



Cleaning
& Hiring



Communications
& Marketing



Labour &
Collective



Management
& Business



Personal
Care



Real Estate
& Related

2020 | 2021

annual report

we are cultured | resilient | future driven



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



SERVICES SECTOR EDUCATION
AND TRAINING AUTHORITY



2020 | 2021 annual report

PUBLIC ENTITY'S CONTACT DETAILS

Registered Name

Services Sector Education and Training Authority

COUNTRY OF INCORPORATION AND DOMICILE

South Africa

Physical Address

15 Sherborne Road, Parktown Johannesburg, 2193

Postal address

P.O. Box 3322, Houghton, Johannesburg, 2041

Telephone Number

+27 11 276 9600

Email Address

customercare@serviceseta.org.za

Website Address

www.servicesseta.org.za

EXTERNAL AUDITOR'S CONTACT DETAILS

Auditor-General South Africa

Physical Address

4 Daventry Street, Aurecon Centre,
Lynwood Bridge Office Park, Lynwood Manor,
Pretoria, 0001

BANKER'S CONTACT DETAILS

Reserve Bank

Physical Address

370 Helen Joseph Street, Pretoria, 0001

Postal address

PO Box 427, Pretoria, 0001

Standard Bank

Physical Address

Riviera Road, Killarney Mall,
Killarney, Johannesburg, 2193

Nedbank

Physical Address

Clocktower Precinct, V&A Waterfront,
Cape Town, 8001

Postal address

PO Box 1510, Cape Town, 8000

TABLE OF contents

08	A	Strategic Overview
36	B	Performance Against Predetermined Objectives for the Financial Year 2020/21
62	C	Governance
70	D	Human Resource management
76	E	Financial Information



Our **CLEANING AND HIRING SERVICES** chamber consists of hiring, household, domestic and cleaning services under 15 Gazetted Standard Industrial Classification (SIC) codes.

PRESENTATION OF THE Annual Report

TO THE MINISTER OF



Dr Bonginkosi Emmanuel 'Blade' Nzimande
Minister of Higher Education, Science and
Technology

HIGHER EDUCATION, SCIENCE AND INNOVATION

It is my privilege and honour to present - in terms of Section 65 of the Public Finance Management Act, 1999 - the 2020/21 Annual Report of the Services Sector Education and Training Authority (Services SETA) to the Minister of Higher Education, Science and Innovation, Dr Blade Nzimande.

A handwritten signature in black ink, reading "de Vries".

Mr Stephen De Vries

Chairperson of the Accounting Authority
Services SETA



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

ABBREVIATIONS |

Acronyms List

AA	Accounting Authority
ABP	Association of BEE Professionals
ABVA	Association of BEE Verification Agencies
AET	Adult Education & Training
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
ANASA	Allied Nursing Association of South Africa
APP	Annual Performance Plan
APSO	Federation of African Professional Staffing Organisations
APR	Annual Performance Report
ATR	Annual Training Report
AQP	Assessment Quality Partner
BAS	Business Advisory Services
BCEA	Basic Conditions of Employment Act
BCP	Business Continuity Plan
BBBEE	Broad-Based Black Economic Empowerment
CBO	Community Based Organisation
CCMG	Contact Centre Management Group
CEASA	Construction Engineering Association of South Africa
CEO	Chief Executive Officer
CET	Community Education and Training
CDS	Career Development Services
CFO	Chief Financial Officer
COPs	Communities of Practice

DEDECT	Department of Economic Development, Environment, Conservation, and Tourism
DHET	Department of Higher Education and Training
DMASA	Direct Marketing Association of South Africa
DPSA	Disabled People South Africa
DRP	Disaster Recovery Plan
DSBD	Department of Small Business Development
dtic	The Department of Trade, Industry and Competition
EAAB	Estate Agency Affairs Board
ECDi	Enterprise and Cooperative Development Institute
ECTTT	eLearning Courses Technical Task Team
EOHCB	Employers Organisation for Hairdressing, Cosmetology and Beauty
ENO	Entrepreneur Network Organisers
ERM	Enterprise Risk Management
ETQA	Education and Training Quality Assurance
EXCO	Executive Committee
FY	Financial Year
GAAP	Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
HEI	Higher Education Institutions
HET	Higher Education and Training
HOTELLICA	Hotel, Liquor, Catering, Commercial and Allied Workers Union
ICT	Information Communication and Technology
IEASA	Institute of Estate Agents of South Africa
IFEA	International Festivals & Events Association Africa

