion of their programmes due to the cost per learner being lower than initially budgeted for.

Sub-Programme 3.13		Career Awareness						
<b>Description</b>		The aim of this programme is to build career and vocational guidance by funding the development and dissemination of a career guide to youth and the training of life orientation teachers as per the annual targets listed in the table below						
<b>Responsibility</b>		Manager: Marketing and Communication						
<b>Budget</b>		R2 000 000.00						
<b>Strategic Objective</b>		Ensure accessible career and vocational guidance within the banking sector						
<b>Skills Priorities</b>		Not applicable						
<b>Scarce Skill / PIVOTAL Programme</b>		Not applicable						
Performance indicator		Baseline			Actual performance	Medium-term targets		
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
3.13.1	Success is measured by the number of career awareness workshops conducted	-	-	-	40	40	40	40
3.13.2	Success is measured by the number of Life Orientation Teachers trained	299	856	1148	919	500	500	500
3.13.3	Success is measured by the number of career guides distributed	5 121	7 066	4 430	8 440	5 000	5 000	5 000
Quarterly Achievement 2017/18					Q1	Q2	Q3	Q4
3.13.1	Success is measured by the number of career awareness workshops conducted				-	8	10	22
3.13.2	Success is measured by the number of Life Orientation Teachers trained				-	237	254	447
3.13.3	Success is measured by the number of career guides distributed				3 500	1 900	450	1 710

#### Comments

- 3.13.1 Target achieved
- 3.13.2 More delegates than planned attended the workshops and therefore the target was exceeded.
- 3.13.3 More guides were distributed than planned due to increased demand from stakeholders.





Sub-Programme 3.14		International Executive Development Programme						
<b>Description</b>		The aim of this programme is to register learners on a management development programme targeting beneficiaries with a potential to occupy executive management positions in the banking and alternative banking sector with a further aim of achieving successful completions as per the annual targets listed below by the year 2019/20. The number of learners entering the programme and successfully completing the programme annually is reflected in the table below						
<b>Responsibility</b>		Manager: Skills Development						
<b>Budget</b>		R20 000 000.00						
<b>Strategic Objective</b>		Provide appropriate interventions for workers by encouraging better use of workplace based skills programmes						
<b>Skills Priorities</b>		· Skills Priority Action 5: Management and Leadership						
<b>Scarce Skill / PIVOTAL Programme</b>		Management and Leadership						
Performance indicator		Baseline			Actual performance 2016/17	Medium-term targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
3.14.1	Success is measured by the number of learners entering the programme	40	40	-	39	40	40	40
3.14.2	Success is measured by the number of learners completing the programme successfully	39	40	40	39	35	35	35
Quarterly Achievement 2017/18					Q1	Q2	Q3	Q4
3.14.1	Success is measured by the number of learners entering the programme				40	-	-	-
3.14.2	Success is measured by the number of learners completing the programme successfully				-	-	39	-

#### Comments

3.14.1 Target achieved

3.14.2 Due to intensive mentoring and support more learners completed successfully

Sub-Programme 3.15		PIVOTAL Grant Funding Window						
<b>Description</b>		The aim of this programme is to register employed beneficiaries on demand-driven skills development programmes in the sector, which fall within the definition of PIVOTAL programmes, with a further aim of achieving successful completions as per the annual targets listed below by the year 2019/20. The number of learners entering the programme and successfully completing the programme annually is reflected in the table below						
<b>Responsibility</b>		Manager: Skills Development						
<b>Budget</b>		R104 128 000.00						
<b>Strategic Objective</b>		Provide appropriate interventions for workers by encouraging better use of workplace based skills programmes						
<b>Skills Priorities</b>		<ul style="list-style-type: none"> <li>· Skills Priority Action 1: Regulatory Compliance</li> <li>· Skills Priority Action 2: Changing Customer expectations</li> <li>· Skills Priority Action 3: Digitisation and Technology including Data Management</li> <li>· Skills Priority Action 4: Risk Management with a key focus on Cyber-security</li> <li>· Skills Priority Action 5: Management and Leadership</li> </ul>						
<b>Scarce Skill / PIVOTAL Programme</b>		Aligned to the demands of the sector and in line with the five skills priority learning areas						
Performance indicator		Baseline			Actual performance 2016/17	Medium-term targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
3.15.1	Success is measured by the number of learners entering the programme	855	896	567	1 918	2 600	2 000	2 000
3.15.2	Success is measured by the number of learners completing the programme successfully	-	-	-	-	537	340	1 140
<b>Quarterly Achievement 2017/18</b>					<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
3.15.1	Success is measured by the number of learners entering the programme				<b>14</b> (11 learnerships, 3 bursaries)	-	<b>1 483</b> (52 candidacy, 764 learnerships, 594 bursaries, 73 skills programmes)	<b>1 093</b> (487 learnerships, 307 bursaries, 233 skills programmes, 66 candidacy programmes)
3.15.2	Success is measured by the number of learners completing the programme successfully				<b>217</b> (150 learnerships, 67 bursaries)	<b>161</b> (132 learnerships, 29 Bursaries)	<b>538</b> (94 bursaries, 444 learnerships)	<b>225</b> (203 learnerships, 22 candidacy programmes)

#### Comments

3.15.1 Due to additional funding being available, more employees were funded.

3.15.2 More learners completed successfully due to more learners entering programmes in the previous year

Sub-Programme 3.16		Reskilling of employees funding window						
<b>Description</b>		The aim of this project is to provide funding to employers in order to up skill or re-skill workers whose positions have/will become redundant as a result of digitisation or other reasons with a further aim of achieving successful completions as per the annual targets listed below by the year 2019/20. The number of learners entering the programme and successfully completing the programme annually is reflected in the table below						
<b>Responsibility</b>		Manager: Skills Development						
<b>Budget</b>		R50 000 000.00						
<b>Strategic Objective</b>		Provide appropriate interventions for workers by encouraging better use of workplace based skills programmes						
<b>Skills Priorities</b>		<ul style="list-style-type: none"> <li>· Skills Priority Action 1: Regulatory Compliance</li> <li>· Skills Priority Action 2: Changing Customer expectations</li> <li>· Skills Priority Action 3: Digitisation and Technology including Data Management</li> <li>· Skills Priority Action 4: Risk Management with a key focus on Cyber-security</li> <li>· Skills Priority Action 5: Management and Leadership</li> </ul>						
<b>Scarce Skill / PIVOTAL Programme</b>		Aligned to the demands of the sector and in line with the five skills priority learning areas						
Performance indicator		Baseline			Actual performance	Medium-term targets		
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
3.16.1	Success is measured by the number of learners entering the programme	-	-	-	-	1000	1000	1000
3.16.2	Success is measured by the number of learners completing the programme successfully	-	-	-	-	-	600	600
Quarterly Achievement 2017/18					Q1	Q2	Q3	Q4
3.16.1	Success is measured by the number of learners entering the programme				-	3	226	-
3.16.2	Success is measured by the number of learners completing the programme successfully				-	-	-	116

#### Comments

3.16.1 The sector project stemming from the recent fact-finding mission must still be approved by Skills Planning Committee therefore implementation is delayed.

Sub-Programme 3.17		IT Funding Window						
<b>Description</b>		The aim of this project is to fund demand-driven IT skills development initiatives that employers are not able to access through existing BANKSETA projects with the further aim of achieving successful completions as per the annual targets listed below by the year 2019/20. The number of learners entering the programme and successfully completing the programme annually is reflected in the table below						
<b>Responsibility</b>		Manager: Skills Development						
<b>Budget</b>		R10 000 000.00						
<b>Strategic Objective</b>		Provide appropriate interventions for workers by encouraging better use of workplace based skills programmes						
<b>Skills Priorities</b>		· Skills Priority Action 3: Digitisation and Technology including Data Management						
<b>Scarce Skill / PIVOTAL Programme</b>		Information Technology related skills						
Performance indicator		Baseline			Actual performance	Medium-term targets		
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
3.17.1	Success is measured by the number of learners entering the programme	-	-	-	-	200	200	200
3.17.2	Success is measured by the number of learners completing the programme successfully	-	-	-	-	-	120	120
Quarterly Achievement 2017/18					Q1	Q2	Q3	Q4
3.17.1	Success is measured by the number of learners entering the programme				-	238	15	170
3.17.2	Success is measured by the number of learners completing the programme successfully				-	7	16	319

### Comments

3.17.1 The target has been exceeded due to some programmes costing less than what was budgeted for, allowing for additional learners to be funded

3.17.2 Some learners completed sooner than anticipated and enrolled for shorter programmes and could therefore be reported on in the current year instead of the next financial year

Sub-Programme 3.18		SME Funding Window						
<b>Description</b>		The aim of this programme is to encourage and support small enterprises through funding scarce and critical skills as identified by skills planning and increase access to occupationally directed programmes with a further aim of achieving successful completions as per the annual targets listed below by the year 2019/20. The number of SMEs accessing funding and successfully completing the programme annually is reflected in the table below						
<b>Responsibility</b>		Manager: Inclusive Banking						
<b>Budget</b>		R20 000 000.00						
<b>Strategic Objective</b>		Provide training and development support to Cooperatives, SMEs, NGOs etc in an effort to contribute to economic and employment growth and their impact measured and reported on.						
<b>Skills Priorities</b>		<ul style="list-style-type: none"> <li>· Skills Priority Action 1: Regulatory Compliance</li> <li>· Skills Priority Action 2: Changing Customer expectations</li> <li>· Skills Priority Action 3: Digitisation and Technology including Data Management</li> <li>· Skills Priority Action 4: Risk Management with a key focus on Cyber-security</li> <li>· Skills Priority Action 5: Management and Leadership</li> </ul>						
<b>Scarce Skill / PIVOTAL Programme</b>		Aligned to the demands of the sector and in line with the five skills priority learning areas						
Performance indicator		Baseline			Actual performance 2016/17	Medium-term targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
3.18.1	Success is measured by the number of SME organisations accessing funding	58	40	44	58	100	100	100
3.18.2	Success is measured by the number of SME organisations completing the funded programme successfully	10	18	36	39	35	60	60
<b>Quarterly Achievement 2017/18</b>					<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
3.18.1	Success is measured by the number of SME Organisations accessing funding				-	42 (36 SME, 6 NGO)	-	66
3.18.2	Success is measured by the number of SME Organisations completing the funded programme successfully				16	7	15	9

#### Comments

3.18.1 More SME organisations were supported due to more funding being available.

3.18.2 Target exceeded due to more programmes completing successfully. This can be attributed to employer support.

Sub-Programme 3.19		Entrepreneurship Programme						
<b>Description</b>		The aim of this project is to ensure that SME businesses have necessary business skills to sustain their business by registering learners on bursaries with a further aim of achieving successful completions as per the annual targets listed below by the year 2019/20. The number of learners entering the programme and successfully completing the programme annually is reflected in the table below						
<b>Responsibility</b>		Manager: Inclusive Banking						
<b>Budget</b>		R10 000 000.00						
<b>Strategic Objective</b>		Provide training and development support to Cooperatives, SMEs, NGOs etc in an effort to contribute to economic and employment growth and their impact measured and reported on.						
<b>Skills Priorities</b>		· Skills Priority Action 5: Management and Leadership						
<b>Scarce Skill / PIVOTAL Programme</b>		Entrepreneurship skills						
Performance indicator		Baseline			Actual performance 2016/17	Medium-term targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
3.19.1	Success is measured by the number of learners entering the programme	-	-	99	110	200	200	200
3.19.2	Success is measured by the number of learners completing the programme successfully	-	-	85	91	160	160	160
Quarterly Achievement 2017/18					Q1	Q2	Q3	Q4
3.19.1	Success is measured by the number of learners entering the programme				-	252	-	-
3.19.2	Success is measured by the number of learners completing the programme successfully				-	-	78	93

#### Comments

3.19.1 The target was exceeded due to the provider training more delegates for the same price as the planned number.

3.19.2 More delegates completed the programme successfully due to more learners entering the year before.

Sub-Programme 3.20		Cooperative Financial Institution Support						
<b>Description</b>		The aim of this programme is to encourage and support cooperatives by funding training in cooperatives institutions and cooperatives members as per the annual targets listed by the year 2019/20						
<b>Responsibility</b>		Manager: Inclusive Banking						
<b>Budget</b>		R5 000 000.00						
<b>Strategic Objective</b>		Provide training and development support to Cooperatives, SMEs, NGOs etc in an effort to contribute to economic and employment growth and their impact measured and reported on.						
<b>Skills Priorities</b>		<ul style="list-style-type: none"> <li>· Skills Priority Action 1: Regulatory Compliance</li> <li>· Skills Priority Action 2: Changing Customer expectations</li> <li>· Skills Priority Action 3: Digitisation and Technology including Data Management</li> <li>· Skills Priority Action 4: Risk Management with a key focus on Cyber-security</li> <li>· Skills Priority Action 5: Management and Leadership</li> </ul>						
<b>Scarce Skill / PIVOTAL Programme</b>		Aligned to the demands of the sector and in line with the five skills priority learning areas						
Performance indicator		Baseline			Actual performance 2016/17	Medium-term targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
3.20.1	Success is measured by the CFIs assisted with skills development.	40	39	45	31	30	30	30
3.20.2	Success is measured by the number of CFI members trained.	194	303	241	233	300	300	300
Quarterly Achievement 2017/18					Q1	Q2	Q3	Q4
3.20.1	Success is measured by the CFIs assisted with skills development				-	-	-	30
3.20.2	Success is measured by the number of CFI members trained				-	-	-	334

#### Comments

3.20.1 Target achieved.

3.20.2 More members than anticipated were trained due to a partnership with the Cooperative Bank Development Agency.

Sub-Programme 3.21		Rural Training						
<b>Description</b>		The aim of the programme is to register learners in rural areas as per the annual targets listed by the year 2019/20						
<b>Responsibility</b>		Manager: Inclusive Banking						
<b>Budget</b>		R10 000 000.00						
<b>Strategic Objective</b>		Provide training and development support to Cooperatives, SMEs, NGOs etc in an effort to contribute to economic and employment growth and their impact measured and reported on.						
<b>Skills Priorities</b>		· Skills Priority Action 5: Management and Leadership						
<b>Scarce Skill / PIVOTAL Programme</b>		Financial Management						
Performance indicator		Baseline			Actual performance 2016/17	Medium-term targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
3.21.1	Success is measured by the number of rural areas trained in	-	-		1	10	10	10
3.21.2	Success is measured by the number of rural based learners attending training	-	-	-	372	1 500	1 500	1 500
Quarterly Achievement 2017/18					Q1	Q2	Q3	Q4
3.21.1	Success is measured by the number of rural areas trained				3	-	-	15
3.21.2	Success is measured by the number of rural based learners attending training				87	-	-	1714

#### Comments

3.21.1 Targets exceeded due to some areas from the previous financial year were still being trained in the current financial year.

3.21.2 Some beneficiaries were from the previous rural project that concluded in Q1.



Sub-Programme 3.22		Doctoral and Post-Doctoral bursaries						
<b>Description</b>		The aim of this programme is to register learners for bursaries for PhD and Post-doctoral studies, as per the annual targets listed by the year 2019/20. It is a bursary programme targeting beneficiaries researching topics that will benefit the banking and alternative banking sector						
<b>Responsibility</b>		Head: Research						
<b>Budget</b>		R2 000 000.00						
<b>Strategic Objective</b>		Provide appropriate interventions for workers by encouraging better use of workplace based skills programmes						
<b>Skills Priorities</b>		Not applicable						
<b>Scarce Skill / PIVOTAL Programme</b>		This project is aligned to the research needs of the sector						
Performance indicator		Baseline			Actual performance 2016/17	Medium-term targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
3.22.1	Success of the programme measured by the number of learners entering the programme	8	12	20	22	40	40	40
Quarterly Achievement 2017/18					Q1	Q2	Q3	Q4
3.22.1	Success of the programme measured by the number of learners entering the programme				-	9	-	15

#### Comments

3.22.1 The target was not met due to fewer candidates applying for funding for this level of programme.



## PROGRAMME 4: QUALITY ASSURANCE

Sub-Programme 4.1		Quality Management of Training Provision						
<b>Description</b>		The QCTO is the custodian for the development and registration of occupation based qualifications and the continuance of the legacy qualifications until the registration end date. BANKSETA works in partnership with the QCTO to develop new occupational qualifications, working with the relevant stakeholders i.e. Skills Development Providers (SDP) and Assessment Quality Partner (AQP) while ensuring moderation and certification of the learners on the legacy qualifications. Through the SDP and AQP, the training and assessment of learners in preparation for the final External Integrated Summative Assessment (EISA) is ensured						
<b>Responsibility</b>		Manager: Quality Management						
<b>Budget</b>		Nil						
<b>Strategic Objective</b>		Develop and register specific occupation based qualification in partnership with the QCTO in line with the needs of the sector						
<b>Skills Priorities</b>		Not applicable						
<b>Scarce Skill / PIVOTAL Programme</b>		Not applicable						
Performance indicator		Baseline			Actual performance	Medium-term targets		
		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
4.1.1	Success is measured by the number of qualifications registered	-	-	-	-	2	2	2
4.1.2	Success is measured by the appointment of an AQP and the development of the EISA for each occupational qualification.	-	-	-	-	2	2	2
4.1.3	Sufficient subject matter experts are identified in order to facilitate content and prepare learners for Summative Assessment and Certification	-	-	-	-	4	4	4
Quarterly Achievement 2017/18					Q1	Q2	Q3	Q4
4.1.1	Success is measured by the number of occupational qualifications registered				-	2	-	-
4.1.2	Success is measured by the appointment of an AQP and the development of the EISA for each occupational qualification				-	1	-	-
4.1.3	Sufficient subject matter experts are identified in order to facilitate content and prepare learners for the final External Integrated Summative Assessment and Certification				-	10 members	-	-

### Comments

4.1.1 The Credit Loan Officer and Bank Teller.

4.1.2 The BANKSETA has been appointed as the AQP for the qualifications of Credit Loan Officer and Bank Teller. The EISA has been developed and a meeting was held to validate the instruments and strategies and then sent to the CEP for final comment.

4.1.3 A subject matter expert committee has been established for the 'Currency Exchange Officer'.

Sub-Programme 4.2		Quality Management of Training Provision, Assessment and Certification Of Legacy Qualifications.						
<b>Description</b>		BANKSETA has the delegated authority of the QCTO to accredit sectoral training providers thereby ensuring quality assurance in the facilitation of learning delivery and implementation and the validity of summative assessments conducted. The quality assurance is enabled through provider site audits and external moderation to ensure the compliance of assessments conducted according to an assessment strategy and implementation						
<b>Responsibility</b>		Manager: Quality Management						
<b>Budget</b>		Nil						
<b>Strategic Objective</b>		Quality assure the delivery and assessment interventions of accredited training providers who fall within the scope of the BANKSETA culminating in the timeous issuing of certification of competence						
<b>Skills Priorities</b>		Not applicable						
<b>Scarce Skill / PIVOTAL Programme</b>		Not applicable						
Performance indicator		Baseline			Actual performance 2016/17	Medium-term targets		
		2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
4.2.1	Success of the programme is measured by the number of 'expression of interest' submitted by organisations wishing to be accredited by BANKSETA	2	2	3	10	3	3	3
4.2.2	Success of the programme is measured by the number of new providers that reflect <i>best practice</i> in their new application or re-accreditation thereby have a status of 'preferred' provider	1	1	2	-	3	2	2
4.2.3	Success of the programme is measured by the number of provider request for external moderation for certification and responded to within <i>5 working days of the request</i>	-	-	5	25	4	4	3
4.2.4	Success of the programme is measured by the number of learners who are verified and certificated on BANKSETA qualifications	250	300	400	1 355	200	200	200
Quarterly Achievement 2017/18					Q1	Q2	Q3	Q4
4.2.1	Success of the programme is measured by number of 'expression of interest' submitted by organisations wishing to be accredited by BANKSETA				1	4	8	10
4.2.2	Success of the programme is measured by the number of new provider that reflect <i>best practice</i> in their new application or re-accreditation thereby having a status of 'preferred' provider				0	1	3	8
4.2.3	Success of the programme is measured by the number of provider requests for external moderation for certification and responded to within <i>5 working days of the request</i>				7	10	9	10
4.2.4	Success of the programme is measured by the number of learners who are verified and certificated on BANKSETA qualifications				399	900	1 090	540

# PART C

GOVERNANCE



# GROUP PROFILE: WHO GOVERNS US, LEADS US



## BANKSETA

The BANKSETA is a statutory body established through the Skills Development Act of 1998 to enable its stakeholders to advance the national and global position of the banking and alternative banking sector. In terms of the Public Finance Management Act (1999) (PFMA), the BANKSETA is a Schedule 3A public entity. Thus, in delivering on its mandate, the SETA and its Accounting Authority, are governed by the Skills Development Act, the PFMA, the Skills Development Levies Act, the SETA Standard Constitution and any other relevant legislation.

