

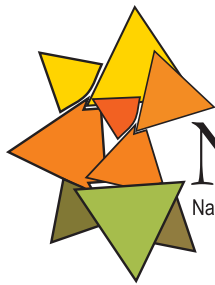


**NEMISA** NPC  
National Electronic Media Institute of South Africa



# ANNUAL REPORT

2018



**NEMISA** NPC

National Electronic Media Institute of South Africa



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# 1. CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

**To the best of our knowledge and belief, we confirm as follows:**

All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General of South Africa (AGSA).

The Annual Report is complete, accurate and free from any material omissions.

The Annual Report was prepared in accordance with the guidelines of Annual Reports as issued by National Treasury (NT).

The Annual Financial Statements were prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) applicable to NEMISA.

The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgement made in this information.

The Accounting Authority is responsible for the establishment and implementation of a system of internal control that is designed to provide assurance as to the integrity and reliability of the performance information, human resources information and Annual Financial Statements of NEMISA.

The AGSA is engaged to express an independent opinion on the Annual Financial Statements. The opinion expressed is that the Annual Report fairly reflects the operations, performance information, human resources information and financial affairs of NEMISA for the financial year that ended 31 March 2018.



## 2. NEMISA'S VISION, MISSION AND CORE VALUES

**NEMISA's vision** is for South Africa to be an e-skilled society by 2030.

**NEMISA's mission** is to provide a national integrated e-skills development approach towards sustainable socio-economic development in South Africa. To deliver on its mission and strategic objectives and to advance the capacity development of e-skills/e-readiness radically, the Institute will continue to:

- act as a national catalyst and change agent for the development of e-skills
- play a leading and advocacy role in developing users, consumers and citizens within the globally-evolving information and knowledge-based environment
- use a distributive model (i.e. physical presence in each of the nine provinces) that allows for government, business, education, organised labour and civil society to better position South Africa for a Digital Society and Economy
- collaborate with key stakeholders (i.e. government, business, education, organised labour and civil society and global development partners) for e-skills massification
- address all e-skills interventions through teaching and learning, research, innovation, monitoring and evaluation and aggregation

### CORE VALUES:

**INNOVATION**

**COLLABORATION**

**AGILITY**

**VISIONARY**

**IMPACTFUL**

**INTEGRITY**

### 3. E-SKILLS & E-ASTUTENESS

#### What are e-skills (digital skills)?

An e-skill is more than knowing the basics of how to use a computer (computer literacy). While it's essential to be computer literate, an e-skill (digital skills) means being able to use technology effectively to add benefit to your life - to actively take part in the world and move ahead.

NEMISA focuses on e-astuteness. This is to ensure that South Africa improves its World Economic Forum e-readiness rankings and progressively develops a vibrant digital society and economy. All work is done in collaboration with government, education, business, organised labour and civil society.

#### Understanding e-Astuteness

e-Astuteness is the capacity to continuously appropriate technology into personal work, education, business, and social and family contexts for both personal and collective benefit. e-Astuteness allows individuals to take personal advantage of ICT in social or economic situations, through the appropriate e-skills. It does not necessarily depend on formal education or high levels of literacy. e-Astuteness is about 'being astute' with technology tools in all areas of life.

An e-skill means being able to use technology effectively so you can actively participate in the world and move ahead.

in your culture and community

with jobs and in business

when you learn

contacting government online

by exploring new ways of doing

in your personal life

with your friends

## 4. LEGISLATIVE AND OTHER MANDATES

NEMISA's original mandate is currently being reviewed in light of the recent and emerging national policies, namely:

- 2014 SA Connect (Broadband Policy)
- 2016 National Integrated ICT Policy White Paper
- White Paper on Post-School Education & Training
- White Paper on Science, Technology & Innovation
- Bill for the establishment of the iKamva National e-Skills Institute (iNeSI) and the Business Case

NEMISA is positioned to become iNeSI, and its mandate is currently derived from DTPS' integrated mandate and strategic plan, as well as SA Connect (Broadband Policy: digital opportunities). The National Integrated White Paper on ICT Policy outlined the policy mandate for iNeSI.

In collaboration with government, education, business and civil society, the Institute is delivering e-stuteness to ensure that South Africa improves its e-readiness rankings and progressively develops a vibrant Digital Society and Economy.

In addition, for the past three years, the Institute has demonstrated its ability to implement a national e-skills agenda through its globally-recognised decentralised model and is thus ready to move to iNeSI.

## 5. STRATEGIC AND OTHER MANDATES

The Broadcasting School of South Africa was established in 1988, as a section 21 Company in terms of the Companies Act, Act 61 of 1973, to deliver the requisite skills for the broadcasting industry (radio and television).

The school was renamed in 2001 as the National Electronic Media Institute of South Africa (NEMISA) and re-launched in 2006 with an expanded scope to include qualifications in animation and graphic design.

The shortage of ICT-related skills (e-skills) was identified as a critical issue, and the Department was mandated to drive the national e-skills agenda through its e-Skills Institute (e-SI).

The Institute derives its mandate from the Department of Telecommunications and Postal Services (DTPS), in particular to promote the development of e-skills human capacity in South Africa.

The mandate from the Department is now strengthened through the integration of NEMISA (state owned company), the e-SI (Branch) and ISSA (Directorate), into a single entity.

This is done to ensure that the appropriate e-skills for an emerging information society and knowledge economy are delivered in an efficient and cost-effective manner.

## 6. CHAIRPERSON'S OVERVIEW

### Introduction

Honourable Minister, it is with pleasure that I present the Annual Report of the National Electronic Media Institute of South Africa (“NEMISA”) for the period 1 April 2017 to 31 March 2018, as required by Section 65 of the Public Finance Management Act (Act No 1 of 1999), as amended (PFMA).

In a society and economy in which the digital dimension finds a place in every nook of life, learning and work, it is essential for citizens and organisations to have the appropriate digital skills in order to enjoy the benefits of the digital society and access to the internet. In South Africa, NEMISA (to become iNeSI, the iKamva National e-Skills Institute) is mandated to play a key role in developing digital skills and in the meaningful use of ICTs.

The focus on the Fourth Industrial Revolution, at the Annual Meeting of the World Economic Forum in January 2017, propelled this concept to new prominence during 2017. Business, industry and government realised that specific and urgent interventions are required in order to ensure that workers are fit for a new work environment, not only in regard to jobs that are currently known, but also for jobs of the future for which skills will be required that we cannot even define now. In South Africa, these concerns also received the attention of government and its organs of State, and of organised industry and business.

The year of reporting also led to a realisation of the importance of cybersecurity, both for organisations and for individuals.

Within South Africa, the National Household Survey signals the large discrepancies in access to the internet between citizens in the various provinces, and between citizens in urban and rural areas. Given the importance of access to digital information, it is essential that digital skills should be widely cultivated in order to allow everyone access to the internet.

The comparative position of South Africa as country, in terms of the levels of digital skills, differs between the various reports and rankings, but in general, the country figures in the lower quartile for the level of digital skills of the population as a whole.

The important role of NEMISA, and the future iNeSI, in playing a catalytic role in mobilising, guiding and supporting all role-players in digital skills development in South Africa, is clearer than ever before.

### Positioning towards the future iNeSI

The iNeSI Bill moved forward through the formal processes of Parliament during the year of reporting, with the Department of Telecommunications and Postal Services making various presentations to the Portfolio Committee, resulting in the clarification of issues, and identifying matters that still needed attention.

NEMISA's contributions in working towards the future iNeSI moved along three tracks during 2017:

- In its consideration of the strategic plan and annual performance plan of NEMISA, the Board took the envisaged iNeSI mandate into account. In its consideration of policies and the envisaged future organisational structure, the Board put the building blocks for the future iNeSI into place, to be an organisation that will be fit for purpose for its new role;
- Opportunities were created for the CoLabs operating in the various provinces to position their learning and training interventions in line with the future iNeSI;

- NEMISA, both centrally and at the decentralised CoLab level, participated in further deliberations on the iNeSI Bill and contributed inputs to the final proposed wording for the Bill.

The Board considered numerous plans for moving forward with learning and training interventions to reach considerably larger number of citizens, not only regarding digital skills, but also including NEMISA's original mission of training in the area of broadcasting. This also involved interactions with various organisations with which joint interventions could be undertaken, both organisations in the IT space and third sector organisations. The topics of scaling and the optimal involvement of intermediaries were important components in this planning.

The fact that South Africa joined the Internet-For-All programme, initiated by the World Economic Forum (WEF), created new opportunities for local partnerships between business, internet service providers and telcos and training institutions. This programme also creates a sense of common purpose of multiple role-players aligning towards a future in which many more citizens can enjoy the benefits of being able to use the internet. NEMISA will be playing a key role in facilitating and guiding such working relationships between role-players.

Together with IBM and the Digital Opportunities Trust (DOT), NEMISA conceptualised a programme for the 2018/19 financial year in which communities throughout South Africa can be reached with training and support to use the internet.

The Board also decided to explore ways of making use of the widespread availability of television in the country, through a learning channel that will focus on acquiring and further developing digital skills and the meaningful use of ICTs, initially through a pilot project. In this programme, NEMISA can build on the expertise of its staff in the area of broadcasting.

#### **A bigger footprint and reaching more individuals**

The CoLabs of NEMISA in the various provinces, hosted by local universities, play a key role not only in presenting training programmes, but also in engaging with provincial governments and local authorities, in order to advance digital skills programmes in those jurisdictions. It requires intensive and ongoing interaction with all these role-players to work towards a functional digital skills ecosystem and to increase the footprint for the provision of opportunities for digital skills development.

The number of individuals reached by the CoLabs and their collaborators (also called “intermediaries”) with digital skills training programmes exceeded the targets set for the year of reporting by 47%. In some cases, communities were reached that otherwise would have had no access to such training programmes. The programmes were of a wide variety and focus, e.g. digital skills training with a focus on enabling individuals to find employment, or creating employment, or the use of cell phones for doing or enhancing business by very small businesses (most of these being one-person businesses in townships). At the other end of the spectrum, one CoLab initiated and drives a postgraduate diploma in data analytics and business intelligence that attracts strong interest from business and learners and fulfils an immediate need in the world of business.

The In-House Training Unit presented courses in radio, film and television production and animation around the country, in conjunction with local role-players in the relevant fields.

Discussions were also undertaken with potential hosting universities to establish CoLabs in the two provinces where there were not yet CoLabs.

The e-Skills Summit organised by NEMISA in March 2018 in Mbombela was well attended by delegates from a wide range of government departments, at national, provincial and local levels, as well as by delegates from a range of organisations that are involved in digital skills interventions and the shaping of the digital society. Most of these delegates also attended the preceding one-day research colloquium, during which research results and insights were shared.

### High-level overview of the public entity's strategy

The mandate of the future iNeSI is to play a leading advocacy and catalytic role in developing the digital skills of citizens in relation to all areas of life, learning and work – a role involving entry-level skills as well as more advanced skills levels; it also relates to both upskilling and re-skilling, where required.

*Multi-stakeholder collaboration* will form a hallmark of the activities of NEMISA, both at the national level and at the decentralised level of the CoLabs. This will involve role-players from government, business, academic institutions, civil society and organised labour. NEMISA (becoming iNeSI) will provide the thought leadership and will fulfil an advocacy and catalytic role in bringing many role-players together in working towards these objectives.

Digital skills development differs from country to country. Although much can be learned from experiences in other countries, *localised solutions* have to be developed. For this purpose, the development and consolidation of the local knowledge base are essential. NEMISA's "Knowledge for Innovation" programme will assist it in building and maintaining the knowledge base.

### Strategic relationships

During the year of reporting, NEMISA strengthened its relationships with public, national and international institutions, as well as with businesses in the IT space. NEMISA was represented at the BRICS meeting of Ministers of Telecommunications in China in July 2017, at the ITU Annual Meeting in Korea in September 2017, and at the meeting of SADC Ministers of Telecommunications in Durban in September 2017.

Of particular importance to Board and Management was to ensure that the management of the universities hosting CoLabs, as well as the CoLabs, shared in the vision of NEMISA and the future iNeSI. The organisation therefore welcomed the opportunity created by the Deputy Minister of Telecommunications and Postal Services in September 2017 for a meeting between her and senior officials of the DTPS with Vice-Chancellors of the hosting universities, the NEMISA Board and management, and the CoLab directors to discuss matters relating to the national digital skills programme. The meeting also provided an opportunity for all stakeholders to express a commitment to moving forward jointly with this important programme.

### Instability experienced during the year

NEMISA experienced some instability during the year of reporting. There was uncertainty about some aspects of the transition of NEMISA into the envisaged iNeSI, as well as instability resulting from relationships between some staff members and Management. The CEO of NEMISA was put on precautionary suspension, pending an investigation, on 29 March 2018. A member of the Board, Mr. Phuti Phukubje, was appointed as Interim CEO from 30 March 2018, in order to ensure that a person in the position of CEO at NEMISA was in place during the period of the investigation, and to ensure business continuity.

### Challenges faced by Board for the year ahead

NEMISA is faced with a number of key challenges in the year ahead. Firstly, the transition to the envisaged iNeSI, once the Act is passed, will require new and innovative thinking by all involved – Board, staff and the CoLabs – on how to drive the new mandate forward and how to achieve the new set of objectives. Secondly, NEMISA has to put the required senior management structure in place in order to be able to fulfil the wide range of responsibilities. Thirdly, all parties within NEMISA, together with all partners of NEMISA, will have to consider the best ways of scaling up their efforts drastically, in order to ensure that large numbers of citizens are reached rapidly. Fourthly, NEMISA will have to find innovative ways to reach rural communities and disadvantaged groups that can easily be overlooked and excluded.

### Acknowledgements / Appreciation / Conclusion

During the period under review, one of the Board members, Ms. Alina Mfulo, was appointed as Member of Parliament, leading to the termination of her role as Board member. Another Board member, Mr. Thami ka Plaatjie, reached the end of his term. On behalf of the Board,

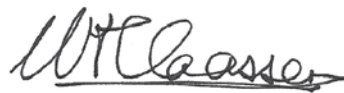
I thank them for their contribution and valued inputs to NEMISA. I thank Ms. Rahimoonisha Abdool, former CFO, for her services at NEMISA, and Ms. Rofunwa Ligege for her role as Acting CFO during a large part of the year of reporting.

I also thank all Board members for their hard work and valuable contribution to NEMISA as members of the Board and its committees.

I acknowledge the Senior Management team and all NEMISA employees for their hard work and dedication over the past year. I also acknowledge the efforts of our CoLab directors and their colleagues and collaborators, as well as the continuous support given by the Vice-Chancellors and Senior Management of the universities hosting the CoLabs.

The staff of the Department of Telecommunications and Postal Services played a supportive role to NEMISA as well as in the process of moving to the future iNeSI; I thank them for their ongoing support.

Finally, I thank you, Honourable Minister, for the leadership role you and the Deputy Minister are playing towards moving South Africa forward to a digital society; for your enthusiasm for the envisaged digital futures, and for your support for all initiatives to enable citizens to get access to the internet and to develop the digital skills required for the meaningful use of ICTs.



**Prof. Walter T Claassen**  
Chairperson of the Board



## 7. CEO'S OVERVIEW

The year under review has been unique, as NEMISA had to focus on a number of key milestones, one of which being the expansion of our programmes, whilst managing and ensuring stability. One of the milestones reached was the expansion of CoLabs.

The introduction of Tshwane University of Technology as the Gauteng CoLab has extended the model currently deployed by NEMISA utilising CoLabs, with as thematic area the multimedia industry. For the new year of 2018-19, NEMISA has targeted to collaborate with the Central University of Technology in the Free State and the University of Mpumalanga. Going further, a refined model, which looks into involving TVET colleges from rural areas, will be further explored.

The Animation and Graphic Design Departments concentrated on the establishment of six credit-bearing short courses (two in Graphic Design and four in Animation); namely: Introduction to Graphic Design, Desktop Publishing and Photography, Animation Drawing, Animation Production. The short courses aim to enable access into the fields of Animation and Graphic Design for the working learner. We tested one programme (Desktop Publishing & Photography) in the fourth quarter and successfully certificated all the learners who participated in the programme.

**Building capacity for sector users** - The In-House Training Unit of NEMISA rolled out full SAQA qualifications and skills programmes by building capacity for Film and Television Production, Radio Production and Graphics Design. In so doing, the unit expanded its footprint across seven provinces and partnering with the SABC, civil society and provincial centres.

**Graduation Events** for certified learners were held in Upington, eMalahleni and East London. This celebratory occasion resulted from hard work, sacrifice from parents, commitment from families and participating workplaces. The model of collaborating with the accrediting partner, financial sponsors and participating workplaces ensured the development and progress in achieving graduation events. Through successful partnership with broadcast stakeholder partners, the In-House Training Unit was able to roll out delivery by generating nearly R8 million and implementing some of its registered qualifications.

### **Environmental Scans**

The evidence-based research will be conducted through regular environmental scans, as a starting point and as an ongoing practice.

The scans are based on a comprehensive framework that provides a baseline against which the progress and the effectiveness of existing interventions can be monitored. Based on the scan, it will then be possible to identify where South Africa is in regard to digital skills, where it should be going, and to identify the gaps and how these need to be addressed. Baseline indicators were developed with a primary focus on the impact on the three areas that affect South Africa significantly: poverty, unemployment and social inequality.

For a holistic view on the digital skills of South Africa, the scan adopts three levels of focus: Level 1 (Micro / Individual), Level 2 (Meso / Organisational) and Level 3 (Macro / National and Government). It is envisaged that the data from the environmental scans will be made available as open data to enable academics, data enthusiasts, and other research institutions to mine the data and discover significant and interesting patterns that will contribute to the further development and re-direction of digital skills programmes.

**Colloquium 2018:**

The 'Digital Re-imagination Colloquium 2018: Preparing South Africa for a Digital Future through e-Skills', took place in Mbombela, Mpumalanga on 13 March 2018. The colloquium centred on seven related CoLab thematic areas of the public sector, digital citizenry, e-social astuteness, ICT for rural development, connected health, e-Agro-Tourism, creative new media industries and SME development. The Call for Papers was released in February 2018, which meant that content for the colloquium was mainly sourced from the universities hosting CoLabs. The colloquium received and accepted 13 submissions, 4 full papers, 1 “concept note” and 8 extended abstracts. The submissions ranged from innovative uses of social media to informed decision-making to technical papers addressing how skills can be created in rural communities. Overall, three key themes emerged. Digital skills for collaborative governance, Digital skills for Innovation and Digital skills for New Opportunities.

From the colloquium, the Knowledge for Innovation (K4I) team recommended that the 2019 Colloquium be opened to practitioners, government officials, academics and civil society to submit 'Discussion Cases' and 'Technical Prototypes', based on their practical experiences and the decisions that are faced by them. The Proceedings of the Colloquium 2018 (papers and notes presented) are being processed to be published as an e-book from NEMISA.

The organisation has improved radically by obtaining an unqualified opinion by the Auditor General of South Africa (AGSA). Going further, NEMISA will endeavour to work much closer with its assurance provider and eliminate the risk of fruitless and irregular expenditure.

The strides we have made in the year under review are largely due to diligent, passionate and committed staff members and members of our management team at NEMISA, the In-house Training Unit and all our CoLabs in the provinces.



**Mr Phuti Phukubje**  
**Interim Chief Executive Officer**



## 8. SITUATIONAL ANALYSIS

### 8.1. Technology-Driven World

The world today is driven by technology. Modern digital technology continues to increase in capacity, mobility, affordability and accessibility. Other significant advances include the convergence of different types of technologies into one device (such as audio, video, calls etc. in a mobile phone).

**Affecting all areas of life:** Digital technologies (also known as information and communication technologies – ICTs) affect all sectors of business, education and government, as well as individuals in all walks of life.

**Addressing national challenges:** Digital technologies have become fundamental to approaches for addressing socio-economic equity, development and sustainability. Dealing with the challenges of poverty and inequality, building an inclusive economy, and establishing a capable and developmental state has partly become dependent on society – across the full socio-economic spectrum – appropriating modern ICTs.

**Addressing global challenges:** ICTs provide an unprecedented opportunity to add socio-economic value to local communities, as well as to contribute to global competitiveness, economic growth and sustainable development.

**e-Skills fundamental to ICT ecosystem:** ICTs do not stand alone. They exist in an ecosystem where the ability to use the technologies effectively (e-skills and e-astuteness) is as important as the infrastructure and services.

**e-Skills for inclusion:** By developing and enhancing e-skills (digital skills) and e-astuteness, all South Africans will be able to participate more equitably in a societal environment increasingly dominated by modern ICTs. This is particularly relevant for groups at risk of socio-economic exclusion, including the previously disadvantaged, elderly, jobless, marginalised youth, women, and people not in employment, education or training (NEETs).

**South Africa not e-ready for the Digital Economy and Information Society.** Being ranked at 65th position in the 2016 Networked Readiness Index of the World Economic Forum (47th in 2007) shows that South Africa is still not ready (e-ready) for full inclusion into the emerging Digital Economy and Information Society.

### 8.2. The Fourth Industrial Revolution

**Rapid advancements in technology herald the Fourth Industrial Revolution (4IR).** We are “on the brink of a technological revolution that will fundamentally alter the way we live, work, and relate to one another”. (The Fourth Industrial Revolution: what it means, how to respond', Klaus Schwab, Founder and Executive Chairman of the World Economic Forum – WEF, [www.weforum.org/agenda/2016/01/the-fourth-industrial-revolution-what-it-means-and-how-to-respond](http://www.weforum.org/agenda/2016/01/the-fourth-industrial-revolution-what-it-means-and-how-to-respond))

**Impact on employment:** The 4IR involves machine learning, artificial intelligence and robotics, among other things, replacing routine-based work. It has extensive implications for developing countries, where the largest number of jobs will be at risk.

**e-Skills are critical:** In relation to technology, the “demand for highly skilled workers has increased while the demand for workers with less education and lower skills has decreased”. e-Skilling and ensuring people follow lifelong learning have become even more critical.

**Impact on the gender gap:** The 4IR is expected to affect the gender gap in a number of ways. According to 'Women and Work in the Fourth Industrial Revolution' (<http://reports.weforum.org/future-of-jobs-2016/women-and-work-in-the-fourth-industrial-revolution/>), “By their very nature, many of the current expected drivers of change have the potential to enable the narrowing of industry gender gaps.”

Examples include housework automation and changes “to what have traditionally been men’s roles in the workforce will also reshape the division of labour at home”.

However, the report notes that there is also a risk that these drivers of change continue or worsen existing gender inequalities. In particular, if “current industry gender gap trends persist and labour market transformation towards new and emerging roles in computer, technology and engineering-related fields continues to outpace the rate at which women are currently entering those types of jobs, women are at risk of losing out on tomorrow’s best job opportunities”.

### 8.3. The Information Society and Digital Economy

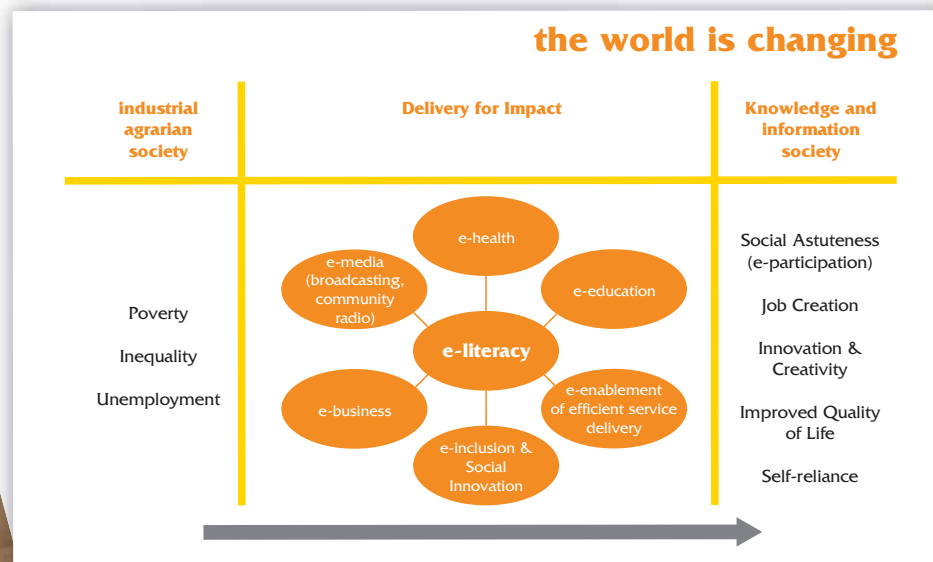
Globally, countries and their citizens are moving to an Information Society and Digital Economy.

**Unpacking the Information Society:** This describes a society based on creating, distributing and using information and knowledge. It is a society with an economy where the use of information and knowledge becomes one of the most significant economic and cultural activities. This is in contrast to an economy that depends on production (such as coal).

**Unpacking the Digital Economy:** This refers to an economy based on digital technologies. However, it is increasingly seen as conducting business through markets based on the internet. The digital economy is not limited to traditional business models. Digital networking and communication infrastructures provide a global platform where people and organisations create and use new business strategies, interact, communicate, collaborate and seek information. This is not limited by time and location.

*(Source: The British Computer Society)*

South Africa’s development strategies: South Africa’s policies and strategic plans focus on moving the country from an industrial agrarian society to an Information Society where its people are part of the Digital Economy.