IPAD	Industrial Policy Action Plan
LA	Learner Achievements
LMIS	Learner Management Information System
M&E	Monitoring and Evaluation
MOU	Memorandum of Understanding
MPAT	Management Performance Assessment Tool
MTSF	Medium Term Strategic Framework
NGO	Non-Governmental Organisation
NGP	New Growth Path
NSDS	National Skills Development Strategy
NSF	National Skills Fund
OFO	Organising Framework for Occupations
OHS	Occupational Health and Safety
OPSA	Association for Office Professionals of South Africa
PDIs	Previously Disadvantaged Individuals
PDP	Personal Development Plan
PFMA	Public Finance Management Act
PIP	Project Implementation Plan
PMO	Project Management Office
PoEs	Portfolio of Evidence
PRISA	Public Relations Institute of Southern Africa
PSET	Post School Education and Training
QCTO	Quality Council for Trades and Occupations
QMR	Quarterly Management Reports
RM&E	Research Monitoring and Evaluation
RPL	Recognition of Prior Learning

SAIA	South African Institute of Auctioneers
SAFPA	South African Funeral Practitioner's Association
SAQA	South African Qualifications Authority
SATAWU	South African Transport and Allied Workers Union
SATSA	South African Textile Services Association
SARS	South African Revenue Service
SCM	Supply Chain Management
SDL	Skills Development Levy
SDP	Skills Development Provider
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SETA	Sector Education and Training Authority
SGBs	Small and Growing Businesses
SIC	Standard Industrial Classification
SIEM	Security Information and Event Management
SIP	Strategic Integrated Projects
SLA	Service Level Agreement
SMME	Small, Medium, and Micro Enterprise
SOC	State-Owned Company
SP	Strategic Plan
SSP	Sector Skills Plan
TID	Technical Indicator Description
TVET	Technical and Vocational Education and Training
UASA	United Association of South Africa
WSP	Workplace Skills Plan

ABOUT US

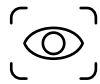
mission, vision and values

MISSION



Facilitation of quality skills development for employment and entrepreneurship in the services sector for national economic growth.

VISION



To serve, to deliver, for renewal, for prosperity.

VALUES



- ★ Accountability
- ★ Innovation
- ★ Integrity
- ★ Professionalism
- ★ Responsiveness



Our organisational values serve as a reference point on how we behave and serve our stakeholders.



PART A



DEVELOP AND GROW
www.servicesseta.org.za

Like the Baobab root system, our strategic approach makes us resilient, ensuring we can withstand disruptions and changes that are sometimes beyond our control.

Strategic Overview

Legislative and other Mandates	10
Foreword by the Chairperson of the Accounting Authority	11 - 12
Chief Executive Officer's Overview	13 - 16
Planning Department Overview & Sector Profile	17 - 21
Core Business Department Overview	22 - 23
Provincial Operations	24
Risk & Compliance	25
Broad-Based Black Economic Empowerment – B-BBEE Transformation	26 - 28
Special Projects & Infrastructure Projects	29 - 30
Information & Communication Technology	31 - 32
Entrepreneurship and Cooperative Development Institute - (ECDi)	33 - 34



Our **COMMUNICATION AND MARKETING SERVICES** chamber is comprised of marketing, contact centre and postal services under 9 Gazetted SIC codes.

LEGISLATIVE AND OTHER MANDATES

ITS IN OUR BLOOD

The Services SETA was established in terms of the Skills Development Act, Act 97 of 1998 as amended and is a schedule 3A public entity. The organisation receives levy income in terms of the Skills Development Levies Act, Act 9 of 1999. The SETA is required to manage these funds in accordance with the terms of the Public Finance Management Act (PFMA) and various regulations emanating from that Act, including Supply Chain Management Regulations. These Acts are amended from time to time, and such amendments need to be factored into the work of the Services SETA.

The Services SETA is a public entity accountable to the Minister of Higher Education. As a public entity, the SETA must produce a Strategic Plan and Annual Performance Plan (APP) in accordance with Treasury Regulations emanating from the PFMA. As an entity accounting to the Minister, it is

incumbent on the Services SETA to respond to the broader government policy and strategy framework.

National Skills Development Plan: 2030 (NSDP) provides a framework for the Services SETA to align its work to the New Growth Path (NGP), the Industrial Policy Action Plan (IPAPII), the National Skills Accord, and other mandates such as Broad-Based Black Economic Empowerment (BBBEE) and other provisions relating to employment equity and the Charter processes in so far as they impact on the services sector.

OTHER MANDATES:

The National Skills Development Plan

Medium Term Strategic Framework of Government (MTSF)

National Human Resource Development Strategy

Youth Development Strategy

Rural Growth and Development Strategy

National Qualifications Framework Act No 67 2008

Foreword

CHAIRPERSON OF THE ACCOUNTING AUTHORITY

The education sector has, globally, suffered colossal damage due to the COVID-19 pandemic, as face-to-face teaching and learning came to an abrupt halt because of it. The start-and-stop approach implemented to catch up with teaching and learning did not allow training institutions sufficient time to recover from the academic time lost.

BY MR STEPHEN DE VRIES

The basic and post-school education and training systems were equally affected as schools, colleges, universities, and other learning institutions were forced to shut down as a mitigating strategy against the spread of the COVID-19 pandemic. Throughput rates for post-school education and training systems were particularly affected by the closure of most business activities, especially where workplace learning is required, thereby constraining the performance of Sector Education and Training Authorities (SETAs).