## PORTFOLIO COMMITTEE

Parliament, through its Portfolio Committee on Higher Education and Training, oversees the performance and budgets of the Department of Higher Education and Training and its public entities and thus is primarily concerned with overall service delivery and improving economic growth. In this way, the BANKSETA is also accountable to the Portfolio Committee to report on the organisation's Strategic Plans and Annual Performance Plans and relevant performance. During the 2017/18 financial year, the BANKSETA held one meeting with the Portfolio Committee to discuss the 2015/16 – 2019/20 Strategic Plan and 2017/18 Annual Performance Plan. In addition, all Parliamentary questions which the BANKSETA was requested to answer to during the financial year was provided to the Executive Authority.

## EXECUTIVE AUTHORITY

The Executive Authority (the Minister of Higher Education and Training) must exercise his/her powers and responsibilities in respect of the SETA constitution, to ensure that the implementation of the objectives and execution of the functions of the SETA comply with both the Act and the policies of the Executive Authority and government. This is managed through a service level agreement which outlines the minimum service levels required by the SETA in performing its statutory functions, meeting the National Skills Development Strategy targets and implementing its Strategic Plan And Annual Performance Plan. Furthermore, as required by the PFMA and National Treasury Regulations for monitoring and evaluation purposes, the Annual Compliance Calendar is complied with which comprises the quarterly reporting on SETA finances, performance, risk management and governance. The BANKSETA complied with the provisions of the Annual Compliance Calendar for the 2017/18 year and submitted all quarterly reports as required.

## ACCOUNTING AUTHORITY

The Accounting Authority, also known as the Board of the SETA, governs and manages the SETA in accordance with applicable legislation and provides strategic direction. As the King codes articulate, the essence of good governance emanates from effective and ethical leadership; the Accounting Authority and the Executive Management of the SETA have a critical role to play in ensuring that the SETA fulfils its strategic and operational objectives towards sustainable performance and meeting the needs of its stakeholders.

# GOVERNANCE STRUCTURE

## BOARD MEMBERS



**Martin Mahosi**  
Chairperson — Ministerial Appointment



**Malesela Maleka**  
Ministerial Appointment



**Joe Kokela**  
Organised Labour — Sasbo



**Myan Soobramoney**  
Organised Labour - Sasbo



**Amanda Naude**  
Organised Labour - Sasbo



**Samantha Anthony**  
Organised Labour — Sasbo



**Nathan Motjuwadi**  
Organised Employers — Capitec Bank



**Sarah Louw**  
Organised Employers — Absa — Barclays



**Manny Captain**  
Organised Labour — Sasbo



**Abram Thebyane**  
Organised Employers — Nedbank



**Israel Noko**  
Organised Employers — MFSA



**Liesel Hollis**  
Organised Labour — Sasbo



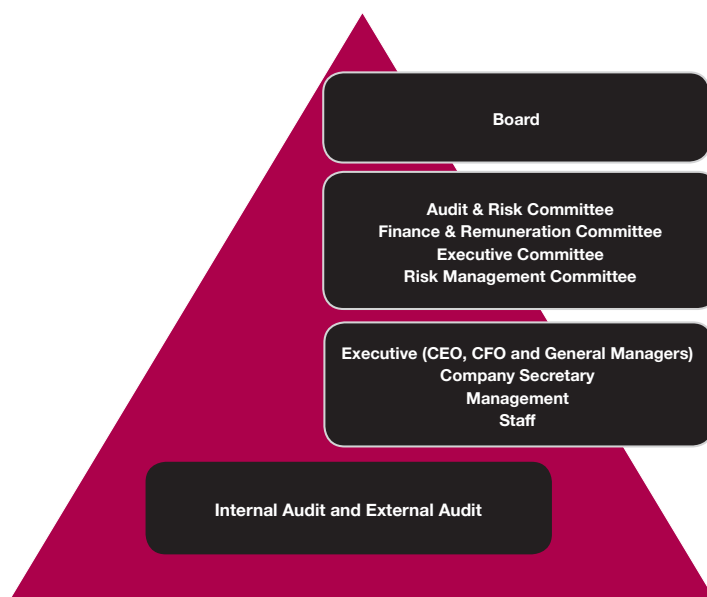
**Sifiso Mthembu**  
Organised Employers — FirstRand Bank

\* BOARD MEMBERS FOR THE YEAR UNDER REVIEW

## INTRODUCTION

Corporate governance is concerned with the balance of interests and powers between members, directors and stakeholders in order for the organisation to achieve its objectives in an open and transparent manner. BANKSETA, as a public entity and a steward of public funds is accountable to its Executive Authority (and Portfolio Committee on Higher Education and Training) as well as stakeholders and takes responsibility in the implementation of its mandate. In this way, the Accounting Authority needs to ensure that good corporate governance practices are applied and that compliance with the PFMA, King IV code (where applicable, from 1 April 2017) and other relevant legislation and National Treasury regulations is adhered to, in order to discharge its duties and responsibilities effectively and thereby be an effective Board and in the achievement of strategic objectives.

## BANKSETA GOVERNANCE STRUCTURE



## ACCOUNTING AUTHORITY/BOARD

The roles and functions of the Board are articulated in the BANKSETA Constitution, which is the basis of the Board Charter:

- govern and manage the SETA;
- ensure that the SETA achieves the objectives contemplated in clause 5 of the Constitution and performs the functions contemplated in clause 6 of the Constitution;
- provide effective leadership and ensures that the SETA implements the goals of the National Skills Development Strategy (NSDS) and the Performance Agreement with the Minister;
- to set a strategic direction for the SETA;
- liaise with stakeholders;
- ensure that the SETA complies with the relevant statutory requirements and the requirements of the Constitution;
- manage institutional risk;
- monitor the performance of the SETA;
- apply for the establishment of the SETA in terms of section 9(1) of the Act, read together with the Regulations Regarding the Establishment of Sector Education and Training Authorities, 7 September 1999, as amended by General Notice R106 in the Government Gazette 27254 of

February 2005;

- perform its functions as required by the Skills Development Act;
- meet the targets in the National Skills Development Strategy (NSDS);
- implement the approved Strategic Plan; and
- adhere to the requirements of the Public Finance Management Act and Treasury Regulations.

## THE BOARD CHARTER

The BANKSETA Board Charter defines the strategic mandate of the Accounting Authority and outlines the requisite knowledge, skills and experience required by BANKSETA Accounting Authority members in performing their fiduciary duties and meeting the National Skills Development Strategy targets and BANKSETA Strategic Plan objectives, duties, responsibilities and code of conduct as articulated in the BANKSETA constitution, risk management priorities, meeting procedures and governance principles.

During the 2017/18 financial year, there were no matters of non-compliance with the Charter reported. However, ensuring that there was quorum at all meetings during the last year of the Board term was highlighted and emphasised.

## COMPOSITION OF THE BOARD

The the BANKSETA Board consists of:

Six representatives from organised labour and six representatives from organised employers as well as two representatives from community organisations, professional body or any bargaining council or government department (where relevant). The Chairperson of the Board is appointed by the Minister.

The Board's term of appointment was until 31 March 2018 and a new Board was appointed on 1 April 2018. The details of the Board members for the 2017/18 financial year are given as follows:

Board Member Name	Constituency	Organisation	Position	Appointment Date
Martin Mahosi (Chairperson)	Ministerial appointment			1 April 2011
Malesela Maleka	Ministerial appointment			1 April 2011
Joe Kokela	Organised labour	Sasbo	General Secretary	1 April 2011
Samantha Anthony	Organised labour	Sasbo	Chief Financial Officer	2 August 2011
Myan Soobramoney	Organised labour	Sasbo	National Secretary	1 April 2011
Manny Captain	Organised labour	Sasbo	Sasbo (Deputy President) Business Manager - Nedbank	2 August 2011
Liesel Hollis	Organised labour	Sasbo	Transformation Head: Banking Channels (FNB) / Member of Sasbo Management Committee	4 June 2014
Amanda Naude	Organised labour	Sasbo	Training Officer	21 July 2016
Abram Thebyane	Organised employers	Nedbank	Group Executive: HR	1 April 2011
Nathan Motjuwadi	Organised employers	Capitec Bank	HR Executive	2 August 2011
Sarah Louw	Organised employers	Absa (Barclays)	Chief Executive: HR	4 June 2014
Israel Noko	Organised employers	MFSa	Chief Executive Officer: NPI Governance Consulting (Pty) Ltd/ MFSa Board member	4 June 2014
Sifiso Mthembu	Organised employers	FirstRand Bank	Group HR Executive	21 July 2016

There were two Board membership vacancies, one representing organised employers and one representing either:

- government departments that have an interest in the sector
- any interested professional body
- any bargaining council with jurisdiction in the sector
- organisation of community which have an identifiable interest in skills development in the sector.

## BOARD COMMITTEES

The following Board Committees are currently fully operational with organised labour, organised employers and independent representatives:

- Audit and Risk Committee
- Finance and Remuneration Committee
- Executive Committee

## FINANCE AND REMUNERATION COMMITTEE

The Finance and Remuneration Committee must perform all functions referred or delegated to it by the Accounting Authority, in order to ensure that the SETA meets the requirements of the Skills Development Act, the Skills Development Levies Act, PFMA and the Treasury Regulations that relate to finance and the remuneration of the Chief Executive Officer, Board and Committee members and staff.



Name	Constituency	Organisation	Start Date
Samantha Anthony (Chairperson)	Organised labour	Sasbo	1 April 2011
Malesela Maleka	Ministerial appointment		2 August 2011
Nathan Motjuwadi	Organised employers	Capitec Bank	2 August 2011
Vincent Mtholo	Independent	Independent	26 May 2016
Liesel Hollis	Organised labour	Sasbo	26 May 2016
Lukas de Swardt	Independent	Independent	27 July 2016

## AUDIT AND RISK COMMITTEE

The Audit & Risk Committee must perform the functions of an audit committee as contemplated in the PFMA. The Audit and Risk Committee must serve as a mechanism of the Accounting Authority to monitor and reinforce the effectiveness of both the internal control system and the internal and external audit (Auditor-General) functions in accordance with the Audit and Risk Committee and Internal Audit Charters.

Name	Constituency	Organisation	Start Date
Thomas Kgokolo (Acting Chairperson from June 2016)	Independent	Independent	28 June 2013
Tinyiko Mhlari	Independent	Independent	30 April 2012
Shauneez West	Organised labour	Sasbo	21 May 2014
Israel Noko	Organised employers	MFSA	23 September 2014

## EXECUTIVE COMMITTEE

Subject to the directions of the Accounting Authority, the Executive Committee is responsible for overseeing the management of the SETA (inclusive of Governance and Strategy Committee responsibilities from January 2013).

Name	Constituency	Organisation	Start Date
Martin Mahosi (Chairperson)	Ministerial appointment		2 August 2011
Myan Soobramoney	Organised labour	Sasbo	2 August 2011
Abram Thebyane	Organised employers	Nedbank	2 August 2011
Joe Kokela	Organised labour	Sasbo	2 August 2011
Sarah Louw	Organised employers	Absa (Barclays)	17 March 2016

## BOARD AND COMMITTEE MEMBER REMUNERATION

Board and Committee members are not staff members of the BANKSETA. An allowance is paid to Board and Committee members for their attendance at and contributions to official meetings and responsibilities as members (as aligned to the Board and Committee Remuneration policy). The allowance rates approved by the Board and by the Minister of Higher Education and Training are in accordance with the remuneration level sub-category S, as determined by the Minister of Finance in the "Circular from the National Treasury on Adjustment of the Remuneration Levels". Audit and Risk Committee members are remunerated according to the same rates as Board members and approved by the Minister of Higher Education and Training.

In accordance with Circular 2 (Remuneration Tariffs for the Boards and Committee members of SETAs and non-SETAs that are reporting into Department of Higher Education and Training) issued by the Minister of Higher Education and Training, daily rates are applied for meeting fees (in addition to preparation fees) relevant to Board and Committee meetings attended.

Allowances are paid to the constituencies that members represent and not to the individual except for members who are Ministerial appointments, independent Committee members and for members who have gained exemption in this respect from respective employers. Independent Committee members who are considered public officials or government employees are not remunerated for meeting attendance unless they take unpaid leave from their respective positions to attend. Allowances were also subject to relevant tax rates (and regulations) during the applicable reporting period.

## BOARD MEMBER REMUNERATION (MEETING FEES)

Name	Organisation	Role	Meeting Fee (R'000)	Attendance
M Mahosi	Ministerial	Chairperson	57	5/5
M Maleka	Ministerial	Member	29	3/5
J Kokela	Sasbo	Member	29	3/5
S Anthony	Sasbo	Member	45	5/5
M Soobramoney	Sasbo	Member	33	4/5
M Captain	Sasbo	Member	20	2/5
L Hollis	Sasbo	Member	45	5/5
L Hollis	Sasbo	Member	8	Prior year fee
A Naude	Sasbo	Member	29	3/5
A Thebyane	Nedbank	Member	33	4/5
N Motjuwadi	Capitec Bank	Member	20	2/5
S Louw	Absa/Barclays	Member	45	5/5
I Noko	MFSA	Member	29	3/5
S Mthembu	FirstRand Bank	Member	37	4/5
T Kgokolo	Independent	Non-member (ARC Chairperson)	21	2/5
<b>Subtotal Board</b>			<b>480</b>	

## FINANCE AND REMUNERATION COMMITTEE MEMBER MEETING FEES (INCLUDING ANY FEES FOR INTERVIEWS CONDUCTED)

Name	Organisation	Role	Meeting Fee (R'000)	Attendance
S Anthony	Sasbo	Chairperson	56	4/4
M Maleka	Ministerial	Member	35	4/4
N Motjuwadi	Capitec Bank	Member	27	3/4
V Mtholo	Independent	Member	27	3/4
L de Swardt	Independent	Member	35	4/4
L Hollis	Sasbo	Member	35	4/4
<b>Subtotal</b>			<b>215</b>	

## AUDIT AND RISK COMMITTEE MEMBER MEETING FEES

Name	Organisation	Role	Meeting Fee (R'000)	Attendance	Other Meetings Cost (R'000)
T Kgekolo	Independent	Acting Chairperson	53	5/5	3
T Mhlari	Independent	Member	34	4/5	-
S West	Sasbo	Member	41	5/5	-
I Noko	MFSA	Member	41	5/5	-
<b>Subtotal</b>			<b>169</b>		<b>3</b>

## EXECUTIVE COMMITTEE MEMBER MEETING FEES (INCLUDING FEES FOR INTERVIEWS CONDUCTED)

Name	Organisation	Role	Meeting Fee (R'000)	Attendance
M Mahosi	Ministerial	Chairperson	42	3/3
M Soobramoney	Sasbo	Member	24	3/3
J Kokela	Sasbo	Member	24	3/3
A Thebyane	Nedbank	Member	43	3/3
S Louw	Absa/Barclays	Member	24	2/3
<b>Subtotal</b>			<b>157</b>	

Board and Committee Meeting Fees	Total (R'000)
<b>Grand Total</b>	<b>1 024</b>

## RISK MANAGEMENT

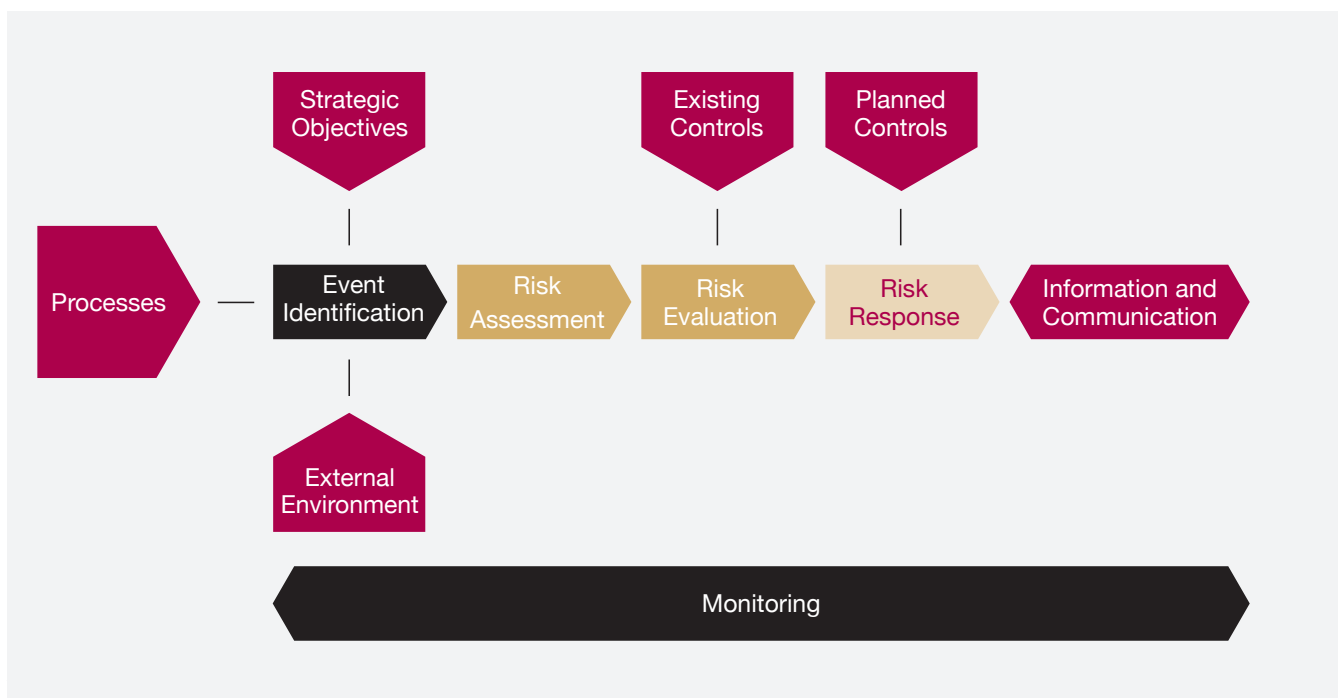
In accordance with the BANKSETA Risk Management Policy and Framework, risk management has been adopted as a critical governance requirement in order to address all factors that may hinder or prevent BANKSETA from achieving all its goals and objectives. BANKSETA (through the Accounting Authority, Audit and Risk Committee, Risk Management Committee (which is composed of the BANKSETA management team and staff members) is committed to the optimal management of risk in order to achieve its vision, mission, objectives, strategies and plans and to protect its core values. The Accounting Authority (the Board) has committed BANKSETA to a process of risk management that is aligned to the principles of good corporate governance, as supported by legislation and leading practice and is composed of the following:

- Risk management is inseparable from BANKSETA's strategic and business processes;
- Risk identification should be directed in the context of BANKSETA's purpose;
- The Board will be responsible for the process of risk management;
- The Board will approve BANKSETA's chosen risk philosophy;
- The Board will approve key strategic risk indicators and tolerance levels;
- The Board will adopt a risk management plan;
- The Board will report on the effectiveness of risk management;
- The Board will ensure that BANKSETA's reputational risk is protected;
- The Board will determine the extent to which risks relating to sustainability are addressed and reported on;
- The Board will ensure that IT is aligned with business objectives and sustainability;
- The Board will consider the risk of the unknown as part of the qualitative and quantitative risk assessment process;
- The Board may delegate the responsibility of risk management to a risk committee;
- Management is responsible for the implementation of the risk management process;
- Risk management will be practised by all staff in their day to-day activities and risk management will be included as a key performance area for all BANKSETA staff members;
- Risk assessments will be performed on an ongoing basis; and
- Key risks are quantified and are responded to appropriately.