### 8.4. Understanding e-Skills (Digital Skills) and e-Astuteness

**An e-skill (digital skill)** means being able to use technology effectively to participate in the world actively and move ahead. The official definition of an e-skill, as defined by the National e-Skills Plan of Action (NeSPA), is:

The ability to use and develop ICTs within the context of an emerging South African information society and global knowledge economy, and associated competencies that enable individuals to actively participate in the world in which ICT is a requirement for advancement in government, business, education and society in general.

**e-Astuteness refers to being astute with technology.** Astuteness means being able to understand a situation quickly and see how to take advantage of it. e-Astuteness is about using technology for your advantage and your community's advantage in work, education, business, and social and family contexts. The formal definition of e-astuteness:

*The capacity to continuously appropriate the technology continuously into personal work, education, business, social and family contexts for both personal and collective benefit. e-Astuteness is defined as a knowledgeable capacity, based on personal and interpersonal skills, that involves:*

- Understanding people and situations
- Building alignment and alliances
- An acute understanding of strategic direction
- Applying strategic behaviour

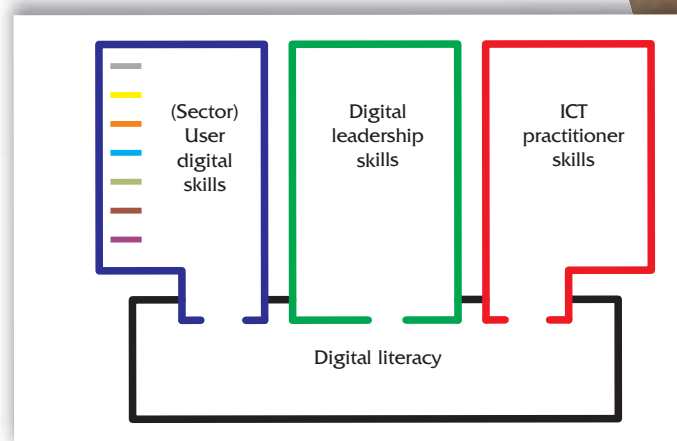
*e-Astuteness allows individuals to take personal advantage of ICT in social or economic situations, through the appropriate e-skills. e-Astuteness does not necessarily depend on formal education or high levels of literacy.*

| Dispelling e-skills myths  |   |
|--|---|
| <b>e-Literacy is not e-skills; it is just the first step on the e-skills ladder.</b> | An e-skill is more than computer literacy. It is about what an individual can effectively do with technology.   |
| <b>e-Skills are not just for ICT professionals, everyone needs them.</b>             | Almost every job in the developed world needs e-skills. Furthermore, everyone needs to develop e-skills – from deep rural areas to urban areas. e-Skills have become basic life skills – it is becoming increasingly difficult to function effectively in the world without e-skills. |

**Different types and levels of e-skills:** e-Skills are varied in terms of levels, across sectors, and more. Currently, e-skills can mean different things to different people. Research, conducted by NEMISA, the provincial CoLabs and with stakeholder input, has resulted in the development of an e-skills (digital skills) framework.

This positions e-skills into stacks:

- e-literacy or digital literacy as the foundation for the other e-skills (sector) user skills move from generic to sector-specific or profession-specific
- e-leadership skills are the capabilities needed to exploit opportunities provided by ICT (innovation management skills)
- ICT practitioner skills (also referred to as 'professional skills') are the e-skills needed in ICT professions



*Developed in the CoLab for e-Inclusion and Social Innovation, University of the Western Cape. (UWC) May 2016 V.s. 1.1. ©*

### 8.5. Collaboration and a Common Vision

With the onset of the Information Society and the Digital Economy, it has been globally recognised that countries need a national Digital Agenda. The Digital Agenda looks at implementing strategies, policies, collaborative projects, research, and innovation initiatives to help move countries and their people into the digital era.

A collaborative multi-stakeholder approach to digital strategies is needed, involving business, government, education, organised labour and civil society. Systemic change requires collaboration, networking and coordination. Promoting and developing digital skills is seen as a key element of digital strategies. This is across all the sectors to ensure that all citizens become and remain included in the digital society.

*(Source: EU ICT 2015 Conference, ICT2015 – the digital agenda)*

**South Africa is not alone in facing e-skills (digital skills) challenges.** According to the House of Commons Science and Technology Committee 'Digital skills crisis - Second Report of Session 2016–17', the UK faces a digital skills crisis. There is a digital divide where up to 12.6 million of the adult UK population lack basic digital skills. The report notes that comparable nations are facing similar challenges. ([www.publications.parliament.uk/pa/cm201617/cmselect/cmsctech/270/270.pdf](http://www.publications.parliament.uk/pa/cm201617/cmselect/cmsctech/270/270.pdf))

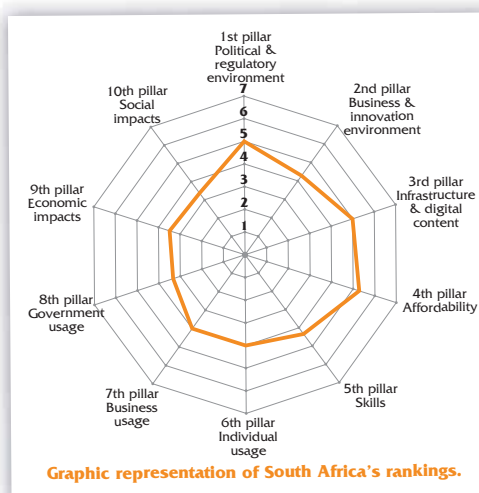
**Mobile communications are transforming Africa.** According to Ericsson's 2016 'Sub-Saharan Africa Mobility Report', Sub-Saharan Africa has the highest growth rate of mobile subscriptions of any region on the globe ([www.ericsson.com/assets/local/mobility-report/documents/2016/ericsson-mobility-report-november-2016-rssa.pdf](http://www.ericsson.com/assets/local/mobility-report/documents/2016/ericsson-mobility-report-november-2016-rssa.pdf)). Mobility is one of the main drivers of economic growth in Africa. According to the World Bank, the 10% growth in mobile penetration increases African GDP by 0.8%. Digital transformation in Africa is driven by mobile (smartphones and other mobile technology) and enabled by connectivity.

### 8.6. 2016 Networked Readiness Index

The 2016 edition of the World Economic Forum's Global Information Technology Report (2016 GITR) assesses the state of networked readiness of 139 economies. The report considers countries' preparedness to benefit from emerging technologies and to capitalise on opportunities presented by the digital revolution. It is also noted that networked readiness is "highly correlated with per capita income".

**The networked readiness framework is based on six principles:**

- A high-quality regulatory and business environment is critical to fully leverage ICTs and generate impact.
- ICT readiness (measured by ICT affordability, skills, and infrastructure) is a precondition to generating impact.
- Fully leveraging ICTs requires a society-wide effort: the government, the business sector, and the population each has a critical role to play.
- ICT use should not be an end in itself. The impact that ICTs have on the economy and society is what ultimately matters.
- How the set of drivers (environment, readiness, and use) interact, co-evolve and reinforce each other to form a virtuous cycle.
- The networked readiness framework should provide clear policy guidance.



South Africa has moved up 10 places. In 2016, it was in 65th position worldwide. South Africa's digital transformation is mostly business-driven. It ranked 95th in skills. (<http://reports.weforum.org/global-information-technology-report-2016/>)

### 8.7. Shortage of e-Skills in South Africa

Currently, there is a shortage of e-skills capacity in the country. This limits socio-economic development and the competitiveness of the economy. With the current roll-out of a national broadband network, there is an even greater need for e-skills capacity to make use of these new possibilities including using e-government services and digital services for SMME development.

**The Joburg Centre for Software Engineering (JCSE) Skills Survey 2016 reports on ICT skills trends in South Africa** ([www.jcse.org.za/research/2016-jcse-ict-skills-survey](http://www.jcse.org.za/research/2016-jcse-ict-skills-survey)).

The survey shows "an immediate unsatisfied need for skills in the ICT sector that is only going to get worse in the medium and long term". The survey also highlights concerns regarding basic education and e-skills. It notes that "[e]xposure to and familiarity with ICTs for all learners is essential, in order to equip them to adapt the modern tools to their daily lives. Some laudable initiatives have appeared... but they have yet to reach a sustained, critical mass for all grades of learner."

In the Independent Communications Authority of South Africa's (ICASA) 2017 'Report on the State of the ICT Sector in South Africa', it is noted that employment in telecommunications has decreased significantly by 13.8%. Female employment has decreased by 15.6%. This is in comparison to 2016.

(<http://www.ellipsis.co.za/wp-content/uploads/2017/05/ICASA-Report-on-State-of-SA-ICT-Sector-2017.pdf>)

**Root causes for the shortage of e-skills capacity** (as identified by NEMISA):

- e-Skills are not embraced at all levels of learning consistently
- Insufficient levels of e-literacy and lack of awareness to promote better and greater use of e-skills
- Lack of coordination mechanism that synergises e-skills capacity development efforts
- Ineffective provision of market information on current and future supply and demand of ICT practitioners and professionals
- Lack of provision of e-skills for learners and communities based in deep rural peri-urban areas.

### **8.8. e-Skills and e-Astuteness in National Policy**

The ability to learn e-skills and to develop e-astuteness is seen as fundamental to South Africa's vision of using ICT to develop citizens and to create an Information Society. Consequently, there are national policies in place to address South Africa's ICT capability. The National Development Plan (NDP) aims for South Africa to be a dynamic and connected Information Society by 2030. The New Growth Path (the national 5-year economic plan for the country) views the Knowledge Economy as a driver for job creation. The Department of Higher Education and Training's White Paper for Post-School Education and Training includes developing an e-skills plan aligned to the National e-Skills Plan of Action (NeSPA).

**SA Connect, the broadband plan**, positions e-skills and e-astuteness as part of its Digital Opportunity pillar. The broadband plan recognises that infrastructure fulfils the supply side of the broadband ecosystem but that it is as essential to have a demand for broadband. People need to know how to use broadband effectively.

**The National Integrated ICT Policy White Paper** introduces a range of interventions that focus on inclusion, equality and poverty reduction – challenges outlined in the NDP. The development of e-skills and e-astuteness is positioned as a prerequisite to the proposed interventions.

These national strategies lay the foundation for a dedicated focus on digital skills development. This includes skilling, upskilling and re-skilling across the spectrum – from the average citizen to the specialist in the academic, business or government sector.



### Global technology trends

Automation for improving and optimising business. Automation examples include automatically aggregating real-time data and automated password resetting, especially in the banking sector.

Autonomous and self-managing devices will combine sensory data with artificial intelligence (AI) techniques. The Internet of Things (IoT) means automation and intelligence in everything that is connected. The connectivity allows objects to be sensed and actuated remotely, creating a bridge between the physical and digital world.

A focus on mobile-managed services and mobile security as the workforce becomes more mobile.

Cloud-based services will continue to develop. Furthermore, cloud systems will enable communities of collaborating robots, machines, sensors and humans to process and share information.

There will be a focus on security and privacy. Security and privacy controls will be made an intrinsic part of every device, network, cloud and application. There will also be adaptive security architectures that can detect, as well as block.

Big data will become more important. It will also require advanced data analytics.

Communication will evolve as interaction between human beings and machines evolves (mixed reality). There are emerging technologies in the fields of the tactile internet, virtual reality and augmented reality.

Advanced machine learning enables machines to understand concepts and to learn. Through machine learning, a smart machine can change its future behaviour.

The boundaries surrounding IT are fading as technology becomes even more integral to almost every business function and relationship.

(Sources: Deutsche Telekom Europe, <https://www.b2b-europe.telekom.com/blog/2017/02/01/6-ict-trends-that-will-change-the-business-world-in-2017>;  
Ericsson, <https://www.ericsson.com/en/publications/ericsson-technology-review/archive/2016/technology-trends-2016>;  
Gartner, <https://www.forbes.com/sites/gartnergroup/2016/01/15/top-10-technology-trends-for-2016/#75f4c5cb2655>, <http://www.gartner.com/technology/research/top-10-technology-trends/>;  
Deloitte, <https://www2.deloitte.com/global/en/pages/technology/articles/tech-trends.html>)

## 9. ORGANISATIONAL ENVIRONMENT

### 9.1. Integration of Skills Development Entities in the DTPS

The DTPS is in the process of transforming NEMISA to the iKamva National e-skills Institute (iNeSI). iNeSI will be an integration of three DTPS entities: NEMISA (a state-owned company), the e-Skills Institute (formerly a branch within the Department), and the Institute for Space and Software Applications (ISSA) (a directorate in the DTPS).

While the transformation to iNeSI occurs, note that:

- NEMISA is established as a section 21 company focusing on broadcasting and multimedia skills development among historically disadvantaged individuals, especially women.
- The e-skills programmes developed in the context of the former e-Skills Institute, are currently supported by NEMISA and delivered through CoLabs that are located in universities in different provinces.

### 9.2. NEMISA – The Integrated Model

NEMISA is a globally recognised collaborative model that allows stakeholders to meet South Africa's e-skilling objectives sustainably.

NEMISA's vision is for an e-skilled society by 2030. It will do so by providing a national integrated e-skills development approach towards sustainable socio-economic development in South Africa. To benefit the total population and to advance e-readiness radically, NEMISA's mission is to:

- Act as a leader, national catalyst and change agent for the development of e-skills (digital skills) in South Africa
- Play an advocacy role in developing users, consumers and citizens within the globally evolving information and knowledge-based environment
- Use a distributive model (i.e. physical presence in each of the nine provinces) that allows for government, business, education, organised labour and civil society to position South Africa better for a Digital Society and Digital Economy
- Collaborate with key stakeholders (i.e. government, business, education, organised labour, civil society, and global development partners) for e-skills massification
- Address all e-skills interventions through teaching and learning, research, innovation, monitoring and evaluation, and aggregation

NEMISA's aims are:

- to position South Africa for global competitiveness
- to provide the base for increasing equitable prosperity in our society
- to grow the human resource e-skills base for SA
- to embed technology into people's lives

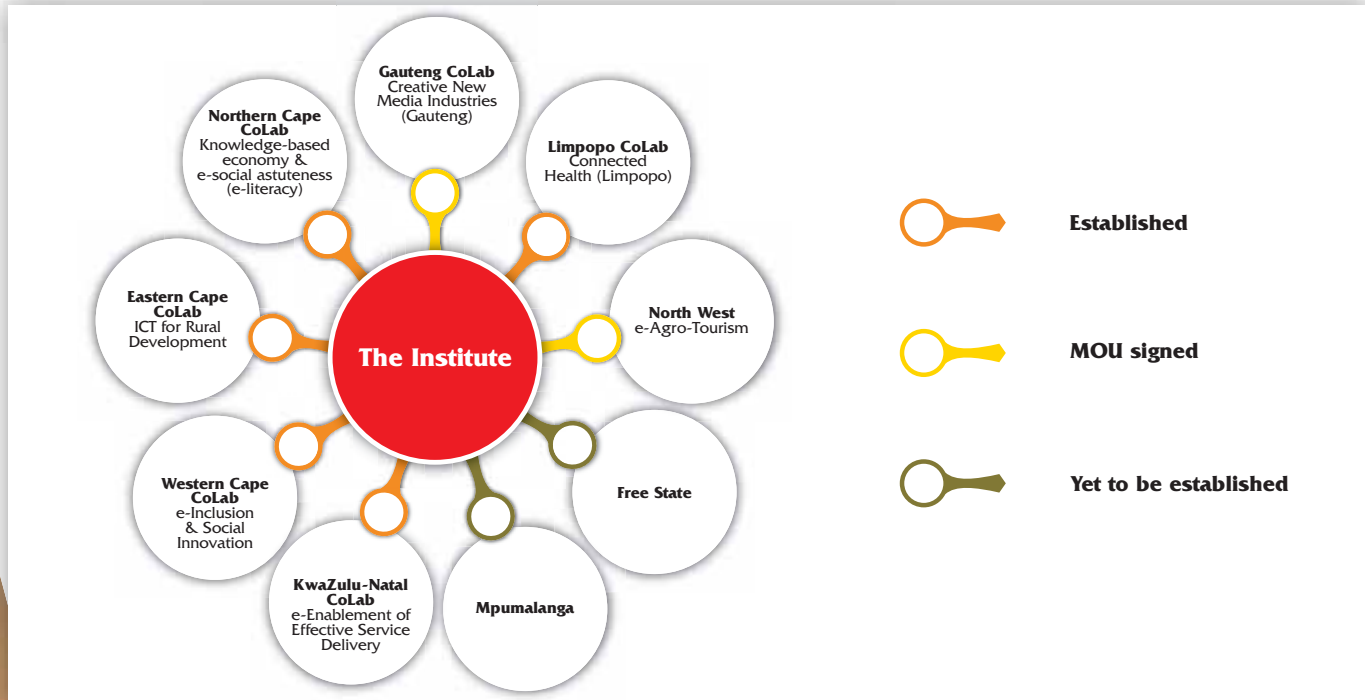
NEMISA, in collaboration with the DTPS, is focused on contributing to socio-economic development, improving service delivery and improving competitiveness. This is done through implementing programmes to develop the skills and competencies that leverage the power of ICTs. These include the development of human capacity in the digital era and facilitating the improvement of service delivery to citizens.

#### The Institute aims:

- to position South Africa for global competitiveness
- to provide the base for increasing equitable prosperity in our society
- to grow the human resource e-skills base for South Africa
- to embed technology into people's lives



The distributed model that allows NEMISA to carry out its mandate and activities:



### 9.3. Provincial e-Skills CoLabs and Thematic Focus Areas

NEMISA has a network of provincial CoLabs developed and hosted in association with local universities. Their function is to:

- Engage with and coordinate local and provincial stakeholders, creating a network across academia, business, government, international agencies and civil society.
- Develop and modify relevant curricula and training aligned to the National Curriculum and Competency Framework and standardised curriculum guidelines. This includes identifying gaps, conducting e-skills interventions and building capacity in e-skills.
- Invest in e-skills research and evaluation for evidence-based decision making. This includes developing a research network across national and international universities.
- Use a collaborative approach to developing appropriate and innovative methodologies in developmental environments.

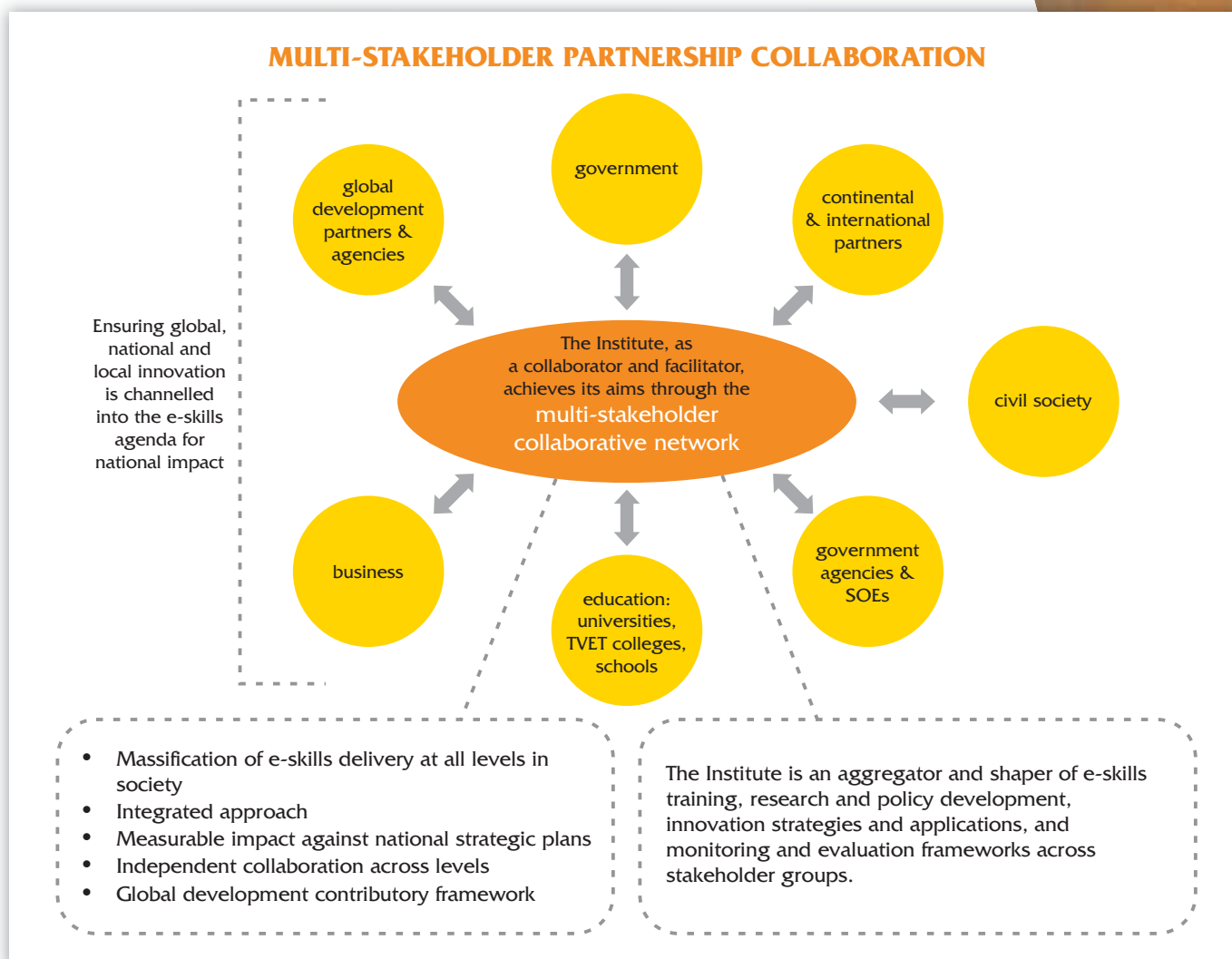
Currently there are seven provincial CoLabs. To align e-skills interventions with national and developmental priorities, NEMISA has defined specific e-skills thematic areas. Each provincial e-skills CoLab leads in one of these areas:

|   |  |
|---|--|
| <b>Connected Health e-Skills CoLab</b>  | Based at the University of Limpopo, Limpopo  |
| <b>Creative New Media Industries e-Skills</b>   | Currently based at NEMISA, Gauteng. Discussions are currently under way with Tshwane University of Technology. |
| <b>e-Agro-tourism e-Skills CoLab</b>  | Based at North-West University, North West   |
| <b>e-Enablement for Effective Service Delivery e-Skills CoLab</b>                           | Based at the Durban University of Technology, KZN  |
| <b>ICT for Rural Development e-Skills CoLab</b>   | Based at Walter Sisulu University, Eastern Cape  |
| <b>e-Literacy and e-Business e-Skills CoLab (Knowledge Economy and e-Social Astuteness)</b> | Based at the Vaal University of Technology, Northern Cape/Southern Gauteng                                     |
| <b>e-Inclusion and Social Innovation e-Skills CoLab</b>                                     | Based at the University of the Western Cape, Western Cape  |

#### 9.4. Multi-Stakeholder Collaborative Platform

NEMISA creates a common vision through developing its national multi-stakeholder collaborative platform. This provides, among other things:

- A platform for stakeholders to engage with e-skills interventions of mutual benefit
- Coordination for impact and massification, reducing duplication, filling gaps and maximising the use of infrastructure and resources
- National, provincial and community level access through NEMISA's distributive model (with CoLabs positioned in the provinces)
- Alignment to government e-skills policies and plans

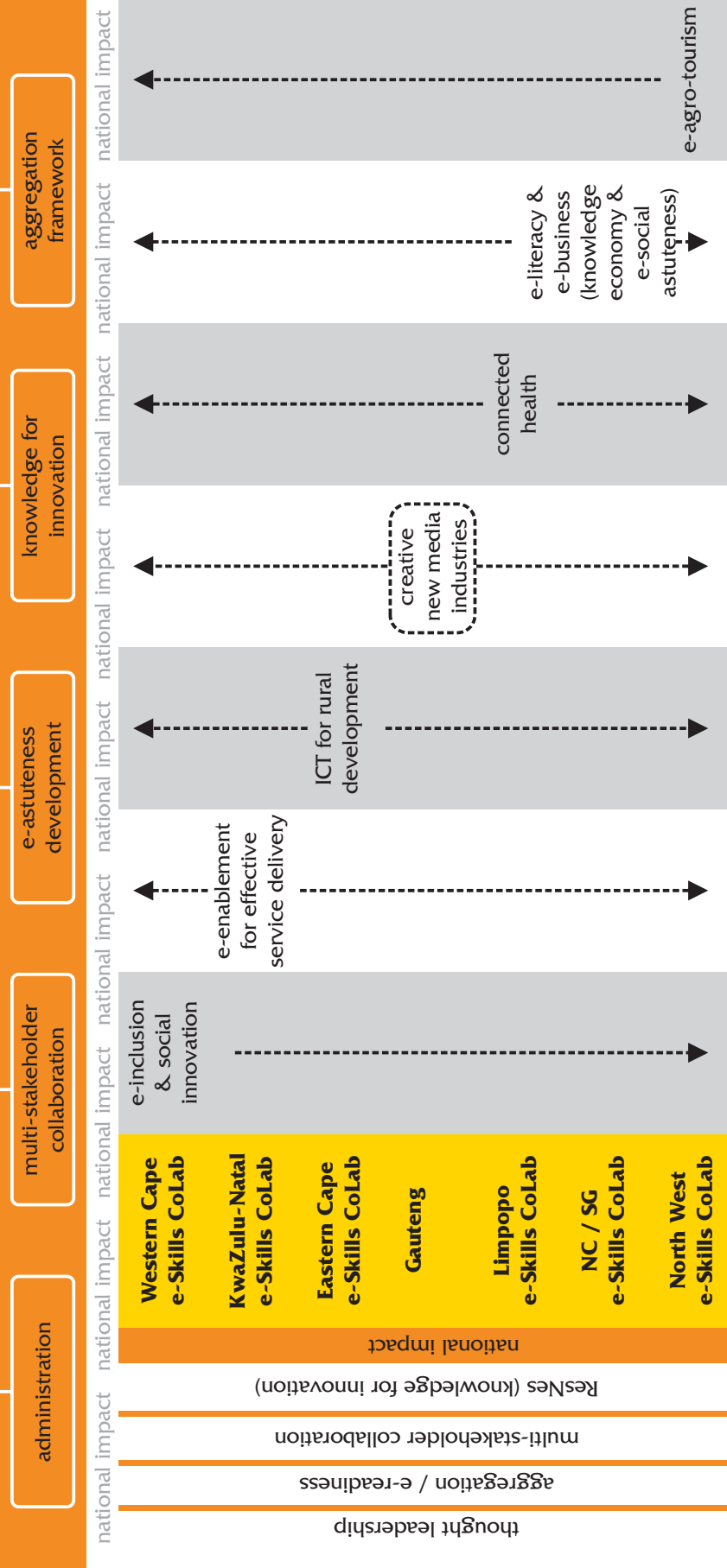


#### 9.5. Core Programmes

NEMISA has the following programmes:

- Administration
- Multi-Stakeholder Collaboration
- e-Astuteness Development (training)
- Knowledge for Innovation (research)
- Aggregation

## key programmes



## Functions of the Institute

The core functions of the Institute will be supported by an administration component focusing on corporate governance support, business process support, HR management support, financial management support, technology management support and asset management support.