On the economic front, the services economy has suffered massive damage to its growth prospects. Before the onset of the pandemic, this sector was already facing structural growth challenges. It took this economic sector two quarters (Q4 2020 & Q1 2021) to register a modest growth, in GDP terms, to return to the pre-pandemic growth trajectory. These developments have had far-reaching implications for companies and their employees as many had to cease operations resulting in record-setting retrenchments exacerbating the already dire jobs bloodbath experienced throughout the country in the process.

These difficulties notwithstanding, the pandemic fostered the adoption of information and communication technologies (ICT) in an unprecedented way. Pre-school and foundation phase learners had to quickly adjust to online learning techniques, thereby creating a new way of learning and embracing technology's role in learning and teaching. Inequalities facing countries such as ours meant that learners from poor backgrounds were left behind due to limited or lack of access to ICT infrastructures, further widening inequality and perpetuating the cycle of intergenerational inequality and poverty.

In the wake of the pandemic, the post-education and training system saw students from "rich universities", historically white, making reasonable progress in catching up with the academic year, while those from historically black, and rural, universities went through the worst academic year in the history of our country. Anecdotal evidence suggests that these inequities filtered through throughput rates, with students from poor universities faring far worse. The sector education and training system were not spared the harsh brunt of this reality.

Both theoretical and workplace learnings were significantly interrupted.

The Services SETA and its employers, learners, labour stakeholders, and service providers faced severe pressures of trying to assist employers to stay afloat through the skills levy-payment holiday introduced by the government as a form of relief during the pandemic and lockdown, whilst continuing to pay monthly stipends to learners with no learning and teaching activities taking place. At the same time, the Services SETA had an obligation to honour commitments to its service providers. These events presented a challenge from a revenue perspective with knock-on effects on planned skills development interventions, with a far-reaching impact on our ability to reach our enrolment and completion targets.

As reflected in this Annual Report (2020/21), the Services SETA realised a modest decline in the projected revenue. This development requires closer monitoring and development of appropriate interventions to assist both employers and learners as mandated by the Skills Development Act, Skills Development Levies Act and the National Skills Development Plan: 2030. A lower performance against predetermined performance indicators and related targets is a testament to the impact of COVID-19 on our operations and our ability to deliver on our mandate. The pandemic interrupted teaching and workplace learning which hindered our ability to implement and complete learning interventions planned in the Annual Performance Plan (2020/21).

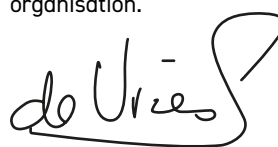
The Auditor-General of South Africa has issued the Services SETA with a qualified audit opinion for the current financial

and reporting period. The main cause cited is the weak internal control environment. After our appointment, the Board mandated management to remediate immediately. The work done to improve our processes will yield benefits in the coming reporting period. We will continue to avail resources to enable management to execute this task while exercising stringent oversight.

We will continue to support our employer members to remain solvent to safeguard jobs and expand workplace learning opportunities within our purview and available financial resources. And we will strive to provide quality training to our learners, timeously to help them become employable – by either being gainfully employed, starting their businesses or continuing with their learning journey and thus contributing to the services economy meaningfully.

We pledge our support to the government's economic recovery strategy as expressed in the Presidency's Economic Reconstruction and Recovery Plan. We will provide the necessary support to our employer, providing skills development programmes to recover and attain the goal of *"a skilled and capable workforce to support national growth imperatives"*.

The Accounting Authority would like to thank the Minister of Higher Education, Science and Innovation, and the Department of Higher Education and Training for support and guidance. A special thanks also to stakeholders and our valued staff members for their contributions to the organisation.



28 July 2021



CHAIRPERSON OF THE ACCOUNTING AUTHORITY

We strive to provide quality training to our learners timeously to help them become employable and continue to support our employer members.

Overview

I am pleased to present my inaugural Services SETA Annual Report overview for the 2020-21 reporting period. This is a particular hallmark for me, as personally, this year has been a tremendous milestone as well as for the Services SETA as an institution. In the year under review, we have strived to maintain operational viability, financial stability and improve stakeholder relationships through continuous assessment of operations, innovative solutions, and continuous engagements with our broader stakeholder population.

BY MENZI FAKUDE

It has been a year with many challenges for both the Services SETA and the sector. Due to the economic conditions brought on by the COVID-19 pandemic, it has faced negative economic growth. *The pandemic devastated the sector with significant revenue declines for employers, training providers, SETAs and other PSET stakeholders.* An adverse effect of the pandemic has been the noticeable closure of levy-paying employers and the accelerating retrenchments in the sector, which further aggravates its unemployment statistics. An unintended consequence of the pandemic has been the diversification of business operations by levy-paying employers, which has led to an increase in interSETA transfer requests out of the Services SETA, with the primary reason being that the employers would derive skills development benefits from the Services SETA that is directly linked to their new business models and operations. Ultimately all these negative changes reduced opportunities for workplace-based learning interventions for SETA funded initiatives.