Through the Risk Management Framework, the BANKSETA has adopted a standard approach to enterprise risk management at BANKSETA and to ensure that all risks that could affect our people, reputation, business processes and systems, financial and environmental performance are identified, assessed and treated to an acceptable level by:

- Incorporating a consistent approach to risk management into the culture and strategic planning processes of BANKSETA, supporting the setting of priorities and making of decisions at all levels;
- Applying a consistent approach to risk response and control activities to support BANKSETA's governance responsibilities for innovation and responsible risk-taking, policy development, programmes and objectives. In all cases, appropriate measures will be put in place to address unfavourable impacts from risks and favourable benefits from opportunities.
- Manage a transparent approach to risk through formal and informal communication and monitoring of all key risks, balancing the cost of managing the risk with the anticipated benefit. Risk management practices will be adapted to encompass best practices, specific circumstances and mandate.

### THE RISK MANAGEMENT PROCESS COMPRISES:



Officer in monitoring the performance of risk management and for reporting accordingly to the Audit and Risk Committee and the BANKSETA Board. The role of the Risk Management Committee is to formulate, promote and review the Enterprise-wide Risk Management objectives, strategy and policy, and to monitor the process at strategic, management and operational levels.

### GOVERNANCE REPORT

- o The BANKSETA is committed to the application of recommended practices and principles as given in the King IV Code of Governance Practice in South Africa and compliance with the prescripts of the PFMA.
- o Due to the end of the Board term on 31 March 2018, a legacy booklet was developed to highlight and celebrate the achievements and reach of the BANKSETA thus far in the implementation of the National Skills Development Strategy (NSDS) III, from the perspective of internal and external stakeholders.
- o Internal controls and Internal Audit coverage for 2017/18  
As part of the Board's role in respect of risk management, the Board is also responsible for maintaining a sound system of internal control. Internal Audit, thus, assists BANKSETA to accomplish its objectives by bringing a systematic and disciplined approach in order to evaluate and improve the effectiveness of risk management, control, and governance processes, as articulated in its Internal Audit Charter.

BANKSETA Internal Audit has been insourced from March 2016 and the BANKSETA has appointed the Head of Internal Audit with an internal audit team, consisting of Internal Audit specialists, recruited. Where external expertise is required to supplement the expertise of the Internal

Audit team, a due procurement process in order to procure such services is followed.

Internal Audit Coverage for 2017/18 (aligned to the rolling three year strategic internal audit plan and outcomes of the risk assessment) encompassed the following:

- Commitments — Year end schedule
  - Quality Assurance — 2016/ 2017 AFS
  - Fraud Prevention
  - Information Technology — Data Migration Review
  - Information Technology — ICT Governance Review
  - Research and Skills
  - Performance Information (for 3 Quarters of the financial year)
  - Follow-up on Auditor-General findings
  - Financial Discipline
  - Mandatory Grants
  - Annual Performance Plan and Strategic Plan
  - Discretionary Grants
  - Commitments
  - Quality Assurance
  - Human Capital Management and Payroll
  - Supply Chain Management
  - Fixed Asset Management
  - Follow-up on Internal Audit findings
  - Risk management
  - Bonus Review
- o BANKSETA ensures that it complies with laws and regulations through its pertinent governance structure and senior management responsibilities, in accordance with its mandate and as formally communicated by the relevant Executive Authority and National Treasury. Furthermore, the BANKSETA has developed a compliance framework for submissions, aligned to the Executive Authority compliance calendar, and a Compliance Policy, to ensure there is consistent focus on adhering to compliance responsibilities. The BANKSETA is awaiting the finalisation of the National Treasury Compliance Framework in order to inform further compliance responsibilities. During the 2017/18 financial year, there were no significant changes to legislation nor regulations applicable to the SETA except for those relating to Supply Chain Management in the form of amendments to the preferential procurement regulations and the DPSA directive on conducting business with an organ of state.
- o BANKSETA is also required to report to the relevant authorities on the disclosure of information in terms of the Promotion of Access to Information Act. During the period of review, one information request was received pertaining to the Supply Chain Management (SCM) Policy and request for SCM information on relevant quotations.
- o BANKSETA has a Fraud Prevention Plan and Policy (which includes Whistleblower Protection) and an anti-fraud hotline, managed by an independent service provider with specific reporting processes in place. Fraud reporting is a standard agenda item for Risk Management Committee, Audit and Risk Committee and Board governance structures. All reports made on the line are documented. No reports on fraud were noted during the 2017/18 financial year.
- o Formal declaration of interests are noted and records kept in accordance with meetings conducted at Committee and Board level as well as for Supply Chain Management activities in order to ensure that conflict of interest is minimised within the context of the SETA activities and mandate.
- o Code of Conduct. The BANKSETA strictly adheres to the Code of Conduct as elucidated in the BANKSETA Constitution and is applied as follows:
- (1) All Members of the Accounting Authority, the chambers and any committee established by the Accounting Authority are subject to this Code of Conduct and are required to comply with both the letter and the spirit of the Code.
- (2) The Members of the Accounting Authority, the chambers and any committee established by the Accounting Authority –
- (a) must stand in a fiduciary relationship to the SETA;
  - (b) must comply with all the applicable laws and regulations that regulate the activities they are engaged in for and on behalf of the SETA;
  - (c) must perform their functions fairly, honestly and in good faith, giving full effect to the obligations and spirit of the Act and this Constitution;
  - (d) must protect and promote the reputation of the SETA and promote goodwill towards it;
  - (e) must perform their duties conscientiously and in the best interest of the SETA; and
  - (f) must conduct themselves ethically and in accordance with the principles of good governance.

(3) To ensure the proper execution of its mandate and effective compliance with the applicable legislative and policy framework, the Accounting Authority must ensure that the staff of the SETA and Members of all committees and chambers, adhere to the following principles of governance –

- (a) Effectiveness and efficiency in the execution of their specified mandates, which require clearly formulated purpose statements, objectives, roles and responsibilities.
- (b) Accountability for meeting their specified mandates, which requires effective accountability mechanisms, proper management, control and the safeguarding of finances and resources, as well as regular and accurate performance reviews, assessments and reporting.
- (c) Integrity and honesty in the management of finances and resources, which require observing and promoting high standards of ethical conduct, proper execution of fiduciary duties, independence from vested interests and avoiding undue influence and conflict of interests.
- (d) Transparency and openness, which require fair, transparent and accessible rules, processes and procedures; the consistent application of these rules, processes and procedures; transparent and motivated decision-making; and timely and accurate provision of information to a higher authority, stakeholders and the public.
- (e) Participation in the development and implementation of public policies, where appropriate, which requires the active involvement of beneficiaries, stakeholders and other affected groups in the formulation of policies and programmes; promoting ownership of policies and programmes; stakeholder commitment to their success; and consultation with, and representation on institutional structures.
- (f) The capacity and resources to execute their mandate, which require appropriate selection and capacity-building, in order to ensure that Members and staff have the necessary skills, knowledge and experience.

Contravention of the Code of Conduct would be treated in the manner prescribed by the BANKSETA Standard Constitution. No incidences in respect of breach of the Code of Conduct and Ethics were recorded during the financial year.

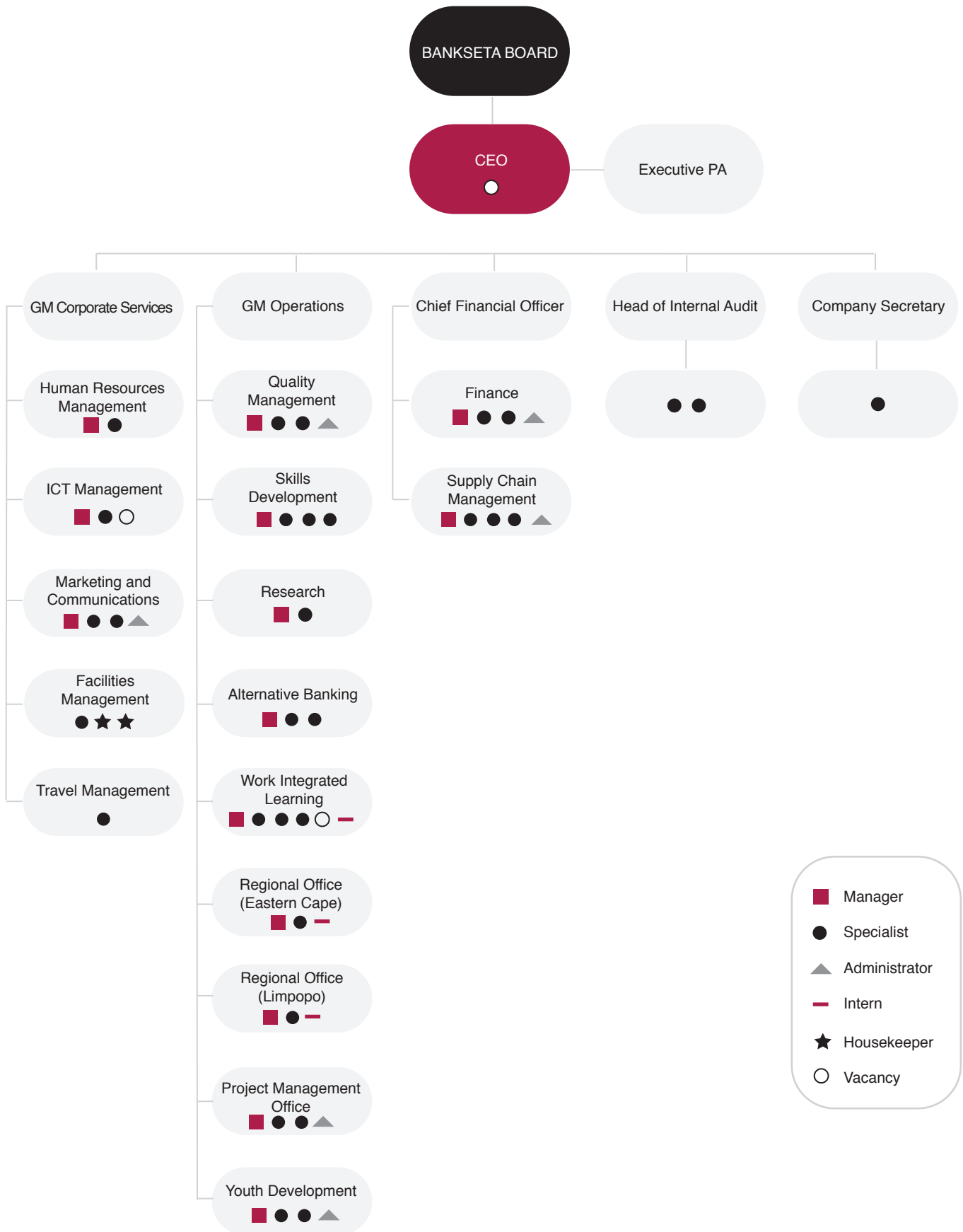
- o The BANKSETA recognises its accountability to all its stakeholders under the legal and regulatory requirements applicable to its business and is committed to high standards of integrity and fair dealing in the conduct of its business. It is committed to complying with both the spirit and the letter of applicable requirements and to always act with due skill, care and diligence. The social impact of the BANKSETA's efforts in meeting its primary strategic objectives will result in a transformed, skilled and capable workforce to address the sector strategic objectives and national strategic objectives and skills development legislation (Standard Constitution of SETA regulations and Skills Development Amendment Act, 2011).

# PART D

HUMAN RESOURCES



# ORGANOGRAM





# HUMAN RESOURCES OVERVIEW

As at March 2018, the BANKSETA comprised of 59 full time staff members. Part of the work that BANKSETA does is to encourage the sector to open doors for Work Integrated Learning to take place. As such, the BANKSETA also opened its doors to six interns.

With the adoption of the Investors In People standards, all staff members plays a role in ensuring that the tried and tested (successful) HR practices form part of their daily work life. The HR team continues to play a leading role to ensure that such practices are entrenched and form part of the organisational culture; ensure that staff members have the necessary skills and resources to perform their roles; the environment in which they are expected to work is conducive and safe; and last but not least, that staff members are involved in decision making processes that contribute to the success of the organisation.

## EMPLOYEE WELLNESS PROGRAMME

The BANKSETA continues to invest in the wellness initiative as its return surpasses the cost thereof by far. A Wellness Day event was also organised where various medical checks were conducted for staff members to know their health status, led by the Acting CEO. The participation level was sitting at about 80% and effort will be directed to ensure an increase in participation hence forth.

## INVESTORS IN PEOPLE

BANKSETA retained the Investors in People accreditation having satisfied the standards prescribed at the developed level. The accreditation affirms the organisation's efforts towards making the workplace a better environment for all who work in it; with the focus having been on employee empowerment and participation. The organisation will be selecting new themes to focus on for the financial year 2018/19.

## EMPLOYEE RELATIONS

BANKSETA received a request for the introduction of organisational rights from organised labour (NEHAWU) towards the end of the second quarter. Engagements commenced immediately to conclude a recognition agreement.

## PERFORMANCE MANAGEMENT

BANKSETA's Balance Scorecard was revised during the year under review to ensure that the organisation's resources and efforts remain directed at the targeted areas. This included a performance management system review across the business to ensure the alignment of individual scorecards to that of the overall business. The very process afforded the organisation with an opportunity to revise its targets to challenge the previously achieved targets with revised ones (stretched targets).

## EMPLOYMENT EQUITY

An Employment Equity (EE) framework and strategy are in place to support workforce transformation across all occupational levels. BANKSETA has made some strides in achieving the disability target at 3.5% compared to the national target set at 2%. A new EE committee was appointed with its tenure aligned to the SETA landscape ending March 2020. Focused recruitment and other talent development strategies are being aligned to EE plans.

## PERSONNEL COST BY SALARY BAND

The cost reflected in the table below refers to the total Cost to Company payable to the various bands which excludes bonuses, allowances, temporary staff cost, leave payments, risk cover contributions, skills development levies, UIF, employee settlement and recruitment costs as disclosed in the Annual Financial Statement on the Cost Employment costs on Note 6.1 page 109.

Occupational level	Personnel Expenditure (R'000)	% of Personnel exp. To total personnel	No. Of employees	Average personnel cost per employee
Senior Management	4 195	12.53%	3	1 398
Professional qualified	12 344	36.87%	16	771
Skilled	15 174	45.33%	32	474
Semi-skilled	1 498	4.47%	6	249
Unskilled	266	0.79%	2	133
Total	33 477	100%	59	

## PERFORMANCE REWARDS

Occupational Level	No. of employees	Rewards Projection (R'000)	% of performance rewards to total personnel cost
Senior Management	3	1 479	4.4 %
Professional qualified	16	3 685	11.2 %
Skilled	32	3 437	10.2 %
Semi-skilled	6	217	0.6 %
Unskilled	2	46	0.1 %
<b>Total</b>	<b>59</b>	<b>8 864</b>	<b>26.5 %</b>

## EMPLOYMENT EQUITY

Occupational categories	Males				Female				Foreign nationals		Total	% EE
	AM	CM	IM	WM	AF	CF	IF	WF	Male	Female		
Senior Management	0	0	0	0	1	0	0	1	0	1	3	33.33%
Professionals	3	1	1	0	5	1	2	2	1	0	16	81.25%
Skilled	13	0	1	0	14	2	1	0	0	1	32	96.88%
Semi-Skilled	3	0	0	0	3	0	0	0	0	0	6	100.00%
Unskilled	0	0	0	0	2	0	0	0	0	0	2	100.00%
<b>Total Permanent</b>	<b>19</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>25</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>59</b>	<b>89.83%</b>

## DISABILITY

<b>Disabled</b>	0	0	0	0	1	1	0	0	0	0	0	3.5%
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## TRAINING EXPENDITURE

Human Resource Training and Development Budget	Personnel Expenditure Cost (R'000)	Training Expenditure Cost (R'000)	Training expenditure as a percentage of personnel	No. of trained Employees	Average training cost per employee (R'000)
	33 477	613	1.91%	59	11

## EMPLOYMENT AND VACANCIES

Occupational levels	Employment at the beginning of the period	Appointments	Terminations	Employment at the end of the period
Senior Management	3	0	0	3
Professionals	16	0	0	16
Skilled	32	2	2	32
Semi-Skilled	6	1	1	6
Unskilled	2	0	0	2
Total	59	3	3	59

## REASONS FOR STAFF LEAVING

Death	Resignation – personal	Ill-health	Retirement	Misconduct
1	1	0	0	1

## LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Nature of disciplinary action	Number
Verbal Warning	0
Written Warning	0
Final Written Warning	0
Dismissal	1

## BANKSETA TEAM



## BANKSETA TEAM





Investment  
Value at Year  
end

339 970	373 967
56 969	804 029
817	1 296 731
58	1 859 317
6	2 499 808
	3 227 076
	4 050 935
	R 28 331

Invest  
4  
4  
40  
49  
51  
54  
56

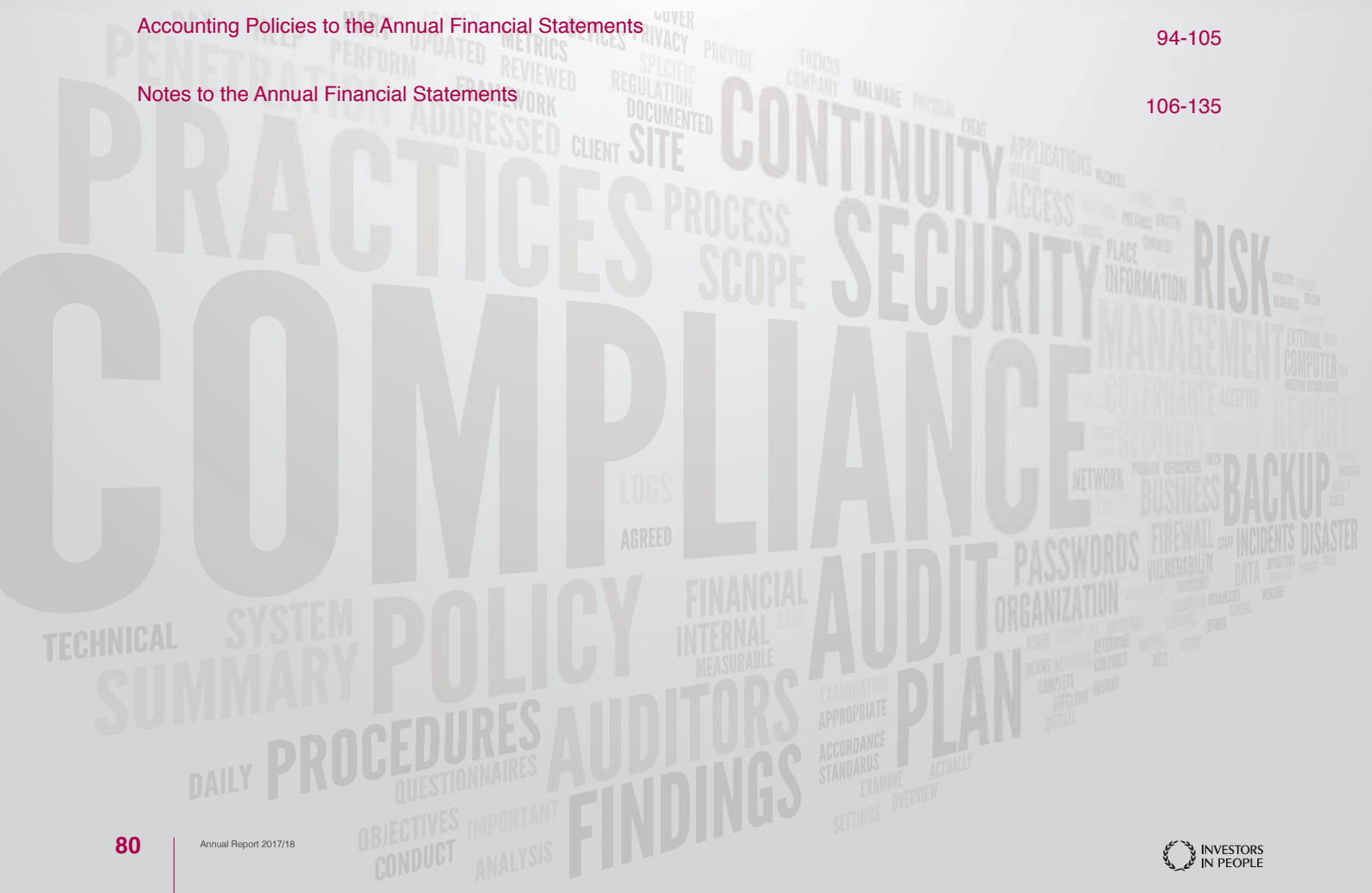
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# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE BANKING SECTOR EDUCATION AND TRAINING AUTHORITY (BANKSETA)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

1. I have audited the financial statements of the Banking Sector Education and Training Authority set out on pages 84 to 135, which comprise the statement of financial position as at 31 March 2018, the 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 the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Banking Sector Education and Training Authority as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP), and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) and the Skills Development Act of South Africa, 1998 (Act No. 97 of 1998) (SDA).