### Programme 1: Administration

The purpose of this programme is to provide support to NEMISA's overall management. Targets set under this programme relate to activities that ensure compliance with legislation and prescripts. Included are activities relating to transforming NEMISA to iNeSI.

### Programme 2: Multi-Stakeholder Collaboration

Under this programme, NEMISA through its CoLabs develops a substantive formalised multi-stakeholder collaborative network involving partners across government, business, global development partners and agencies, continental and international partners, community, organised labour and education (universities, TVET colleges, schools).

### Programme 3: e-Astuteness Development

This programme provides e-skills training through the CoLabs to leverage existing ICT education and training expertise, infrastructure and courses to align and better meet the e-skills/ICT-related targets in the Medium Term Strategic Framework (MTSF) 2014-2019 and NDP.

### Programme 4: Knowledge for Innovation

The aim of this programme is to investigate appropriate, and innovative, ways to address systemic problems and other inefficiencies in achieving economic appropriation of modern ICT devices. Research is part of the cycle of embedding e-skills (digital skills) as it leads to understanding how e-skills can be used effectively within a South African context.

### Programme 5: Aggregation Framework

The purpose of this programme is to build a formalised multi-stakeholder aggregation and collaborative network that allows NEMISA to link outputs and impact and to inform and support evidence-based policies.

## 10. PERFORMANCE AGAINST STRATEGIC OBJECTIVES

### 10.1. Programme 1: Administration

The purpose of Administration is to provide support to the overall management of the Institute and consists of Departmental Management, Internal Audit, Legal Services, Corporate Management and Facilities Management.

|            | Performance Indicator   | Reporting | Actual Achievement 2016/2017 | Annual Target 2017/2018 | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Actual Achievement 2017/2018 | Deviation between planned target & actual achievement | Comments on deviation   |
|------------|---|-----------|------------------------------|-------------------------|-----------|-----------|-----------|-----------|------------------------------|---|---|
| <b>1.1</b> | <b>*Corporate Governance and Business Process Support</b>                           |           |                              |                         |           |           |           |           |                              |   |   |
| 1.1.1*     | Number of Quarterly Performance Reporting   | Quarterly | 4                            | 4                       | 1         | 1         | 1         | 1         | 4                            | None  | None  |
| <b>1.2</b> | <b>Business process support</b>   |           |                              |                         |           |           |           |           |                              |   |   |
| 1.2.1      | Organisational structure, processes and systems redesigns (incl. Change Management) | Annually  | N/A                          | 1                       | 0         | 0         | 0         | 0         | 0                            | -1  | Organisational structure approved and job profiles done and completed. Consultations are still ongoing as of 31 March 2018. |

### 10.2. Programme 2: Multi-Stakeholder Collaboration

The objective of Programme 2 is to build a substantive formalised multi-stakeholder collaborative network involving partners across Government, Business, State Owned Companies (SOCs), global development partners and agencies through bilateral agreements, continental and international partners, community, organised labour and education (universities, TVET Colleges, Schools and public and private) that will contribute to the massification of building e-astuteness (e-skills) across all levels of society i.e. thought-leaders, e-practitioners, e-users and the ICT illiterate to support a growing Digital Economy and Digital Society as articulated in the approved National Integrated ICT Policy, DTSP.

|            | Performance Indicator  | Reporting | Actual Achievement 2016/2017 | Annual Target 2017/2018 | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Actual Achievement 2017/2018 | Deviation between planned target & actual achievement | Comments on deviation  |
|------------|--|-----------|------------------------------|-------------------------|-----------|-----------|-----------|-----------|------------------------------|---|--|
| <b>2.1</b> | <b>Advocacy and awareness (campaigns = all media e.g. broadcasts, social media, websites, seminars, publications etc.)</b> |           |                              |                         |           |           |           |           |                              |   |  |
| 2.1.1      | Consolidated campaigns report  | Quarterly | N/A                          | 1                       | 0         | 0         | 0         | 1         | 1                            | None  | None   |
| 2.1.2**    | Institute brand visibility platforms leveraged (n)   | Annually  | 20                           | 20                      | 15        | 9         | 18        | 19        | 61                           | +41   | Over-achievement of the target was because of opportunities presented by collaborative partners e.g. CoLabs, Presidency and DTSP |
| 2.1.3***   | Number of public awareness survey report provided  | Annually  | N/A                          | 1                       | 0         | 0         | 0         | 1         | 1                            | None  | None   |
| <b>2.2</b> | <b>Partnership development (International, national, provincial, local across all sectors)</b>                             |           |                              |                         |           |           |           |           |                              |   |  |
| 2.2.1      | Number of new partnerships formalised  | Annually  | N/A                          | 4                       | 15        | 6         | 5         | 3         | 29                           | +25   | Over-achievement of formalised partnerships increased because of the networks established at provincial levels                   |
| 2.2.2      | Number of formal partnerships renewed  | Annually  | 8                            | 4                       | 0         | 0         | 1         | 1         | 2                            | -2  | Renewal of Partnerships declined resulting in delays at CoLabs because of internal processes within the CoLabs.                  |
| 2.2.3      | Partnership performance report against MOU & MOA agreements  | Annually  | N/A                          | 1                       | 0         | 0         | 0         | 1         | 1                            | None  | None   |

\*\*2.1.2 and 2.1.4 duplication in approved APP  
2.1.4 should read 2.1.3

### 10.3. Programme 3: e-Astuteness Development

The purpose of Programme 3 is to leverage existing ICT education and training expertise, infrastructure and courses and help existing service providers better align to and support the National Integrated ICT Policy, SA Connect (Broadband Policy), NeSPA 2013, MTSF 2014 -2019, NDP, SDGs and the WSIS Plan of Action. It will collaborate with existing national and international institutions, civil society, organised labour, private corporations and invite them to partner with the Institute in various ways such as contributing to new curriculum planning, course development, course presentation within a national e-skills curriculum and competency framework. It will identify the gaps, shortages and mismatches in course content vis-à-vis the demand for ICT and ICT-related skills and competencies across organisational boundaries. It will do this through broad consultation between the Institute and its stakeholder community to ensure alignment between skills supply and skills demand as well as respond to future needs. It will ensure that e-Literacy i.e. 'the ability of individuals to use digital tools and facilities to perform tasks, to solve problems, to communicate, to manage information, to collaborate, to create and share content and to build knowledge, in all areas of everyday life and for work, forms the basis on entering the e-skilled/e-astute learning pathway. e-Skills delivery will be targeted at all levels i.e. e-practitioners, information/knowledge worker (e-user), thought-leaders and your ICT illiterate society and will leverage existing centres i.e. community centres, schools, TVET colleges and Universities to ensure local knowledge production.

|            | Performance Indicator   | Reporting | Actual Achievement 2016/2017 | Annual Target 2017/2018 | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Actual Achievement 2017/2018 | Deviation between planned target & actual achievement | Comments on deviation  |
|------------|---|-----------|------------------------------|-------------------------|-----------|-----------|-----------|-----------|------------------------------|---|--|
| <b>3.1</b> | <b>Curriculum development</b>   |           |                              |                         |           |           |           |           |                              |   |  |
| 3.1.1      | Number of new targeted courses available (developed/ acquired/ customised)                  | Annually  | N/A                          | 8                       | 3         | 4         | 2         | 6         | 15                           | +7  | Over-achievement of the target courses resulted in relation to a changing local, provincial, national educational, political and economic environment.   |
| 3.1.2      | National e-Skills Curriculum Competency Framework Reviewed (n)                              | Annually  | N/A                          | 1                       | 0         | 0         | 0         | 0         | 0                            | -1  | CoLabs were engaged and framework reviewed. The framework was not concluded due to pending approval as of the 31st March 2018. It shall be concluded in the 18/19 FY.                                  |
| 3.1.3      | Courses revision report (n)   | Annually  | N/A                          | 1                       | 0         | 0         | 0         | 1         | 1                            | None  | None   |
| <b>3.2</b> | <b>e-Competence development/learning (e.g. formal education, internships, learnerships)</b> |           |                              |                         |           |           |           |           |                              |   |  |
| 3.2.1      | Number of e-literacy learners trained (n)   | Annually  | 1216                         | 3000                    | 687       | 860       | 893       | 1968      | 4408                         | +1408   | Over-achievement was because of new interest in courses offered  |
| 3.2.2      | Number of sector users trained (n)  | Annually  | 789                          | 1300                    | 557       | 174       | 486       | 559       | 1776                         | +476  | Over-achievement was because of new interest in courses offered  |
| 3.2.3      | Number of ICT practitioners trained (n)   | Annually  | 599                          | 600                     | 88        | 196       | 163       | 321       | 768                          | +168  | Over-achievement was because of new interest in courses offered  |
| 3.2.4      | Number of e-leaders trained (n)   | Annually  | 219                          | 140                     | 0         | 23        | 35        | 120       | 178                          | +38   | Over-achievement was because of new interest in courses offered  |
| <b>3.3</b> | <b>Access to learning</b>   |           |                              |                         |           |           |           |           |                              |   |  |
| 3.3.1      | Number of smart community centres   | Annually  | N/A                          | 10                      | 0         | 0         | 2         | 6         | 8                            | -2  | Under-achievement resulted from delays of the legal processes of obtaining signed MoAs & MoUs with partners  |
| 3.3.2      | Number of online courses available  | Annually  | N/A                          | 10                      | 0         | 1         | 1         | 7         | 9                            | -1  | Under-achievement resulted from delays in completion of projects, i.e. conversions to an online system, quality assurance, content evaluation within the development and implementation processes etc. |

#### 10.4. Programme 4: Knowledge for Innovation

The purpose of Programme 4 is to look for appropriate, and often innovative, ways to address systemic problems and other inefficiencies and weaknesses in achieving learning success. This would include finding ways to identify entrants with potential that do not have the normally required entrance qualifications; supporting under-prepared students; introducing work integrated learning and practical components into the Programme. As a core function, the Institute will be responsible for research and policy development and developing a citizenry for the Information Society and Knowledge Economy. This process of reflection and renewal will be central to its vision of being responsive, flexible and innovative. It will provide a focus for continuous research in a cross-disciplinary manner to concentrate on new ways to embed technology into people's lives to improve business opportunities, access government services and encourage social cohesion; manage evidence-based research and development for a collaborative knowledge economy to address the national goals (MTSF 2014-2019 and NDP 2013) e.g. thought-leaders (policy and practice); participate in the development of an evaluation and monitoring framework for collaborative knowledge economy based efforts to address national goals e.g. MTSF 2014-2019 and NDP 2013; and has a proactive approach to environmental scanning in a rapidly changing landscape through its national platform that can more adequately assess gaps, overlaps and opportunities for collaborative approaches.

|            | Performance Indicator  | Reporting | Actual Achievement 2016/2017 | Annual Target 2017/2018 | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Actual Achievement 2017/2018 | Deviation between planned target & actual achievement | Comments on deviation   |
|------------|--|-----------|------------------------------|-------------------------|-----------|-----------|-----------|-----------|------------------------------|---|---|
| <b>4.1</b> | <b>Research programmes</b>   |           |                              |                         |           |           |           |           |                              |   |   |
| 4.1.1      | Number of non-degree research and postgraduate research funded                                   | Annually  | 5                            | 8                       | 3         | 0         | 0         | 4         | 7                            | -1  | The MoA was finalised late in the year and not enough time to source funding.   |
| 4.1.2      | Number of national e-Skills/ICT environmental scans conducted                                    | Annually  | 0                            | 1                       | 0         | 0         | 0         | 0         | 0                            | -1  | The actual work done was a research instrument for the environmental scan. There was not enough time and funding to do the field work and collect data. |
| <b>4.2</b> | <b>Knowledge assimilation / production (e-products, e.g. mobile applications, documentaries)</b> |           |                              |                         |           |           |           |           |                              |   |   |
| 4.2.1      | Number of Scholar/Researcher exchanged (n)   | Annually  | 1                            | 1                       | 0         | 0         | 0         | 1         | 1                            | None  | None  |
| 4.2.2      | New products developed (n)   | Annually  | 1                            | 6                       | 0         | 0         | 0         | 7         | 7                            | +1  | Over-achievement of the target was done because the provincial CoLabs held additional colloquiums in their regions                                      |
| <b>4.3</b> | <b>Knowledge transfer</b>  |           |                              |                         |           |           |           |           |                              |   |   |
| 4.3.1      | Number of Research colloquium hosted in e-Skills/ICT (n)   | Annually  | 2                            | 1                       | 1         | 1         | 1         | 7         | 10                           | +9  | Over-achievement was because of various opportunities presented   |
| 4.3.2      | Number of research papers in e-Skills/ ICT delivered / presented                                 | Annually  | 1                            | 5                       | 3         | 1         | 0         | 11        | 15                           | +10   | There were additional papers presented at the National Colloquium on Quarter 4.   |
| 4.3.3**    | Number of e-Skills/ ICT thought-leaders engagements  | Annually  | 7                            | 6                       | 4         | 2         | 5         | 6         | 17                           | +11   | There were many Thought-Leaders who engaged at the National e-Skills Summit in Quarter 4.   |

\*\* 4.3.4 is a duplication of 4.3.3 in approved APP

\*\*\* 4.3.4 should read 4.3.3

## 10.5. Programme 5: Aggregation Framework

The purpose of Aggregation Framework is to build a formalised multi-stakeholder aggregation and collaborative network that allows the Institute to link outputs and impact and helping existing service providers to demonstrate measurable impact against national strategic plans. It will implement a monitoring framework to aggregate the uptake of technology within society and consistently address the opportunities highlighted between supply and demand of e-skills to deliver against the MTSF 2014–2019 goals, the NDP 2013, the MDGs and to support the local needs of an ever-evolving information society and knowledge economy.

|            | Performance Indicator   | Reporting | Actual Achievement 2016/2017 | Annual Target 2017/2018 | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Actual Achievement 2017/2018 | Deviation between planned target & actual achievement | Comments on deviation  |
|------------|---|-----------|------------------------------|-------------------------|-----------|-----------|-----------|-----------|------------------------------|---|--|
| <b>5.1</b> | <b>Aggregate e-Skills rollout programmes and measure impact</b>   |           |                              |                         |           |           |           |           |                              |   |  |
| 5.1.1      | Number of new strategic guiding development reports provided (e.g. e-competency framework, aggregation framework, etc.) | Annually  | 1                            | 1                       | 0         | 0         | 0         | 0         | 0                            | -1  | The e-competency framework was not concluded but approval is pending as of the 31st March 2018. It shall be concluded in the 18/19 FY. |
| <b>5.2</b> | <b>Impact Measurement</b>   |           |                              |                         |           |           |           |           |                              |   |  |
| 5.2.1      | E-competence development impact Indices report provided (n)   | Annually  | N/A                          | 1                       | 0         | 0         | 0         | 0         | 0                            | -1  | The e-competency framework was not concluded but approval is pending as of the 31st March 2018. It shall be concluded in the 18/19 FY. |
| 5.2.2      | National e-skills summit hosted (n)   | Annually  | N/A                          | 1                       | 0         | 0         | 0         | 1         | 1                            | None  | None   |



# 11. 2017/18 PROVINCIAL E-SKILLS REPORT: PROGRAMMES 3 - 5

## 11.1. PROGRAMME 3: e-Astuteness Development

**Aim:** The purpose of Programme 3 is to help existing service providers better align to and support the Integrated ICT Policy, SA Connect (broadband policy), SA Internet for All, NeSPA 2013, MTSF 2014-2019, NDP, SDGs and the WSIS Plan of Action. This was done by leveraging existing ICT education and training expertise, infrastructure, and courses.

**What it entails:** The Institute collaborates with existing national and international institutions, civil society, organised labour, and private corporations. These partnerships focus on e-astuteness development i.e. new curriculum planning, course development, and course presentation within a national e-skills curriculum and competency framework.

**Impact:** The programme also involves identifying gaps, shortages and mismatches in course content in relation to the demand for ICT and ICT-related skills and competencies across organisational boundaries. This was done through broad consultation between the organisation and the stakeholder community to ensure alignment between skills supply and skills demand, as well as responding to future needs.

It includes ensuring that e-literacy forms the basis (entry step) for the e-skilled/e-astute learning pathway. (e-Literacy was 'the ability of individuals to use digital tools and facilities to perform tasks, to solve problems, to communicate, to manage information, to collaborate, to create and share content and to build knowledge, in all areas of everyday life and for work'.)

e-Skills delivery was targeted at all levels (e-practitioners, information/knowledge worker [e-user], thought-leaders and ICT illiterate society) and will leverage existing centres (community centres, schools, TVET colleges and universities) to ensure local knowledge production.

|   |  |
|---|--|
| <b>Strategic Outcome Oriented Goal 3:</b> | <b>Develop e-Astuteness for socio-economic opportunities in a knowledge-driven economy</b>   |
| <b>Goal Statement</b>                     | Ensuring ICT education and training expertise, infrastructure and courses deliver the requisite e-competence development that the society and economy need |
| <b>Strategic Objective 3.1</b>            | <b>e-Skills Training</b>   |
| <b>Objective Statement</b>                | Ensure roll-out of effective e-Skills programme  |

### 11.1.1. KPA 3.1: Curriculum Development

**11.1.1.1. KPI 3.1.1: The “Number of new targeted courses available (developed/acquired/customised)” refers to course development, course presentations aimed at addressing identified gaps, shortages and mismatches in course content to address the demand for e-skills and e-competencies.**

During the 2017/18 financial year, 15 courses were developed, acquired and/or customised. The target was exceeded by seven, as only eight courses were planned for the 2017/18 FY. The target was not part of the 2016/17 Annual Performance Plan (APP), the over-achievement on this indicator was because of the six Provincial e-Skills CoLabs successfully sourcing and creating courses. The combined number resulted in a deviation from the target set for the 2017/18 FY. The highlights include the Basics of Cybersecurity, a course aimed at all who use ICT web-based applications. ICT in the Classroom, a course aimed at educators, capacitating educators at different levels to integrate information and communication technologies in the classroom to enhance teaching and learning.

The “Digital Economy for township small and micro enterprises” course, which entails a three-day face-to-face training and supported with online material was developed. Participants will learn to integrate the tools, technologies and business models of the digital economy into their businesses. These are some of the highlights of the new courses developed, acquired and/or customised which are aimed at supporting the strategic objective of developing e-astuteness for accessing socio-economic opportunities in a knowledge economy.

#### **11.1.1.2. KPI 3.1.2: National e-Skills Curriculum Competency Framework reviewed**

The purpose of the National e-Skills Competency Framework was to ensure the currency and relevance in the national curriculum. The framework was to be reviewed through analysis of curricular against environmental considerations, for example political or economic changes, to inform a new framework. This was to aid in aligning e-skills interventions to the National Development Plan and the strategic plan of the Department of Telecommunications and Postal Services.

The objective of having a reviewed national e-skills curriculum competency framework was not achieved because of a lack of expert human resources and/or service providers at NEMISA.

#### **11.1.1.3. KPI 3.1.3: Course Revision Report**

The purpose of the Course Revision Report was to review courses in relation to a changing local, provincial, national, educational, political and economic environment and to ensure relevant course content and the implementation thereof.

The Course Revision Report (2017/18) revealed that NEMISA has 15 courses, which were aimed at e-literacy learners, sector users, ICT practitioners and e-leaders. The basket of courses addressed diverse needs of society, including the youth, women, the unemployed, sector users, ICT practitioners and e-leaders and dovetailed with the educational, entrepreneurial, agriculture and health sectors.

The indicator was introduced for the 2017/18 financial year. Although the report was a positive start, there was a need for strengthening continuous monitoring and evaluation to assess the impact of courses on society. It was important to point out that some courses do not belong to NEMISA or respective CoLabs but were instead provided by external suppliers offering their services on behalf of the CoLabs.

#### **11.1.2. KPA 3.2: E-competence development/learning**

##### **11.1.2.1. KPI 3.2.1: Number of e-literacy learners trained**

The number of e-literacy learners trained in the use of modern ICTs, including social media. The objective was aimed at making South Africa an e-literate society by 2030 and contributing to the implementation of the Broadband Plan, creating opportunities in the Creative New Media Industries, connected health, effective e-service delivery and education. This will contribute to increasing e-skills human capacity in the country at community level in rural and peri-urban areas.

E-literacy or digital literacy is the ability of individuals to use digital tools and facilities to perform tasks, to solve problems, to communicate, to manage information, to collaborate, to create and share content and build knowledge in all areas of everyday life and for work. In 2017/18 NEMISA increased its target to reaching 3000 people, which was higher than the 2016/17 achievement of training 1261 people in e-literacy. At the close of the 2017/18 FY the target was exceeded as a total of 4408 people were trained; a result which illustrated that e-skills roll-out was effective as the 2017/18 target was exceeded by 1408.

#### **11.1.2.2. KPI 3.2.2: Number of sector users trained**

Sector user digital skills refers to the digital skills for work in a specific sector, type of organisation or profession. These skills are generic digital skill sets for office or business use, or a specific skill set applicable to various sector (e.g. the graphics industry or health), or to a profession, or a combination of both. Users in different sectors such as tourism, banking, education, health are trained in the use of modern ICTs, including social media.

1 776 sector users were trained, exceeding the annual target of 1300 during the 2017/18 FY, compared to 789 sector users trained in the 2016/17 FY. The achievement was supported by some partnerships some CoLabs made with provincial departments, for example, to roll out relevant courses. The trained sector users will contribute to increasing the number of users competent in the use of ICTs in the work environment.

#### **11.1.2.3. KPI 3.2.3: Number of ICT practitioners trained**

ICT practitioner skills are the 'skills/capabilities required for the researching, developing and designing, managing, the producing, consulting, marketing and selling, the integrating, installing and administrating, the maintaining, supporting and service of ICT systems'. The practitioners are supposed to support innovation because of their ICT training.

In the 2017/18 FY, 768 ICT practitioners were trained, exceeding the 2017/18 FY target of 600, and surpassing the 2016/17 FY achievement of 599 ICT practitioners trained.

#### **11.1.2.4. KPI 3.2.4: Number of e-leaders trained**

The purpose of training e-leaders, including managers, CEOs, NGO leadership, politicians, etc, was so that they are enabled to provide strategic direction in the development and/or use of ICTs.

E-leadership/Digital leadership skills are the 'capabilities needed to exploit opportunities provided by ICTs, notably internet, digital devices and new media'. Under this segment, 178 e-leaders were trained, exceeding the 2017/18 annual target of 140, and lower than the 219 trained in the 2016/17 financial year.

### **11.1.3. KPA 3.3 Access to learning**

#### **11.1.3.1. KPI 3.3.1: Number of smart community centres**

CoLabs identified existing community centres, which were converted into smart community centres, in order to enable citizens to access ICTs and learn to use these technologies in a personal (e-astuteness) and socially astute way. The centres are created with stakeholders such as USAASA, provincial and local governments, business) as a local platform to promote the development of e-skills human capacity.

The target of creating 10 smart community centres was two short of being achieved, with eight community centres being created in the 2017/18 financial year. The target was not part of the 2016/18 FY and was therefore not comparable. However, the eight community smart community centres contribute to increasing access to knowledge in marginalised areas.