These challenges have forced Services SETA to be more innovative in its skills development funding initiatives to stay relevant to the sector. *These innovations include sector-specific discretionary grant windows and targeting levy-paying employers as one of the sector's Economic Reconstruction and Recovery Plan (ERRP) initiatives.* Additionally, Services SETA also prioritised implementing Skills Programme interventions to provide entrepreneurship skills for the unemployed and an opportunity for re-skilling the employed and retrenched. These interventions have shown the resilience of the Services SETA and the over-arching intention to deliver on our skills development mandate.

Organisational Performance

The Services SETA achieved a 40% success rate against the Annual Performance Plan (APP) targets for the 2020-21 reporting period. This result is a regression of 33% compared to the annual performance results of the prior year. *The regression resulted from the delayed*

implementation of new interventions due to various COVID-19 restrictions on the PSET sector, which further exasperated the state of readiness of our training providers. Further extensions for active projects resulted in the late completion of active projects, resulting in low completion results for the year. The restriction has significantly impacted programme 3 of the Annual Performance Plan, including our support targets for National Priorities.

However, we are pleased to note a few successes against performance targets in the APP, including the approval of our strategic documents by the Executive Authority. An Impact Assessment study conducted to trace the absorption rate of students who completed SETA programmes indicated that at least 34% of these learners were absorbed into employment. The result indicates a higher need for sectorial partnerships with employers to improve the absorption rate and better capacitate the services sector with a skilled labour workforce, above the reported 31 workplace opportunities identified and reported in the current year. The Services SETA also managed to enter into two sector research agreements with Nkangala TVET and Esayidi TVET Colleges, which will strengthen the quality of research in the sector while at the same time providing additional capacity support to the TVET sector.

The Services SETA has also supported seven Trade Unions and two Federations representing labour in our sector through various pivotal and non-pivotal programmes. The Services SETA supported the registration and processing of 899 industry (unfunded) learner registrations in the current year, further emphasising our support for the sector. *A further testament to this support is the achievement of 155 stakeholder engagements held in the year on SETA offerings and opportunities available, including the realignment of five occupational qualifications lined to priority skills.* Services SETA also managed to process 87% of external moderation applications received in the year, leading to competent learners' successful certification.

Financial Overview and Spending Trends

Financial prudence has been the cornerstone principle for financial management in the current financial period, ensuring that we plan all expenditures in advance and strategically optimise service delivery returns in an environment with limited resources.

The total revenue received in the current financial year has been reduced by 38% to R1 055 133 000 from the balance of R1 689 143 000 received in the prior year. *The reduction in levy income is mainly attributed to the skills levy holiday and declining operations in the sector, including retrenchments and business closures. This reduction in levy income has directly affected the employer grants and project expenditure by 59% from the prior balance of R1 495 895 000 to the current year balance of R607 687 000.*

The reduction in expenditure can be attributed to the delayed implementation of skills development initiatives and support programmes due to the pronounced COVID-19 related restrictions and the state of readiness for our PSET partners to implement new training interventions. In the main, the expenditure spent was to support existing and extended interventions and mandatory grant expenditure. The effect of the reduced expenditure has resulted in the SETA having an annual balance of reserves of R609 830 000, which has significantly increased by 101% from the previous year's balance of R303 297 000, and an improved cash and cash equivalent balance of R634 431 000, as at the end of the year.

The commitments disclosure note indicates a reduced balance of R3 398 243 000 compared to the prior year closing balance of R3 699 293 000, primarily driven by concluding some learning interventions during the year. This committed expenditure relates to discretionary grants and operational expenditure and will be financed by the allocation from DHET, retained surpluses, existing cash resources, and funds internally generated. The implementation of these commitments will be phased in based on APP targets for future periods. Services SETA had incurred an additional R1 539 000 fruitless and wasteful expenditure related to penalties and interest relating to litigations and claims against Services SETA. The SETA has also disclosed a total balance of R1 898 016 000 Irregular Expenditure, of which R1 857 193 000 is awaiting condonation, and R40 823 000 is not condoned.

Economic Viability

The going concern analysis has indicated that Services SETA had a surplus of R307 million for the current reporting period, and the total assets exceeded its liabilities by R610 million. This basis presumes that funds will be available to finance future operations. The realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The ability of Services SETA to continue as a going concern is dependent on several factors, of which the extension of the SETAs license is the most pivotal. To date, there has been no indication that it will be rescinded.

Events after the Reporting Date

The Services SETA is required, as per Instruction Note 12 of 2020/21, to submit an application to National Treasury for the rollover of accumulated surpluses by 01 August 2021.