### BASIS FOR OPINION

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

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

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with 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.
7. In preparing the financial statements, the accounting authority is responsible for assessing the Bankseta'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 accounting authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

8. My objectives are to obtain reasonable assurance about whether 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.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

### INTRODUCTION AND SCOPE

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
11. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information

in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2018:

Programmes	Pages In The Annual Performance Report
Programme 3 – learning programmes	36 –57

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not raise material findings on the usefulness and reliability of the reported performance information for the following programme:  
 Programme 3 – learning programmes  
 Other matters
15. I draw attention to the matter below.

## ACHIEVEMENT OF PLANNED TARGETS

16. Refer to the annual performance report on pages 18 to 59 for information on the achievement of planned targets for the year and explanations provided for the under/over achievement of a significant number of targets.

## REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

### INTRODUCTION AND SCOPE

17. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
18. I did not raise material findings on compliance with specific matters in key legislation as set out in the general notice issued in terms of the PAA.

### OTHER INFORMATION

19. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report, the accounting authority's report, the chairperson of the boards report, the chief executive's report and the departmental report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
20. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
21. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

### INTERNAL CONTROL DEFICIENCIES

22. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Auditor General

Auditor-General  
Pretoria  
31 July 2018



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## ANNEXURE – AUDITOR-GENERAL’S RESPONSIBILITY FOR THE AUDIT

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

### FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity’s internal control evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
  - conclude on the appropriateness of the accounting authority’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Bankseta’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a public entity to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

# REPORT BY THE ACCOUNTING AUTHORITY TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA

As the BANKSETA Accounting Authority, it is the Board's responsibility to prepare financial statements that fairly represent BANKSETA's financial position as at 31 March 2018 and also the financial performance and summary cash flow for the year ending 31 March 2018. We are of the opinion that appropriate accounting policies, supported by reasonable and prudent judgments and estimates, have been applied on a consistent basis. The Financial Statements comply with the Standards of Generally Recognised Accounting Practice (GRAP) and the Public Finance Management Act (PFMA), 1999 as amended, including any interpretations of such Standards issued by the Accounting Standards Board, applicable to the public entity.

## 1. GENERAL REVIEW OF THE STATE OF AFFAIRS

The Banking Sector Education and Training Authority (BANKSETA) is a Schedule 3A public entity established by the Minister of Labour on 20 March 2000, and subsequently re-established to 31 March 2020. The objective of the BANKSETA is to develop skills in and for the broader banking and Micro finance industries in South Africa. The following sectors fall within the scope of the BANKSETA.

- Central banking.
- Discount houses, commercial and other banking.
- Building societies.
- Financial mediation.
- Lease financing.
- Securities dealings.
- Activities ancillary to financial mediation.

### THE MISSION OF THE BANKSETA IS:

*"To support transformation and people development and through partnerships, to enable stakeholders to advance the national and global position of the broader banking and alternative banking industry."*

### THE BANKSETA IS THEREFORE RESPONSIBLE FOR:

- The identification of priority skills in the sector.
- The distribution of mandatory grants to qualifying registered companies.
- The distribution of discretionary grants that will benefit the sector at large as well as individuals within the sector.
- The implementation of quality assurance processes that will enhance and ensure quality provision of training.
- Supporting the implementation of applicable national strategic objectives as identified in the National Skills Development Strategy.

During the year, the BANKSETA's licence was extended from 31 March 2018 to 31 March 2020. DHET is continuing with consultation within the sector on the delivery of skills training post 2020.

BANKSETA's receives 80% of the skills development levies paid by employers in the sector, 20% going to the National Skills Fund. In addition, the BANKSETA receives penalties and interest collected from sector companies. This levy income, penalties and interest increased by 11% from prior year to R765 million from R689 million. This points to reduced remuneration in the sector which was partially due to once-off share schemes paid out in prior years. The levy base stayed constant with about 3 600 registered levy payers. The levy exemption threshold for employers remained at R500,000 per annum payroll.

The mandatory grant participation and pay-out ratios remained at prior year's high level of 97%. Mandatory grant disbursement increased to R166 million from R154 million in the prior year in line with the decrease in levies. The mandatory grant is pegged at 20%. The 2017/18 discretionary grant expenditure and mandatory grant expenditure including project expenses increased by 16% from R658 million to R760 million. The increase from the prior year is mainly due to the discretionary funds available being 15.5% higher than in prior year as a result of accumulated surpluses as well as faster delivery of training. All project related costs are directly allocated to projects and are not allocated to operational expenditure.

Admin expenditure increased by 22% from R65 million to R79 million. The staff complement has grown from average 55 employees in prior year to average 59 employees this year. Admin expenditure was less than admin levies for 2017/18 by R14 million (2016/17 – R22 million) representing 15% of admin levies received (2016/17 – R22 million). Approval of retention of all surpluses for use in the following year has been sought from National Treasury.

Please refer to the Annual Financial Statements for full details of the BANKSETA's income and expenditure.

## 2. PAYMENTS AND REMUNERATION IN THE BANKSETA

### 2.A MEMBERS OF THE ACCOUNTING AUTHORITY.

Note: The accruals indicated below will be paid to the nominating organisations and not to the individual representatives (with the exception of Ministerial appointments). All payments are in respect of Board meeting or Committee meeting attendance fees.

Name	Constituency	Board Fees	Committee Fee
		R'000	R'000
M Mahosi	Ministerial	57	42
M Maleka	Ministerial	29	35
J Kokela	SASBO	29	24
S Anthony	SASBO	45	56
M Soobramoney	SASBO	33	24
M Captain	SASBO	20	-
A Thebyane	Nedbank	33	43
N Motjuwadi	Capitec Bank	20	27
S Louw	Absa/Barclays	45	24
L Hollis	SASBO	53	35
I Noko	MFSA	29	41
S. Mthembu	First Rand Bank	37	-
A Naude	SASBO	29	-

### 2.B. EXECUTIVE MANAGEMENT

2017/18	Base remuneration	Pension	Medical Aid and other benefits	Total guaranteed package	Non-Guaranteed remuneration	Total guaranteed and non-guaranteed enumeration
	R000's	R000's	R000's	R000's	R000's	R000's
CEO *	-	-	-	-	-	-
CFO	1 224	151	54	1 430	501	1 930
GM Operations	1 223	152	49	1 424	479	1 903
GM Corporate Services	1 206	149	122	1 477	496	1 975
Acting CEO**	826	102	411	1 339	325	1 664
Total	4 479	554	636	5 669	1 803	7 472

\* The position of the CEO was vacant during the full year.

\*\* The Company Secretary acted as the CEO for the full year.

Non-guaranteed (at risk) remuneration comprises of incentive scheme bonuses. These are benchmarked and negotiated annually and are dependent on

- personal performance,
- the BANKSETA overall performance

### 3. BUSINESS ADDRESS

#### Physical address

BANKSETA  
Thornhill Office Park  
Block No. 22  
94 Bekker Road  
Midrand  
1685

#### Postal Address

PO Box 11678  
Vorna Valley  
1686  
TEL 011 805 9661  
FAX 011 805 8348  
WEBSITE [www.bankseta.org.za](http://www.bankseta.org.za)

### CORPORATE GOVERNANCE

In terms of the Skills Development Act, total administration costs may not exceed 10% of total levies received. The total administration expenditure in the BANKSETA is again running below the allowed 10%. Our aim has always been to run the BANKSETA on a lean and efficient basis and I attribute the SETA's success in this regard to the quality of people in its employ, the quality of its HR practices and sound business model.

The BANKSETA has an independent Audit and Risk Committee, which is satisfied that the necessary checks and balances are in place. The Audit and Risk committee functions are in line with the Audit and Risk Committee Charter and comply with principles of good corporate governance and with the requirements of the Public Finance Management Act. The functions of the audit committee include a review and an update of the risk analysis, by management and independently from internal audit. Also refer to the Audit and Risk Committee's report for detail.

A materiality framework is in place and no instance occurred during the year that required an implementation of the policy developed in the materiality framework.



Nosipho Makhanya  
Chairperson  
31 July 2018

# AUDIT AND RISK COMMITTEE REPORT

## REPORT OF THE AUDIT AND RISK COMMITTEE REQUIRED BY TREASURY REGULATIONS 27.1.7 AND 27.1.10 (B) AND (C) ISSUED IN TERMS OF THE PUBLIC FINANCE MANAGEMENT ACT 1 OF 1999, AS AMENDED BY ACT 29 OF 1999

The BANKSETA hereby presents the report for the financial year ended 31 March 2018.

### INTRODUCTION

The BANKSETA and its Board are committed to the highest standards of sound corporate governance principles and practices in South Africa. This is avouched by its notably ethical behaviour and ongoing fine tuning of the prevailing corporate governance principles and practices. The Audit and Risk Committee's composition and activities are fully compliant with the requirements of the Public Finance Management Act (in particular Section 51 (1)(a)(ii)) and Treasury Regulations 27.1 and it endeavoured to exceed the requirements of the Act.

### AUDIT AND RISK COMMITTEE MEMBERS AND ATTENDANCE

The Audit and Risk Committee consists of the members listed hereunder for the relevant financial year and meets at least 4 times per annum as per its approved terms of reference. During the current financial year 5 meetings were held.

NAME OF MEMBER	NUMBER OF MEETINGS ATTENDED
Tinyiko Mhlari- Independent member (Appointed 30 April 2012)	4
**Thomas Kgokolo (Appointed 28 May 2013)	5
Shauneez West (Appointed 21 May 2014)	5
Israel Noko (Appointed 23 September 2014)	5

\*\* *Thomas Kgokolo is Acting Chairperson from June 2016 and resigned in May 2018.*

Furthermore, at least one representative from both the Auditor-General's office and the Internal Auditors are present at all Audit and Risk Committee meetings, regardless of whether or not the agenda items directly concern the audit of the SETA's Financial Statements.

### AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit and Risk Committee reports that it has adopted appropriate formal terms of reference as its audit committee charter, inclusive of responsibilities in respect of risk management, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### THE EFFECTIVENESS OF INTERNAL CONTROL

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the Audit and Risk Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

The following internal audit work was completed during the year under review:

- Commitments - Year end schedule
- Quality Assurance – 2016/ 2017 AFS
- Fraud Prevention
- Information Technology - Data Migration Review
- Information Technology - ICT Governance Review
- Research and Skills
- Performance Information (for 3 Quarters of the financial year)
- Follow-up on Auditor General findings
- Financial Discipline
- Mandatory Grants
- Annual Performance Plan and Strategic Plan
- Discretionary Grants
- Commitments
- Quality Assurance
- Human Capital Management and Payroll
- Supply Chain Management
- Fixed Asset Management
- Follow-up on Internal Audit findings
- Risk management
- Bonus Review

From the quarterly reports of the Internal Auditors, the Audit Report on the Annual Financial Statements, and the management letter of the Auditor-General, it was noted that there were no serious areas of concern identified and no significant or material non-compliance with regulations have been reported. All instances on non-compliance with PFMA resulting in wasteful and fruitless expenditure and irregular expenditure have been disclosed in the Annual Financial Statements. The committee has noted that management have undertaken to implement controls to prevent the expenditure from occurring in the future and where appropriate performed investigations relating to the said expenditure.

## EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit and Risk Committee has

- Reviewed and discussed the Audited Annual Financial Statements to be included in the annual report;
- Reviewed the Auditor-General management letter and management's response thereto
- Reviewed changes in accounting policies and practices and;
- Reviewed and monitored the risk assessment and risk management processes for the period under review.

The Audit and Risk 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.



.....  
Tinyiko Mhlari  
Acting Chairperson  
Date: 31 July 2018



Banking Sector Education and Training Authority

**ANNUAL FINANCIAL STATEMENTS**

**STATEMENT OF FINANCIAL PERFORMANCE**

FOR THE YEAR ENDED 31 MARCH 2018

		2017/18	2016/17
	Notes	R'000	R'000
<b>REVENUE</b>			
Skills development levy: income from non-exchange transactions	2	716 919	660 015
Skills development levy: penalties and interest from non-exchange transactions		48 386	29 124
Total revenue from non-exchange transactions		765 305	689 139
Investment revenue from exchange transactions	3	44 052	46 250
Other revenue from exchange transactions	4	79	105
Total revenue from exchange transactions		44 131	46 355
<b>Total revenue</b>		<b>809 436</b>	<b>735 494</b>
<b>EXPENSES</b>			
Employer grant and project expenses	5	(759 807)	(657 617)
Administration expenses	6	(78 941)	(65 335)
<b>Total expenses</b>		<b>(838 748)</b>	<b>(722 952)</b>
<b>Net (deficit)/surplus for the year</b>	1	<b>(29 312)</b>	<b>12 542</b>

**ANNUAL FINANCIAL STATEMENTS****STATEMENT OF FINANCIAL POSITION**

AS AT 31 MARCH 2018

		2017/18	2016/17
	Note	R'000	R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	7	3 067	2 628
Intangible assets	8	151	230
<b>Current assets</b>			
Receivables from non-exchange transactions	9	8 136	5 785
Receivables from exchange transactions	10	3 452	3 604
Cash and cash equivalents	11	557 799	620 681
<b>Total assets</b>		<b>572 605</b>	<b>632 928</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables from exchange transactions	12	32 521	53 589
Payables from non-exchange transactions	13	15 987	14 377
Provisions	14	10 410	21 963
<b>Total liabilities</b>		<b>58 918</b>	<b>89 929</b>
<b>NET ASSETS</b>		<b>513 687</b>	<b>542 999</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Funds and reserves</b>			
Administration reserve		3 218	2 858
Employer grant reserve		58	146
Discretionary reserve		510 411	539 995
<b>TOTAL FUNDS AND RESERVES</b>		<b>513 687</b>	<b>542 999</b>

**ANNUAL FINANCIAL STATEMENTS****STATEMENT OF CHANGES IN NET ASSETS**

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Administration reserve	Employer grant reserve	Discretionary reserve	Unappropriated surplus	Total
		R'000	R'000	R'000	R'000	R'000
<b>Balance at 31 March 2016</b>		3 396	- 68	526 993	-	530 457
Net surplus for the period		-	-	-	12 542	12 542
Allocation of unappropriated surplus	1	21 515	6 755	(15 728)	(12 542)	-
Excess reserves transferred to discretionary reserve		(22 053)	(6 677)	28 730	-	-
<b>Balance at 31 March 2017</b>		<b>2 858</b>	<b>146</b>	<b>539 995</b>	<b>-</b>	<b>542 999</b>
Net deficit for the period		-	-	-	(29 312)	(29 312)
Allocation of unappropriated deficit	1	13 743	4 749	(47 804)	29 312	-
Excess reserves transferred to discretionary reserve		(13 383)	(4 837)	18 220	-	-
<b>BALANCE AT 31 MARCH 2018</b>		<b>3 218</b>	<b>58</b>	<b>510 411</b>	<b>-</b>	<b>513 687</b>

An amount of R3 218 thousand (2016/17: R2 858 thousand) is retained in the administration reserve equal to the carrying value of property and equipment, and intangible assets.

An amount of R58 thousand (2016/17: R146 thousand) is disclosed in the employer grant reserve for newly registered member companies, participating after the legislative cut-off date and new scheme year levies received for the period ending 31 March. Refer to note 16.2 for disclosure of this contingent liability.

**ANNUAL FINANCIAL STATEMENTS****CASH FLOW STATEMENT**

FOR THE YEAR ENDED 31 MARCH 2018

		2017/18	2016/17
	Notes	R'000	R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Operating activities</b>			
Cash receipts from skills development levy, income from non-exchange transactions		753 018	690 079
Other revenue from exchange transactions		68	63
Cash paid to stakeholders, suppliers and employees		(814 379)	(659 295)
Cash paid to employees		(44 091)	(35 208)
<i>Cash generated from operations</i>	15	(105 384)	(4 361)
Investment revenue from exchange transactions received	3	44 052	46 250
<b>Net cash inflow from operating activities</b>		<b>(61 332)</b>	<b>41 889</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment	7	(1 390)	( 751)
Purchase of intangible assets	8	( 160)	( 404)
Proceeds from disposal of property and equipment		-	12
<b>Net cash outflow from investing activities</b>		<b>(1 550)</b>	<b>(1 143)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(62 882)</b>	<b>40 746</b>
Cash and cash equivalents at the beginning of the period	11	620 681	579 935
<b>Cash and cash equivalents at the end of the period</b>	11	<b>557 799</b>	<b>620 681</b>

**ANNUAL FINANCIAL STATEMENTS****STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Approved Original Budget	Budget Adjustments	Final Budget	Actual Income/ (Expenditure)	Favourable/ (Unfavourable) Variance
		2017/18	2017/18	2017/18	2017/18	2017/18
		R'000	R'000	R'000	R'000	R'000
<b>REVENUE</b>						
Skills development levy transfer from non-exchange transactions	25,1	737 100	135 319	872 419	716 919	(155 500)
Skills development levy penalties and interest from non-exchange transactions	25,2	-	-	-	48 386	48 386
Investment revenue from exchange transactions	25,3	30 000	-	30 000	44 052	14 052
Other revenue from exchange transactions		-	-	-	79	79
<b>Total Revenue</b>		<b>767 100</b>	<b>135 319</b>	<b>902 419</b>	<b>809 436</b>	<b>(92 983)</b>
<b>EXPENSES</b>						
Employer grant expenses	25,4	(178 747)		(178 747)	(165 651)	13 096
Project expenses	25,5	(491 608)	(135 319)	(626 927)	(594 156)	32 771
Administration expenses	25,6	(96 745)		(96 745)	(78 941)	17 804
<b>Total Expenses</b>		<b>(767 100)</b>	<b>(135 319)</b>	<b>(902 419)</b>	<b>(838 748)</b>	<b>63 671</b>
<b>NET (DEFICIT) FOR THE PERIOD</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(29 312)</b>	<b>(29 312)</b>

The adjustments relate to the prior year surplus for which approval was received from National Treasury to retain and utilise to fund 2017/18 project expenses.

For details regarding the difference between budget and actual refer to Note 25.

## **ANNUAL FINANCIAL STATEMENTS**

### **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018

## **1. BASIS OF PREPARATION**

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

The Annual Financial Statements have been prepared on the historical cost basis, except where adjusted for present/fair values as required by the respective accounting standards. The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) as amended, including any interpretations of such Standards issued by the Accounting Standards Board.

## **2. CURRENCY**

These financial statements are presented in South African Rands. All figures have been rounded off to the nearest thousand rands, unless otherwise stated.