#### **11.1.3.2. KPI 3.3.2: Number of on-line courses available**

CoLabs make courses available on-line to support access to more targeted learners, especially those residing in deep rural, rural and peri-urban communities for inclusive social and economic growth.

In the 2017/18 FY, the target of 10 online courses available was missed by one and nine online courses were available. This was two more, compared to the seven on-line available courses in the 2016/17 FY.

#### 11.2. Programme 4: Knowledge for Innovation (K4I)

**Aim:** The purpose of Programme 4 is to look for appropriate, and often innovative, ways to address systemic problems and other inefficiencies and weaknesses in achieving learning success. This includes finding ways to identify entrants with potential that do not have the required entrance qualifications; supporting under-prepared students; introducing work integrated learning and practical components into programmes.

**What it entails:** As a core function, the Institute was responsible for research and policy development and developing a citizenry for the Information Society and Knowledge Economy. This process of reflection and renewal will be central to its vision of being responsive, flexible and innovative.

**Impact:** It will provide a focus for continuous research in a cross-disciplinary manner to concentrate on:

- New ways to embed technology into people's lives to improve business opportunities and access government services and social cohesion
- Managing evidence-based research and development for a collaborative knowledge economy to address the national goals (MTSF 2014-2019 and NDP 2013)
- Participating in the development of an evaluation and monitoring framework for collaborative knowledge economy-based efforts to address national goals e.g. MTSF 2014-2019 and NDP 2013
- Having a proactive approach to environmental scanning in a rapidly changing landscape (through its national platform that can more adequately assess gaps, overlaps and opportunities for collaborative approaches).

|   |   |
|---|---|
| <b>Strategic Outcome Oriented Goal 4:</b> | <b>Create knowledge for innovation</b>  |
| <b>Goal Statement</b>                     | Provide a focus for continuous research and innovation in a trans-disciplinary manner to concentrate on new ways to embed ICT into people's lives for socio-economic benefit                          |
| <b>Strategic Objective 4.1</b>            | Research programmes, knowledge assimilation/production and transfer   |
| <b>Objective Statement</b>                | <ul style="list-style-type: none"> <li>• Ensure effective research programmes</li> <li>• Ensure effective knowledge assimilation/production</li> <li>• Ensure effective knowledge transfer</li> </ul> |

#### 11.2.1. 4.1 Research programme

##### 11.2.1.1. KPI 4.1.1: Number of non-degree research and postgraduate research funded

Non-degree research entails case studies, research projects, etc. not linked to postgraduate degrees or qualifications commissioned by the CoLabs. Postgraduate research funded was aimed at supporting students who conduct e-skills related research.

The 2017/18 non-degree research and postgraduate research funded target was short of one, with seven instead of eight non-degree research topics being funded. However, this was an improvement on the five non-degree research topics funded in the previous financial year.

##### 11.2.1.2. KPI 4.1.2 Number of national e-Skills/ICT environmental scans conducted

The National Environmental Scan was to focus on the status quo of the e-skills environment in the country. It was aimed at increasing new-targeted e-skills programmes to increase the e-Readiness Rankings of South Africa.

and the implementation of national strategic priorities such as Broadband, content creation and e-literacy.

The environmental scan was not concluded in the 2017/18 Financial year. However, progress was made as a research instrument was developed, following a partnership aimed at Knowledge for Innovation, with the University of South Africa during the 2017/18 financial year. The environmental scan will be undertaken in a phased manner, beginning in the 2018/19 financial year and concluded in 2021.

#### **11.2.2. KPA 4.2: Knowledge assimilation/production (e-products, e.g. mobile applications, documentaries)**

##### **11.2.2.1. KPI 4.2.1 Number of scholars or researchers exchanged**

The purpose of this objective was to establish and facilitate exchange of students/researchers in the field of e-skills between institutions of learning nationally and internationally. This will contribute to building a research base at master's and doctoral levels.

In the 2017/18 financial year, the target of exchanging one student was reached.

##### **11.2.2.2. KPI 4.2.2 New products developed**

New products comprise of mobile applications and multimedia content aimed at influencing curriculum development, teaching and learning and providing a platform for the development of mobile applications to support the thematic areas for new job opportunities.

In the 2017/18 FY, seven new products were developed, exceeding the annual target of six, and that of the one new product developed in the 2016/17 FY.

#### **11.2.3. KPA 4.3: Knowledge transfer**

##### **11.2.3.1. KPI 4.3.1 Number of research colloquiums hosted in e-skills/ICT**

Although NEMISA had a target of one colloquium for the 2017/18 FY, and achieved it, the CoLabs also hosted colloquiums and this resulted in 10 colloquiums, thus exceeding the target by nine. This was an improvement compared to the two colloquiums which were hosted in 2016/17.

##### **11.2.3.2. KPI 4.3.2 Number of research papers in e-Skills/ICT delivered/presented**

The purpose of delivering/presenting papers was for research to be shared and facilitated across key decision makers, education, civil society and government stakeholders at local, national and international conferences and workshops. This was aimed increasing awareness of the nature and scope of the e-skills research and its impact on service delivery, teaching, innovation and collaboration.

In the 2017/18 FY, 15 papers were delivered against the annual target of five. The improvement on the performance of delivering one research paper in 2016/17 was achieved because of the platform offered by the E-Skills Summit and Colloquium held in the last quarter of the 2017/18 financial year.

##### **11.2.3.3. KPI 4.3.3 Number of e-Skills/ICT thought-leaders engagements**

17 thought-leader engagements took place in the 2017/18 FY, surpassing the annual target of six, resulting in the improvement on the number of seven engagements held in the 2016/17 FY. The increase in the number of thought-leader engagements was attributed to the CoLabs initiating opportunities for thought leader engagements.

### 11.3. Programme 5: Aggregation framework

**Aim:** The purpose of Programme 5 was to build a formalised multi-stakeholder aggregation and collaborative network that allows the Institute to link outputs and impact and helping existing service providers to demonstrate measurable impact against national strategic plans.

**What it entails:** The Institute will implement a monitoring framework to aggregate the uptake of technology within society and consistently address the opportunities between supply and demand of e-skills to deliver against the MTSF 2014-2019 goals, NDP 2013, and SDGs, and to support the local needs of an ever-evolving information society and knowledge economy.

|   |   |
|---|---|
| <b>Strategic Outcome Oriented Goal 5:</b> | <b>Ensure an effectual aggregation framework for e-competence development</b>   |
| <b>Goal Statement</b>                     | Provide strategic direction for e-competence development and a monitoring and evaluation framework to measure impacts   |
| <b>Strategic Objective 5.1</b>            | Aggregate e-Skills roll-out programmes and measure impact   |
| <b>Objective Statement</b>                | <ul style="list-style-type: none"> <li>• Ensure the development of an effective e-Skills aggregation framework, models, policies, etc.</li> <li>• Ensure the aggregation of e-skilling in the country</li> <li>• Ensure impact of e-Skills roll-out programme is measured in the country</li> </ul> |

### 11.4. KPA 5.1: Strategic guiding documents

#### 11.4.1. KPI 5.1.1: Number of new strategic guiding development reports provided (e.g. e-competency framework, aggregation framework, etc.)

The competency framework and the aggregation framework were not achieved during the 2017/18 Financial year because of lack of resources in NEMISA.

### 11.5. KPA 5.2 Impact measurement

#### 11.5.1. KPI 5.2.1 E-competence development impact indices report provided

The e-Competence impact indices were for measuring e-competence improvement. The development of these indices was for purposes of monitoring impact on targeted national development strategies. This objective was not achieved during the 2017/18 FY because of a lack of resources at NEMISA.

#### 11.5.2. KPI 5.2.2 National e-skills summit hosted

The National e-Skills Summit was hosted in the last quarter of 2017/18 and it brought together diverse stakeholders in the ICT sector.

## 12. IN-HOUSE TRAINING UNIT

The purpose of the In-House Training Unit is to provide capacity building services towards a robust broadcast, graphic design, interactive media and animation sector for a digital economy and society. The In-House Training Unit offers training and development that provides knowledge, skill and professional attitudes especially for young people to have access to the Broadcasting and Media Industry. It enables new entrants with competencies that equip them to seek employment as well as create employment for themselves as entrepreneurs who run their own businesses.

**Building capacity for sector users** - The In-House Training Unit of NEMISA expanded its footprint across seven provinces by implementing e-astuteness programmes to 390 sector users of which 364 were certified. It collaborated with stakeholders within the Creative Industry by leveraging off partnerships with the National Public Broadcaster, civil society and provincial centres. The In-House Unit rolled out e-competency and skills programmes by building capacity for Film and Television Production, Radio Production and Graphic Design.

| Courses  | Province   | NQF Level | Number of Learners |
|--|--|-----------|--------------------|
| National Certificate: Film and Television Production (SAQA 62069)        | North West<br>Free State<br>KwaZulu-Natal<br>Gauteng<br>Eastern Cape | Level 5   | 95                 |
| National Certificate: Radio Production (SAQA 62069)                      | Northern Cape  | Level 5   | 13                 |
| National Certificate: Radio Production (SAQA 62069)                      | KwaZulu-Natal  | Level 5   | 17                 |
| National Certificate: Radio Production (SAQA 62069)                      | Mpumalanga   | Level 5   | 28                 |
| FET Certificate: Film and Television Production Operations (SAQA 61450)  | Gauteng  | Level 4   | 16                 |
| FET Certificate: Film and Television Production Operations (SAQA 61450)  | KwaZulu-Natal  | Level 4   | 19                 |
| FET Certificate: Film and Television Production Operations (SAQA 61450)  | Eastern Cape   | Level 4   | 19                 |
| Skills Programme: Film and Television Production Operations (SAQA 61450) | North West<br>Free State<br>KwaZulu-Natal<br>Gauteng<br>Eastern Cape | Level 4   | 93                 |
| Skills Programme: Film and Television Production Operations (SAQA 61450) | Gauteng  | Level 4   | 25                 |
| Skills Programme: Graphic Design   | Gauteng  | Level 4   | 11                 |
| Skills Programme: Radio Production (SAQA 62069)                          | Western Cape   | Level 5   | 28                 |

**Collaborative partnerships take effort and strategy** – It is necessary to appreciate that collaborative partnerships are good working models yet require effort to work effectively. The In-House Unit enjoyed formalised partnership with the South African Broadcast Corporation (SABC); KwaZulu-Natal Film Commission; the National Community Radio Forum, Moses Kotane Institute; Elgin FM; the National Association of Broadcasters; Eastern Cape Information Technology Institute and MICT SETA, NEMISA's accrediting partner.

**Ensuring training curriculum is up-to-date** – The importance of revising and custom-making its courses is necessary to make sure that “out-of-date” practices are replaced with skills which respond to the demands of Creative Industries. The Animation and Graphic Design department developed new course materials in:

- Introduction to Graphic Design | 3 weeks skills programme for entry-level Design Practitioners
- Desktop Publishing and Photography | 3 weeks skills programme for entry-level Design Practitioners
- Introduction to Animation Drawing | 6 weeks skills programme for entry-level Animation
- Animation Production | 6 weeks skills programme for entry-level Animation
- 3D Modelling for Animation | 6 weeks skills programme for entry-level Animation
- Introduction to Motion Graphics | 6 weeks skills programme for entry-level Design Practitioners.

**Graduation Events** – Learners made good on the culmination of achieving their full qualifications. This celebratory achievement in Upington, eMalahleni and East London was made possible because of the hard work, commitment and sacrifice from parents, families and workplaces. The collaboration between accrediting partners, sponsors and workplaces ensured development and progress in achieving graduation. Keynote speakers at the graduation events included the Honourable Deputy Minister of Department of Telecommunications and Postal Services Ms Stella Ndabeni-Abrahams and NEMISA Board Member, Ms Nelisiwe Mkhali.

**Creating an enabling environment** – For this financial year, the In-House Training Unit budget was rather limited and this stifled the roll-out of its nine accredited qualifications. However, through its partnership with SABC, Moses Kotane Institute and KZN Film Commission, the Unit generated revenue of R8 million to implement some of the registered qualifications.

**National Impact and desired outcomes** – With broadcast courses resulting in qualified content producers, learners can move into digital migration. The initiative for Government to roll-out DTT stimulates the demand for local story and content producers. NEMISA programmes enables capacity building of technical skills in the broadcast sector with the objective of minimising the technical skills deficit. NEMISA's footprint in the various provinces enables learners to be certified as future sector users, along with opportunity for socio-economic impact not only for the learners but also for their communities.

## 13. STAKEHOLDER ENGAGEMENT

### 13.1. Context and audience for marketing and communications

NEMISA's aim is to develop multi-stakeholder e-skills partnerships that maximise impact and reduce duplication, while aligning to national goals. NEMISA's Marketing and Communication plays a stakeholder engagement role, supporting the development of the multi-stakeholder collaborative network. The stakeholder engagement role means maintaining contact with existing stakeholders through communication means, such as the NEMISA e-skills newsletter and the NEMISA website.

NEMISA's Marketing and Communication team also works on developing awareness and promoting advocacy. The aim is to engage current and future e-skills partners regarding the massification of building e-astuteness (e-skills) across all levels of society. This is primarily done through events, exhibitions, and conferences.

#### **Defining a target audience**

The target audience aligns to targeted partners for the formalised multi-stakeholder collaborative network. This includes partners across government, business, state-owned companies, community, education (universities, TVET Colleges, schools), organised labour, global development partners, and continental and international partners. The extended stakeholder base also includes the public. The focus on citizen awareness of digital essentials and the need for e-competence will become more of an emphasis for NEMISA Marketing and Communication.

A further component of the target audience is internal. Part of Marketing and Communication is to speak to internal audiences such as NEMISA staff and the provincial e-Skills CoLabs. This becomes even more critical in a decentralised organisation.

### 13.2. Promotion and creating targeted messaging

NEMISA's Marketing and Communication team has primarily focused on promoting NEMISA and the provincial CoLabs' work. There was much effort into positioning NEMISA as a national asset. (Do note that this needed to be done in the context of NEMISA's transition to the iKamva National e-Skills Institute.)

There has also been an emphasis on understanding the range of e-skills. This involves reframing 'e-skills' or 'digital skills' as more than e-literacy – to recognising that there is a framework of e-skills including e-practitioners, e-users and thought-leaders. All these e-skills are needed to support a growing Digital Economy and Digital Society.

The focus of internal audience communications is defining the organisation as a coherent brand and entity. The newsletter and branding mechanisms such as banners assist with this, but more work needs to be done.

### 13.3. Advocacy and awareness within NEMISA's strategy

Marketing and Communication (Stakeholder Engagement) falls under Programme 2 of the NEMISA strategy. The organisation's strategy aligns to national objectives, in particular the National Development Plan (NDP), National Integrated ICT Policy, the national Broadband Programme, and SA Internet for All. Creating an e-skilled society through e-astuteness and digital literacy (e-literacy) is an essential part of achieving objectives, with a focus on unlocking the potential of ICTs to eliminate poverty and reduce inequality in the country by 2030.

|   |   |
|---|---|
| <b>Strategic Outcome Oriented Goal 2:</b> | Formalised multi-stakeholder collaborative networks for e-competence development. This involves partners across government, business, continental and international partners, community, organised labour and education (TVET's, universities, colleges and schools) to harness effort and resources. |
| <b>Goal Statement</b>                     | Build a network of partnerships to stretch and combine resources to accomplish projects and objectives of mutual interest and benefit   |
| <b>Strategic Objective 2.1</b>            | <b>Advocacy, awareness and partnerships</b>   |
| <b>Objective Statement</b>                | <ul style="list-style-type: none"> <li>• Ensure effective advocacy and awareness</li> <li>• Ensure effective partnerships over all spheres, all sectors and CoLabs</li> </ul>   |

Note that there have been restrictions during the reported period. These are due to the transition that NEMISA is undergoing as it moves towards the iKamva National e-Skills Institute (iNeSI). Restrictions included budget and scope.

|   |  |
|---|--|
| <b>Strategic Outcome Oriented Goal 5:</b> | Build a formalised multi-stakeholder aggregation and collaborative network that allows the institute to link output and impact and helping existing service providers to demonstrate measurable impact against national strategic plans. |
| <b>Strategic Objective 5.2</b>            | Impact measurement   |

#### 13.4. Building a platform for greater impact (advocacy and awareness)

**Exhibitions and imbizos:** The following shows NEMISA marketing activity at events hosted by e-skills stakeholders.

| Quarter                             | Event  |
|-------------------------------------|--|
| <b>July, August, September 2017</b> | <ul style="list-style-type: none"> <li>• <b>Community Radio, Graduation, Mpumalanga (Witbank):</b><br/>Partners – National Community Radio Forum, local community radio stations, Ministry DTPS and MICT SETA<br/>Target audience – Graduates, broadcasting sector</li> <li>• <b>Young Women Empowerment Summit, Eastern Cape (Mthatha):</b><br/>Partners – Ministry DTPS, Provincial Department of Transport, DTPS SOCs,<br/>Target audience – Community leaders, Principal, teachers and learners, local government authorities</li> <li>• <b>SADC ICT Ministerial, KwaZulu-Natal (Ballito):</b><br/>Partners – Ministry DTPS, SADC ICT Ministers, DTPS SOCs<br/>Target audience – Decision-makers across the SADC region</li> <li>• <b>ITU Telecom World 2017 South Korea (Busan):</b><br/>Partners – Ministry DTPS, ITU Member States, ITU Members, SA Embassy in Korea<br/>Target audience – Government Business Leaders, Decision-makers, DTPS SOCs, Representatives from Provincial Government, Local SMMEs</li> <li>• <b>3rd BRICS ICT Ministers Meeting, China (China):</b><br/>Partners – Ministry DTPS, BRICS Member countries, DTPS SOCs and Business<br/>Target audience – Decision-makers, Government Leaders</li> <li>• <b>i-Village Launch, Gauteng (Soweto):</b><br/>Partners – Mind Sport South Africa, Acer SA<br/>Target audience – Unemployed Youth, Decision Leaders</li> <li>• <b>USAASA Broadband Rollout Launch, Eastern Cape (OR Tambo District):</b><br/>Partners – Ministry DTPS, OR Tambo District Municipality, DTPS SOCs, Business Partners, Provincial Department of Education<br/>Target audience – Government Leaders, Decision-makers, DTPS SOCs, Local Government Department, Teachers and Learners, Community</li> <li>• <b>Profiling of the CEO in 'Service Leadership in Local Government' publication</b><br/>This magazine is distributed to decision makers in government and big businesses, as well as members of the South African Chamber of Business, NAFCO, SITA and SALGA.</li> </ul> |

| Quarter                      | Event  |
|------------------------------|--|
| July, August, September 2017 | <ul style="list-style-type: none"> <li> <p>• <b>World AIDS Day Build-up Programme (WAD), Empilisweni HIV/AIDS and Orphans Care Centre, Ndevana, Eastern Cape:</b><br/>Partners – Ministry DTPS, DTPS SOCs, Buffalo City Metropolitan Municipality, EC Department of Health, Royal Family Members<br/>Target audience – Learners, Local Government Community</p> </li> <li> <p>• <b>AfricaCom 2017, Cape Town, Western Cape</b><br/>Partners – Ministry DTPS, DTPS SOCs, AfricaCom<br/>Target audience – Government, Business Leaders, Decision makers, DTPS SOCs</p> </li> <li> <p>• <b>Visit to Mumbai (India) with Deputy Minister, JIO Innovation Centre, Governor / Chief Minister of Maharashtra, ICT Specialists</b><br/>Partners – Deputy Minister, JIO Innovation Centre, Governor / Chief Minister of Maharashtra, ICT Specialist<br/>Target audience – Delegation went to explore entrepreneurial opportunities between South Africa companies mainly ICT SMMEs and their India counterparts</p> </li> <li> <p>• <b>Radio Production &amp; e-Literacy Certificate Ceremony, Upington, Northern Cape:</b><br/>Partners – Ministry DTPS, MICT SETA, Vaal University of Technology, NEMISA, Community<br/>Target audience – Unemployed Youth, Community, Decision Leaders, Local Government, Teachers and Learners</p> </li> <li> <p>• <b>Limpopo Cybersecurity Awareness Portal Launch, Polokwane, Limpopo:</b><br/>Partners – Ministry DTPS,<br/>Target audience – Decision-makers, Government, Leaders</p> </li> <li> <p>• <b>IBM CSC Kick-Off Ceremony, Braamfontein, Gauteng:</b><br/>Partners – NEMISA, Office of Gauteng Premier, Local Municipality<br/>Target audience – IBM provided pro-bono consulting and worked on the “Internet4All” project for NEMISA</p> </li> <li> <p>• <b>2017 Future of Education Summit, Sandton Convention Centre, Gauteng:</b><br/>Partners – ABN Africa Business News, CNBC Africa.Com, Department of Higher Education &amp; Training, Department of Basic Education<br/>Target audience – Government, Business Leaders, Decision-makers, Representatives from Provincial Government, Local SMMEs</p> </li> <li> <p>• <b>13th Annual Eastern Cape ICT Summit, East London, Eastern Cape</b><br/>Partners – NEMISA; DTPS; SITA; Department of Health; Local Municipalities; MTN<br/>Target audience – Local Government; Municipalities; Businesses; Educational Departments and Civil Society</p> </li> <li> <p>• <b>Launch of National Cyber Security Portal, Regent Hotel, East London, Eastern Cape:</b><br/>Partners – DTPS; NEMISA; Walter Sisulu University<br/>Target audience – Local Government; Municipalities; Businesses; Educational Departments and Civil Society</p> </li> <li> <p>• <b>Stakeholder engagement, University of Western Cape, Western Cape:</b><br/>Partners – DTPS, University of Western Cape<br/>Target audience – All</p> </li> <li> <p>• <b>Hour of Code, University of Limpopo, Limpopo</b><br/>Partners – University of Limpopo<br/>Target audience – Unemployed Youth; Student; Education Department</p> </li> <li> <p>• <b>Provincial Tourism Technical Committee (PTTC), Christina Resorts, North West:</b><br/>Partners – Department of Tourism, Local Municipalities<br/>Target audience – All</p> </li> <li> <p>• <b>TV Production Graduation, East London, Eastern Cape:</b><br/>Partners – Eastern Cape Information Technology Initiative, TV Industry players, MICT SETA<br/>Target audience – Industry Players, Graduates, Broadcasting Sector Youth</p> </li> <li> <p>• <b>Ministry of ICT: Central African Republic (CAR), CAR, Gauteng:</b><br/>Partners – SENTECH, DTPS, DIRCO, Ministry of Communications (CAR), CAR Consulate<br/>Target audience – Fact finding meeting with the Ministry of Communications &amp; Information (CAR)</p> </li> <li> <p>• <b>National Certificate: End User Computing Graduation, Newcastle, KwaZulu-Natal:</b><br/>Partners – Ministry – DTPS, Provincial e-Skills CoLab, DUT, DoBE, MICT SETA, ETDP SETA, DPSA<br/>Target audience – 34 learners who received the End User Computing Certificate.</p> </li> <li> <p>• <b>Absent Father Article, IOL – Pretoria News, KwaZulu-Natal /National:</b><br/>Partners – Durban University of Technology<br/>Target audience – All</p> </li> <li> <p>• <b>Social Media ethics in Focus Article, Daily News, KwaZulu-Natal / National:</b><br/>Partners – Durban University of Technology<br/>Target audience – All</p> </li> <li> <p>• <b>When grudge payments morph to nudge – a theory that earned a Nobel Prize Article, Voices 360, KwaZulu-Natal / National:</b><br/>Partners – Durban University of Technology<br/>Target audience – All</p> </li> </ul> |

| Quarter                       | Event   |
|-------------------------------|---|
| January, February, March 2018 | <ul style="list-style-type: none"> <li>• Information Communication Technology &amp; Society Conference</li> <li>• DUT Research and Engagement session</li> <li>• Interview with Radio Hindvani</li> <li>• National Community Radio Forum Week</li> <li>• Elgin FM Launch - Western Cape</li> <li>• BITF/Finland/Gauteng Government</li> <li>• National e-Skills Summit</li> </ul> |

Note that the National e-Skills Summit is part of Programme 5 – hosting the National e-Skills Summit. See the table above.

### 13.5. Stakeholder relations

From a marketing and communication perspective, stakeholder relations are developed through communication touch points. These touch points provide a channel for NEMISA to communicate e-skills information.

**Survey:** A stakeholder engagement survey was conducted in Q4.

**Newsletter:** There is a monthly newsletter that showcases NEMISA's activities. These include:

- e-Astuteness development (teaching and learning)
- Knowledge for innovation (research)
- Multi-stakeholder collaboration, including new partnerships
- General information on NEMISA and achievements
- Information on e-skills and e-astuteness

The newsletter is sent out to e-skills stakeholders and is also used at events.

**Website:** NEMISA developed a transitional website. This new website was revamped and made operational in Quarter 2 of the reporting period.

Further external stakeholder communication touch points for the reported period include:

- Annual Report – 2017/18
- Updating the Value Proposition document

**Internal communications:** Internal communications within NEMISA have focused on operational documents and national policy guidelines.