Capacity Constraints and Challenges

The Services SETA has continued to support its employees with training interventions to upskill their capacity to deliver against the SETAs mandate for skills development. These offerings include bursary allocations and training interventions that were identified in the approved workplace skills plan. *These training interventions have been rolled out using online training platforms, in line with the system enhancements invested in, including integrating systems to further support the efficient and effective delivery of services to stakeholders.*

The Services SETA had withheld the recruitment plan in the current reporting period. This is aligned with the uncertainty imposed by declining employment levels in the sector. *However, the organisation has embarked on an internal realignment of roles and responsibilities to ensure that operational efficiencies are not compromised.*

Discontinued Activities or Activities to be Discontinued

There were no discontinued activities or activities planned to be discontinued in the current year, as all Services SETA operations were reviewed and realigned to support delivery through various manual and online platforms.

Supply Chain Management

According to National Treasury Guidelines, the organisation has strived to maintain a high-performing supply chain management unit. *Online processes have improved the SCM processes further to improve our delivery against the annual procurement. The SETA will continue to strive to improve on internal control weaknesses that have been identified in the current reporting period with regards to contract management.*

Key Projects

Services SETA has investment available resources to improve service delivery offerings and has embarked on the following key projects:

- Integration of applications systems to support the implementation of learning interventions, including project monitoring, external moderation, and certification;
- The realignment of historical qualifications to occupational qualifications in line with the QCTO programme;
- Implementing skills development initiatives in line with the Economic Reconstruction and Recovery Plan;
- A focus on work-integrated learning interventions;
- InterSETA partnership priority interventions aligned to the ERRP, including Digitization and Global Business Services / Business Process Outsourcing (BPO);
- Impactful career development initiatives, with a focus on heritage skills that can be harnessed in the sector, such as hairdressing and beauty; and
- Implementation of e-learning and remote monitoring platforms to enable the implementation of learning interventions in the COVID Environment.

Audit Matters

The Auditor-General of South Africa has issued the Services SETA with a qualified audit opinion for the current financial and reporting period, which is not an improvement from the prior year audit opinion. The basis of the opinion was in the main due to a lack of proper record-keeping and reconciliation of the balance of the commitment. *The opinion was also influenced by other matters that were emphasised to*

attract management's attention, including inaccurate disclosure of prior period errors, material adjustments to the reported performance information, inadequate expenditure management, and consequence management.

As a management team, we have committed to continuously reviewing our internal controls to ensure that the challenges raised in the current year are adequately addressed, including the automation of processes to reduce human error opportunities. *The governance structures of the SETA will spearhead these internal control reviews and strengthen them to ensure that management is held accountable for implementing the necessary and sought-after improvements.*

Acknowledgements

I sincerely convey my gratitude to all role players that welcomed me during my inaugural year in Services SETA and for all the advice that has been given to me to ensure that we improve the efficiencies and effectiveness of the organisation that will impact the services sector.

The support I have received from our Executive Authority, Accounting Authority, PSET partners and broader stakeholder base has been insurmountable. It highlights the willingness of all key stakeholders to improve skills development for the betterment of the nation. Specific gratitude is also conveyed to the Services SETA team, who have continuously shown great resolve through difficult times and show commitment to ensuring that we deliver according to our mandate. *We will continue to support and strengthen one another, including improved relations with our labour representative to ensure that we work in an optimal environment that focuses not only on business operations but also on employee wellness.*

Lastly, I would like to offer my message of support for those directly and indirectly affected by the COVID-19 pandemic. As a SETA, we will continue to educate and support our team to ensure that our wellbeing is at the forefront during this difficult time.



28 July 2021



CHIEF EXECUTIVE OFFICER

SETAs are a key instrument to drive transformation and development. It is my honour to lead an organisation that has such an enormous responsibility.



PLANNING DEPARTMENT

OVERVIEW & SECTOR PROFILE

1. Strategic Overview: Services SETA is a schedule 3A public entity

The Planning Department of the Services SETA comprises the Sector Skills and Strategic Planning; Performance Verification and Reporting; Impact Assessment Functions; and Chamber Operations. Services SETA is a schedule 3A public entity.

2. Sector Profile

The scope of the Services SETA consists of 70 Standard Industrial Classification (SIC) codes as designated by the Minister of Higher Education and Training (DHET) in terms of the Skills Development Act, 97 of 1998. The following industries constitute the services sector:

SIC codes are four-digit numerical codes that categorise the industries that companies belong to, based on their business.