## **3. REVENUE RECOGNITION**

### **3.1 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Non-exchange revenue transactions result in resources being received by the BANKSETA, usually in accordance with a binding arrangement. Non-exchange revenue is recognised in accordance with GRAP 23 using the 'assets and liabilities' approach. When the BANKSETA 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 BANKSETA will receive economic benefits or service potential and it can make a reliable measure of the resources transferred.

Where the resources transferred to the BANKSETA 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 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 revenue transactions include the receipt of levy income from registered sector employers via the Department of Higher Education and Training (DHET), income from the National Skills Fund, and grants from the national government. Non-exchange revenue transactions also include penalties and interest levied by the South African Revenue Service (SARS) on arrear levies and channelled to the SETA via DHET.

#### **3.1.1 LEVY INCOME**

The accounting policy for the recognition and measurement of skills development levy income is based on the Skills Development Act, Act No 97 of 1998 as amended and the Skills Development Levies Act, Act No 9 of 1999, as amended.

Skills development levy (SDL) transfers are recognised when it is probable that future economic benefits will flow to the SETA and these benefits can be measured reliably. This occurs when the Department of Higher Education and Training either makes an allocation or payment, whichever comes first, to the SETA, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999), as amended.

Banking Sector Education and Training Authority

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### **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended, registered member companies of the SETA 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.

80% of skills development levies are paid over to the SETA (net of the 20% contribution to the National Skills Fund). The SETA was not in a position to verify that SARS has collected all potential skills levy income.

#### **Exempt registered member companies of the SETA**

Companies with an annual payroll cost less than R500 000 are exempted from paying the 1% skills development levy, in accordance with section 4(b) of the Levies Act as amended, effective 1 August 2005. An employer who is liable to pay the levy is exempted if, during any month there is reasonable ground to believe that the total remuneration (as determined in accordance with the Levies Act) payable or paid by the employer to all its employees during the following 12 month period will not exceed R500.000.

Should the SETA receive any SDL from such possibly exempt companies, the SETA recognises a payable shown as a provision equalling the SDL received from these possible levy exempt companies. As per the Skills Development Circular 09/2013, should the levies received from exempt companies not be refunded to the respective employer through the SARS system after five years from receipt, the SETA transfers all monies received from exempt companies to levy revenue. Such levies are allocated to discretionary levies.

#### **Levy income is recognised on the accrual basis.**

Revenue is adjusted for interSETA transfers due to employers changing SETAs. Such adjustments are separately disclosed as interSETA transfers. The amount of the interSETA adjustment is calculated according to the most recent Standard Operating Procedure issued by the Department of Higher Education and Training. Skills development levy (SDL) transfers are recognised on an accrual basis when it is probable that future economic benefits or service potential will flow to the SETA and these benefits can be measured reliably. This occurs when the Department of Higher Education and Training makes an allocation of the SETA, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended.

### **3.1.2 INTEREST AND PENALTIES**

Interest and penalties received on the skills development levy are recognised on the accrual basis.

### **3.2 REVENUE FROM EXCHANGE TRANSACTIONS**

Revenue from exchange transactions is recognised when it is probable that future economic benefits or service potential will flow to the SETA and these benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

#### **3.2.1 INVESTMENT REVENUE FROM EXCHANGE TRANSACTIONS**

Investment revenue from exchange transactions is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

**ANNUAL FINANCIAL STATEMENTS**

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018

## 4. GRANTS AND PROJECT EXPENDITURE

A registered employer may recover a maximum of 20% of its total levy payment (excluding interest and penalties) as a mandatory employer grant by complying with the grant criteria in accordance with the Skills Development Act, 1998 SETA Grant Regulations regarding monies received and related matters (The SETA Grant Regulations).

### 4.1 MANDATORY GRANTS

The grant expenditure is recognised when the employer has submitted an application for a grant in the prescribed form within the legislated cut-off period and the application has been approved. Grants are equivalent to 20% of the total levies contributed by employers to the SETA during the corresponding financial period.

#### 4.1.1 RETROSPECTIVE ADJUSTMENTS BY SARS

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

### 4.2 DISCRETIONARY GRANTS

A SETA may allocate discretionary grants to employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period.

#### 4.2.1 DISCRETIONARY PROJECT EXPENDITURE

A SETA may out of surplus mandatory, administration or discretionary levies and, in accordance with criteria as defined in the SETA Grant Regulations, allocate funds to employers and other associations or organisations. The criteria for allocating funds are approved by the SETA's Board. Where necessary it can be required of interested employers, associations or organisations to complete and submit a funding application for consideration and approval by the SETA.

A SETA allocates discretionary grants to employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period. Discretionary grant expenditure is recognised as expenses in the period in which they are incurred and in which the conditions are met.

Discretionary project expenditure comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the project; and
- such other costs as are specifically chargeable to the 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.

Project costs are recognised as expenses in the period in which they are incurred.



## ANNUAL FINANCIAL STATEMENTS

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

## 5. PROPERTY AND EQUIPMENT

Property and equipment comprise tangible non-current assets that are held for use for administrative purposes and are expected to be used during more than one financial year.

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

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

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

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

Property and equipment is initially recognised at cost and subsequently at cost less any subsequent accumulated depreciation and adjusted for any impairments. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method.

The useful life indicators are used to review estimated useful lives, residual values and depreciation method each year, with the effect of any changes in estimate accounted for on a prospective basis.

The following useful lives are used in the calculation of depreciation.

- |                                 |                     |
|---------------------------------|---------------------|
| – Computer equipment            | 3 to 10 years       |
| – Office furniture and fittings | 10 to 20 years      |
| – Office equipment              | 5 to 10 years       |
| – Leasehold improvements        | over the lease term |

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised.)

The gain or loss on disposal of property and equipment is determined as the difference between the sale proceeds and the carrying amount and is taken into account in determining the net surplus or deficit for the year.

## 6. INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary assets without physical substance and mainly comprise of software licences and computer application licences.

An intangible asset is recognised when:

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

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### **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018

Intangible assets are initially recognised at cost and subsequently at cost less any subsequent accumulated amortisation and adjusted for any impairments. Amortisation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method.

The useful life indicators are used to review estimated useful lives, residual values and depreciation method each year, with the effect of any changes in estimate accounted for on a prospective basis.

The following useful lives are used in the calculation of amortisation

Software, application software and licences 2 years (unless the licence period differs)

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

The gain or loss on disposal of intangible asset is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining the net surplus or deficit for the year.

## **7. LEASING**

Finance leases consistent with the definition set out in the Treasury Regulations refer to a contract that transfers the risks, rewards, rights and obligations incidental to ownership to the lessee and are recorded as a purchase of property and equipment by means of long-term borrowing. All other leases are classified as operating leases.

Payments made under operating leases (leases other than finance leases) are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

## **8. PROVISIONS**

Provisions are recognised when the SETA has a present legal obligation and/or constructive 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 of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

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

## ANNUAL FINANCIAL STATEMENTS

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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

## 9. EMPLOYEE BENEFITS

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

Short-term employee benefits include items such as:

- salaries, wages and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- incentive and performance related bonuses payable within twelve months after the end of the reporting period in which the employees render the related service.

The cost of employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the Statement of Financial Position date. Provisions included in the Statement of Financial Position are provisions for leave (based on the current salary rates) and incentive bonuses.

Termination benefits are recognised and expensed only when incurred or the agreement to incur these is entered into.

The SETA recognises the expected cost of incentive and performance related bonus payments when it has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the SETA has no realistic alternative but to make the payments.

### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

- The SETA does not provide any post-employment medical benefits.
- The SETA provides a defined contribution pension fund as post-retirement benefits to its employees. Defined contribution plans are post-employment benefit plans under which the entity pays fixed contributions into a separate entity (a pension fund) during the period of the employees' service. The entity will have no legal or constructive obligation to pay further contributions in the current period, prior or future periods including post retirement years of the employees should the fund not hold sufficient assets to pay all employee benefits relating to employee service.

When an employee has rendered service to the SETA during a reporting period, the SETA recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the SETA recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another standard requires or permits the inclusion of the contribution in the cost of an asset.

## ANNUAL FINANCIAL STATEMENTS

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

## 10. GRANTS AND PROJECTS

A liability is recognised for grant payments once the specific criteria set out in the SETA Grant Regulations has been complied with by member companies and it is probable that the SETA will approve the grant application for payment. The liability is measured based on the expected future cash outflow as determined in accordance with the Act. The measurement of the liability is estimated using the value of the levies received.

### Discretionary projects

No provision is made for projects approved at year-end, unless the service in terms of the contract has been delivered. Where a project has been approved, but has not been accrued for or provided for, it is disclosed as approved and allocated for future projects in the notes to Annual Financial Statement. Where a project has been contracted, but has not been accrued for, it is disclosed as commitments in the notes to the financial statements.

Commitments are disclosed where the SETA has, in the normal course of its operations, entered into a contractual agreement with entities related to project expenses which are not yet due for payment.

## 11. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity. Financial assets and financial liabilities are recognised on the SETA's Statement of Financial Position when the SETA becomes a party to the contractual provisions of the instrument.

### 11.1 FINANCIAL ASSETS

The SETA has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.	

The SETA recognises financial assets using trade date accounting.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents mainly comprise of cash on hand, current and savings bank accounts and money market investments, call accounts and fixed deposits held by the BANKSETA at the Corporation of Public Deposits (CPD) and at domestic banks. Cash and cash equivalents are initially recognised at cost and subsequently stated at amortised cost, which due to their short term nature, closely

## ANNUAL FINANCIAL STATEMENTS

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

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approximate their fair value.

## LOANS AND RECEIVABLES

Exchange and non-exchange receivables comprise of trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market and are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate.

## EFFECTIVE INTEREST METHOD

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

## IMPAIRMENT OF FINANCIAL ASSETS

Financial assets are assessed for indicators of impairment at each year end. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The impairment values or movement in provision for impairment are recognised in the Statement of Financial Performance.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the surplus or deficit.

## 11.2 FINANCIAL LIABILITIES

"All financial liabilities of the SETA were classified as other financial liabilities. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition."

The SETA has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Accruals	Financial liability measured at amortised cost
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Trade and other payables from non-exchange transactions	Financial liability measured at amortised cost

Financial liabilities are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised using the effective method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

### **11.3 DERECOGNITION**

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

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

### **FAIR VALUE CONSIDERATIONS**

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

### **OFFSETTING**

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

## **12. SEGMENT REPORTING**

A segment is an activity of the BANKSETA:

- That generates economic benefits or service potential (including economic benefit or service potential relating to transactions between activities of the same entity):
- whose results are regularly reviewed by management to make decisions about resource to be allocated to that activity and in assessing its performance, and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on the segment report. They are segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria is met.

### **Measurement**

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the BANKSETA's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

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If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring corresponding amounts in the BANKSETA's financial statements.

**13. RESERVES**

Net assets are classified based on the restrictions placed on the distribution of monies received in accordance with the Skills Development Act and Grant Regulations as follows:

- Administration reserve
- Employer grant reserve
- Discretionary reserve
- Unappropriated surplus/(deficit)

Employer 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:

	2017/18	2016/17
	%	%
Administration costs of the SETA	10,5	10,5
Employer grant fund levy	20,0	20,0
Discretionary grants and projects	49,5	49,5
Received by the SETA	80,0	80,0
Contribution to the National Skills Fund	20,0	20,0
	100,0	100,0

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

Interest and penalties received from SARS as well as interest received on investments are utilised for discretionary grant projects.

Surplus funds in the administration reserve and unallocated funds in the employer grant reserve are moved to the discretionary fund reserve. Provision is made in the administration reserve equal to the net book value of depreciable assets. Provision is made in the employer grant reserve for newly registered companies, participating after the legislative cut-off date.

## 14. COMMITMENTS

Items are classified as commitments when the entity has committed itself through contractual agreements to future transactions that will normally result in the outflow of cash.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost; an
- Contracts should relate to items other than the routine, steady, state business of the entity (such as administration services and goods contracts) ñ therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

The SETA presents commitments for discretionary project contracts which would be funded out of discretionary reserves on hand at the date of the Statement of Financial Position, lease contractual commitments and any capital expenditure commitments.

## 15. RELATED PARTIES

An entity or individual is considered to be a related party to the BANKSETA when the party has the ability to control (or jointly control) the BANKSETA or can exercise significant influence over the BANKSETA in making financial and operating decisions, or if the party and the BANKSETA are under common control under the same Executive Authority.

All departments and public entities in the national sphere of government are related parties as they are ultimately under common control.

Representation of individuals and employer/labour representatives to the Accounting Authority Body, committees of the Accounting Authority or other equivalent body is considered as significant influence.

Management are those persons responsible for the 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.

A related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Only transactions with related parties where the transactions are not concluded within the normal operating procedures or on terms that are no more or less favourable than the terms it would use to conclude transactions with another entity or person are disclosed.

Only transactions with related parties where the transactions are not concluded within the normal operating procedures or on terms that are no more or no less favourable than the terms it would use to conclude transactions with another entity or person are disclosed.

## 16. PRESENTATION OF BUDGET INFORMATION IN THE FINANCIAL STATEMENTS

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

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

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

The budget covers the period 1 April 2016 to 31 MARCH 2018 and has been prepared on the accrual basis of accounting.



## 17. IRREGULAR, 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,
- The Skills Development Act (the Act), 1998 (Act No.97 of 1998) as amended
- Instructions and circulars issued by the National Treasury

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

All irregular and fruitless and wasteful expenditure is recognised against the respective class of expense in the period in which they are incurred. The expenditure is classified in accordance with the nature of the expense, and wherever recovered in the same accounting period, it is shown net of any recoveries. Wherever it is recovered in a subsequent financial year, it is accounted for as revenue in the statement of financial performance.

Irregular and fruitless and wasteful expenditure is removed from the notes to the Annual Financial Statements when condoned by National Treasury.

## 18. COMPARATIVE FIGURES

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

## 19. TAXATION

No provision has been made for taxation, as the SETA has applied and received an income tax exempt status from SARS, in terms of Section 10 of the Income Tax Act, 1962 (Act 58 of 1962). The SETA is compliant with the conditions of this tax exempt status.

## 20. EVENTS AFTER THE REPORTING DATE

Events after reporting date are those events both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The SETA will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event has occurred.

The SETA will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018

**1. ALLOCATION OF NET (DEFICIT) SURPLUS FOR THE YEAR TO RESERVES:**

			Employer grants reserve	Discretionary reserve	
	Total per Statement of Financial Performance R'000 2016/17	Total per Statement of Financial Performance R'000 2017/18	Administration reserve R'000 2017/18	Mandatory skills grant R'000 2017/18	Total discretionary R'000 2017/18
<b>Total revenue</b>	735 494	809 436	92 084	170 400	546 352
Skills development levy: income from non-exchange transactions					
Admin levy income (10,5%)	86 745	92 605	92 605	-	-
Grant levy income (69,5%)	573 270	624 314	-	170 400	453 914
Skills development levy: penalties and interest from non-exchange transactions	29 124	48 386	-	-	48 386
Investment revenue from exchange transactions	46 250	44 052	-	-	44 052
Other revenue from exchange transactions	105	79	79	-	-
<b>Total expenses</b>	(722 952)	(838 748)	(78 941)	(165 651)	(594 146)
Administration expenses	(63 335)	(78 941)	(78 941)	-	-
Employer grants and project expenses	(657 617)	(759 807)	-	(165 651)	(594 156)
<b>Net (Deficit)/Surplus per Statement of Financial Performance allocated</b>	<b>12 542</b>	<b>(29 312)</b>	<b>13 743</b>	<b>4 749</b>	<b>(47 804)</b>

**ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018

**2. SKILLS DEVELOPMENT LEVY INCOME FROM NON-EXCHANGE TRANSACTIONS**

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

Levy income: Administration

Levies received

Levies received from SARS

InterSETA transfers in

InterSETA transfers out

Levies accrued

Levy income: Employer Grants

Levies received

Levies received from SARS

InterSETA transfers in

InterSETA transfers out

Levies accrued

Levy income: Discretionary Grants

Levies received from SARS

Levies received

Levies received in prior year recognised as income 14

InterSETA transfers in

InterSETA transfers out

Levies accrued

2017/18	2016/17
R'000	R'000

<b>92 605</b>	<b>86 745</b>
92 632	86 754
92 591	86 768
39	( 14)
2	-
( 27)	( 9)

<b>170 400</b>	<b>157 925</b>
170 443	157 847
170 422	157 874
17	( 27)
4	-
( 43)	78

<b>453 914</b>	<b>415 345</b>
454 050	415 476
441 617	415 542
12 240	
183	( 66)
10	-
( 136)	( 131)

<b>716 919</b>	<b>660 015</b>
----------------	----------------

**3. INVESTMENT REVENUE FROM EXCHANGE TRANSACTIONS**

Interest Revenue

Bank deposits

Receivable

2017/18	2016/17
R'000	R'000

41 005	43 111
3 047	3 139
<b>44 052</b>	<b>46 250</b>

**4. OTHER REVENUE**

Other Revenue comprises:

Gain on disposal of assets

Other income

2017/18	2016/17
R'000	R'000

-	4
79	101
<b>79</b>	<b>105</b>

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018

**5. EMPLOYER GRANT AND PROJECT EXPENSES**

	2017/18	2016/17
	R'000	R'000
Mandatory grants	165 651	151 170
Disbursed	166 361	154 877
Provisions and accruals	( 710)	(3 707)
Project expenditure	594 156	506 447
Disbursed	572 888	476 940
Provisions and accruals	21 268	29 507
<b>Total employer grant and project expenses per Statement of Financial Performance</b>	<b>759 807</b>	<b>657 617</b>

Project expectations comprises of training grants to stakeholders and higher education, institutions, bursaries, stipends and training and administration expenses. Refer to note 16 for more detailed information on the projects.

**6. ADMINISTRATION EXPENSES**

	2017/18	2016/17
	R'000	R'000
Depreciation/Amortisation	1 190	1 684
Operating lease rentals (minimum lease payments)	3 373	3 214
Buildings	3 223	3 013
Equipment	150	201
Maintenance, repairs and running costs — other foreign exchange loss	253	177
Foreign exchange loss	1	-
Advertising, marketing and promotions, communication	2 982	3 264
Entertainment expenses	159	109
Service provider fees	4 012	4 164
Legal fees	234	215
Cost of employment	44 550	39 429
Travel and subsistence	814	890
Staff training and development	613	830
Remuneration to members of the Accounting Authority and committees	1 024	1 131
Audit fees	2 610	2 181
External Audit fees	2 090	1 992
Internal Audit fees	520	189
Allowance for doubtful debts	( 2)	34
Other	17 130	8 013
Other administration expenses	1 720	1 460
Consultancy fees	602	735
Telephone costs	1 266	1 213
Workshops	2 080	390
Printing and stationery	129	231
Research costs	7 491	405
Quality Council for Trade and Occupations	3 842	3 579
	<b>78 941</b>	<b>65 335</b>

\*Prior year presentation is amended to align with current year presentation.

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018

**6 ADMINISTRATION EXPENSES (Continued)****6.1 Cost of employment**

	2017/18	2016/17
	R'000	R'000
Salaries and wages	<b>38 828</b>	<b>34 157</b>
Basic salaries	28 663	25 052
Performance awards	8 864	7 830
Allowances	336	374
Temporary staff cost	82	325
Leave payments	882	576
Social contributions	<b>5 575</b>	<b>4 454</b>
Medical aid contributions	1 081	922
Pension contributions: defined contribution plans	3 642	3 207
Risk cover contributions	296	218
Skills Development Levies	372	309
Employee Benefits Tax*	-	( 364)
Workmen's Compensation	80	65
UIF	104	97
Employee settlement	10	-
Recruitment costs	137	818
	<b>44 550</b>	<b>39 429</b>
<i>Allocation of cost of employment</i>		
Administration expenses	6	<b>39 429</b>
Average number of employees	<b>59</b>	<b>55</b>

Refer to the report by the Accounting Authority for disclosure concerning the emoluments of members of the Accounting Authority, and the Executive management group.

\* in prior year the BANKSETA was refunded for taxes paid on employee benefits by the service provider who ran the finance function prior to 2015.

**ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018

**7. PROPERTY AND EQUIPMENT**

**Year ended 31 March 2018**

	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Closing carrying amount</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Computer equipment	2 604	(1 837)	<b>767</b>
Office furniture and fittings	2 079	(1 072)	<b>1007</b>
Office equipment	1 232	( 876)	<b>356</b>
Leasehold improvements	2 613	(1 676)	<b>937</b>
Balance at end of period	<b>8 528</b>	<b>(5 461)</b>	<b>3 067</b>
Made up as follows:			
- Owned assets	<b>8 528</b>	<b>(5 461)</b>	<b>3 067</b>

**Year ended 31 March 2017**

	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Closing carrying amount</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Computer equipment	2 029	(1 516)	<b>513</b>
Office furniture and fittings	2 079	(1 110)	<b>969</b>
Office equipment	1 204	( 947)	<b>257</b>
Leasehold improvements	1 828	( 939)	<b>889</b>
Balance at end of period	<b>7 140</b>	<b>(4 511)</b>	<b>2 628</b>
Made up as follows:			
- Owned assets	<b>7 140</b>	<b>(4 511)</b>	<b>2 628</b>

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018

**7. PROPERTY AND EQUIPMENT (continued)****Movement summary 2017/18**

	Carrying amount 2017	Additions	Disposals	Depreciation	Carrying amount 2018
	R'000	R'000	R'000	R'000	R'000
Computer equipment	513	575	-	(321)	767
Office furniture and fittings	970	-	-	38	1007
Office equipment	257	29	-	70	356
Leasehold improvements	888	786	-	(737)	937
Balance at end of period	<b>2 628</b>	<b>1 390</b>	<b>-</b>	<b>(950)</b>	<b>3 067</b>

**Movement summary 2016/17**

	Carrying amount 2016	Additions	Disposals	Depreciation	Carrying amount 2017
	R'000	R'000	R'000	R'000	R'000
Computer equipment	638	297	(8)	(414)	513
Office furniture and fittings	949	170	-	(149)	970
Office equipment	400	-	-	(143)	257
Leasehold improvements	1 390	284	-	(786)	888
Balance at end of period	<b>3 377</b>	<b>751</b>	<b>(8)</b>	<b>(1 492)</b>	<b>2 628</b>

The following useful lives are used in the calculation of depreciation.

	Useful lives	Depreciation rate
- Computer equipment	3 - 10 years	33.33% to 10%
- Office furniture and fittings	10 - 20 years	10% to 5%
- Office equipment	5 to 10 years	20% to 10%
- Leasehold improvements	Over the lease term	

**7.1 CHANGE IN USEFUL LIVES**

At the beginning of the year the useful lives of the assets were individually re-assessed and the following changes made.

Categories	Previous useful lives	Re-assessed useful lives
- Computer Equipment	3 years	3- 10 years
- Office furniture and fittings	10 years	10 - 20 years
- Leasehold improvement	5 years	5 - 10 years
- Office Equipment	over the lease term	over the lease term

YEAR ENDED 31 MARCH 2018	Accumulated Depreciation Due to reassessment of useful lives	Reversal Allocated against current year Depreciation	Current Year Depreciation Charge	Net Depreciation (charge)/reversal
	R'000	R'000	R'000	R'000
Computer equipment	170	170	(414)	(321)
Office furniture and fittings	234	234	(196)	38
Office equipment	223	223	(153)	70
Leasehold improvements	189	189	(926)	(737)
Balance at end of period	<b>816</b>	<b>816</b>	<b>(1 960)</b>	<b>(950)</b>

The net reversal is not considered material

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018

**8. INTANGIBLE ASSETS****Year ended 31 March 2018**

Application software

Balance at end of period

Made up as follows:

- Owned assets

Cost	Accumulated amortisation	Closing carrying amount
R'000	R'000	R'000
610	( 459)	151
<b>610</b>	<b>( 459)</b>	<b>151</b>
610	( 459)	151

**Year ended 31 March 2017**

Application software

Balance at end of period

Made up as follows:

- Owned assets

Cost	Accumulated amortisation	Closing carrying amount
R'000	R'000	R'000
450	( 220)	230
<b>450</b>	<b>( 220)</b>	<b>230</b>
450	( 220)	230

**Movement summary 2017/18**

Application software

Carrying amount 2017	Additions	Disposals	Amortisation	Carrying amount 2018
R'000	R'000	R'000	R'000	R'000
230	160	-	( 240)	151

**Movement summary 2016/17**

Application software

Carrying amount 2016	Additions	Disposals	Amortisation	Carrying amount 2017
R'000	R'000	R'000	R'000	R'000
18	404	-	( 192)	230

Application software complies with the definition of Intangible assets, which is an identifiable non-monetary asset without physical substance. The amortisation expense has been included in the line item 'depreciation/amortisation' in note 6, administration expenditure.

**The following useful lives are used in the calculation of amortisation.**

	Useful lives	Depreciation rate
- Application software	2 years (Unless licence period is different)	50% p.a.



**ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018

**9 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

		2017/18	2016/17
		R'000	R'000
InterSETA debtors	<u>22</u>	243	5
Employer receivables	<u>9.1</u>	7 895	5 780
		<b>8 138</b>	<b>5 785</b>

**9.1 Employer receivable**

*Employer receivable*

Overpayment to employers		7 947	5 834
Allowance for impairment		( 52)	( 54)
Net effect of SARS retrospective adjustments on affected employers		7 895	5 780

R7,947 thousand (2016/17: R5,384 thousand) was recognised as a receivable relating to the overpayment to the employer in earlier periods, and is based on the amount of such grant over payments.

Of the R7, 947 employer receivables, R52 thousand is impaired and R7, 895 in not impaired.

*Reconciliation of impairment allowance on employer receivable*

Opening balance : Impairment of employer receivable		( 54)	( 20)
Change In estimate		2	-
Addition		-	( 34)
Recovered/reversed		-	-
Closing balance : impairment allowance on employer receivable		( 52)	( 54)

**ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018

**10 RECEIVABLES FROM EXCHANGE TRANSACTIONS**

SARS receivable

Deposits

Staff advances and payroll receivables

Interest receivables

Other receivables

	2017/18	2016/17
	R'000	R'000
	-	67
	387	362
	-	12
	3 047	3 139
	18	24
	<b>3 452</b>	<b>3 604</b>

The effect of discounting was considered and found to be immaterial.

**11 CASH AND CASH EQUIVALENTS**

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks and investments in fixed deposits. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the balance sheet as follows:

Cash at bank and on hand

Cash at bank

Cash on hand

Short term investments/instruments

Cash and cash equivalents at end of year

	2017/18	2016/17
	R'000	R'000
	25 863	36 158
	25 848	36 154
	15	4
	531 936	584 523
	<b>557 799</b>	<b>620 681</b>

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short term bank deposits was 7.55% (2016/17: 7.35%).

The Skills Development Act Regulations state that a SETA may, if not otherwise specified by the Public Finance Management Act, invest the monies in accordance with the investment policy approved by the relevant SETA.

Treasury Regulation 31.3 requires that, unless exempted by the National Treasury, the SETA as a public entity that is listed in Schedule 3A of the Act must invest surplus funds with the Corporation for Public Deposits.

As the SETA was exempted by the National Treasury from the requirement of Treasury Regulation 31.3 to invest surplus funds with the Corporation for Public Deposits, surplus funds were invested in line with an investment policy as required by Treasury Regulation 31.3.5.

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018

**12 PAYABLES FROM EXCHANGE TRANSACTIONS**

	2017/18	2016/17
	R'000	R'000
Salary related payables	221	718
Project creditors	28 592	49 860
Sundry payables	3 708	3 011
Trade payables	1 921	1 357
Other accrued expenses	553	691
Leave accrual	1 201	963
Sundry credits	32	
	<b>32 521</b>	<b>53 589</b>

The effect of discounting was considered and found to be immaterial.

**13 PAYABLES FROM NON-EXCHANGE TRANSACTIONS**

	2017/18	2016/17
	R'000	R'000
Skills development grants payable - mandatory	15 983	14 317
InterSETA payables	-	17
Employer payables	4	43
	<b>15 987</b>	<b>14 377</b>

**14 PROVISIONS**

	Opening Balance	Change in Estimate	Addition	Paid/reversed during the year - transferred to discretionary grant reserve	Closing balance
<b>2017/18</b>					
Levies incorrectly received*	1 340	-	205	-	1 546
Unallocated levies received**	12 240	-	-	(12 240)	-
Provision for incentive bonus*****	7 749	(1)	8 864	(7 748)	8 864
Provision for acting allowances*****	634	(27)	363	(970)	-
	<b>21 964</b>	<b>(28)</b>	<b>9 432</b>	<b>(20 958)</b>	<b>10 410</b>
<b>2016/17</b>					
Levies incorrectly received*	1278	-	76	(14)	1 340
Unallocated levies received**	12 240	-	-	-	12 240
Employee benefits tax provision***	364	-	-	(364)	-
Provision for incentive bonus*****	5894	82	7 749	(5 976)	7 749
Provision for acting allowances*****	260	-	374	-	634
	<b>20 036</b>	<b>82</b>	<b>8 199</b>	<b>(6 354)</b>	<b>21 963</b>

**ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018

\*In terms of Skills Development Circular No. 09/2013, issued by DHET on 25 August 2013, SETAs are able to utilise exempted amounts contributed after the expiry date of five years as stipulated in terms of section 190(4) of the Tax Administration Act. These amounts have been transferred to the discretionary funds in line with the aforementioned circular.

\*\*In the 2014/15 financial year, BANKSETA received more levy income in cash, than was substantiated by employer levy files from the Department of Higher Education and Training (DHET). The amount of this overpayment is R12 240 thousand. As at 31 March 2017, this issue had not yet been resolved. Due to this discrepancy, BANKSETA has taken a conservative approach, and has recognised a Levy receipt liability for this amount.

\*\*\*In previous financial years, the BANKSETA did not withhold PAYE or pay tax to SARS for death and disability cover benefit that the BANKSETA was paying for, on behalf of the employees. An estimate was made of the possible tax that should have been paid over to SARS, being R364 thousand, and a provision was raised for this amount in 2014/15 financial year. In 2016/17 the matter was settled with SARS. The service provider who provided financial and payroll services during the period of incorrect PAYE calculations refunded the BANKSETA the actual amount levied by SARS of R364 thousand. The BANKSETA therefore reversed the provision for this liability.

\*\*\*\*The quantum and timing of payment incentive bonus will be considered and approved by the Board subsequent to year-end.

\*\*\*\*In prior year, the board considered and approved the quantum and timing of payment of acting allowances subsequent to year-end.

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018

**15 RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET(DEFICIT)/SURPLUS**

	2017/18	2016/17
	R'000	R'000
Net (deficit)/surplus as per Statement of Financial Performance	(29 312)	12 542
Adjusted for non-cash items:		
Depreciation/amortisation	1 190	1 684
(Profit) on disposal of property and equipment	-	( 4)
Adjusted for items separately disclosed		
Interest received	(44 052)	(46 250)
Adjusted for working capital changes:		
(Increase)/decrease in receivables from exchange transactions	153	96
(Increase)/decrease in receivables from non-exchange transactions	(2 351)	(4 314)
(Decrease)/Increase in payables and provisions	(31 011)	31 885
<b>Cash generated from operations</b>	<b>(105 384)</b>	<b>(4 361)</b>

**16 CONTINGENCIES****16.1 Retention of surplus funds**

In terms of the PFMA, all surplus funds as at year-end may be forfeited to National Treasury should an application for retention of surplus funds be denied.

Instruction 6 of 2017/18 issued in May 2017 clarified that the surplus should be based the following:

	2017/18	2016/17
	R'000	R'000
Cash and cash equivalents at the end of the year	557 799	620 681
Add: Receivables	11 588	9 389
Less: current liabilities	(58 918)	(89 929)
Less: commitments	(315 924)	(401 570)
Less: lease commitments	(2 537)	(2 476)
Less: capital commitments	-	( 776)
<b>Total surplus</b>	<b>192 008</b>	<b>135 319</b>

The BANKSETA submitted an application to the Department of Higher Education and Training and National Treasury for the retention of surplus funds and is awaiting approval.

\*Prior year presentation amended in line with current year presentation.

**16.2 First time employer registrations**

The Skills Development legislation allows an employer, registering for the first time, 6 months to submit an application for a mandatory grant.

At the reporting date it is estimated that, as a result, additional mandatory grant expenditure of R58 thousand (2016/17:R146 thousand) will be payable. The amount is contingent on the number of submissions received and approved.

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018

**COMMITMENTS****Discretionary reserve**

- 17.1 Of the balance of R510 411 thousand (2016/17 : R539 995 thousand) available in the discretionary reserve as at year-end, R315 924 thousand (2016/17: R401 570 thousand) has been committed by the Accounting Authority for future projects and skills priorities shown below. Note that the definition of commitments by the Accounting Authority includes signed contracts and memoranda of agreements up to the approval date of the financial statements. Amounts for expenses that have already been incurred, and therefore included in grant expenses in the Statement of Financial Performance, are also indicated. A request for the accumulation of these funds has been submitted to National Treasury. At time of approval of the financial statements, the BANKSETA was awaiting approval from National Treasury.

**Commitments**

Project Name	Project number	Opening balance 31 March 2016	New Commitments Approved by Accounting Authority	Charged to statement of financial performance 2016/17	Write Backs and Other adjustments 2016/17	Opening Balance 31 March 2017	New Commitments Approved by Accounting Authority	Charged to statement of financial performance 2017/18	Write Backs and Other adjustments 2017/18	Closing Balance 31 March 2018
<b>PROGRAMME: QUALITY ASSURANCE</b>										
QCTO Pilot Project	246	241	-	( 111)	-	130	-	-		130
Provision for General Management	594	-	3 600	-	-	3 600	-	(3 543)	(57)	-
Assessment Centre for RPL	621	-	7 102	-	-	7 102	-	(5 926)	-	1 176
Assessment centre	620	-	-	-	-	-	5 189	(3 927)	-	1 262
Update FBS Fit & Proper Manual	643	-	-	-	-	-	324	( 64)	-	260
<b>Total Quality Assurance</b>		<b>241</b>	<b>10 702</b>	<b>( 111)</b>	<b>-</b>	<b>10 832</b>	<b>5 513</b>	<b>(13 460)</b>	<b>-</b>	<b>2 828</b>
<b>PROGRAMME: RESEARCH</b>										
Doctoral & Post Doctoral Studies Research Funding	538	125	-	( 125)	-	-	-	-	-	-
Doctoral & Post Doctoral Studies Research Funding	572	-	-	( 50)	50	-	-	-	-	-
African Banking Expansion	581	17 152			(17 152)	-	9 800	(9 800)	-	-
Doctoral & Post Doctoral Studies Research Funding	612	-	998	( 710)	( 238)	50	200	( 275)	25	-
Doctoral & Post Doctoral Studies Research Funding	640			-	-	-	1 625	(1 575)	( 50)	-
<b>Total Research Programmes</b>		<b>17 277</b>	<b>998</b>	<b>( 885)</b>	<b>(17 340)</b>	<b>50</b>	<b>11 625</b>	<b>(11 650)</b>	<b>( 25)</b>	<b>-</b>
<b>PROGRAMME: SKILLS DEVELOPMENT</b>										
NSFAS Support Funding	456	7 640	5 040	( 299)	(7 341)	<b>5 040</b>	11 341	(14 941)	(1 440)	-
Inter- Banking Compliance Project	494	3 254	-	(3 214)	( 40)	-	-			-
Maths & Science Support Programme	496	5 353	26 292	(6 311)	( 202)	<b>25 132</b>	-	(1 611)	-	<b>23 521</b>
PIVOTAL Grants Funding Window	509	4 341	-	( 149)	(4 192)	-	-	-	-	-
CMD 2014	520	11 918	-	713	<b>(12 631)</b>	-	-	-	-	-
Consumer Education	521	665	-	( 665)	-	-	-	-	-	-
IEDP Retail Banking	525	-	-	( 68)	68	-	-	-	-	-
Masters and Executive 2014	535	2 640	-	(2 520)	( 120)	-	-	-	-	-
Internships and Work Based Experience Programmes	536	1 811	-	( 820)	( 991)	-	-	-	-	-
Kuyasa 2014	546	491	-	1 694	(2 181)	<b>4</b>	-	-	( 4)	-
Letsema 2014	547	-	-	(1 095)	1 095	-	-			-
18.1 Niche Learnership for the employed	549	4 482	540	(3 501)	(1 521)	-	-	-	-	-
18.2 Niche Learnership for Unemployed	550	5 583	504	(3 845)	(2 242)	-	-	-	-	-
<b>Subtotal Skills Development</b>		<b>48 178</b>	<b>32 376</b>	<b>(20 080)</b>	<b>(30 298)</b>	<b>30 176</b>	<b>11 341</b>	<b>(16 552)</b>	<b>(1 444)</b>	<b>23 521</b>

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**Commitments**

Project Name	Project number	Opening balance 31 March 2016	New Commitments Approved by Accounting Authority	Charged to statement of financial performance 2016/17	Write Backs and Other adjustments 2016/17	Opening Balance 31 March 2017	New Commitments Approved by Accounting Authority	Charged to statement of financial performance 2017/18	Write Backs and Other adjustments 2017/18	Closing Balance 31 March 2018
<b>PROGRAMME: SKILLS DEVELOPMENT (Continued)</b>										
18.2 Niche Learnership for Unemployed	551	244	12	(96)	(160)	-	-	-	-	-
PIVOTAL Grant Funding Window 2014	552	5 238	315	(4 078)	(1 475)	-	-	-	-	-
Letsema 2015	557	30 829	-	(25 222)	(5 608)	-	-	-	-	-
Kuyasa Learnership	558	22 880	-	(19 723)	(3 157)	-	-	-	-	-
Learnership Funding for Unemployed	559	10 700	200	(3 320)	(1 060)	6 520	-	(5 760)	(760)	-
Work Readiness Programme for Graduates	560	13 191	-	(12 231)	-	959	16 185	(959)	(16 185)	-
Work Readiness Programme for Graduates	561	4 776	-	(4 776)	-	-	-	-	-	-
Internship and Work based Experience Funding	562	2 600	1 280	(2 013)	(688)	1 180	-	(512)	(668)	-
Learning Programme for Learners with Disabilities	564	990	-	(45)	-	945	-	(585)	(360)	-
Certificate in Management Development (CMD)	566	31 163	-	(29 828)	-	1 335	-	-	(1 335)	-
Pivotal Grant Funding Window	568	70 890	-	(38 033)	(17 199)	15 658	-	(7 489)	(8 169)	-
Learnership Funding for Employed	569	12 127	-	(4 708)	(2 135)	5 285	-	(1 697)	(3 588)	-
International Executive Development Programme - Investment Banking	571	-	-	-	-	-	-	-	-	-
Masters and Executive Bursaries	586	1 487	-	(2 414)	(655)	(1 582)	-	(463)	(2045)	-
Youth induction Programme	590	1 055	-	(667)	-	388	287	(23)	(652)	-
Organisational Risk Practitioner	591	-	6 568	(2 770)	-	3 798	-	(3 510)	(288)	-
Kuyasa Learnership	598	-	27 868	(6 399)	(68)	21 401	-	(20 503)	(898)	-
Letsema Learnership	599	-	37 371	(8 953)	(214)	28 204	-	(26 532)	(1 672)	-
18.2 Learnership Funding	600	-	20 520	(10 140)	(240)	10 140	157	(6 958)	(2 540)	799
Work Readiness Programme	601	-	-	-	-	-	13 191	(13 191)	-	-
18.1 Internship Unemployed	602	-	4 800	(1 050)	(50)	3 700	-	(1 037)	(100)	2 563
18.2 Learnership Funding - Learners with Disabilities	604	-	1 935	(720)	-	1 215	-	(720)	(68)	427
Maths & Science Support Programme	605	-	7 473	(5 918)	(954)	601	12 138	(11 785)	(954)	-
18.1 Learnership Funding	607	-	21 490	(10 728)	-	10 763	-	(2 188)	(228)	8 347
Masters and Executive Bursaries	609	2 373	8 990	(4 215)	(525)	6 623	-	(2 310)	(4016)	297
IEDP General Banking	610	-	8 593	(8 223)	(370)	-	-	(369)	369	-
IEDP Investment Banking	611	-	8 621	(8 621)	-	-	-	-	-	-
FAIS Compliance	613	-	11 524	(2 962)	(240)	8 322	-	(7 078)	(1 244)	-
18.2 Learnership Funding	614	-	75 215	(32 146)	(430)	42 639	-	(19 609)	(10 928)	12 102
Capacity Building workshops	622	-	1 604	(481)	-	1 123	-	(1 123)	-	-
IT Skill Funding	624	-	5 896	(1 428)	-	4 468	-	(3 771)	(697)	-
Learnership Funding	625	-	-	-	-	-	9 288	(4 941)	(2 194)	2 153
Learnership -Kuyasa	626	-	-	-	-	-	31 124	(6 412)	(18)	24 694
Learnership -Letsema	627	-	-	-	-	-	42 859	(8 148)	(38)	34 673
Learnership funding Window	628	-	-	-	-	-	23 080	(9 220)	-	11 140
Internships Unemployed	629	-	-	-	-	-	3 190	(657)	-	2 533
Learnership -People with disabilities	630	-	-	-	-	-	1 980	(900)	-	1 080
Pivotal Funding Window-Unemployed	633	-	-	-	-	-	5 225	(1 887)	-	3 338
IEDP -General Banking 2016-17	634	-	-	-	-	-	9 376	(9 364)	(12)	-
IEDP -Investment Banking 2016-17	635	-	-	-	-	-	9 189	(9 189)	-	-
Pivotal Funding Window-Unemployed	636	-	-	-	-	-	98 598	(40 263)	-	58 335
IT Skill Funding 2018-9	637	-	-	-	-	-	9 815	(5 041)	(23)	4 751
<b>Total Skills Development</b>		<b>258 722</b>	<b>282 651</b>	<b>(271 957)</b>	<b>(65 525)</b>	<b>203 860</b>	<b>294 303</b>	<b>(250 746)</b>	<b>(56 665)</b>	<b>190 752</b>