## 14. HUMAN RESOURCES

NEMISA's employees are the most important assets of the organisation because they appreciate and not depreciate. The return on investment on employees is a clear indication of the value they are adding throughout the entire year. The e-skill strategy focuses on driving a culture of performance and creating a productive workforce. In order to sustain our business, we aim to recruit, develop and retain appropriately skilled, committed, engaged and accountable employees that are motivated to go an extra mile of being high performers. The recruitment of the devoted, knowledgeable, skilled and experienced staff is vital for NEMISA to meet its goals and objectives. To give effect to e-skilling South Africa, the organisation continued to develop staff so that they can contribute to the national e-skills strategy. Through Human Resources as a Business Partner to the organisation and support services, the Unit provides support to the NEMISA Board, management, employees and stakeholders in the execution of the organisation's strategic plan ensuring engagement with all stakeholders.

### **Our people – moving towards a culture of performance**

**Newly joined employees:** The implementation of the Recruitment policy has been followed whenever new positions are to be filled. The Board of NEMISA approved the appointment of the National CoLab Director in October 2017.

### **Handling the existing projects while considering new business models:**

NEMISA's management had to balance the running of current strategic projects while considering the implementation of the newly approved strategic and annual performance plan 2017. This resulted in additional vacancies in the organisational structure. Thus, the newly approved structure will assist the organisation with successfully implementing the approved Strategic Plan and APP.

**The review of policies and procedures:** A key finding by the Auditor General in 2015/16 was the need to review NEMISA's HR policies and procedures. NEMISA's Board reviewed the 2009 and 2012 policies and procedures considering HR-related matters and challenges faced by the organisation. The ten individual HR Policies mentioned below were approved by NEMISA's Board on 28 February 2018 following consultation with staff and the Employment Equity Committee. The process of refining and developing the remaining HR Policies and Procedures is an ongoing HR function within NEMISA.

- (1) Recruitment and Selection;
- (2) Relocation and Resettlement;
- (3) Grievance Procedure;
- (4) Disciplinary Code and Procedure;
- (5) Code of Conduct and Ethics;
- (6) Employee Remuneration and Benefits Policy;
- (7) Performance Management Framework and Policy;
- (8) Leave Policy;
- (9) Skills Development Policy; and
- (10) Employment Equity Policy.

**Training and Development:** Staff development is critical to ensure continuous learning and development of employees. The reserved budget was spent on skills development to ensure staff members are equipped to perform and add value towards the achievement of NEMISA's strategic objectives. Staff training has been viewed as a retention strategy hence there has been a low staff turnover within the financial year. One of the objectives of NEMISA is to close competency gaps by coordinating, integrating and addressing all learning needs of employees, as well as enhancing performance throughout our company, by focusing on business needs taking into account the financial constraints.

The development of the Workplace Skills Plan (WSP) led to NEMISA staff contributing into workplace training and development forums. In line with the correct legislation, NEMISA's HR policies and procedures are compliant. Individuals' Development Plans as well as inputs from different departmental staff training needs and skills gaps assisted with compiling and the readiness-level of the 2018/19 WSP submission to ETDP-SETA.

**The process of a high performing culture:** For a suitable transformation process to run smoothly towards the new business model, the Board of NEMISA gave direction in this regard. This includes the following:

- Adopting an organisational structure best suited to deliver on the new mandate
- Relevant instruments for assessing staff competencies
- Appointing staff into the new structure
- Concluding performance contracts that reflect new responsibilities

#### Current NEMISA Structure - Employment and vacancies

The following table indicates the total number of new posts approved during the year under review. It gives an indication of the personnel numbers in those posts and if there are any vacancies as per occupational levels.

| Occupational levels                  | 2016/2017 no. of employees | 2017/2018 approved posts | 2017/2018 no. of employees | 2017/2018 vacancies | % of vacancies |
|--------------------------------------|----------------------------|--------------------------|----------------------------|---------------------|----------------|
| Top Management (level 14-15)         | 2                          | 3                        | 2                          | 1                   | 2.32%          |
| Senior Management (level 13)         | 3                          | 3                        | 2                          | 1                   | 2.32%          |
| Professional qualified (level 11-12) | 5                          | 7                        | 7                          | 0                   | 0%             |
| Skilled (level 6-10)                 | 21                         | 23                       | 21                         | 2                   | 4.65%          |
| Semi-skilled (level 1-5)             | 7                          | 7                        | 7                          | 0                   | 0%             |
| <b>Total</b>                         | <b>38</b>                  | <b>43</b>                | <b>39</b>                  | <b>4</b>            | <b>9.3%</b>    |

The current 4 vacant positions that are funded will be advertised and filled.

#### Employment changes

This table displays the number of filled posts at the beginning of the financial year and the number of terminations during the period.

| Occupational levels                  | Appointment | Termination |
|--------------------------------------|-------------|-------------|
| Top Management (level 14-15)         | 0           | 1           |
| Senior Management (level 13)         | 0           | 0           |
| Professional qualified (level 11-12) | 5           | 2           |
| Skilled (level 6-10)                 | 4           | 0           |
| Semi-skilled (level 1-5)             | 0           | 0           |
| <b>Total</b>                         | <b>9</b>    | <b>3</b>    |

- Including Project Staff
- The three (3) employees resigned.

#### Staff Exit Reasons

| Reason for leaving | Number   | % of total no. of staff leaving |
|--------------------|----------|---------------------------------|
| Death              | 0        | 0%                              |
| Resignation        | 3        | 100%                            |
| Dismissal          | 0        | 0%                              |
| Retirement         | 0        | 0%                              |
| Ill Health         | 0        | 0%                              |
| <b>Total</b>       | <b>3</b> | <b>100%</b>                     |

### Equity Target and Employment equity (EE) status

NEMISA embraces and is in support of change in the workplace by complying with Employment Equity (EE) principles. There are no physically challenged employees employed in the organisation for the current period under review. However, targets are being reviewed in light of the WSP and the EE targets for the changed organisation. The organisation's demographic structure during the period under review was as follows.

| Gender       | African current | Coloured current | Indian current | White current | Total     |
|--------------|-----------------|------------------|----------------|---------------|-----------|
| Male         | 23.08%          | 5.13%            | 2.56%          | 2.56%         | 33.89%    |
|              | 9               | 2                | 1              | 2             | 14        |
| Female       | 43.60%          | 5.13%            | 2.56%          | 12.82%        | 65.10%    |
|              | 17              | 2                | 1              | 5             | 25        |
| <b>Total</b> | <b>26</b>       | <b>4</b>         | <b>2</b>       | <b>7</b>      | <b>39</b> |

### ORGANISATION CHALLENGES AND MITIGATIONS

| Risks  | Mitigations  |
|--|--|
| 1. Non-review of outstanding Human Resources Policies and Procedures | <ul style="list-style-type: none"> <li>Ensure that all HR policies and procedures are developed, documented, implemented and communicated in a timely and comprehensible manner (three (3) yearly basis).</li> <li>Ensure that implementation of approved and future policies and procedures is adhered to, monitored and well communicated to all employees.</li> </ul> |
| 2. High staff turnover   | <ul style="list-style-type: none"> <li>Ensure that the institution provides support and programmes to recruit, hire, motivate, and retain the best and brightest employees and managers to carry out its mission.</li> </ul>   |
| 3. Repeat audit findings   | <ul style="list-style-type: none"> <li>Implementation of recommendations.</li> <li>Recruitment of HR Officer.</li> </ul>   |
| 4. Overall organisation's qualified Audit                            | <ul style="list-style-type: none"> <li>Management identifies and supports staff training and Development.</li> <li>Employee Wellness Programmes: Happy employees improve performance and achieve the set goals.</li> </ul>   |
| 5. Delays in submitting performance agreements and reviews           | <ul style="list-style-type: none"> <li>Schedule yearly submission date.</li> <li>Strict measures to be applied e.g. Line Managers to be held accountable and not be rewarded.</li> </ul>   |
| 6. Delays in appointing critical skills posts                        | <ul style="list-style-type: none"> <li>Adhere to Acting Allowance policy timeframe.</li> <li>Provide additional human resources in support of those in acting positions.</li> </ul>  |

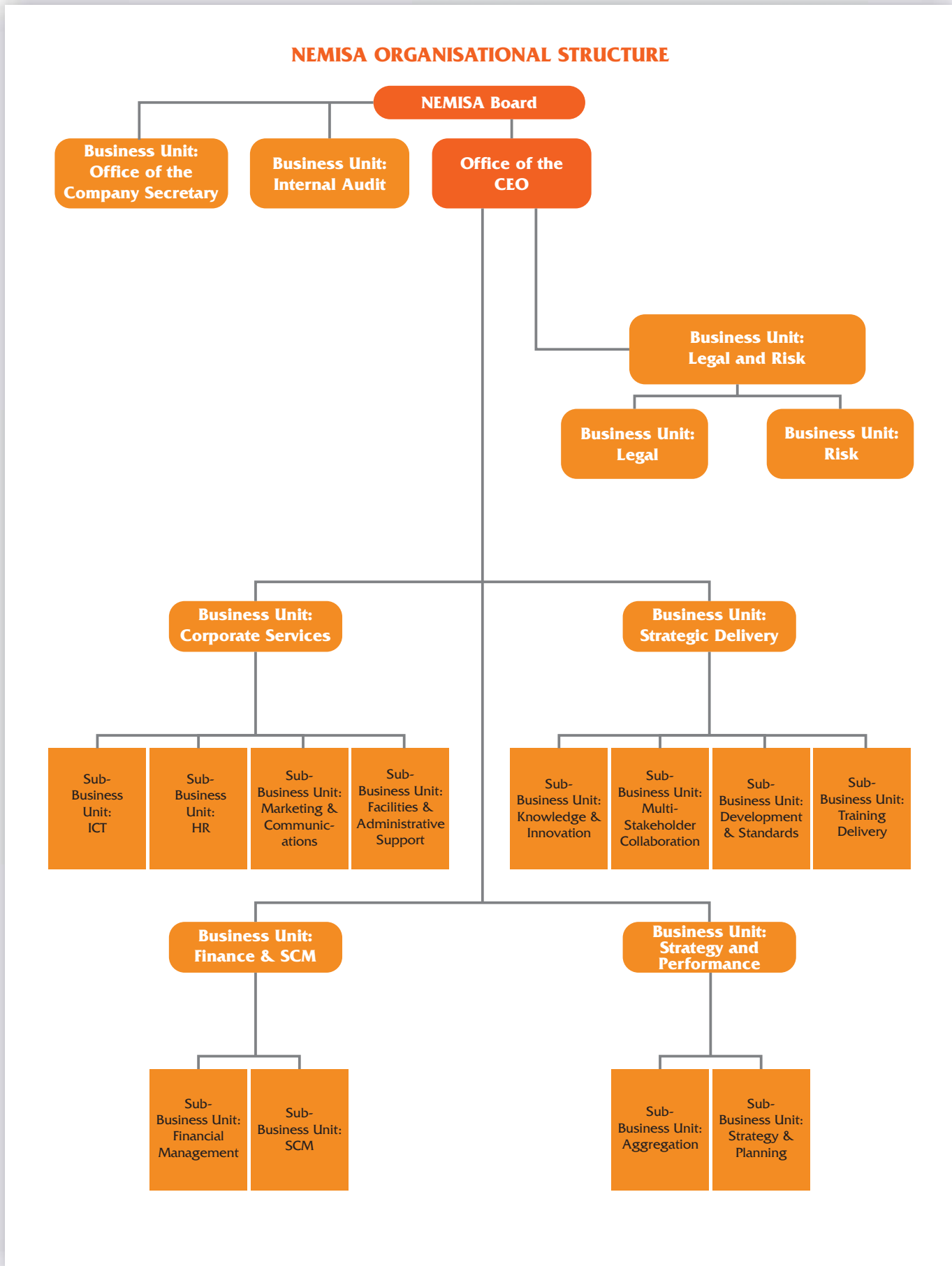
### Moving into iNesi (iKamva National e-Skill Institute)

NEMISA is in the process of becoming the iKamva National e-Skill Institute (iNeSI). This is an integration of three entities, being NEMISA, The e-Skill Institute (e-SI) and Institute for Satellite and Software Applications (ISSA). This will result in the change in the organisational structure. In preparation for this change a new structure to cater for this change has been approved (refer to structure below) and consultation with staff is in progress regarding this change. The new structure will result in NEMISA increasing its staff capacity to 68 as follows:

| Description                           | Number of posts | Filled Posts | Vacant Posts |
|---------------------------------------|-----------------|--------------|--------------|
| Funded Approved Current Posts         | 43              | 39           | 4            |
| Unfunded Posts (due to new structure) | 25              | 0            | 25           |
| <b>Total Revised Structure</b>        | <b>68</b>       | <b>39</b>    | <b>29</b>    |

The unfunded posts are awaiting Treasury budget approval.

The approved structure current update: The Board of NEMISA approved the new structure during the 2017/18 Financial Year.



## NEMISA STAFF



**Tebogo Ngxande**



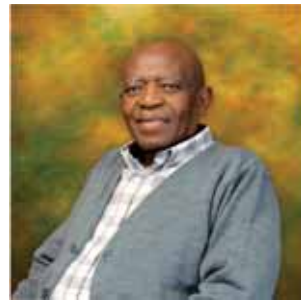
**Sibongile Imenda**



**Thabang Phetla**



**Peter Jembula**



**Bheki Khumalo**



**Victoria Tau**



**Kuben David**



**Mapula Thebethe**



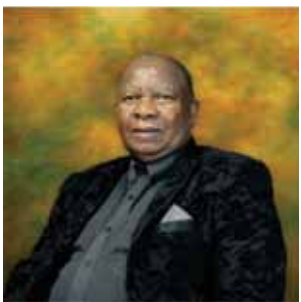
**Thembinkosi Sibankulu**



**Mary Moleke**



**Thembi Sibeko**



**Petrus Mojaki**



**Antoinette Young**



**Bongwiwe Kubheka**



**Jacques Fortuin**



**Brenda Mfaku**



**Fumane Diseko-Biagini**



**Mohapi Moiloa**

## NEMISA STAFF



**Emmanuel Ramoipone**



**Lungile Mbokazi**



**Lizette Rudy**



**Theresa Jurries**



**Ferial Kaylas**



**Erna Dames**



**Doc Fick**



**Phora Moshome**



**Jennifer Mekgwe**



**Henson Magumise**



**Lungile Xulu**



**Khomotso Malaka**



**Adri Strydom**



**Thilivhali Ramawa**



**Annah Motloung**



**Mpho Maedi**

## 15. ICT MANAGEMENT

NEMISA is undergoing a transformation process to become an e-Skills Institute for the development of digital skills in order to position South Africa as a knowledge economy.

Given its expanded mandate as a catalytic organisation, as outlined in the iNeSI bill, working collaboratively with a broad range of public and private stakeholders, the Institute needs to take the necessary steps to adapt to its broadened mandate to build the national e-Skills capability for South Africa.

The strategic theme of the ICT business unit is 'towards an e-enabled NEMISA'. This encompasses alignment with NEMISA's strategy and business plan, growth and development of the organisation and its employees, and alignment to global trends.

The short-term focussed ICT Plan "Towards an e-enabled NEMISA", based upon assessments that have shown a critical need to address key ICT architectures, informed key achievements during the 2017/18 financial year.

### 15.1. Migration to a hosted cloud environment

NEMISA successfully transitioned to an Integrated Information and Communication Technology Infrastructure, a hosted cloud environment, during August 2017, replacing outdated ICT server and connectivity infrastructure that posed significant risks to business continuity, data security and integrity.

The cloud-based infrastructure provides the stability and the agility required and enables NEMISA to respond quickly to opportunities and implement innovations in its progressively expanding activities in the performance of its mandate.

### 15.2. Upgrade of existing organisational support systems

Improvements in key operational business processes were achieved with the long overdue upgrade of the financial and procurement systems, including the migration of these systems onto the hosted cloud environment. This enabled NEMISA to take advantage of new functionalities, realise business process improvements, increase responsiveness, improve data security and reduce support costs, thus contributing to internal business excellence.

### 15.3. Collaboration platform

The core of how we work at NEMISA to achieve the NDP goal of e-skilling the nation to participate in an Information Society is collaboration – reflected in our core values as well as our strategic objectives. NEMISA has implemented the Microsoft Office 365 (O365) suite of software collaboration tools, as has most of its delivery CoLabs hosted at partner Universities. Various projects related to this collaboration platform have been initiated or completed, including the migration of electronic mail, as well as Board and CoLab portals that provide secure access to documentation and information from anywhere.

### 15.4. ICT Governance

The revised NEMISA Corporate Governance of ICT Framework Policy and re-constituted ICT Steering Committee was operationalised in the period under review, proving an enabling structure to give effect to the Governance of ICT and the management of ICT functions.

An Information Technology General Controls Review was completed during the last quarter and audit recommendations from the review are being incorporated into the recently revised and updated ICT policies.

### 15.5. Building ICT Support Services

Satisfaction with ICT services is of enormous value, both financially and non-financially. ICT user satisfaction is directly related to the functioning of the ICT unit. In turn, the functioning of the ICT unit has an impact on the organisation's productivity. Research has shown that employees waste an average of 7.6% of the time spent behind a computer due to poorly functioning ICT and a lack of training.

A baseline survey was conducted to understand and measure the ICT business unit's efficiency and effectiveness by evaluating end-user satisfaction with delivery of ICT services. In addition, all employees completed a self-assessment skills questionnaire to establish the level of MS Office skills (training needs analysis). Results from the above survey and questionnaire were used to inform ICT projects related to the improvement in the provision of services and training interventions required.

The third quarter also saw the implementation of a new, open source helpdesk system that enables the ICT support unit to capture and analyse support requests better, enable user self-service with access to a user portal to the system and use various tools to track and monitor selected key infrastructure performance measures.

The regular ICT e-mail newsletter 'ITsnippITs', implemented during the period under review, continues to receive positive feedback and the improved staff engagement will contribute positively to future projects and assist with the management of change resulting from ICT projects.

### 15.6. Planning for the future

A comprehensive ICT Business Plan 2018/19 has been drafted for approval. It provides a blueprint for achieving the ICT mission and draws upon the NEMISA Strategic Plan and Annual Performance Plan 2018/19, consultations with business units, internal audit findings from the recently completed information technology general controls review, institutional challenges and opportunities, as well as ICT priorities.

The focus of the plan is to build upon achievements during the 2017/18 financial period, leveraging off the investments made in key technologies by operationalising the implementations completed, addressing Governance and information security within the new ICT environment and implementing technology solutions focusing on both the administrative and delivery strategic outcome orientated goals of NEMISA.

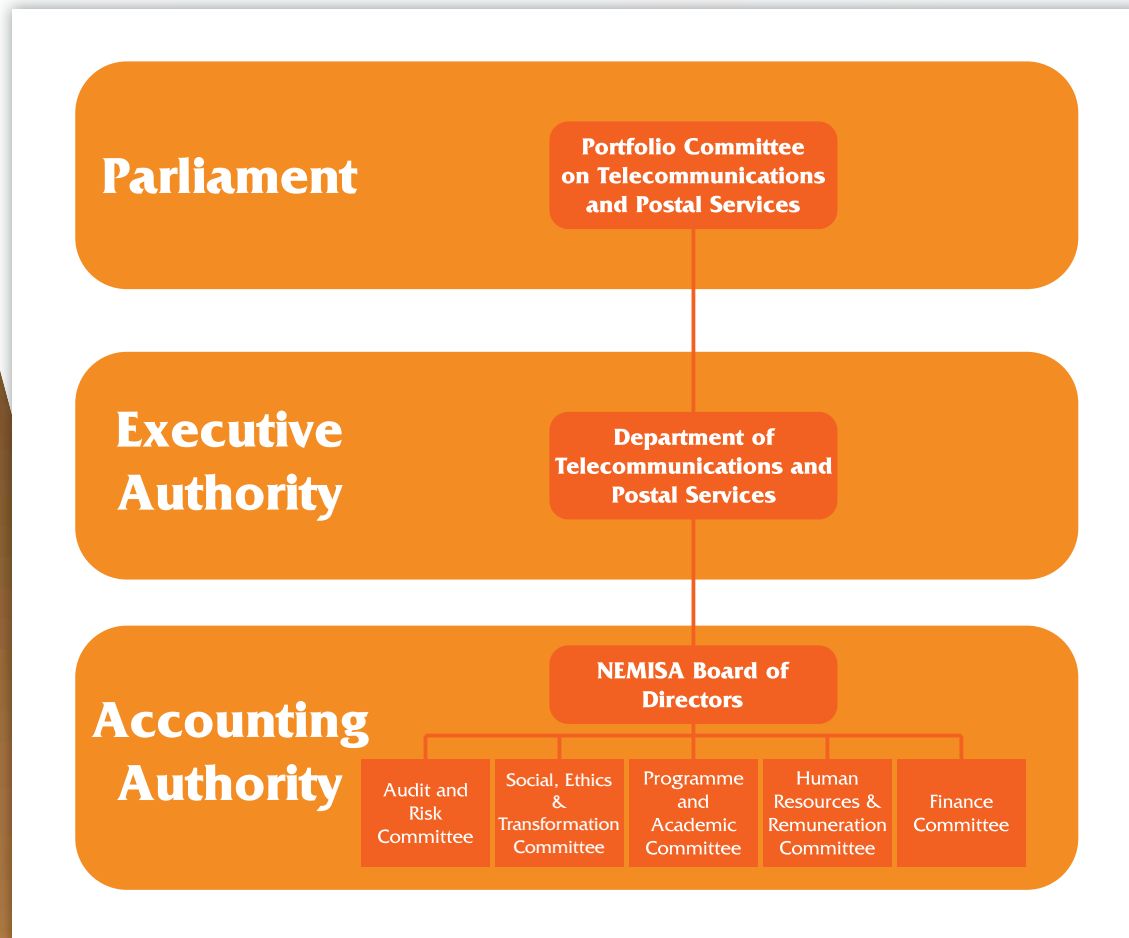
The plan takes a major step forward to provide technology solutions that will enable NEMISA to "shift into the next gear" in the execution of its Annual Performance Plan (APP) 2018/19, given that the required resources are available for the successful execution of the planned projects.



## 16. CORPORATE GOVERNANCE

The report covers the governance activities of the organisation.

The Board is committed to attaining the highest standards of corporate governance within the organisation. The organisation is governed in terms of the following governance structures:



### 16.1. The Portfolio Committee

NEMISA reports to the Parliament through the Portfolio Committee on Telecommunications and Postal Services.

The Chairperson of the Board and the Executives continue to engage regularly with the Portfolio Committee on issues of delivery and organisational governance.

Key engagements with the Portfolio Committee:-

- Presentation of the Quarterly Performance Reports
- Presentation of the Strategic Plan and Annual Performance Plan
- Presentation of the iNeSI Bill.

### • 16.2. The Executive Authority (DTPS)

NEMISA reports to the Department of Telecommunications and Postal Services. Throughout the year, NEMISA has had various engagements with the DTPS on governance and oversight matters. The DTPS continued to provide strategic and policy direction to the Organisation.

Key engagements with the DTPS:-

- Quarterly review meetings
- Bilateral meetings with the Minister and Deputy Minister to address matters of organisational governance.

### 16.3. The Board and its Committees

#### 16.3.1. Board of Directors

In terms of clause 13 of the Memorandum of Incorporation, the Board of NEMISA should be composed of no less than (5) Directors, until otherwise determined by the Minister or at an Annual General Meeting ("AGM"). At least one of the Directors shall be the Chief Executive Officer as prescribed in the Memorandum of Incorporation (Mol).

As at 31 March 2017, the Board consists of six non-executive directors appointed from 01 September 2016. The term of office of the Board members is three years.

The Board's primary function is to determine the Institute's strategic direction and to exercise prudent control over the Institute and its affairs.

The Board fully subscribes to the principles of good governance and regards these as fundamentally important to the business success and sustainability of the Institute.

The Board concludes a Governance Agreement with the Executive Authority annually. The main aim of the Governance Agreement is to document the organisation's deliverables for the year as well as outline the requirements regarding reporting responsibilities, meeting schedules as well as communication protocols.

The Board has ultimate responsibility and accountability for the performance and operations of the organisation. It has the responsibility to ensure that the organisation adheres to high standards of ethical behaviour, and provides oversight and guidance.

#### 16.3.2. Board appointments and resignations

The Executive Authority appoints the Board, Board administration is governed in terms of the organisation's Mol and the Governance Agreement concluded with the shareholder.

During the financial year under review, there were two movements within the Board, as follows:-

- **Ms Alina Mfulu** resigned as at 30 October 2017  
Ms Mfulu resigned as she was appointed a member of Parliament of the Republic of South Africa.
- **Mr Thami Ka Plaatjie** term ended 31 March 2018  
Mr Ka Plaatjie joined the organisation in 2012 and served on the Board for three consecutive terms.

#### 16.3.3. Independence of the Board

The Board considers submissions and recommendations made by Management and makes independent decisions based on its fiduciary responsibilities and the strategic direction of the company. The Board has a formal charter that defines its mandate, roles and responsibilities.

The Board committees meet independently and report back to the Board through their chairpersons. Each committee has a formal charter that clearly defines its roles and responsibilities.

The Audit and Risk Committee regularly meets individually with the external and internal auditors. Furthermore, the Board, its committees and individual directors may engage independent counsel and advisers on request and at the discretion of the Board.