Table 1: Sector breakdown

Services SETA Sector	
SIC Code	Gazetted industry descriptor
86025	Office machinery, equipment, and rental leasing
50500	Renting of construction or demolition equipment with operators
85000	Renting of machinery & equipment, without operator for personal & household use
85200	Renting of other machinery and equipment
85300	Renting of personal and household goods n.e.c.
99029	Function and catering equipment hire
99035	Miscellaneous item hire
99036	Truck hire
99037	Video hire
99052	Truck and plant hire
99025	Dry cleaning and laundering
99026	Garden maintenance services
99027	Domestic services
99002	General cleaning
99047	Pet care
99018	Cleaning of carpet and upholstery
99019	Cleaning equipment and consumable supply
9001	Marketing services
9002	Marketing communications (incl. public relations)
9008	Direct Marketing
88130	Market research and public opinion polling
99038	Brand marketers
99055	Call centre management of people
75110	National postal activities
75111	Banking via the post office
75121	Mail handling
88918	Permanent employment agencies
88910	Labour recruitment and provision of staff
88916	Private employment agencies and temporary employment services
88917	Temporary employment services
95120	Activities of professional organisations
95155	Professional bodies n.e.c
95991	Bargaining councils and dispute resolution
95992	Associations, federations and umbrella bodies
61421	Import and export of various metals
88000	Other business activities
88141	General consulting services
88900	Business activities n.e.c.
96490	Other recreational activities

Services SETA Sector	
SIC Code	Gazetted industry descriptor
99000	Other service activities
99014	Quality management and related services
99016	NGO management and services
99015	Non-financial business management and management consulting
99090	Other service activities n.e.c.
99039	Generic project management
99056	Event and conference management excluding the operation of convention centres
99022	Ladies hairdressing
99023	Men's and ladies hairdressing
99024	Beauty treatment
99041	Nail technology including nail technologists, nail technicians and distributors and agencies of nail products
99042	Non-allied registered perfumery including aromatic oils and related products, perfumery consultants, salespeople and agencies of nail products
99043	Health and skincare incl. health and skincare therapists, stress therapists and somatologists, slimming salons and distributors of slimming products, including slimming machines
99044	Make-up artistry
99045	Personal Services Agencies
99050	Distributors of slimming products, including slimming machines
99051	Distributors of makeup products and related merchandise
34260	Cutting, shaping and finishing of stone
99030	Funeral and related activities
99033	Coffin making by funeral enterprises
99034	Manufacture of Funeral and Tombstones
99046	Modelling agencies
99054	Fashion design not related to clothing
50411	Decorating Business/interior designers and decorators
84000	Real estate activities
84100	Real estate activities with own or leased properties
84200	Real estate duties on a fee or contract basis
84201	Real estate valuation services
84202	Property management services
84203	Estate agencies
99053	Valuers, including auctioneers

3. Services SETA Profile

The Services SETA is one of the largest SETAs in terms of the number of employers falling within its scope. Regarding geographic spread, employers of the services sector are found in all nine provinces of South Africa, but with a high concentration in three developed and industrialised regions of Gauteng, Western Cape, and KwaZulu-Natal. The 70 Standard Industrial Classification codes (SIC) that constitute the Services SETA are further grouped into six Chambers as indicated to the right.

	Cleaning & Hiring Services,	1
2	Communication & Marketing Services,	
	Labour & Collective Services,	3
4	Management & Business Services,	
	Personal Care Services, and	5
6	Real Estate & Related Services.	

4. Chamber Operations

The following are some of the functions of the Chambers:

- Ensuring that Services SETA has relevant, up-to-date information and analysis from the industry to allow it to perform its strategic skills planning function in the sector.
- Working with industry to strengthen Services SETA's capacity for Supply.
- Ensure value-adding participation by the service sector employers in the National Skills Development Strategy through the efficient use of resources available for training in the sector.
- Promote effective communication between the SETA and all its stakeholders.
- Educating stakeholders on SETA's offerings and keeping them informed on new developments.
- Increasing possibilities of employment for Services SETA learners by exposing them to suitable workplaces during training.

2020-21 Performance Year Highlights

Some of the highlights for the period under review include:

1. Partnerships

- Services SETA was given access to the learning material for the Business Advisory qualifications in accrediting Skills Development Providers (SDPs) by the Small Enterprise Development Agency (SEDA). The material is for the following qualifications:
 - Business Advising Information Support (ID 48883) NQF Level 4, and National Certificate; and
 - Business Advising (ID 79886) NQF Level 5.

Even though this partnership was concluded in the previous financial year, its implementation continued, even in the financial year under review.

- Partnership with the North-West Department of Economic Development, Environment, Conservation, and Tourism (DEDECT) to implement self-funded business advisory learning interventions to benefit unemployed youth and support Small, Medium, and Micro Enterprises (SMMEs) within the province. The implementation of this partnership was delayed due to, among others, the onset of the COVID-19 pandemic and the resultant lockdown. Implementation was re-initiated during the financial year under review.

2. Review and realignment of the following into occupational qualifications:

- Occupational Certificate: Recruitment Officer;
- Occupational Certificate: Real Estate Agent;
- Occupational Certificate: Funeral Director;
- Occupational Certificate: Payroll Manager;
- Occupational Certificate: Commercial Cleaner;
- Occupational Certificate: Sales and Marketing Manager;
- Occupational Certificate: Image Consultant; and
- Occupational Certificate: Market Research Analyst.