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Project Name	Project number	Opening balance 31 March 2016	New Commitments Approved by Accounting Authority	Charged to statement of financial performance 2016/17	Write Backs and Other adjustments 2016/17	Opening Balance 31 March 2017	New Commitments Approved by Accounting Authority	Charged to statement of financial performance 2017/18	Write Backs and Other adjustments 2017/18	Closing Balance 31 March 2018
<b>PROGRAMME: CAPACITY BUILDING OF PUBLIC TRAINING PROVIDERS</b>										
Post School Public FET Capacity Building	480	29 076	-	(10 485)	(3)	<b>18 588</b>	-	(5 232)	(13 356)	-
UWC Thuthuka Project	510	8 983	-	-	-	<b>8 983</b>	-	(8 825)	-	<b>158</b>
Entrepreneurship Graduation Project	511	193	-	(193)	-	-	-	-	-	-
Work Readiness IT Programme	542	-	10 611	(10 104)	-	<b>507</b>	28 500	(8 516)	(4 643)	<b>15 848</b>
TVET Funding Window	543	1 082	387	(584)	(885)	-	-	-	-	-
TVET Funding Window	556	4 525	-	(3 300)	(864)	<b>360</b>	-	(290)	(70)	-
CoE: Unizulu (2015)	530	9 971	-	-	(9 971)	-	-	-	-	-
BANKSETA Higher Education Funding Window	563	115 451	22 837	(100 990)	(2 527)	<b>34 771</b>	-	(29 830)	(4 941)	-
Merit Bursaries	565	270	-	(270)	-	-	-	-	-	-
Post School Public UOT Capacity Building	567	-	70 500	(12 795)	-	<b>57 705</b>	-	-	(10 192)	<b>47 513</b>
University of Technology (UOT) Work Integrated Learning	577	10 363	827	(8 496)	(1 280)	<b>1 414</b>	-	(924)	(490)	-
CoE: Unizulu 2013	578	12 756	-	(12 213)	(543)	-	-	-	-	-
CoE: UniVenda (2015)	580	21 066	-	(21 122)	56	-	24 684	(12 977)	(11 707)	-
TVET WIL Funding 2015/16	582	27 418	120	(18 916)	(1 214)	<b>7 408</b>	246	(5 899)	(1 755)	-
BANKSETA - SSACI Bookkeeping apprenticeship	592	1 260	-	(1 008)	-	<b>252</b>	-	-	(252)	-
TVET WIL Funding 2015/16	593	773	-	(429)	(35)	<b>309</b>	-	(309)	-	-
BANKSETA Higher Education Funding Window	595	-	24 488	(4 538)	-	<b>19 950</b>	171 097	(182 900)	(1 337)	<b>6 810</b>
TVET WIL Funding 2016/17	596	-	15 435	-	-	<b>15 435</b>	7 938	(17 719)	(373)	<b>5 281</b>
TVET WIL Funding 2016/17	597	-	15 481	(8 808)	-	<b>6 673</b>	36 587	(20 634)	(3 779)	<b>18 847</b>
<b>Total Capacity Building of Public Training Providers</b>		<b>243 187</b>	<b>160 684</b>	<b>(214 251)</b>	<b>(17 265)</b>	<b>172 355</b>	<b>269 052</b>	<b>(294 055)</b>	<b>(52 895)</b>	<b>94 457</b>



Banking Sector Education and Training Authority

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**Commitments**

Project Name	Project number	Opening balance 31 March 2016	New Commitments Approved by Accounting Authority	Charged to statement of financial performance 2016/17	Write Backs and Other adjustments 2016/17	Opening Balance 31 March 2017	New Commitments Approved by Accounting Authority	Charged to statement of financial performance 2017/18	Write Backs and Other adjustments 2017/18	Closing Balance 31 March 2018
<b>PROGRAMME: INCLUSIVE BANKING/SMEs</b>										
CMD for MicroFinance	492	-	-	( 222)	222	-	-	-	-	-
Capacity Building in Development Finance	493	1 030	-	(1 101)	71	-	-	-	-	-
SME Support 2013	501	112	-	-	( 112)	-	-	-	-	-
Cooperative Financial Institutions Support 2013	504	2 123	-	( 249)	(1 873)	1	-	-	-	1
SME Support 2014	526	587	-	( 143)	( 342)	102	-	( 92)	( 10)	-
CMD for Micro Finance	548	-	-	235	( 235)	-	-	-	-	-
Business Analyst Internship Programme	554	900	-	( 600)	( 300)	-	-	-	-	-
SME Support 2015	573	1 040	-	( 684)	( 277)	79	-	( 98)	19	-
Rural Development Programme	574	1 272	-	(1 268)	110	114	-	( 114)	-	-
Cooperative Financial Institutions	576	128	480	( 565)	( 43)	-	-	-	-	-
SME Funding for Scarce and Critical Skills	615	-	4 474	(2 911)	( 84)	1 479	155	(1 012)	( 274)	348
AET 2013	499	-	-	( 203)	203	-	-	-	-	-
Cooperative Financial Institutions		-	840	( 840)	-	-	-	-	-	-
Rural Development Project	616	-	-	-	-	-	17 435	(2 907)	-	14 528
Entrepreneurial Skills Development Programme	618	-	14 000	(3 500)	-	10 500	-	(4 572)	-	5 928
SME Funding Window 2017	638	-	-	-	-	-	8 763	(4 366)	-	4 397
Capacity Building for Cooperatives CBDA	639	-	-	-	-	-	3 959	(1 700)	-	2 259
<b>Total Inclusive banking/SME Programmes</b>		<b>7 192</b>	<b>19 794</b>	<b>(12 051)</b>	<b>(2 660)</b>	<b>12 275</b>	<b>30 312</b>	<b>(14 861)</b>	<b>( 265)</b>	<b>27 461</b>
<b>PROGRAMME: MARKETING And COMMUNICATIONS</b>										
Skills work awards	619	-	1 911	(399)	(77)	1 435	-	-	(1 435)	-
Career Awareness : Life Orientation Teacher Training	606	-	1 911	(1 148)	-	763	-	-	( 763)	-
Levy of LOT	632	-	-	-	-	-	1 000	(1 444)	870	426
Marketing and Communications		-	3 822	(1 547)	(77)	2 198	1 000	(1 444)	(1 328)	426
<b>TOTAL</b>		<b>526 619</b>	<b>478 651</b>	<b>(500 832)</b>	<b>(102 868)</b>	<b>401 570</b>	<b>611 805</b>	<b>(586 216)</b>	<b>(111 235)</b>	<b>315 924</b>

Project direct expenditure (per above)

500 832

586 216

Project admin expenditure - non contractual

5 615

7 940

Total project expenditure

506 447

594 156

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17.2 *Other Commitments*

*Capital Expenditure*

Computer equipment

Software

	2017/18	2016/17
	R'000	R'000
Computer equipment	-	746
Software	-	30
	-	776

The prior year expenditure commitments was funded from 2017/18 administration budget.

17.3 *Operating Leases*

Total of future minimum lease payments under non-cancellable leases:

Not later than one year

Later than one year and not later than five years

	2017/18	2016/17
	R'000	R'000
Not later than one year	1 826	2 476
Later than one year and not later than five years	711	-
	<b>2 537</b>	<b>2 476</b>

The operating leases above relate to building premises utilised for office accommodation and multicopier printers. During February 2018 BANKSETA entered into a new lease agreement for the head office building until 31 August 2018. The office leases for the Polokwane and East London office expenses on 31 March 2020. The printer is under a transversal correct till March 2020.

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**18 MATERIAL LOSSES THROUGH CRIMINAL CONDUCT IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE**

<b>18.1 Irregular Expenditure</b>		<b>2017/18</b>	<b>2016/17</b>
<b>Incident/Detail of Irregular Expenditure</b>	<b>Disciplinary Steps Taken/ criminal proceedings</b>	<b>R'000</b>	<b>R'000</b>
Contract entered into without National Treasury approval not to go out on competitive bid.	The Board is still to assess the report.	1 296	-
Deviations that were not classified as sole supplier or emergency that did not have prior written National Treasury approval	None. The BANKSETA received notification of a new National Treasury instruction late after the transactions had already been approved by the Acting CEO.	6	100
<b>Total irregular expenditure incurred in the current financial year</b>		<b>1 302</b>	<b>100</b>
		<b>2017/18</b>	<b>2016/17</b>
		<b>R'000</b>	<b>R'000</b>
<b>Opening balance</b>		1 215	1 115
Add: Irregular expenditure - current year		1 302	100
Less: Amounts condoned by National Treasury		-	-
<b>Closing Balance of expenditure awaiting condonation/to be recovered</b>		<b>2 517</b>	<b>1 215</b>
<b>Irregular Expenditure awaiting condonation</b>		<b>2 517</b>	<b>1 215</b>
<b>Analysis of expenditure awaiting condonation per age classification</b>			
<b>Current year</b>		<b>1 302</b>	<b>100</b>
<b>Prior years</b>		<b>1 215</b>	<b>1 115</b>
<b>Total</b>		<b>2 517</b>	<b>1 215</b>
<b>18.2 Fruitless and Wasteful Expenditure</b>		<b>2017/18</b>	<b>2016/17</b>
		<b>R'000</b>	<b>R'000</b>
Reconciliation of fruitless and wasteful expenditure			
Fruitless and wasteful expenditure - opening balance		15	10
Fruitless and wasteful expenditure - current year		120	5
Less: amounts condoned		-	-
Less: amounts recovered		-	-
Fruitless and wasteful expenditure awaiting condonation or recovery		<b>135</b>	<b>15</b>

The expenditure under 2017/18 year relates

- R110 thousand in hotel accommodation costs forfeited. This arose as a hotel booked for a project was not at an acceptable standard and the group had to be moved elsewhere,
- R10 thousand being a settlement to a former employee who was dismissed.

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**19 FINANCIAL INSTRUMENTS**

In the course of the SETA operations it is exposed to credit, liquidity and market risk. The SETA 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.

**19.1 Interest rate risk**

The SETA manages its interest rate risk by effectively investing SETA surplus cash in term deposits with different financial institutions according to the SETA's investment policy.

The SETA's exposure to interest rate risk and the effective interest rates on financial instruments at Statement of Financial Position date are as follows:

As amortised cost			
Interest bearing		Non-interest bearing	TOTAL R'000
Amount R'000	Effective interest rate	Amount R'000	

**Year ended 31 March 2018**Assets

Cash	557 799	7,6%		557 799
Accounts receivable from non-exchange transactions	-	-	8 138	8 138
Other accounts receivable			3 452	3 452
<b>Total financial assets</b>	<b>557 799</b>	<b>7,6%</b>	<b>11 590</b>	<b>569 389</b>
<u>Liabilities</u>	-	-	-	-
Trade and other payables	-	-	58 918	58 918
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>58 918</b>	<b>58 918</b>

**Year ended 31 March 2017**Assets

Cash and cash equivalents	620 681	7,4%		620 681
Accounts receivable from non-exchange transactions	-	-	5 785	5 785
Other accounts receivable	-	-	3 604	3 604
<b>Total financial assets</b>	<b>620 681</b>	<b>7,4%</b>	<b>9 389</b>	<b>630 070</b>

Liabilities

Trade and other payables	-	-	89 929	89 929
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>89 929</b>	<b>89 929</b>

**19.2 Liquidity risk**

Liquidity risk is the risk that the entity could experience difficulties in meeting its commitments to creditors as financial liabilities fall due for payment.

The BANKSETA is exposed to liquidity risks as it has outstanding obligations to make payments to levy-paying employers and training providers for training that has been completed and also payments to trade creditors for goods delivered and services rendered. The SETA's financial instruments consist mainly of cash and cash equivalents, receivables from exchange and non-exchange transactions and payables from exchange and non-exchange transactions. No financial instruments were carried at an amount in excess of its fair value. The following methods and assumptions are used to determine the fair value of each class of financial instrument: The SETA manages liquidity risk through proper management of working capital, capital expenditure and review of cashflows against budgeted cashflows as detailed in the finance policies. Adequate reserves and liquid resources are also maintained.

In case of liquidity problems, funding might be available in terms of DHET and National Treasury approvals for borrowing requirements in the open market.

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## FINANCIAL INSTRUMENTS (continued)

**19.3 Ageing of financial assets and liabilities****The ageing of receivables from exchange transactions and non-exchange transactions**

	2017/18		2016/17	
	Gross R'000	Impairment R'000	Gross R'000	Impairment R'000
Not past due	-	-	3 538	-
Past due 0 - 30 days	-	-	-	-
Past due 31 - 120 days	-	-	5 834	( 54)
Past due 120 - 365 days	-	-	67	-
More than one year	(7 947)	(52)	4	-
<b>Total receivables</b>	<b>7 947</b>	<b>( 52)</b>	<b>9 443</b>	<b>( 54)</b>

**The ageing of cash and cash equivalents:**

	2017/18		2016/17	
	Gross R'000	Impairment R'000	Gross R'000	Impairment R'000
Not past due	557 799	-	620 681	-
<b>Total cash and cash equivalents</b>	<b>557 799</b>	<b>-</b>	<b>620 681</b>	<b>-</b>

**The ageing of payables**

2017/18	Carrying Amount	Contractual Cash Flows	6 months or less	6 - 12 months	1 - 2 years	More than 2 years
	Trade and other payables from exchange transactions	(32 521)	(32 521)	(32 489)	-	( 32)
Trade and other payables from non -exchange transactions	(15 987)	(15 987)	(16 029)	-	-	-

2016/17	Carrying Amount	Contractual Cash Flows	6 months or less	6 - 12 months	1 - 2 years	More than 2 years
	Trade and other payables from exchange Transactions	(53 589)	(53 589)	(53 589)	-	-
Trade and other payables from non -exchange transactions	(14 377)	(14 377)	(14 360)	-	( 17)	-

**19.4 Credit risk**

The SETA limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury. The SETA's exposure is continuously monitored by the Accounting Authority.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The SETA's concentration of credit risk is limited to the banking industry in which the SETA operates. No events occurred in the banking industry during the financial year that may have an impact on the accounts receivable that has not been adequately provided for. The SETA is exposed to a concentration of credit risk, as significant amounts is owed by the South African Revenue Service (SARS). This concentration of risk is limited as SARS is a government entity with sound reputation. Accounts receivable are presented net of allowance for doubtful debt.

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**19.5 Exposure to credit risk**

The carrying amounts of financial assets that represent the maximum exposure to credit risk are as follows and approximates the fair value.

**19.6 Credit quality**

The credit quality of the financial assets are sound.

Cash and cash equivalents are mainly fixed deposits at the well-established institutions approved by National Treasury. No security is held for these items.

Receivables from exchange transactions is mainly the interest due on these fixed deposits which is capitalised on the first business day of the following month and deposits on office accommodations with reputable well established companies.

Receivables from non-exchange companies arise from reversals from SARS on SDL received and in most cases is recoverable from future SDL receipts.

	2017/18	2016/17
	R'000	R'000
Cash and cash equivalents	557 799	620 681
Receivables from exchange transactions	3 452	3 604
Receivables from non -exchange transactions	8 138	5 785
	569 389	630 070

*Cash and cash equivalents*

Cash and cash equivalents comprise cash held by the SETA and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Cash and cash equivalents comprise cash held by the SETA and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

*Receivables*

The carrying amount of accounts receivable is net of allowance for any doubtful debt, estimated by the Accounting Authority based on prior experience. The carrying amount of these assets approximates their fair value.

*Payables*

The carrying amount of account and other payables approximates fair value due to the relatively short-term maturity of these financial liabilities.

The carrying amount of account and other payables approximates fair value due to the relatively short-term maturity of these financial liabilities.

**19.7 Market risk**

The SETA is exposed to fluctuations on the labour market for example sudden changes in employment numbers or salary rates may impact levies. The banking sector is also exposed to general market conditions domestically as well as ratings from international agencies. This in turn impacts on the banking sector's profitability and employment within the sector. No significant event occurred during the year that the SETA is aware of.

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**20 NEW ACCOUNTING PRONOUNCEMENTS**

At the date of authorisation of these financial statements, there are Standards and Interpretations in issue but not yet effective. These include the following Standards and Interpretations that are applicable to the SETA and may have an impact on future financial statements.

	<b>Statement</b>	<b>Effective date, commencing on or after</b>
Related Parties Disclosures	GRAP 20	1 April 2019
Service Concession Arrangements: Grantor	GRAP 32	1 April 2019
Separate financial statements	GRAP 34	1 April 2019
Consolidated financial statements	GRAP 35	1 April 2019
Investments in Associates and Joint Ventures	GRAP 36	1 April 2019
Joint Arrangements	GRAP 37	1 April 2019
Disclosure of Interests in Other Entities	GRAP 38	1 April 2019
Accounting by Principals and Agent	GRAP 109	1 April 2019
Statutory Receivables	GRAP 108	1 April 2019
Living and non-living resources	GRAP 110	1 April 2020

An entity shall apply Standards of GRAP for Annual Financial Statements covering periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1)(b) of the PFMA.

**GRAP 20 : Related Party disclosures**

This standard prescribe the disclosure of information relevant to draw attention to the possibility that the Seta financial position and surplus/deficit may have been affected by the existence of related parties. It is not expected that this standard will significantly impact future disclosures as the current disclosures are based on GRAP 20.

**GRAP 32 : Service Concession Arrangements: Grantor**

This standard prescribes the accounting for service concessions arrangements by the grantor, a public sector entity. This Standard will not impact the BANKSETA's disclosures.

**GRAP 34 : Separate financial statements**

This standard prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when the entity prepares separate financial statements. The BANKSETA has no such transactions and this Standard will therefore not impact on the BANKSETA's disclosures.

**GRAP 35 : Consolidated financial statements**

The objective of this standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The BANKSETA does not control any other entities. This Standard will therefore not impact on the BANKSETA's disclosures.