#### 16.3.4. Board Composition

The following is the Board composition as at 31 March 2018:



**Prof. Walter T Claassen**  
Board Chairperson



**Ms Mymoena Ismail**  
Chief Executive Officer



**Mr. Thami Ka Plaatjie**  
Deputy Board Chairperson

*(Term ended 31 March 2018)*



**Ms Rofunwa Ligege**  
Acting Chief Financial Officer



**Prof. Manoj Maharaj**  
Chairperson of the Finance  
Committee



**Ms. Nelisiwe Mkhaliphi**  
Chairperson of the Programme  
& Academic Committee



**Sarien Rana Kersh**  
Chairperson of the Social,  
Ethics & Transformation Committee



**Mr. Lucas Mello**  
Chairperson of the Human  
Resources & Remuneration Committee



**Ms Alina Mfulo**  
Chairperson of the Programme &  
Academic Committee

*(Term ended 30 October 2017)*



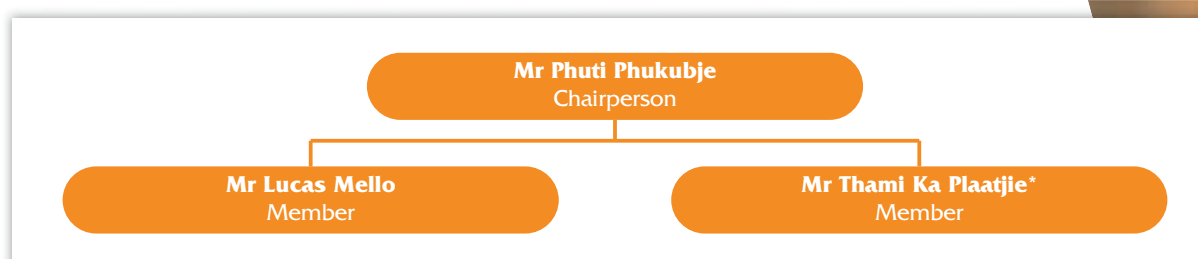
**Mr. Phuti Phukubje**  
Chairperson of the Audit &  
Risk Committee

#### 16.4. Board meeting attendances for 2017/18

| Dates             | Claassen  | Maharaj   | Mello     | Phukubje  | Mfulo    | Kersh     | Mkhaliphi | Ka Plaatjie |
|-------------------|-----------|-----------|-----------|-----------|----------|-----------|-----------|-------------|
| 29 May 17         | ✓         | ✓         | ✓         | ✓         | ✓        | ✓         | ✓         | ✗           |
| 25 Jun 17         | ✓         | ✓         | ✓         | ✓         | ✓        | ✓         | ✓         | ✗           |
| 30 Jul 17         | ✓         | ✓         | ✓         | ✓         | ✓        | ✓         | ✓         | ✗           |
| 18 Aug 17         | ✓         | ✓         | ✓         | ✓         | ✓        | ✓         | ✓         | ✗           |
| 24 Aug 17         | ✓         | ✓         | ✓         | ✓         | ✓        | ✓         | ✓         | ✓           |
| 04 Sep 17         | ✓         | ✓         | ✓         | ✓         | ✓        | ✓         | ✓         | ✗           |
| 21 Sep 17         | -         | ✓         | ✓         | ✓         | ✓        | ✓         | ✓         | ✓           |
| 12 Oct 17         | -         | ✓         | ✓         | ✓         | -        | ✓         | ✓         | ✓           |
| 30 Oct 17         | ✓         | ✓         | ✓         | ✓         | -        | ✓         | ✓         | ✓           |
| 13 Dec 17         | ✓         | ✓         | ✓         | ✓         | -        | ✓         | ✓         | ✗           |
| 06 Dec 17         | ✓         | ✓         | ✓         | ✓         | -        | ✓         | ✓         | ✓           |
| 29 Jan 18         | ✓         | ✓         | ✓         | ✓         | -        | ✓         | ✓         | ✓           |
| 26 Mar 18         | ✓         | ✓         | ✓         | ✓         | -        | ✓         | ✓         | ✓           |
| <b>Total = 13</b> | <b>11</b> | <b>13</b> | <b>13</b> | <b>13</b> | <b>8</b> | <b>13</b> | <b>13</b> | <b>7</b>    |

#### 16.5. Board Committees

##### 16.5.1. Audit and Risk Committee (ARC)



\*Term Ended 31 March 2018

Audit & Risk Committee Objectives:-

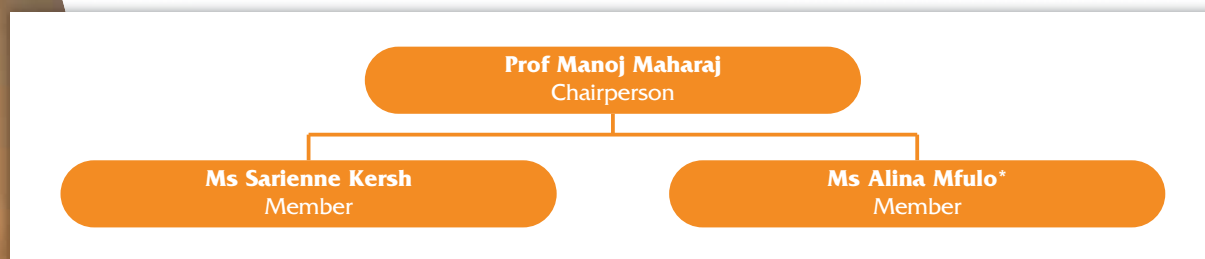
- The Committee is established in terms of section 51(1)(a)(ii) of the Public Finance Management Act No 1 of 1999 (PFMA) as amended and relevant Treasury Regulations, and in accordance with NEMISA's Memorandum of Incorporation.
- The Committee is an advisory Committee of the Board. The Committee continues to function effectively and gives guidance and support to the Board in terms of its duties as detailed in the approved charter.

In respect of the statutory duties of the Committee as set out in section 94 of the Act and the PFMA, the Committee will be accountable and report to the members of the Organisation and such other parties as provided for in the Acts. In respect of all other duties as contained in the Terms of Reference, the Committee will be accountable to and report to the Board.

ARC Meeting attendances 2017/18:

| Dates             | Ka Plaatjie | Phukubje  | Mello     |
|-------------------|-------------|-----------|-----------|
| 19 Apr 17         | ✓           | ✓         | ✓         |
| 26 May 17         | ✗           | ✓         | ✓         |
| 25 Jul 17         | ✓           | ✓         | ✓         |
| 21 Sep 17         | ✓           | ✓         | ✓         |
| 12 Oct 17         | ✓           | ✓         | ✓         |
| 23 Oct 17         | ✗           | ✓         | ✓         |
| 06 Nov 17         | ✓           | ✓         | ✓         |
| 13 Dec 17         | ✓           | ✓         | ✓         |
| 26 Jan 18         | ✓           | ✓         | ✓         |
| 16 Feb 18         | ✓           | ✓         | ✓         |
| <b>Total = 10</b> | <b>8</b>    | <b>10</b> | <b>10</b> |

**16.5.2. Finance Committee (FINCOM)**



*\*Term Ended 30 October 2017*

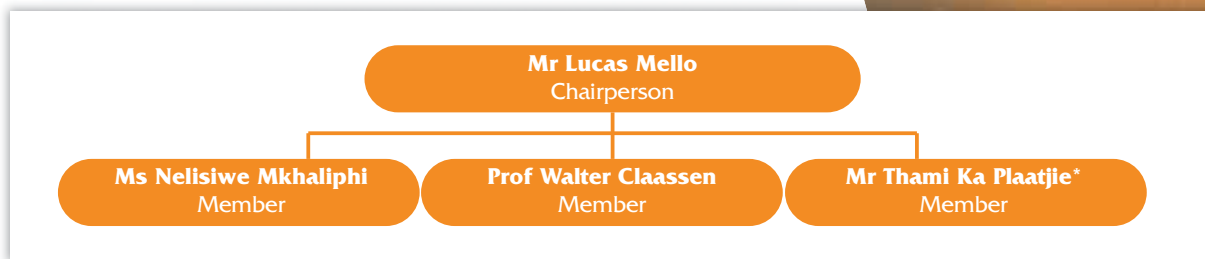
Committee Objectives:-

- The role of the Finance Committee (“the Committee”) as established by the Board of Directors is to support the Board in exercising its authority in relation to the matters set out in these Terms of Reference. The Committee is accountable to the Board of Directors for its performance.
- The Committee exercises its delegated authority as determined by the Board from time to time, subject to the provisions of the NEMISA’s Memorandum of Incorporation and the Board Charter.

FINCOM Meeting attendances 2017/18:

| Dates            | Mfulo    | Maharaj  | Kersh    | Ka Plaatjie |
|------------------|----------|----------|----------|-------------|
| 24 Jul 17        | ✓        | ✓        | ✓        | ✗           |
| 20 Oct 17        | ✓        | ✓        | ✓        | ✗           |
| 22 Jan 18        | -        | ✓        | ✓        | ✓           |
| 15 Feb 18        | -        | ✓        | ✓        | ✓           |
| <b>Total = 4</b> | <b>2</b> | <b>4</b> | <b>4</b> | <b>2</b>    |

### 16.5.3. Human Resource & Remuneration Committee (HRRC)



*\*Term Ended 31 March 2018*

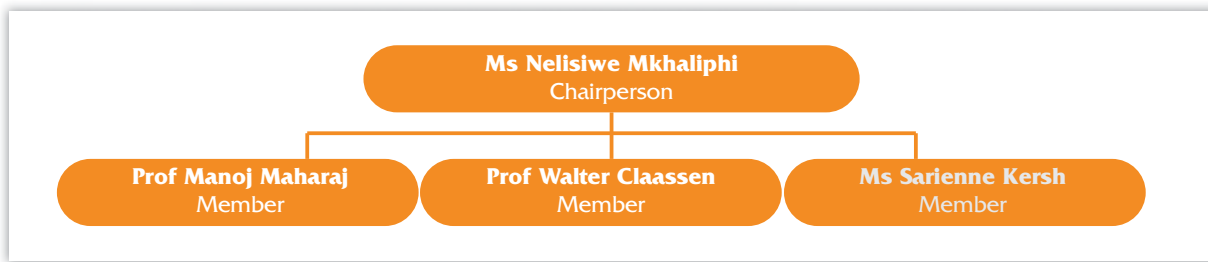
#### Committee objectives:

- The Human Resource and Remuneration Committee is a Committee of the NEMISA Board of Directors (“the Board”), and has been established to assist the Board in dealing with the human resources and remuneration matters for the organisation.
- The Committee shall exercise its delegated authority as determined by the Board from time to time, subject to the legislative frameworks including the provisions of the Companies Act No. 71 of 2008, King Codes, the iNeSI Bill, the NEMISA Memorandum of Incorporation, the Labour Relations Act 66 of 1995, the Basic Conditions of Employment Act 75 of 1997 and other labour legislation.

#### HRRC Meeting attendances:-

| Dates             | Claassen  | Mello     | Mkhalihi  | Ka Plaatjie |
|-------------------|-----------|-----------|-----------|-------------|
| 20 Mar 17         | ✓         | ✓         | ✓         | ✗           |
| 19 Apr 17         | ✓         | ✓         | ✓         | ✓           |
| 24 Apr 17         | ✓         | ✓         | ✓         | ✓           |
| 19 May 17         | ✓         | ✓         | ✓         | ✗           |
| 21 Jul 17         | ✓         | ✓         | ✓         | ✓           |
| 14 Aug 17         | ✓         | ✓         | ✓         | ✗           |
| 18 Sep 17         | ✓         | ✓         | ✓         | ✗           |
| 19 Oct 17         | ✓         | ✓         | ✓         | ✗           |
| 23 Oct 17         | ✓         | ✓         | ✓         | ✗           |
| 30 Oct 17         | ✓         | ✓         | ✓         | ✓           |
| 27 Nov 17         | ✓         | ✓         | ✓         | ✓           |
| 11 Dec 17         | ✓         | ✓         | ✓         | ✓           |
| 19 Jan 18         | ✓         | ✓         | ✓         | ✓           |
| 16 Feb 18         | ✓         | ✓         | ✓         | ✓           |
| <b>Total = 14</b> | <b>14</b> | <b>14</b> | <b>14</b> | <b>8</b>    |

#### 16.5.4. Programme and Academic Committee (PAAC)



- The PAAC is a Committee of NEMISA Board of Directors, and has been established to assist the Board in respect to matters related to the development, implementation and monitoring of NEMISA's programmes, related projects, stakeholder management and funding in accordance with the vision, mission, and core values of Company.
- The Committee exercised its delegated authority as determined by the Board from time to time, subject to the provisions of the iNeSI Business Case and Bill, NEMISA's Memorandum of Incorporation, the Public Finance Management Act No.1 of 1999, the Board Charter and any other applicable legislation in relation to NEMISA's mandate as may be determined from time to time by the Department of Telecommunications and Postal Services.

PAAC Meeting attendances for 2017/18:-

| Dates            | Claassen | Maharaj  | Phukubje | Mfulo    | Kersh    | Mkhalihi |
|------------------|----------|----------|----------|----------|----------|----------|
| 18 Apr 17        | ✓        | ✓        | ✗        | ✓        | ✓        | -        |
| 04 May 17        | ✓        | ✓        | ✓        | ✓        | ✓        | -        |
| 24 Jul 17        | ✓        | ✓        | ✓        | ✓        | ✓        | -        |
| 17 Aug 17        | ✓        | ✓        | ✗        | ✓        | ✓        | -        |
| 22 Jan 18        | ✓        | ✓        | ✓        | -        | ✓        | ✓        |
| 12 Feb 18        | ✓        | ✓        | ✓        | -        | ✓        | ✓        |
| 20 Feb 18        | ✓        | ✓        | ✓        | -        | ✓        | ✓        |
| 08 Mar 18        | ✓        | ✓        | ✗        | -        | ✗        | ✓        |
| <b>Total = 8</b> | <b>8</b> | <b>8</b> | <b>5</b> | <b>4</b> | <b>7</b> | <b>4</b> |

## 17. REPORT OF THE SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

The Social, Ethics and Transformation Committee (“SETCOM”) hereby presents its first report for the organisation.

### 17.1. Committee Mandate

The Social and Ethics Committee is a statutory Board Sub-committee prescribed by Regulation 43 of the Company's Act No.71 of 2008 and is thus accountable to the Board.

The NEMISA Board resolved to establish a Social, Ethics and Transformation Committee in line with legislation in order to monitor whether the organisation complies with relevant social, ethical and legal requirements and best practice codes. The first meeting was held in October 2017.

The Committee has an independent role with accountability to both the Board and Shareholder. The Committee does not assume the functions of management, which remain the responsibility of the executive directors, prescribed officers and other members of senior management.

The role ascribed to the Committee by King IV is that of oversight and reporting on organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships. The nature of delegation is benchmarked against the Companies Act, corporate governance principles, codes and best practice.

The mandate and Terms of Reference (“TOR”) are subject to the provisions of the Companies Act of 2008, as amended, the Institute's memorandum of incorporation and any other applicable law or regulatory provision.

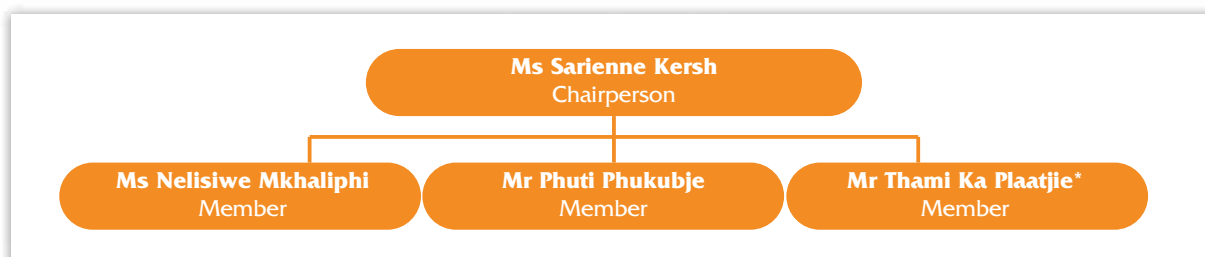
The committee also oversees compliance with laws that are intended to enhance corporate social and ethics responsibility, such as the Employment Equity Act, the Broad-Based Black Economic Empowerment Act, the Consumer Protection Act, as well as various Industry Charters.

### 17.2. Committee composition and meeting attendances

The Committee is comprised of four (4) Non-Executive Directors, one of which must be a member of the Audit and Risk Committee. The Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”) are also members of the Committee.

In the reported financial year, the committee was comprised as follows:

- Ms Sarienne Kersh Chairperson
- Ms Nelisiwe Mkhaliphi Member
- Mr Thami Ka Plaatjie Member
- Mr Phuti Phukubje Member
- Ms Mymoena Ismail Member, CEO
- Ms Rofunwa Ligege Member, Acting CFO



| Dates            | Sarienne | Ka Plaatjie | Phukubje | Mkhaliphi |
|------------------|----------|-------------|----------|-----------|
| 27 Oct 17        | ✓        | ✗           | -        | ✓         |
| 05 Feb 18        | ✓        | ✗           | ✓        | ✓         |
| 26 Jan 18        | ✓        | ✓           | ✓        | ✓         |
| <b>Total = 3</b> | <b>3</b> | <b>1</b>    | <b>2</b> | <b>3</b>  |

The following key staff members were invited to the Committee as the agenda of the meetings dictated:

- National CoLab Director
- Human Resources Manager
- Marketing Officer
- Head of ICT

In the reported financial year, the committee had three meetings. The principle work has been formulating the committee Terms of Reference and reviewing existing NEMISA policies or developing new ones where required. The following were recommended to the board for approval:

- Code of Conduct and Ethics Policy
- Disciplinary Code and Procedure
- Grievance Procedure recruitment and Selection Policy
- Relocation and Resettlement Policy

### 17.3. Statement on Transformation

The committee places a high priority on transformation and has emphasised this by including transformation in the committee's name.

SETCOM considers transformation issues from three aspects:

- Transformation within the ranks of NEMISA employees and during its transition to iNeSI
- The value and importance of e-skilling the citizens of South Africa, both urban and particularly rural, as a mechanism of effecting transformation nationally.
- Ensuring that NEMISA's collaborators and partners have transformation as a key priority in their organisations.

#### 17.3.1. Employment Equity statement

On behalf of the NEMISA Board, SETCOM monitors the implementation of policies and procedures to ensure that NEMISA complies with the Employment Equity Act by promoting equal opportunity and fair treatment in employment and implementing affirmative action measures to redress past disadvantages, as well as to create an environment where no person may unfairly discriminate, directly or indirectly, against an employee in any employment policy or practice, on one or more grounds including race, gender, pregnancy, marital status, family responsibility, ethnic or social origin, colour, sexual orientation, age, disability, religion, HIV status, conscience, belief, political opinion, culture, language, and birth. The Recruitment Selection Policy has been updated to reinforce NEMISA's commitment to employment equity.

#### 17.3.2. Employment Equity Plan (3 years)

NEMISA has prepared an EE Plan to implement in the next financial year to achieve the objectives of the organisation and the Employment Equity Act. The details of this plan are contained in the HR Report. It is central to NEMISA's strategy to recruit and maintain a motivated, skilled and expert staff in order to meet its goals and objectives. To give effect to e-skilling South Africa, the organisation continued to develop staff so that they can contribute to the national e-skills strategy.

For the financial year under review, Racial Representation, Gender Representation and Skill Development were solely under the oversight of the Human Resources and Remuneration Committee.

#### 17.4. Supplier Empowerment Strategy

SETCOM is due to review the Procurement Policy at the beginning of the 2018/2019 financial year to oversee the supplier management strategy.

#### 17.5. Plans for the next year

The Committee will focus on overseeing NEMISA's activities in sustainable social and economic development, which includes labour and employment, environmental management, HIV/AIDS, corporate social investment, beneficiary (consumer) relationships, the promotion of equality and ethics management in the areas of:

- Work
- Market
- Natural
- Communities



**Sarienke Kersh**  
Chairperson of the Social, Ethics and Transformation Committee



## 18. CFO's OVERVIEW

The going concern assumption is a fundamental principle when preparing financial statements. The objective of this assessment is to determine if NEMISA will be able to continue with its operations for the foreseeable future with neither the intention nor the necessity:

- of liquidation
- ceasing trading (within the ambit of a not-for-profit company)
- seeking protection from creditors according to current laws and regulations.

NEMISA showed a deficit of R5 006 302 in the 2017/18 financial year largely due to bad debt write-off. NEMISA also generated additional revenue through partnerships with other state-owned entities by offering training within the Creative New Media industry.

### Financial indicators

**Solvency:** The solvency ratio assesses a company's ability to meet its long-term financial obligations. A ratio of 1:1 is considered reasonable.

NEMISA's total assets as at 31 March 2018 amounted to R59 168 468 and total liabilities amounted to R48 989 950. The company solvency ratio is therefore calculated as 1.2:1 which exceeds the norm of 1:1.

NEMISA's solvency ratio is therefore considered reasonable.

**Liquidity:** The liquidity ratio assesses a company's ability to remain solvent to meet its current obligations (payable within one year) with its current assets. A ratio of 2:1 or greater is considered reasonable for the entity to meet its obligations without adding to the finance risk.

NEMISA's current assets as at 31 March 2018 amounted to R54 342 561 and current liabilities amounted to R48 989 950. The company liquidity ratio is 1.1:1, the norm being 2:1.

The ratio calculated is below the norm. However, this is still considered reasonable due to NEMISA receiving the appropriation income from the Department of Telecommunications and Postal Services (for the funding of NEMISA's operations) in April 2018.

**Cash flow:** The cash flow forecast is an important tool in managing the company's operations. It is also an important tool to evaluate the company's ability to continue as a going concern.

NEMISA will be receiving normal appropriation income for operations of R46 325 000 and R44 436 000 for e-skills roll-out for the 2018/19 financial year in four tranches from the Department of Telecommunications and Postal Services to fund its operations.

The company was able to meet all its obligations during the financial year and will, based on the forecast for 2019/20, be able to meet its future obligations.

**Audit outcome:** NEMISA received an Unqualified audit opinion from the Auditor-General of South Africa. We have also reduced the AGSA audit findings from 55 in 2016/17 to 30 in 2017/18 audit. This is an improvement from the 2016/17 where we received a Qualified audit opinion.

**Improving internal controls:** We will continue to work closely with both internal and external auditors to improve our internal control systems to ensure that measures implemented have a positive impact on the internal control environment. This will assist in reducing the risk of material misstatement in the financial statements. We will also pay more attention in strengthening controls on procurement and contract management to avoid issues of irregular, fruitless and wasteful expenditure.

We would like to sincerely affirm our appreciation for the work performed by Finance. They worked tirelessly in an effort to ensure the year-end processes were a success.



**Rofunwa Ligege**  
Acting Chief Financial Officer

## 19. REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON NEMISA

### Report on the audit of the financial statements

#### Opinion

1. I have audited the financial statements of the National Electronic Media Institute of South Africa set out on page 60 to 87, 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 the 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 National Electronic Media Institute of South Africa as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Accepted Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

#### 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.

#### Emphasis of matter

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

#### Material Losses -trade debtors

7. As disclosed in the Statement of Financial Performance, material losses of R3 460 206 were incurred as a result of a write-off of irrecoverable trade debtors.

#### Restatement of corresponding figures

8. As disclosed in note 21 to the financial statement, the corresponding figures for 31 March 2017 have been restated as a result of errors in the financial statements of the entity for the year ended, 31 March 2018.

#### Responsibilities of the accounting authority for the financial statements

9. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA and the Companies Act, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

10. In preparing the financial statements, the accounting authority is responsible for assessing the National Electronic Media Institute of South Africa'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**

11. 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 agreement, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

12. 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**

13. 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.

14. 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.

15. 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:

| <b>Programmes</b>                             | <b>Page in the annual performance report</b> |
|---|--|
| Programme 2 – multi-stakeholder collaboration | 23   |
| Programme 3 – e-Astuteness development        | 24   |
| Programme 4 – knowledge for innovation        | 25   |

16. 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.