3. Projects that were implemented by the Chambers

Workplace Readiness Programme

Training took place during 2020/21, however, the COVID-19 pandemic had an effect on the progress of training. The Workplace Readiness Programme was initiated to empower learners on the Services SETA-Funded projects to cope with the realities and expectations of the world of work. Universities and institutions of higher learning teach theoretical and academic skills; however, basic workplace or employability skills often fall by the wayside.

The workplace readiness programme aims to facilitate and mentor unemployed graduates to be work-ready, thus enhancing their employability. The workplace readiness programme is intended to train 2 500 learners entering workplaces either through internships or learnerships.

Auctioneering Programme

The Real Estate and Related Services Chamber launched the virtual auctioneering masterclass – the first of its kind – to connect young and aspiring auctioneers with leaders in the industry. The virtual masterclass series took place on 19-23 October 2020. Experienced industry leaders led the series of classes to transfer critical skills, mentor aspiring auctioneers, and promote and grow the industry. The classes covered lessons such as bid calling, starting an auction business, industry regulations, finding stock to auction, auction art, auction livestock, women in auction and many other industry progressive topics. The Master class was used to promote transformation in the auctioneering industry and to pilot the Services SETA's new e-Learning platform.

5. Research

1. Strategic Overview

The Planning Department conducts regular research on economic and labour market trends to support evidence-based strategic planning and decision-making.

1.1. Skills Development and Research

The Services SETA continued to look beyond narrow sectoral interests but to address broader systemic problems across the economic and education spectra. The following research projects were completed with wider impact for the organisation and the post-education and training sector, especially SETAs:

- a. Development of High-Level Monitoring and Evaluation Framework for SETAs
Purpose: To develop a high-level Monitoring & Evaluation (M&E) framework for all SETAs and support all other components of the Research Chairs. To be used by DHET, SETAs and parties appointed to continuously monitor and regularly evaluate the functioning of SETAs and their impact, enable SETAs to be

accountable to stakeholders, and in equal measure, to learn from M&E findings in order to increase their positive impact within their sphere of influence.

- b. Evaluating skills development for enterprise development in a township economy

Purpose: To develop a Monitoring & Evaluation framework for skills development for enterprise development in a township economy. The framework will enable SETAs to perform contextual diagnostics to assess the probability of favourable outcomes for enterprise development training in different contexts, develop strategies for creating more enabling environments in designated contexts, and learn from the M&E findings to increase their impact.

- c. Develop Performance Standards for the assessment of SETA Performance.

Purpose: To develop Performance Standards to be used in the assessment of SETA Performance. It will be guided by the High-Level Monitoring & Evaluation Framework and by evaluating the existing performance assessment framework(s) in place, particularly the MPAT (Management Performance Assessment Tool).

More sector-related, evaluative work was also carried out to inform the internal planning process, particularly in a pandemic where business is now 'business unusual'.

Areas of enquiry included:

- An employee survey to understand evolving perceptions and needs of employees during the COVID-19 pandemic; and
- An employer survey to understand implications of the pandemic on business operations, continuity and industry survival.

1.2. Partnerships

The Services SETA has established partnerships with Nkangala Technical and Vocational Education and Training (TVET) College and Esayidi TVET College to build research and training capacity around occupational qualifications.





CORE BUSINESS

DEPARTMENT OVERVIEW

External Moderation

Like all progressive organisations, the Services SETA was forced to respond innovatively to the COVID-19 lockdown challenges during the 2020-2021 financial year. The lockdown meant that the External Moderation Unit could no longer conduct external moderation evaluations at SDPs' sites.

A new and innovative way to continue providing the External Evaluation Services had to be found. The Services SETA executive management approved a virtual external moderation approach. SDPs were allowed to conduct training online and submit electronic Portfolios of Evidence.

SDPs with Hard copies of their Portfolio of Evidence (PoEs) were requested to scan and submit them online. The external moderation criteria had to be adjusted accordingly.

As a result of these innovations, the Services SETA was able to externally moderate PoEs for 33 680 learners during the 2020/21 financial year, as illustrated in the table below.

The number of external moderations completed includes the number of learners processed for both Services SETA funded learning programmes and those initiated by employers (industry-funded).

Learner achievements received

Quarter	Month	Learner achievements (LA) received			Learner achievements externally moderated			Variance	
		No. of SDPs	No. of LA * numbers	No. of learners	No. of SDPs	No. of LA numbers	No. of learners	Variance of LA numbers	Variance of Learners
Q1 2020/21	Apr-20	11	48	773	11	48	773	0	0
	May-20	42	341	3 887	42	341	3 887	0	0
	Jun-20	32	131	2 467	32	131	2 467	0	0
Q2 2020/21	Jul-20	60	275	5 385	60	275	5 385	0	0
	Aug-20	63	353	4 297	63	353	4 297	0	0
	Sep-20	32	145	3 034	32	145	3 034	0	0
Q3 2020/21	Oct-20	39	216	1 830	39	216	1 830	0	0
	Nov-20	63	349	4 084	63	349	4 084	0	0
	Dec-20	24	79	1 133	24	79	1 133	0	0