**ANNUAL FINANCIAL STATEMENTS**

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**GRAP 36 : Investments in joint ventures and associates**

This standard prescribes the accounting treatment for investments in associates and joint ventures and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The BANKSETA does not have any stakes in associates and joint ventures and therefore this Standard will not impact on any BANKSETA disclosures.

**GRAP 37 : Joint arrangements**

The standard establishes principles for financial reporting by entities that have an interest in arrangements that are jointly controlled. This standard will effect the BANKSETA's reporting in the future.

**GRAP 108: Statutory receivables**

The standard prescribes the accounting treatment of receivables that arise from legislation, supporting regulations, or similar means. It is not expected that this standard will significantly impact future disclosures.

**GRAP 109 : Accounting by principals and agents**

GRAP 109 outlines principles to assess whether an entity is party to a principal-agent arrangement. The standard will not affect the BANKSETA's reporting.

**21 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the SETA's accounting policies management is required to make judgments, 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 the revision and future periods if the revision affects both current and future periods.

**Key sources of estimation uncertainty**

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

**Useful lives and residual value of property and equipment and intangible assets**

The SETA has reviewed the residual values used for the purposes of depreciation calculations in light of the amended definition of residual value. The useful lives of assets were reassessed at the end of the financial year as per the table shown below. The new depreciation rates have been applied prospectively from the beginning of the financial year. Residual values are reviewed annually. Refer to note 7 and 8 for the respective carrying values.



**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018

**22 RELATED PARTY TRANSACTIONS***Transactions with entities under common control*

The SETA was controlled by the Department of Labour, for the period up until 31 October 2009, and since 1 November 2009 by the Department of Higher Education and Training and Training. The departments were controlled, respectively by the Minister of Labour and Minister of Higher Education and Training.

By virtue of the fact that BANKSETA is a National Public Entity related to other entities and departments in the National sphere of government it is considered related to Telkom, Eskom, South African Airways, other SETAs and the National Skills Fund. The transactions are consistent with normal operating relationships between the entities and are undertaken on terms and conditions that are normal for such transactions. Where there were transactions and balances arising due to the movement of funds between entities under the common control of the Department, these amounts were disclosed below:

InterSETA transactions and balances arise due to the movement of employers from one SETA to another.

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

		2017/18		2016/17	
		R'000		R'000	
		Amount of the transaction	Amount receivable/payable	Amount of the transaction	Amount receivable/payable
<b>Receivables</b>	9	243	243	5	5
FASSET		168	168	-	-
SERVICES SETA		75	75	5	5
<b>Payables</b>	13	-	-	( 17)	( 17)
HW SETA		-	-	( 17)	( 17)
<i>Total</i>		243	243	( 12)	( 12)

\*Note that relating to SETA transfer that the amount of the transaction, where applicable, includes interest and penalties transferred to or from the SETA.

**Remuneration of key management**

The key management personnel (as defined by IPSAS 20, Related Party Disclosures) of BANKSETA is: the members of the accounting authority and the members of the senior management group.

The Accounting Authority consists of members appointed in terms of its constitution. The Chief Executive Officer attends meetings of the Accounting Authority but is not a member of the Accounting Authority. The aggregate remuneration of members of the Accounting Authority and the number of members receiving remuneration within this category are:

	2017/18	2016/17
	R'000	R'000
Aggregate remuneration	1 024	1 131
Number of persons	13	14

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018

**22 RELATED PARTY TRANSACTIONS (continued)**

The senior management group consists of the SETA's Chief Executive Officer, and the following General Managers: General Manager: Operations, General Manager: Corporate Services and the Chief Financial Officer. The aggregate remuneration of members of the senior management group and the number of managers receiving remuneration within this category are:

	Basic salary remuneration	Post-employment benefits pensions	Other short-term benefits	Bonuses and performance related amounts	Total remuneration 2017/18	Total remuneration 2016/17
	R'000	R'000	R'000	R'000	R'000	R'000
CEO *	-	-	-	-	-	-
CFO	1 224	151	54	501	1 930	1 920
GM Operations	1 223	152	49	479	1 903	1 901
GM Corporate Services	1 206	149	122	496	1 975	1 773
Acting CEO**	826	102	411	325	1 664	1 643
<b>Total</b>	<b>4 479</b>	<b>554</b>	<b>636</b>	<b>1 803</b>	<b>7 472</b>	<b>7 237</b>

\* The position of the CEO was vacant during the full year. The previous incumbent left the SETA's employment in March 2016.

\*\* The Company Secretary acted as the CEO for the full year and for the prior year.

**23 TRANSACTIONS WITH STAKEHOLDERS REPRESENTED ON THE ACCOUNTING AUTHORITY**

BANKSETA has, in the normal course of its operations, entered into certain transactions with entities which had a nominated representative serving on BANKSETA's accounting authority.

Related party	Nature of relationship	Transaction type	2017/18		2016/17	
			R'000		R'000	
			Amount of the transaction	Amount receivable/ (payable)	Amount of the transaction	Amount receivable/ (payable)
<b>Payables</b>						
First Rand Bank	S Mthembu (Authority member)	Discretionary Grant	(3 052)	(3 052)	(2 197)	(2 197)
ABSA	S Louw (Authority member)	Discretionary Grant	(2 914)	(2 914)	(3 599)	(3 599)
Nedbank	A Thebyane (Authority member)	Discretionary Grant	(2 390)	(2 390)	(5 904)	(5 904)
Standard Bank	S Taylor (Authority member), Resigned Nov 2016	Discretionary Grant	-	-	(8 400)	(8 400)
Capitec	N Motjuwadi (Authority Member)	Discretionary Grant	(1 035)	(1 035)	(2 246)	(2 246)
<b>Total</b>			<b>(9 391)</b>	<b>(9 391)</b>	<b>(22 346)</b>	<b>(22 346)</b>

The above transactions occurred under terms that were no less favourable than those available in similar arm's length dealings.

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018

**24 SEGMENT REPORTING**

The BANKSETA has identified the levy categories of mandatory, discretionary and admin levies as the reportable segments based on the type of expenditure that may be funded from each category of levies per legislation. Mandatory levies are utilised for mandatory grants paid to qualifying levy paying stakeholders in the sector who submit a Work Place Skills Plan and Annual Training Report in the prescribed format within the legislated timeframes. This levy is currently 20% of the skills development levy received by the SETA. The discretionary levy is currently 49.5% of the levy received by the SETA and is utilised to fund discretionary projects and programmes within the sector that are aligned with the national skills and sector skills priorities and are approved by the sector. Any investment and other income is swept into the discretionary grant reserves and funds discretionary projects. Administration levies accounts for 10.5% of the levies paid to the SETA. It is used to fund QCTO and administration cost of the SETA including research.

The assets and liabilities that are directly attributable to each segment are reported within the segment whilst those assets utilised across the entity are shown separately.

The BANKSETA does not use geographical segments for reporting or decision-making, except to the extent that the concentration of stakeholders in any geographical area determines the positioning of regional offices. This method is also not used for internal reporting.

**2017/18**

Segment Reporting					Reconciliation to the statement of financial performance		
	Mandatory	Discretionary	Admin	Total segmental reporting	Non segmented amounts	Total	Note
<b>Segment Revenue</b>							
Total revenue from non-exchange transactions	170 400	475 491	92 605	738 496	-	738 496	
Interest Revenue	-	26 809	-	26 809	-	26 809	
Total Revenue from non-exchange transactions	170 400	502 300	92 605	765 305	-	765 305	
Total revenue from exchange transactions	-	44 052	79	44 131	-	29 809	
<b>Total revenue</b>	<b>170 400</b>	<b>546 352</b>	<b>92 654</b>	<b>809 436</b>	<b>-</b>	<b>809 436</b>	
<b>Segment Expenditure</b>							
Employer grant and project expenses	(165 651)	-	-	(165 651)	-	(165 651)	5
Employee related costs	-	(594 156)	-	(594 156)	-	(594 156)	6
Administration Expenses	-	-	(77 751)	(77 751)	-	(77 751)	
Depreciation and amortisation	-	-	( 1 190)	( 1 190)	-	( 1 190)	6
<b>Total Expenditure</b>	<b>(165 651)</b>	<b>(594 146)</b>	<b>(78 941)</b>	<b>(838 748)</b>	<b>-</b>	<b>(838 748)</b>	
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>	<b>4 749</b>	<b>(47 804)</b>	<b>13 743</b>	<b>(29 312)</b>	<b>-</b>	<b>(29 312)</b>	

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018

2017/18					Reconciliation to the statement of financial performance		
	Mandatory	Discretionary	Admin	Total segmental reporting	Non segmented amounts	Total	
<b>Segment Reporting</b>							
<b>Assets</b>							
<b>Non-current assets</b>							
Property and equipment	-	-	-	-	3 067	3 067	7
Intangible assets	-	-	-	-	151	151	8
<b>Current assets</b>							
Receivables from non-exchange transactions	8 136	-	-	8 136	-	8 136	9
Receivables from exchange transactions	-	3 452	-	3 452	-	3 452	10
Cash and cash equivalents	-	-	-	-	557 799	557 799	11
<b>Total assets</b>	<b>8 136</b>	<b>3 452</b>	<b>-</b>	<b>11 587</b>	<b>561 017</b>	<b>527 605</b>	
<b>Liabilities</b>							
<b>Current liabilities</b>							
Payables from exchange transactions	-	28 592	3 929	32 521	-	32 521	12
Payables from non-exchange transactions	15 987	-	-	15 987	-	15 987	13
Provisions	1 546	-	8 864	10 410	-	10 490	14
<b>Total liabilities</b>	<b>17 533</b>	<b>(28 592)</b>	<b>12 793</b>	<b>58 918</b>	<b>-</b>	<b>58 918</b>	
<b>NET ASSETS AND LIABILITIES</b>	<b>(9 397)</b>	<b>(25 140)</b>	<b>(12 793)</b>	<b>(47 330)</b>	<b>561 017</b>	<b>513 687</b>	
<b>Funds and reserves</b>							
Administration reserve	-	-	3 218	3 218	-	3 218	
Employer grant reserve	58	-	-	58	-	58	
Discretionary reserve	-	510 411	-	510 411	-	510 411	
<b>TOTAL FUNDS AND RESERVES</b>	<b>58</b>	<b>510 411</b>	<b>3 218</b>	<b>513 687</b>	<b>-</b>	<b>513 687</b>	

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018

**2 SEGMENT REPORTING (continued)**

2016/17					Reconciliation to the statement of financial performance		
	Mandatory	Discretionary	Admin	Total segmental reporting	Non segmented amounts	Total	Note
<b>Segment Reporting</b>							
<b>Segment Revenue</b>							
Revenue from non-exchange transactions	157 925	427 400	86 745	672 070	-	672 070	
Interest revenue from non-exchange transactions	-	17 069	-	17 069	-	17 069	
<b>Total revenue from non-exchange transactions</b>	<b>157 925</b>	<b>444 469</b>	<b>86 850</b>	<b>735 494</b>	<b>-</b>	<b>735 494</b>	
<b>Total revenue from non-exchange transactions</b>	<b>-</b>	<b>46 250</b>	<b>105</b>	<b>17 069</b>	<b>-</b>	<b>17 069</b>	
<b>Total revenue</b>	<b>157 925</b>	<b>490 719</b>	<b>86 850</b>	<b>735 494</b>	<b>-</b>	<b>735 494</b>	
<b>Segment Expenditure</b>							
Employer grant and project expenses	(151 170)		-	(151 170)	-	(151 170)	5
Discovery project expenses	-	(506 447)	-	(506 447)	-	(506 447)	6
Depreciation and amortisation	-	-	(1 640)	(1 640)	-	(1 640)	6
Administrator expenses	-	-	(63 695)	(63 695)	-	(63 695)	6
<b>Total expenditure</b>	<b>(151 170)</b>	<b>(506 447)</b>	<b>(65 334)</b>	<b>(722 952)</b>	<b>-</b>	<b>(722 952)</b>	
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>	<b>6 755</b>	<b>(15 728)</b>	<b>21 515</b>	<b>12 542</b>	<b>-</b>	<b>12 542</b>	

**ANNUAL FINANCIAL STATEMENTS****NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018

2016/17

**Segment Reporting****Assets****Non-current assets**

Property and equipment

Intangible assets

**Current assets**

Receivables from non-exchange transactions

Receivables from exchange transactions

Cash and cash equivalents

**Total assets****Liabilities****Current liabilities**

Payables from exchange transactions

Payables from non-exchange transactions

Provisions

**Total liabilities****NET ASSETS AND LIABILITIES****Funds and reserves**

Administration reserve

Employer grant reserve

Discretionary reserve

**TOTAL FUNDS AND RESERVES**

	Reconciliation to the statement of financial position						
	Mandatory	Discretionary	Admin	Total Segmental reporting	Non segmented amounts	Total	
<b>Assets</b>							
<b>Non-current assets</b>							
Property and equipment	-	-	-	-	2 628	2 628	7
Intangible assets	-	-	-	-	230	230	8
<b>Current assets</b>							
Receivables from non-exchange transactions	5 785	-	-	5 785	-	5 785	9
Receivables from exchange transactions	-	3 604	-	3 604	-	3 604	10
Cash and cash equivalents	-	-	-	-	620 681	620 681	11
<b>Total assets</b>	<b>5 785</b>	<b>3 604</b>	<b>-</b>	<b>9 389</b>	<b>623 539</b>	<b>632 928</b>	
<b>Liabilities</b>							
<b>Current liabilities</b>							
Payables from exchange transactions	-	49 860	3 729	53 589	-	53 589	12
Payables from non-exchange transactions	14 377	-	-	14 377	-	14 377	13
Provisions	13 579	-	8 383	21 963	-	21 963	14
<b>Total liabilities</b>	<b>27 956</b>	<b>49 860</b>	<b>12 113</b>	<b>89 929</b>	<b>-</b>	<b>89 929</b>	
<b>NET ASSETS AND LIABILITIES</b>	<b>(22 171)</b>	<b>(46 256)</b>	<b>(12 113)</b>	<b>(80 541)</b>	<b>623 538</b>	<b>542 999</b>	
<b>Funds and reserves</b>							
Administration reserve	-	-	2 858	2 858	-	2 858	
Employer grant reserve	146	-	-	146	-	146	
Discretionary reserve	-	539 995	-	539 995	-	539 995	
<b>TOTAL FUNDS AND RESERVES</b>	<b>146</b>	<b>539 995</b>	<b>2 858</b>	<b>542 999</b>	<b>-</b>	<b>542 999</b>	

## **25. NOTES TO STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

### **25.1 SKILLS DEVELOPMENT LEVY: INCOME FROM NON-EXCHANGE TRANSACTIONS**

The levy receipt for the current year was 3% lower than the original budget for the year and 9% above prior year. This points to an upturn in employment and bonuses in the sector reflected by the banks good results in 2017.

### **25.2 SKILLS DEVELOPMENT LEVY: PENALTIES AND INTEREST FROM NON-EXCHANGE TRANSACTIONS**

Income from penalties and Interest arise when employers fail to submit their returns as required by legislation. These amounts typically vary significantly year on year and Indicates growing non-compliance in the sector. The full balance is made available for discretionary projects.

### **25.3 INVESTMENT REVENUE FROM EXCHANGE TRANSACTIONS**

Investment revenue from exchange transactions was 40% greater than what was budgeted for due to increasing money market rates in 2017/18.

### **25.4 EMPLOYER GRANT**

The approved final budget only includes the estimated mandatory grant spending of the current financial year. There was an decrease in mandatory grant expenditure in line with the levies received. The mandatory grant claim ratio remained at 97%.

### **25.5 PROJECT EXPENDITURE**

The approved final budget covers the estimated project spending of the current financial year. The actual project expenditure was within the budget together with 2016/17 surpluses which the BANKSETA had received approval to retain and utilise. The time frame of some projects of over more than one year.

### **25.6 ADMINISTRATION EXPENSES**

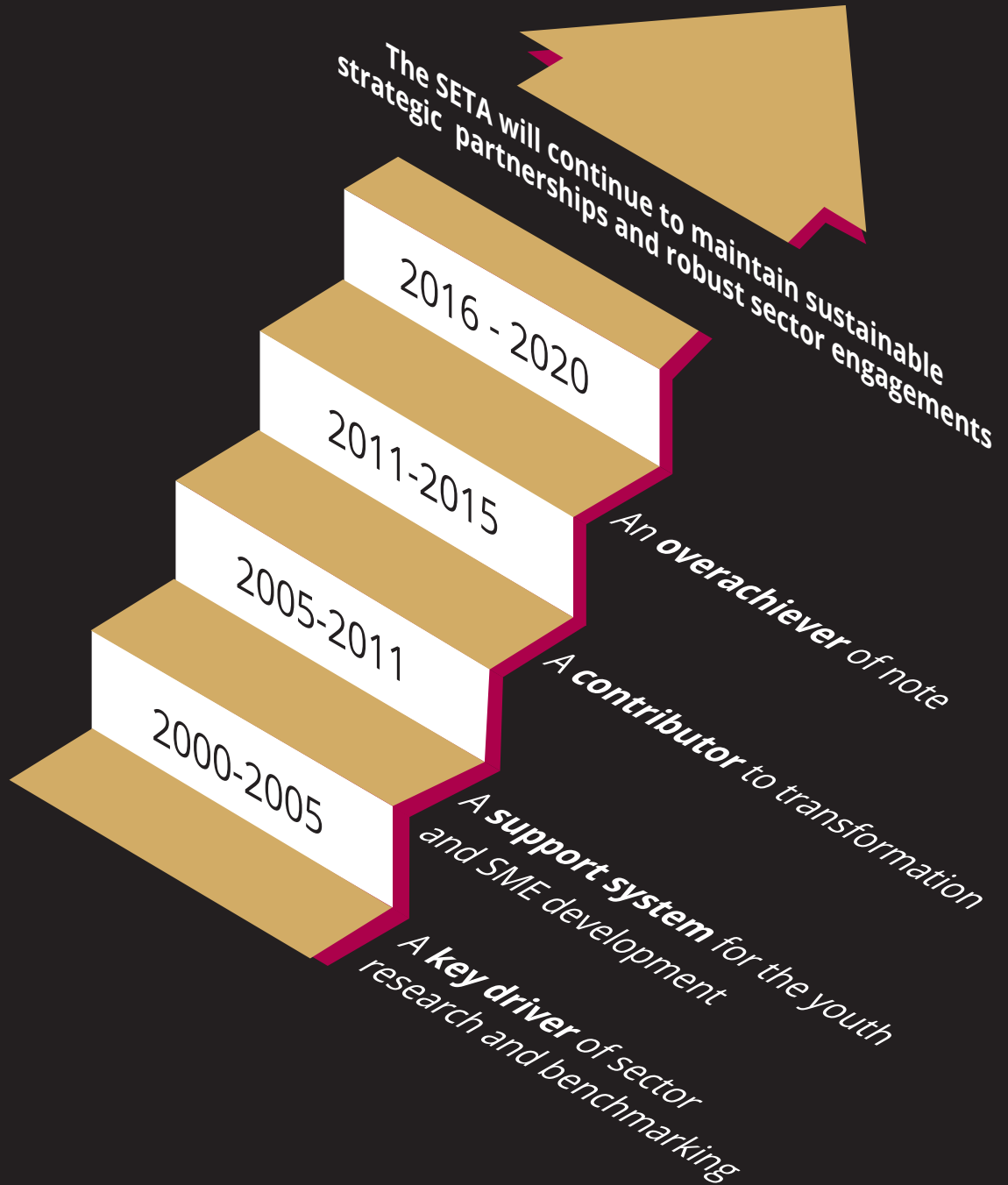
Administration expenditure is limited to 10.5% of levies received. The legislation limit has not been exceeded and the savings will be utilised to fund sector skills priorities, through various projects.

## **26 GOING CONCERN**

The Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operation and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The SETA Is currently established until 31 March 2020.

## **27 EVENTS AFTER REPORTING DATE**

In February 2018, the South African government announced an increase in value added tax from 14% to 15% that is effective on 1 April 2018. This will result In discretionary commitments disclosed in note 17 increasing by an estimated R2 500 thousand on 1 April 2018.



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