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

#### **Programme 2 – Multi stakeholder collaboration**

18. Sufficient and appropriate audit evidence could not be obtained for the reported achievement of the targets listed below. This was due to inadequate technical indicator descriptions where source information was inadequately described, limited performance management systems and processes and no formal standard operating procedures or documented systems descriptions that predetermined how the achievement would be measured, monitored and reported, as required by the Framework for Managing Programme Performance Information (FMPPI). I was unable to confirm that the reported achievement of this indicator was reliable by

alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of these targets.

| Performance Indicator                              | Reported Achievement |
|--|----------------------|
| Institute brand visibility platforms leveraged (n) | 61                   |
| Number of new partnerships formalised              | 29                   |
| Number of formal partnerships renewed              | 2                    |

### Programme 3 – e-astuteness development

19. Sufficient and appropriate audit evidence could not be obtained for the reported achievement of the targets listed below. This was due to inadequate technical indicator descriptions where source information was inadequately described, limited performance management systems and processes and no formal standard operating procedures or documented systems descriptions that predetermined how the achievement would be measured, monitored and reported, as required by the Framework for Managing Programme Performance Information (FMPPPI). I was unable to confirm that the reported achievement of this indicator was reliable by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of these targets.

| Performance Indicator  | Reported Achievement |
|--|----------------------|
| Number of new targeted courses available (developed/ acquired/ customised) | 15                   |
| Number of e-literacy learners trained (n)                                  | 4408                 |
| Number of sector users trained (n)   | 1776                 |
| Number of ICT practitioners trained (n)                                    | 768                  |
| Number of e-leaders trained (n)  | 178                  |

### Programme 4 – Knowledge for Innovation

20. Sufficient and appropriate audit evidence could not be obtained for the reported achievement of the targets listed below. This was due to inadequate technical indicator descriptions where source information was inadequately described, limited performance management systems and processes and no formal standard operating procedures or documented systems descriptions that predetermined how the achievement would be measured, monitored and reported, as required by the Framework for Managing Programme Performance Information (FMPPPI). I was unable to confirm that the reported achievement of this indicator was reliable by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of these targets.

| Performance Indicator  | Reported Achievement |
|--|----------------------|
| Number of national e-Skills/ICT environmental scans conducted    | 0                    |
| Number of Scholar/Researcher exchanged (n)                       | 1                    |
| New products developed (n)                                       | 7                    |
| Number of Research colloquium hosted in e-Skills/ICT (n)         | 10                   |
| Number of research papers in e-Skills/ ICT delivered / presented | 15                   |
| Number of e-Skills/ ICT thought leader's engagements             | 17                   |

### Other matter

21. I draw attention to the matter below.

### Achievement of planned targets

22. Refer to the annual performance report on pages 22 to 30 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. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 3 to 4 of this report.

## **Report on the audit of compliance with legislation**

### **Introduction and scope**

23. 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.

24. The material findings on compliance with specific matters in key legislations are as follows:

### **Annual financial statements**

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

26. Material misstatements of non-current assets and disclosure notes identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

### **Expenditure Management**

27. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R3 856 469 as disclosed in note 25 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by the entity not following the bidding processes.

28. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R1 529 970 as disclosed in note 24 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the fruitless and wasteful expenditure was caused by management paying lease rentals for a building that they were not occupying whilst the building was undergoing renovations.

### **Procurement and contract management**

29. Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1.

30. Bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by Preferential Procurement Regulation 9(1).

### **Strategic Planning**

31. Procedures for the facilitation of effective performance monitoring, evaluation and corrective action through quarterly reports were not established, as required by treasury regulation 30.2.1.

### **Other information**

32. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate as required by the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act)]. 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.

33. 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.

34. 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.

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

**Internal control deficiencies**

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

37. The accounting authority did not exercise sufficient oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls to ensure that the financial statements and annual performance report are free from material misstatements.

38. The lack of dedicated resources to execute best practices resulting in inadequate documented processes and systems implemented for the collection, collation, monitoring and reporting of financial and performance information.

39. Weekly and monthly reconciliations were not always adequately prepared for financial items during the year including debtors and fixed assets. This resulted in the entity being required to rely on manual reconciliations at year-end. Assurance processes were not implemented in time to ensure that information is accurate and complete. As a result, a number of errors in the annual financial statements were identified by the external auditors.

*Auditor - General.*

Pretoria  
31 July 2018



A U D I T O R - G E N E R A L  
S O U T H A F R I C A

*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 judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with respect to the selected subject matters.

### **Financial statements**

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

- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority.
- conclude on the appropriateness of the board of directors, which constitutes 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 the National Electronic Media Institute of South Africa 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.

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.

## 20. ANNUAL FINANCIAL STATEMENTS

### 20.1. Board of Members' Responsibilities and Approval

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data. The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

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


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

The members have reviewed the entity's cash flow forecast for the year to 31 March 2019 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the National Treasury for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the National Treasury has neither the intention nor the need to liquidate or curtail materially the scale of the entity. Although the board of members are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 54.

The annual financial statements set out on pages 60 to 87, which have been prepared on the going concern basis, were approved by the board of members on 31 May 2018 and were signed on its behalf by:



**Prof. W. Claassen**  
*Chairperson of the Board*

## 20.2 Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2018.

### Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 10 times per annum as per its approved terms of reference. During the current year 10 meetings were held.

| Name of member                | Number of meetings attended |
|-------------------------------|-----------------------------|
| Mr. P. Phukubje (Chairperson) | 10                          |
| Mr. L. Mello                  | 10                          |
| Mr. T. ka Plaatjie            | 8                           |

### Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 38(10)(1) of the PFMA and Treasury Regulation 3.1.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, 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 internal controls applied by the entity over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General of South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in year management and monthly/quarterly reports submitted in terms of the PFMA.

### Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General of South Africa and the board of members;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

### Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.

### Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.



### Mr Lucas Mello

Acting Chairperson of the Audit & Risk Committee

## 20.3. Board of Members' Report

The members submit their report for the year ended 31 March 2018.

### 1. MEMBER AND EXECUTIVE MANAGERS EMOLUMENTS

#### Economic entity

|                              | Salary or fee    | Travel expenses | Other allowances | Total package 2018 | Total package 2017 |
|------------------------------|------------------|-----------------|------------------|--------------------|--------------------|
| <b>Non-Executive Members</b> |                  |                 |                  |                    |                    |
| Prof. W. Claassen            | 335 808          | 25 971          | -                | 361 779            | 153 209            |
| Mr. T. ka Plaatjie           | 176 088          | 2 433           | -                | 178 521            | 243 412            |
| Prof. M. Maharaj             | 192 192          | 9 927           | -                | 202 119            | 85 387             |
| Mr. L. Mello                 | 307 296          | 85 775          | -                | 393 071            | 241 088            |
| Mr. P. Phukubje              | 265 056          | 16 417          | -                | 281 473            | 85 613             |
| Ms. S. Kersh                 | 192 192          | 1 413           | -                | 193 605            | 72 692             |
| Ms. T. Mfulo                 | 104 808          | 9 028           | -                | 113 836            | 109 644            |
| Ms. N. Mkhaliphi             | 270 336          | 9 475           | -                | 279 811            | 48 781             |
| Ms. L. Braithwaithe Kabosha  | -                | -               | -                | -                  | 96 877             |
| Ms. K. Ngambi                | -                | -               | -                | -                  | 74 059             |
| <b>Sub total</b>             | <b>1 843 776</b> | <b>160 439</b>  | <b>-</b>         | <b>2 004 215</b>   | <b>1 210 762</b>   |
| <b>Executive Members</b>     |                  |                 |                  |                    |                    |
| Ms. M. Ismail                | 1 455 114        | 39 685          | 33 000           | 1 527 799          | 591 894            |
| Ms. M. Abdool                | 137 810          | 5 645           | 2 750            | 146 205            | 505 207            |
| <b>Sub total</b>             | <b>1 592 924</b> | <b>45 330</b>   | <b>35 750</b>    | <b>1 674 004</b>   | <b>1 097 101</b>   |
| <b>Senior Managers</b>       |                  |                 |                  |                    |                    |
| Mr. P. Ramatswana            | -                | -               | -                | -                  | 1 387 350          |
| Ms. R. Ligege                | 779 295          | 5 911           | 238 678          | 1 023 884          | 1 043 148          |
| Ms. M. Thebethe              | 1 127 334        | 2 232           | 21 000           | 1 150 566          | 1 102 983          |
| Ms. A. Motlounq              | 778 275          | 2 232           | 21 000           | 801 507            | 553 186            |
| Ms. E. Dames                 | 948 723          | 2 232           | 21 000           | 971 955            | 127 370            |
| Mr. D. Fick                  | 1 021 467        | 21 019          | 12 600           | 1 055 086          | 1 074 802          |
| Ms. T. Serobatse             | 842 320          | 2 682           | 12 600           | 857 602            | 973 709            |
| Ms. F. Diseko-Biagini        | 356 132          | 6 012           | 9 315            | 371 459            | -                  |
| <b>Sub total</b>             | <b>5 853 546</b> | <b>42 320</b>   | <b>336 193</b>   | <b>6 232 059</b>   | <b>6 262 548</b>   |
| <b>Total</b>                 | <b>9 290 246</b> | <b>248 089</b>  | <b>371 943</b>   | <b>9 910 278</b>   | <b>8 570 411</b>   |

## 2. BANKERS

Standard Bank of South Africa Limited

## 3. AUDITORS

Auditor-General of South Africa will continue in office for the next financial period.

### 20.4. Company Secretary's Certification

#### Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.



**Ms. Mapula Thebethe**  
Company Secretary

### 20.5. Statement of Financial Position as at 31 March 2018

| Figures in Rand                        | Note(s) | 2018              | 2017 Restated*    |
|--|---------|-------------------|-------------------|
| <b>Assets</b>                          |         |                   |                   |
| <i>Current Assets</i>                  |         |                   |                   |
| Inventories                            | 4       | 48 002            | 13 460            |
| Receivables from exchange transactions | 5       | 2 647 158         | 6 850 600         |
| Cash and cash equivalents              | 6       | 51 647 401        | 45 013 640        |
|  |         | <b>54 342 561</b> | <b>51 877 700</b> |
| <i>Non-Current Assets</i>              |         |                   |                   |
| Property, plant and equipment          | 2       | 4 734 479         | 5 984 121         |
| Intangible assets                      | 3       | 91 428            | 25 308            |
|  |         | <b>4 825 907</b>  | <b>6 009 429</b>  |
| <b>Total Assets</b>                    |         | <b>59 168 468</b> | <b>57 887 129</b> |
| <b>Liabilities</b>                     |         |                   |                   |
| <i>Current Liabilities</i>             |         |                   |                   |
| Operating lease liability              |         | 485 881           | -                 |
| Payables from exchange transactions    | 9       | 6 467 338         | 3 432 560         |
| Non-exchange revenue liability         |         | 36 404 868        | 34 934 387        |
| Exchange revenue liability             | 7       | 3 574 636         | 3 574 636         |
| Provisions                             | 8       | 2 057 227         | 760 724           |
|  |         | <b>48 989 950</b> | <b>42 702 307</b> |
| <b>Total Liabilities</b>               |         | <b>48 989 950</b> | <b>42 702 307</b> |
| <b>Net Assets</b>                      |         | <b>10 178 518</b> | <b>15 184 822</b> |
| Accumulated surplus                    |         | <b>10 178 518</b> | <b>15 184 820</b> |

## 20.6. STATEMENT OF FINANCIAL PERFORMANCE

| <i>Figures in Rand</i>                  | Note(s) | 2018                 | 2017 Restated*      |
|---|---------|----------------------|---------------------|
| <b>Revenue</b>                          |         |                      |                     |
| Exchange revenue                        | 10      | 4 413 022            | 6 567 453           |
| Interest received                       | 12      | 4 178 347            | 1 204 925           |
| Non-exchange revenue                    | 11      | 90 396 518           | 50 456 313          |
| <b>Total Revenue</b>                    |         | <b>98 987 887</b>    | <b>58 228 691</b>   |
| <b>Expenditure</b>                      |         |                      |                     |
| Employee related costs                  | 13      | (21 361 000)         | (20 461 465)        |
| Directors' emoluments & travel expenses |         | (4 432 340)          | (2 424 518)         |
| Audit fees                              |         | (1 662 999)          | (822 383)           |
| Network expenses                        |         | (483 638)            | (95 085)            |
| Depreciation and amortisation           |         | (1 509 793)          | (1 463 377)         |
| Lease rentals on operating lease        | 15      | (8 021 574)          | (6 564 689)         |
| Debt Impairment                         |         | 1 685 962            | (1 082 599)         |
| Bad debts written off                   |         | (3 460 206)          | -                   |
| Repairs and maintenance                 |         | (432 474)            | (89 216)            |
| Consulting                              |         | (7 947 703)          | (3 284 970)         |
| Professional fees- outsourced services  |         | (2 075 178)          | (1 933 183)         |
| Assets written off                      |         | (119 493)            | (421 538)           |
| Operating Expenses                      | 14      | (54 173 753)         | (21 124 234)        |
| <b>Total expenditure</b>                |         | <b>(103 994 189)</b> | <b>(59 767 257)</b> |
| <b>Deficit for the year</b>             |         | <b>(5 006 302)</b>   | <b>(1 538 566)</b>  |

## 20.7. STATEMENT OF CHANGES IN NET ASSETS

| <i>Figures in Rand</i>                    | Accumulated surplus | Total net assets  |
|---|---------------------|-------------------|
| <b>Balance at 01 April 2016</b>           | <b>16 723 386</b>   | <b>16 723 386</b> |
| <i>Changes in net assets</i>              |                     |                   |
| Deficit for the year                      | (1 538 566)         | (1 538 566)       |
| Total changes                             | (1 538 566)         | (1 538 566)       |
| <b>Restated* Balance at 01 April 2017</b> | <b>15 184 820</b>   | <b>15 184 820</b> |
| <i>Changes in net assets</i>              |                     |                   |
| Deficit for the year                      | (5 006 302)         | (5 006 302)       |
| Total changes                             | (5 006 302)         | (5 006 302)       |
| <b>Balance at 31 March 2018</b>           | <b>10 178 518</b>   | <b>10 178 518</b> |

## 20.8. CASH FLOW STATEMENT

| <i>Figures in Rand</i>                                      | Note(s)   | 2018                | 2017 Restated*      |
|---|-----------|---------------------|---------------------|
| <b>Cash flows from operating activities</b>                 |           |                     |                     |
| <b>Receipts</b>   |           |                     |                     |
| Services rendered   |           | 6 688 929           | 3 545 308           |
| Grants  |           | 91 867 000          | 84 105 000          |
| Interest income   |           | 4 178 347           | 1 204 925           |
|   |           | <b>102 734 276</b>  | <b>88 855 233</b>   |
| <b>Payments</b>   |           |                     |                     |
| Employee costs  |           | (23 993 743)        | (23 040 265)        |
| Suppliers   |           | (71 665 430)        | (33 713 458)        |
|   |           | <b>(95 659 173)</b> | <b>(56 753 723)</b> |
| <b>Net cash flows from operating activities</b>             | <b>16</b> | <b>7 075 103</b>    | <b>32 101 510</b>   |
| <b>Cash flows from investing activities</b>                 |           |                     |                     |
| Purchase of property, plant and equipment                   | 2         | (441 356)           | (482 041)           |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |           | <b>6 633 747</b>    | <b>31 619 469</b>   |
| Cash and cash equivalents at the beginning of the year      |           | 45 013 640          | 13 394 171          |
| <b>Cash and cash equivalents at the end of the year</b>     | <b>6</b>  | <b>51 647 387</b>   | <b>45 013 640</b>   |

## 20.9. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

| <b>Budget on Cash Basis</b>  |                     |                  |                     |                                    |  |           |
|--|---------------------|------------------|---------------------|------------------------------------|--|-----------|
| <i>Figures in Rand</i>   | Approved budget     | Adjustments      | Final Budget        | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
| <b>Statement of Financial Performance</b>  |                     |                  |                     |                                    |  |           |
| <b>Revenue</b>   |                     |                  |                     |                                    |  |           |
| <b>Revenue from exchange transactions</b>  |                     |                  |                     |                                    |  |           |
| Training income  | -                   | -                | -                   | 4 413 022                          | <b>4 413 022</b>                           | 1         |
| Interest received - investment   | -                   | -                | -                   | 4 178 347                          | <b>4 178 347</b>                           | 2         |
| <b>Total revenue from exchange transactions</b>  | -                   | -                | -                   | <b>8 591 369</b>                   | <b>8 591 369</b>                           |           |
| <b>Revenue from non-exchange transactions</b>  |                     |                  |                     |                                    |  |           |
| Transfer revenue   |                     |                  |                     |                                    |  |           |
| Appropriation income   | 85 785 000          | 6 082 000        | 91 867 000          | 90 396 518                         | <b>(1 470 482)</b>                         | 3         |
| <b>Total revenue</b>   | <b>85 785 000</b>   | <b>6 082 000</b> | <b>91 867 000</b>   | <b>98 987 887</b>                  | <b>7 120 887</b>                           |           |
| <b>Expenditure</b>   |                     |                  |                     |                                    |  |           |
| Personnel  | (25 739 000)        | -                | (25 739 000)        | (21 361 000)                       | <b>4 378 000</b>                           | 4         |
| Depreciation and amortisation  | (1 513 000)         | -                | (1 513 000)         | (1 509 793)                        | <b>3 207</b>                               |           |
| Goods and services   | (69 993 145)        | -                | (69 993 145)        | (81 123 396)                       | (11 130 251)                               | 5         |
| <b>Total expenditure</b>   | <b>(97 245 145)</b> | -                | <b>(97 245 145)</b> | <b>(103 994 189)</b>               | <b>(6 749 044)</b>                         |           |
| <b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b> | <b>(11 460 145)</b> | <b>6 082 000</b> | <b>(5 378 145)</b>  | <b>(5 006 302)</b>                 | <b>371 843</b>                             |           |

1. This relates to income generated by the In-house training that was not budgeted for.
2. Interest earned on the rolled-over funds which was not budgeted for
3. The difference is because the R1,4 million was not yet spent and will be recognised when spent
4. Underspending due to vacancies that were not filled
5. Overspending due to e-Skills summit, consulting expenses

## 20.10. ACCOUNTING POLICIES

### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

#### 1.2 Going concern assumption

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

#### 1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

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

#### 1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to 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 date of acquisition.

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

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

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

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

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

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

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

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

| Item                   | Depreciation method | Average useful life |
|------------------------|---------------------|---------------------|
| Land & Buildings       | Straight line       | 20 years            |
| Canteen equipment      | Straight line       | 10 years            |
| Furniture and fittings | Straight line       | 6 years             |
| Computer equipment     | Straight line       | 3 years             |
| Motor vehicles         | Straight line       | 5 years             |
| Office equipment       | Straight line       | 5 years             |
| Television equipment   | Straight line       | 5 years             |
| Radio Equipment        | Straight line       | 5 years             |

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note ).

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note ).

### **1.5 Intangible assets**

An asset is identifiable if it either:

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

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

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

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

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

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

| Item              | Depreciation method | Average useful life |
|-------------------|---------------------|---------------------|
| Computer software | Straight line       | 3 years             |

## 1.6 Financial instruments

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

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

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

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the underlying).
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

- cash;
- a residual interest of another entity;
- or a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unithold capital;
  - a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution;
- or

- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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

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

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

#### Classification

The entity 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:

| <b>Financial assets</b>                | <b>Category</b>                            |
|--|--|
| Receivables from exchange transactions | Financial asset measured at amortised cost |
| Rental deposit                         | Financial asset measured at amortised cost |
| Cash and cash equivalents              | Financial asset measured at fair value     |

The entity 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:

| <b>Financial liabilities</b> | <b>Category</b>                                |
|------------------------------|--|
| Accounts payables            | Financial liability measured at amortised cost |
| Exchange revenue liability   | Financial liability measured at amortised cost |

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

| <b>Class</b>      | <b>Category</b>        |
|-------------------|------------------------|
| Interest received | Measured at fair value |

#### Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

#### 1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an

operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### **Operating leases - lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### **1.8 Inventories**

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

### **1.9 Employee benefits**

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

#### **Short-term employee benefits**

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

Short-term employee benefits include items such as:

- wages, salaries and 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;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

### **1.10 Provisions and contingencies**

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

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.

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

### **1.11 Commitments**

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

Disclosures are required in respect of unrecognised contractual commitments.

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 (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

### **1.12 Revenue from exchange transactions**

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

#### **Measurement**

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

#### **Rendering of services**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and

- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

### **1.13 Revenue from non-exchange transactions**

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

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

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

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

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

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

#### **Recognition**

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

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

#### **Measurement**

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

### **1.14 Investment income**

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

### 1.15 Comparative figures

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

### 1.16 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

### 1.17 Fruitless and wasteful expenditure

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

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

### 1.18 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register.

If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned.

If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

### 1.19 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

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

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

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

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

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

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

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

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

## 20.11. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 2. Property, plant and equipment

| Figures in Rand        | 2018              |   |                  | 2017              |   |                  |
|------------------------|-------------------|---|------------------|-------------------|---|------------------|
|                        | Cost / Valuation  | Accumulated depreciation & accumulated impairment | Carrying Value   | Cost / Valuation  | Accumulated depreciation & accumulated impairment | Carrying Value   |
| Land & Building        | 189 396           | (97 044)  | 92 352           | 189 396           | (87 581)  | 101 815          |
| Building Improvement   | -                 | -   | -                | 12 525            | (12 525)  | -                |
| Furniture and fixtures | 1 199 908         | (296 328)   | 903 580          | 1 228 777         | (202 836)   | 1 025 941        |
| Motor vehicles         | 1 583 057         | (1 581 439)                                       | 1 618            | 1 583 057         | (1 580 835)                                       | 2 222            |
| Office equipment       | 1 844 046         | (587 392)   | 1 256 654        | 1 998 263         | (505 721)   | 1 492 542        |
| Computer equipment     | 4 628 698         | (3 297 899)                                       | 1 330 799        | 5 777 329         | (3 978 594)                                       | 1 798 735        |
| Canteen equipment      | 52 083            | (26 758)  | 25 325           | 52 087            | (17 942)  | 34 145           |
| Television equipment   | 3 722 604         | (2 922 247)                                       | 800 357          | 4 032 428         | (2 929 807)                                       | 1 102 621        |
| Radio equipment        | 1 410 655         | (1 086 861)                                       | 323 794          | 1 419 690         | (993 590)   | 426 100          |
| <b>Total</b>           | <b>14 630 447</b> | <b>(9 895 968)</b>                                | <b>4 734 479</b> | <b>16 293 552</b> | <b>(10 309 431)</b>                               | <b>5 984 121</b> |

| Reconciliation of property, plant and equipment - 2018 |                  |                          |                |                  |                    |                  |
|--|------------------|--------------------------|----------------|------------------|--------------------|------------------|
| <i>Figures in Rand</i>                                 | Opening Balance  | Restated Opening Balance | Additions      | Disposals        | YTD Depreciation   | Total            |
| Land & Buildings                                       | 101 815          | 101 815                  | -              | -                | (9 463)            | 92 352           |
| Furniture and fixtures                                 | 1 025 941        | 1 025 940                | -              | (4 008)          | (118 352)          | 903 580          |
| Motor vehicles   | 2 222            | 2 222                    | -              | -                | (604)              | 1 618            |
| Office equipment                                       | 1 492 542        | 1 492 543                | -              | (60 425)         | (175 464)          | 1 256 654        |
| Computer equipment                                     | 1 798 735        | 1 798 736                | 369 765        | (20 760)         | (816 644)          | 1 331 097.80     |
| Canteen equipment                                      | 34 145           | 34 142                   | -              | (4)              | (8 813)            | 25 325           |
| Television equipment                                   | 1 102 621        | 1 102 621                | 5 473          | (29 888)         | (277 849)          | 800 357          |
| Radio equipment  | 426 100          | 426 100                  | -              | -                | (102 306)          | 323 794          |
| <b>Total</b>   | <b>5 984 121</b> | <b>5 984 119</b>         | <b>375 238</b> | <b>(115 085)</b> | <b>(1 509 495)</b> | <b>4 734 479</b> |

| Reconciliation of property, plant and equipment - 2017 |                  |                  |                          |                |                  |                    |                  |
|--|------------------|------------------|--------------------------|----------------|------------------|--------------------|------------------|
| <i>Figures in Rand</i>                                 | Opening Balance  | Adjustment       | Restated Opening Balance | Additions      | Disposals        | YTD Depreciation   | Total            |
| Land & Buildings                                       | 111 303          | (25)             | 111 278                  | -              | -                | (9 463)            | 101 815          |
| Improvements   | 369 959          | (65 218)         | 304 741                  | -              | (219 383)        | (85 358)           | -                |
| Furniture and fixtures                                 | 39 075           | 1 125 821        | 1 164 896                | -              | (17 350)         | (121 605)          | 1 025 941        |
| Motor vehicles   | 24 393           | (21 567)         | 2 826                    | -              | -                | (604)              | 2 222            |
| Office equipment                                       | 39 570           | 1 630 110        | 1 669 680                | -              | -                | (177 137)          | 1 492 542        |
| Computer equipment                                     | 419 398          | 1 968 262        | 2 387 660                | 139 293        | -                | (728 217)          | 1 798 735        |
| Canteen equipment                                      | 2 219            | 40 739           | 42 958                   | -              | -                | (8 815)            | 34 145           |
| Television equipment                                   | 339 930          | 668 228          | 1 008 158                | 342 748        | (18 412)         | (229 873)          | 1 102 621        |
| Radio equipment  | 19 323           | 509 084          | 528 407                  | -              | -                | (102 306)          | 426 100          |
| <b>Total</b>   | <b>1 365 170</b> | <b>5 855 434</b> | <b>7 220 604</b>         | <b>482 041</b> | <b>(255 145)</b> | <b>(1 463 378)</b> | <b>5 984 121</b> |

A fixed asset register containing all assets is available for inspection at the registered office of the entity.

### 3. Intangible assets

| <i>Figures in Rand</i> | 2018             |   |                | 2017             |   |                |
|------------------------|------------------|---|----------------|------------------|---|----------------|
|                        | Cost / Valuation | Accumulated depreciation & accumulated impairment | Carrying Value | Cost / Valuation | Accumulated depreciation accumulated impairment | Carrying Value |
| Computer software      | 91 428           | -   | 91 428         | 25 308           | -   | 25 308         |

| Reconciliation of intangible assets - 2018 |                 |           |        |
|--|-----------------|-----------|--------|
| <i>Figures in Rand</i>                     | Opening Balance | Additions | Total  |
| Computer software                          | 25 308          | 66 120    | 91 428 |

| Reconciliation of intangible assets - 2017 |                 |                          |        |
|--|-----------------|--------------------------|--------|
| <i>Figures in Rand</i>                     | Opening Balance | Restated opening balance | Total  |
| Computer software                          | 11 455          | 25 308                   | 25 308 |

#### 4. Inventories

| Figures in Rand   | 2018   | 2017   |
|-------------------|--------|--------|
| Consumable stores | 48 002 | 13 460 |

#### 5. Receivables from exchange transactions

| Figures in Rand           | 2018             | 2017             |
|---------------------------|------------------|------------------|
| Trade debtors             | 2 959 255        | 8 605 189        |
| Allowance for impairment  | (2 090 785)      | (3 776 746)      |
| Present value discounting | (14 377)         | (14 377)         |
| Deposits                  | 1 352 082        | 1 352 082        |
| Prepaid expenses          | 440 983          | 684 452          |
| <b>Total</b>              | <b>2 647 158</b> | <b>6 850 600</b> |

#### Trade and other receivables past due but not impaired

For student debtors, provision is created where the student debtor is outstanding for a period longer than the academic year. For corporate debtors, provision is made where the terms of agreement has not been adhered to.

Trade and other receivables which are less than 12 months past due are not considered to be impaired. At 31 March 2018, -R658 934 (2017: -R4 819 243) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

| Figures in Rand       | 2018    | 2017      |
|-----------------------|---------|-----------|
| Due for 30 days       | 262 292 | -         |
| Due for 60 days       | -       | 96 567    |
| Due for 90 days       | 111 059 | -         |
| Due for over 180 days | 285 582 | 4 722 676 |

#### Trade and other receivables impaired

As of 31 March 2018, trade and other receivables of R2 090 785 - (2017: R3 776 746 -) were impaired and provided for. The ageing of these receivables is as follows:

| Figures in Rand    | 2018      | 2017      |
|--------------------|-----------|-----------|
| More than 365 days | 2 090 785 | 3 776 746 |

#### Reconciliation of provision for impairment of trade and other receivables

| Figures in Rand  | 2018             | 2017             |
|--|------------------|------------------|
| Opening balance  | 3 776 746        | 2 952 785        |
| (Reversal of impairment)/ Impairment loss for the year | (1 685 961)      | 823 961          |
| <b>Total</b>   | <b>2 090 785</b> | <b>3 776 746</b> |

The creation and release of provision for impaired receivables have been included in operating expenses in surplus or deficit. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

#### 6. Cash and cash equivalents

Cash and cash equivalents consist of:

| Figures in Rand                 | 2018              | 2017              |
|---------------------------------|-------------------|-------------------|
| Cash on hand                    | 2 434             | 1 233             |
| Bank balances                   | 3 257 146         | 245 850           |
| Corporation for public deposits | 48 387 821        | 44 766 557        |
| <b>Total</b>                    | <b>51 647 401</b> | <b>45 013 640</b> |

## 7. Exchange revenue liability

Unspent conditional grants and receipts comprises of:

| Unspent conditional grants and receipts |           |           |
|---|-----------|-----------|
| <i>Figures in Rand</i>                  | 2018      | 2017      |
| DTPS funds transfer-Community Radio     | 3 574 636 | 3 574 636 |

## 8. Provisions

| Reconciliation of provisions - 2018 |                 |           |                          |           |
|-------------------------------------|-----------------|-----------|--------------------------|-----------|
| <i>Figures in Rand</i>              | Opening Balance | Additions | Utilised during the year | Total     |
| Staff incentives                    | 760 724         | 1 296 503 | -                        | 2 057 227 |

| Reconciliation of provisions - 2017 |                 |           |                          |         |
|-------------------------------------|-----------------|-----------|--------------------------|---------|
| <i>Figures in Rand</i>              | Opening Balance | Additions | Utilised during the year | Total   |
| Staff incentives                    | 885 446         | 563 166   | (687 888)                | 760 724 |

Staff incentives relate to individual performance against set targets. The amount is based on management's best estimate of the liability at year end and are expected to be paid during the new financial year provided approval by the Board is granted.

## 9. Payables from exchange transactions

| <i>Figures in Rand</i>     | 2018             | 2017             |
|----------------------------|------------------|------------------|
| Accounts payables          | 4 024 764        | 1 139 535        |
| Income received in advance | 1 363 561        | 1 363 561        |
| Accrued 13th cheque        | 133 380          | 120 880          |
| Accrued leave pay          | 945 633          | 808 584          |
| <b>Total</b>               | <b>6 467 338</b> | <b>3 432 560</b> |

## 10. Exchange revenue

| <i>Figures in Rand</i>      | 2018             | 2017             |
|-----------------------------|------------------|------------------|
| Sundry income from students | -                | 2 000            |
| In-house training           | 3 954 878        | 6 431 810        |
| Other income                | 458 144          | 133 641          |
| <b>Total</b>                | <b>4 413 022</b> | <b>6 567 451</b> |

## 11. Non-exchange revenue

| <i>Figures in Rand</i>                          | 2018              | 2017              |
|---|-------------------|-------------------|
| Appropriation income received-e-skills roll-out | 46 611 518        | 13 256 313        |
| Appropriation income received-operations        | 43 785 000        | 37 200 000        |
| <b>Total</b>                                    | <b>90 396 518</b> | <b>50 456 313</b> |

## 12. Interest received

| Interest revenue       |           |           |
|------------------------|-----------|-----------|
| <i>Figures in Rand</i> | 2018      | 2017      |
| Bank                   | 4 178 347 | 1 204 925 |

### 13. Employee related costs

| <i>Figures in Rand</i>                    | 2018              | 2017              |
|---|-------------------|-------------------|
| Basic                                     | 21 223 951        | 20 345 939        |
| Increase/ (decrease) in leave pay accrual | 137 049           | 115 526           |
| <b>Total</b>                              | <b>21 361 000</b> | <b>20 461 465</b> |

### 14. Operating expenses

| <i>Figures in Rand</i>                                    | 2018              | 2017              |
|---|-------------------|-------------------|
| <b>Direct expenditure</b>                                 |                   |                   |
| Accreditation and membership fees                         | 40 786            | 25 084            |
| e-Skills roll-out expense                                 | 39 845 803        | 12 396 000        |
| In-house training: Student accommodation                  | 350 048           | 781 616           |
| In-house training: Student meals                          | 23 435            | 5 765             |
| In-house training: Student stationery and printing costs  | 18 592            | 17 377            |
| In-house training: Student training and examination costs | 57 805            | -                 |
| In-house training: Student transportation costs           | -                 | 4 923             |
| In-house training: Students stipends                      | -                 | 473 700           |
| <b>Overhead expenditure</b>                               |                   |                   |
| Bank charges  | 84 648            | 69 703            |
| Business development/ marketing/ communications           | 6 138 995         | 1 900 935         |
| Other overheads   | 2 135             | 21 627            |
| Staff training and refreshments                           | 628 128           | 412 857           |
| Insurance   | 1 667 790         | 1 603 020         |
| Property rates & taxes                                    | 2 639 978         | 1 520 855         |
| Stationery cost   | 395 280           | 284 778           |
| Transportation cost                                       | 133 108           | 125 607           |
| Travel and accommodation costs: Staff and Board           | 1 982 012         | 1 258 207         |
| Project maintenance costs                                 | 165 210           | 222 180           |
| <b>Total</b>  | <b>54 173 753</b> | <b>21 124 234</b> |

### 15. Operating lease

The operating lease agreement for the entity's premises commenced on the 1st of June 2017 and will terminate on 30 May 2020. The lease is renewable for a further two years until 30 May 2022 provided certain conditions detailed in the lease agreement are met by the landlord.

Rentals were recognised on a straight-line basis in alignment with GRAP 13, whereby the operating lease costs are recognised based on the time pattern of the benefits rather than any financial benefit that may arise from the transaction resulting in an equalisation of rental recognised.

| <i>Figures in Rand</i> | 2018      | 2017      |
|------------------------|-----------|-----------|
| Operating lease        | 8 021 574 | 6 564 689 |

## 16. Cash generated from operations

| <i>Figures in Rand</i>                 | 2018             | 2017              |
|--|------------------|-------------------|
| Deficit                                | (5 006 302)      | (1 538 566)       |
| <b>Adjustments for:</b>                |                  |                   |
| Depreciation and amortisation          | 1 509 793        | 1 463 377         |
| Debt impairment                        | (1 685 962)      | 1 082 599         |
| Bad debts written off                  | 3 460 206        | -                 |
| Movements in provisions                | 1 296 503        | (124 723)         |
| Scrapped assets                        | 119 493          | 421 538           |
| Other financial liabilities            | 485 881          | -                 |
| <b>Changes in working capital:</b>     |                  |                   |
| Inventories                            | (34 542)         | 68                |
| Receivables from exchange transactions | 2 424 773        | (1 766 129)       |
| Payables from exchange transactions    | 3 034 779        | (1 109 359)       |
| Non-exchange revenue liability         | 1 470 481        | 33 672 705        |
| <b>Total</b>                           | <b>7 075 103</b> | <b>32 101 510</b> |

## 17. Financial instruments disclosure

### Categories of financial instruments

| 2018 Financial assets                  |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| <i>Figures in Rand</i>                 | At fair value     | At amortised cost | Total             |
| Receivables from exchange transactions | -                 | 2 959 255         | 2 959 255         |
| Rental deposit                         | -                 | 1 352 082         | 1 352 082         |
| Cash and cash equivalents              | 51 647 401        | -                 | 51 647 401        |
| <b>Total</b>                           | <b>51 647 401</b> | <b>4 311 337</b>  | <b>55 958 738</b> |

| 2018 Financial liabilities                          |                   |                   |
|---|-------------------|-------------------|
| <i>Figures in Rand</i>                              | At amortised cost | Total             |
| Trade and other payables from exchange transactions | 6 908 780         | 6 908 780         |
| Non-exchange revenue liability                      | 36 404 868        | 36 404 868        |
| Exchange revenue liability                          | 3 574 636         | 3 574 636         |
| <b>Total</b>  | <b>46 888 284</b> | <b>46 888 284</b> |

| 2017 Financial assets                  |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| <i>Figures in Rand</i>                 | At fair value     | At amortised cost | Total             |
| Receivables from exchange transactions | -                 | 8 605 189         | 8 605 189         |
| Rental deposit                         | -                 | 1 352 082         | 1 352 082         |
| Cash and cash equivalents              | 45 013 640        | -                 | 45 013 640        |
| <b>Total</b>                           | <b>45 013 640</b> | <b>9 957 271</b>  | <b>54 970 911</b> |

| 2017 Financial liabilities                          |                   |                   |
|---|-------------------|-------------------|
| <i>Figures in Rand</i>                              | At amortised cost | Total             |
| Trade and other payables from exchange transactions | 3 432 560         | 3 432 560         |
| Non-exchange revenue liability                      | 34 934 387        | 34 934 387        |
| Exchange revenue liability                          | 3 574 636         | 3 574 636         |
| <b>Total</b>  | <b>41 941 583</b> | <b>41 941 583</b> |

### Financial instruments in Statement of financial performance

| 2018  |               |           |
|---|---------------|-----------|
| Figures in Rand                             | At fair value | Total     |
| Interest received for financial instruments | 4 178 347     | 4 178 347 |

| 2017  |               |           |
|---|---------------|-----------|
| Figures in Rand                             | At fair value | Total     |
| Interest received for financial instruments | 1 204 925     | 1 204 925 |

### 18. Commitments

#### Authorised operational expenditure

| Figures in Rand                                  | 2018              | 2017             |
|--|-------------------|------------------|
| <b>Approved and contracted out</b>               |                   |                  |
| Internal Audit services (new contract)           | 3 026 316         | -                |
| Cleaning Services                                | 1 210 015         | 51 189           |
| Security Services                                | 2 933 722         | 101 072          |
| Internal audit service (old contract)            | 421 225           | 1 291 080        |
| Organisational structure review services         | 257 510           | -                |
| Legal services                                   | 123 120           | -                |
| Review of MoU's with CoLabs                      | 186 703           | -                |
| <b>Total</b>                                     | <b>8 158 611</b>  | <b>1 443 341</b> |
| <b>Approved but not yet contracted</b>           |                   |                  |
| Digital Change Makers                            | 7 200 000         | -                |
| National Environmental Scan                      | 3 800 000         | -                |
| iNeSI Business Case: Scoping & Funding           | 750 000           | -                |
| Capacity Building for CoLabs                     | 100 000           | -                |
| Establishment of Mpumalanga CoLab                | 2 000 000         | -                |
| Additional eskills CoLabs Funding                | 10 000 000        | -                |
| <b>Total</b>                                     | <b>23 850 000</b> | -                |
| <b>Total operational commitments</b>             |                   |                  |
| Already contracted for but not provided for      | 8 158 611         | 1 443 341        |
| Not yet contracted for and authorised by members | 23 850 000        | -                |
| <b>Total</b>                                     | <b>32 008 611</b> | <b>1 443 341</b> |

This committed expenditure relates to leased property.

#### Operating leases - as lessee (expense)

| Minimum lease payments due          |                   |                |
|-------------------------------------|-------------------|----------------|
| Figures in Rand                     | 2018              | 2017           |
| - within one year                   | 7 572 176         | 591 545        |
| - in second to fifth year inclusive | 9 557 979         | -              |
| <b>Total</b>                        | <b>17 130 155</b> | <b>591 545</b> |

## 19. Contingencies

Litigation is in the process against NEMISA relating to a disputes with two staff members who alleges that the entity has unfairly treated them and is seeking damages of R349 072 in total. These matters are pending and awaiting CCMA/court confirmation of their claim.

| <i>Figures in Rand</i> | 2018    | 2017 |
|------------------------|---------|------|
| Contingent liabilities | 349 072 | -    |

## 20. Related parties

### Relationships

#### Members

Refer to members' report note

#### Shareholder with significant influence

Department of Telecommunications and Postal Services

#### Members of key management

Ms. M. Ismail

The main related party with whom the entity interacted is the Department of Telecommunications and Postal Services, who is the sole shareholder and provides finance to fund the operational overheads of the institute. The Minister of Telecommunications and Postal services is the Executive Authority of NEMISA. NEMISA is ultimately controlled by the National Executive.

NEMISA received transfer payments of R43,7 million (2017: R37,2 million) funding for its administrative activities, R48 million (2017: R46,9 million) as funding for its strategic objectives from the Department of Telecommunications and Postal Services. MICT SETA is a related party as it provides accreditation to NEMISA. The transaction entered into with MICT SETA relates to the funding provided to train students on Radio and Television broadcasting.

NEMISA provided services to various public entities during the financial year. The balances are included in trade receivables in the Statement of Financial Position and the income and expenditure as part of the Statement of Financial Performance. operating terms

### Related party balances

| <i>Figures in Rand</i>   | 2018             | 2017             |
|--|------------------|------------------|
| <b>Amounts included in Trade receivable (Trade Payable) regarding related parties</b>    |                  |                  |
| Department of Telecommunications & Postal Services                                       | (1 363 561)      | (1 363 561)      |
| MICT SETA  | 373 710          | 373 710          |
| South African Broadcasting Corporation   | 153 842          | 1 489 348        |
| Moses Kotane Institute   | 500 077          | 82 512           |
| Eastern Cape Development Corporation   | 133 637          | 133 637          |
| <b>Provision for doubtful debts related to outstanding balances with related parties</b> |                  |                  |
| MICT SETA  | 373 710          | 373 710          |
| Moses Kotane Institute   | 82 512           | 82 512           |
| South African Broadcasting Corporation   | 153 842          | -                |
| <b>Expenses recognised in respect of bad or doubtful debts</b>                           |                  |                  |
| MICT SETA  | 373 710          | -                |
| Moses Kotane Institute   | 82 512           | -                |
| South African Broadcasting Corporation   | 153 842          | -                |
| <b>Compensation to members and other key management</b>                                  |                  |                  |
| Non-executive members  | 2 004 215        | 1 210 762        |
| Executive members  | 1 674 004        | 1 097 101        |
| Senior managers  | 6 232 059        | 6 262 548        |
| <b>Total</b>   | <b>9 910 278</b> | <b>8 570 411</b> |

## Key management information

|                             |   |
|-----------------------------|---|
| Non-executive board members | 7 |
| Executive members           | 2 |
| Senior management           | 6 |

## 20. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

| Name          | Basic salary | Other benefits received | Total            |
|---------------|--------------|-------------------------|------------------|
| Ms. M. Ismail | 1 455 114    | 72 685                  | <b>1 527 799</b> |
| Ms. R. Abdool | 137 810      | 8 395                   | <b>146 205</b>   |

## 21. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

| Statement of financial performance 2017 |      |                        |                     |                   |                   |
|---|------|------------------------|---------------------|-------------------|-------------------|
| Figures in Rand                         | Note | As previously reported | Correction of error | Re-classification | Restated          |
| Depreciation - PPE                      |      | (446 917)              | (1 016 163)         | -                 | (1 463 080)       |
| Bad debts Provision - Impairment        |      | (649 038)              | (433 561)           | -                 | (1 082 599)       |
| Assets Written Off                      |      | (785 612)              | 364 074             | -                 | (421 538)         |
| Bad debts Provision - Impairment        |      | 21 094 675             | -                   | 29 559            | 21 124 234        |
| Assets Written Off                      |      | 2 454 074              | -                   | (29 559)          | 2 424 515         |
| <b>Total</b>                            |      | <b>21 667 182</b>      | <b>(1 085 650)</b>  | <b>-</b>          | <b>20 581 532</b> |

| Statement of financial position 2017 |      |                        |                     |                    |
|--------------------------------------|------|------------------------|---------------------|--------------------|
| Figures in Rand                      | Note | As previously reported | Correction of error | Restated           |
| Property, Plant and Equipment        | 2    | 587 336                | 5 396 782           | 5 984 118          |
| Intangible Assets                    | 3    | 6 813                  | 18 495              | 25 308             |
| Provision for Bad Debts              | 5    | (3 601 822)            | (174 924)           | (3 776)            |
| (746) Trade receivables              | 5    | 7 832 922              | 772 267             | 8 605 189          |
| Accumulated Surplus                  |      | (9 132 931)            | (6 051 889)         | (15 184 820)       |
| Accounts payables                    | 9    | (1 178 802)            | 39 269              | (1 139 533)        |
| <b>Surplus for the year</b>          |      | <b>(5 486 484)</b>     | <b>-</b>            | <b>(5 486 484)</b> |

## Errors

The following prior period errors adjustments occurred:

### Property, plant & equipment & Intangible assets

The fixed asset register was redone, assets that were previously not recorded, were brought back into

the fixed asset register. The assessment of useful lives was performed. As a result the PPE depreciation and accumulated surplus restated.

### Trade receivables and provision

To address the qualification, all debtors were evaluated to ascertain if they still exist, are recoverable and how much is owed, this has resulted in adjustments in the receivables, provision for impairment and write-off of debtors

### Accumulated surplus

Due to the reconstruction of the fixed asset register, assets that were not recorded were brought into the asset register at fair value resulting in the accumulated surplus being adjusted by the fair value of assets.

### Accounts payable

Reversal of accruals that were erroneously raised as a credit balance debtors.

## 22. Risk management

### Financial risk management

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

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments.

Cash flow forecasts are prepared and submitted to the Department of Telecommunications and Postal services at the beginning of each financial year to determine the frequency of the drawdown of the appropriation income.

### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows:

| Financial instrument                   |            |            |
|--|------------|------------|
| <i>Figures in Rand</i>                 | 2018       | 2017       |
| Cash and cash equivalents              | 51 647 386 | 45 013 640 |
| Receivables from exchange transactions | 2 647 158  | 6 850 600  |

### Market risk

#### Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

### 23. Going concern

We draw attention to the fact that at 31 March 2018, the entity had an accumulated surplus (deficit) of R10 178 518 and that the entity's total assets exceed its liabilities by R10 178 518.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the Department of Telecommunications and Postal services continue to provide funding for the ongoing operations for the entity.

### 24. Fruitless and wasteful expenditure

| <i>Figures in Rand</i>                      | 2018             | 2017          |
|---|------------------|---------------|
| Opening Balance                             | 10 843           | 88 085        |
| Interest paid to suppliers for late payment | 2 135            | 3 045         |
| Traffic fines                               | -                | 1 500         |
| Rent  | 1 451 286        | -             |
| Traffic fines recovered                     | -                | (970)         |
| SARS penalty recovered                      | -                | (83 464)      |
| Payment made into wrong account             | 70 196           | 2 647         |
| Other                                       | 6 353            | -             |
| <b>Total</b>                                | <b>1 540 813</b> | <b>10 843</b> |

A decision by the Board has been taken for disciplinary action to be taken against the staff members involved in incurring fruitless and wasteful expenditure.

Double payment for rental was paid for the months of June to August, NEMISA could not access the building as the certificate of occupancy was not yet available from the landlord. The matter is part of disciplinary hearing underway.

### 25. Irregular expenditure

| <i>Figures in Rand</i>                            | 2018             | 2017             |
|---|------------------|------------------|
| Opening Balance                                   | 3 964 543        | 3 084 085        |
| Add: Irregular Expenditure - current year         | 3 856 469        | 880 458          |
| Less: Amounts recoverable (not condoned)          | -                | -                |
| Less: Amounts not recoverable (not condoned)      | -                | -                |
| <b>Irregular expenditure awaiting condonation</b> | <b>7 821 012</b> | <b>3 964 543</b> |

#### Analysis of expenditure awaiting condonation per age classification

| <i>Figures in Rand</i> | 2018             | 2017             |
|------------------------|------------------|------------------|
| Current year           | 7 800 867        | 880 458          |
| Prior years            | 20 145           | 3 084 085        |
| <b>Total</b>           | <b>7 821 012</b> | <b>3 964 543</b> |

| Details of irregular expenditure – current year |   |           |
|---|---|-----------|
| Figures in Rand                                 | Disciplinary steps taken/criminal proceedings                                 |           |
| Procurement processes not followed              | HR processes & consequence management to be implemented against transgressors | 3 856 469 |

## 26. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

| Figures in Rand  | 2018        | 2017        |
|--|-------------|-------------|
| Net deficit per the statement of financial performance | (5 006 302) | (1 538 566) |

## 27. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix A for the comparison of actual operating expenditure versus budgeted expenditure.

## 28. Subsequent Events

The members are aware of the following matter. NEMISA is in the process of becoming the iKamva National e-Skills Institute (IneSI). This is an intergartion of three entities ,NEMISA, the e-skills institute (e-SI) and the Institute for Satellite and Software Applications(ISSA).This will result in the change in the organisational structure. The iNeSI Bill is still in Parliament for promulgation into law.



## ABBREVIATIONS

|           |  |
|-----------|--|
| CoLab     | Provincial e-Skills Knowledge Production and Collaborative Laboratory                      |
| DoC       | Department of Communications   |
| DOL       | Department of Labour   |
| DHET      | Department of Higher Education and Training  |
| DoBE      | Department of Basic Education  |
| DTPS      | Department of Telecommunications and Postal Services                                       |
| DTT       | Digital Terrestrial Television   |
| EXCO      | Executive Committee  |
| e-SI      | e-Skills Institute   |
| HRDCSA    | Human Resource Development Council of SA   |
| ICTs      | Information and Communications Technologies  |
| IDC       | International Data Corporation   |
| iNeSI     | iKamva National e-Skills Institute   |
| ISAD      | Information Society and Development  |
| ISSA      | Institute for Space and Software Applications  |
| ITU       | International Telecommunications Union   |
| MDG's     | Millennium Development Goals   |
| MGI       | McKinsey Global Institute  |
| MICT SETA | Media, Information and Communications Technologies Sector Education and Training Authority |
| MTSF      | Medium Term Strategic Framework  |
| NDP       | National Development Plan  |
| NDS III   | National Development Strategy  |
| NEMISA    | National Electronic Media Institute of South Africa  |
| NeSPA     | National e-Skills Plan of Action   |
| PIAC      | Presidential International Advisory Council  |
| ResNeS    | Research Network for e-Skills  |
| SDGs      | Sustainable Development Goals  |
| SOC       | State Owned Companies  |
| TVET      | Technical Vocation Education & Training College  |
| UN        | United Nations   |
| UNDP      | United Nations Development Programme   |
| USAASA    | Universal Service Access Agency of South Africa  |
| WEF       | World Economic Forum   |
| WSIS      | World Summit on the Information Society  |

## GENERAL INFORMATION

**Registered name:** National Electronic Media Institute of South Africa

**Registration number:** 1998/014825/08

**Physical address:** 21 Girton Road, Parktown, Johannesburg, 2193

**Postal address:** PO Box 545, Auckland Park, 2006

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**Fax number:** +27 (0) 11 484 0615

**Email address:** [info@nemisa.co.za](mailto:info@nemisa.co.za)

**Website address:** [www.nemisa.co.za](http://www.nemisa.co.za) / [www.inesi.org.za](http://www.inesi.org.za)

**External auditors:** Auditor-General of South Africa

**Banker:** Standard Bank of South Africa

**Company Secretary:** Mapula Thebethe

**National Electronic Media Institute of South Africa**





**NEMISA NPC**  
National Electronic Media Institute of South Africa



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