Quarter	Month	Learner achievements (LA) received			Learner achievements externally moderated			Variance	
		No. of SDPs	No. of LA * numbers	No. of learners	No. of SDPs	No. of LA numbers	No. of learners	Variance of LA numbers	Variance of Learners
Q4 2020/21	Jan-21	32	100	1 394	26	82	1 164	18	230
	Feb-21	58	170	3 099	43	133	2 492	37	607
	Mar-21	62	298	3 134	62	298	3 134	0	0
Total		518	2 505	34 517	497	2 450	33 680	55	837

- LA numbers are the Learner Achievement batches of learner cohorts that SDPs requested to be externally moderated.

During quarter one and quarter two, in the height of the hard lockdown, the Services SETA serviced 19 843 learners' PoEs.

When the restrictions were eased in quarters three and four, the Services SETA experienced an unprecedented increased number of External Moderation requests that stretched its human resources. Thus, for the first time, a backlog was created. By the end of the financial year, 837 learners were still to be serviced.

Printed certificates and statement of results:

Month	Certificates	Funded	SoRs per Learner	Funded	SoRs per Unit Standard	Total
Apr-20	3 337	568	3 153	44	7 165	6 490
May-20	1 058	242	2 528	151	5 164	3 586
Jun-20	913	81	972	24	3 331	1 885
Jul-20	1 227	223	1 095	33	2 623	2 322
Aug-20	1 559	184	1 460	32	4 714	3 019
Sep-20	2 403	541	1 062	62	3 457	3 465
Oct-20	619	162	769	0	3 502	1 388
Nov-20	1 495	1	694	43	2 639	2 189
Dec-20	38	0	78	33	351	116
Jan-21	1 849	175	1 265	137	5 052	3 114
Feb-21	1 354	0	860	0	2 403	2 214
Mar-21	1 227	0	1 125	0	4 730	2 352
Total	17 079	2 177	15 061	559		32 140

As reflected in the table above, the Services SETA was able to print certificates despite the lockdown and rotational access to the office due to the resources made available for remote working.

In 2019/2020, 76 104 certificates were printed compared to the 32 140 printed during 2020/2021. This is a drop of 42% due to the challenges posed by the COVID-19 pandemic for both the Skills Development Providers and the Services SETA.

Staff have been sourced from other departments and seconded to the External Moderation Unit to assist with the clearing of the backlog.

Certification

During the hard lockdown, certificates were printed remotely from home and then emailed with the appendix and the statement of results. The actual certificates were then printed in the office once the staff were allowed back there and then couriered to the Skills Development Providers.

In support of the SDPs assessment and internal moderation, 924 assessors and 147 moderators were registered.

The reflected certification and accreditation results are not linked to the Annual Performance Report as we did not have active targets in the Annual Performance Plan. However, the results are a reflection of the work performed by the department.



PROVINCIAL OPERATIONS

Stakeholder Support

As was the case for the entire organisation, our Provincial Operations had to find alternative ways of supporting stakeholders during the COVID-19 pandemic, which posed various restrictions, thus limiting access to stakeholders since provincial operations offices were closed for the greater part of the financial year under review. The use of new digital communication platforms such as Zoom and Microsoft Teams became extremely important in providing stakeholder technical support virtually. These also increased departmental interfaces within the organisation whilst working remotely.

The organisation's core operations processes relating to on-site work activities, such as learner inductions into learning projects, learning achievements, quality assurance and projects monitoring, were adapted to be online. Onsite learning project monitoring activities and tools were specifically adapted and would be remotely conducted.

The experiences brought about by the COVID-19 pandemic are hard pressing on organisations to consider increasing the use of online platforms and scaling up on automation of processes to ensure extended reach and agility in the delivery of services.

Career Development Services

Provincial Operations pursued three strategic targets on career development services (CDS), namely, conducting career development services capacity-building workshops, conducting career expos, and training career development practitioners.

A collaboration with the Department of Higher Education and Training's directorate responsible for CDS was an enabler to hosting the workshops that focused on entrepreneurship as a career path.

With regards to CDS practitioners training, a deliberate intention on capacitating the public colleges' sector and civil society was the basis to train the KwaZulu-Natal Community Education and Training College and non-profit organisation's (NPOs) staff on occupationally directed education, training, and development practices (ODETDP) skills programme. This programme was delivered by Esayidi Technical and Vocational Education and Training College. The training was conducted at the Services SETA-funded Greater Kokstad Municipality Skills Development Centre, to which the KwaZulu-Natal Community Education and Training College is a teaching and learning delivery partner in the partnership.



RISK & COMPLIANCE

Enterprise risk management

The Services SETA is a Schedule 3A Public Entity that operates within the ambit of the Public Finance Management Act, Skills Development Act, and other relevant legislation. The organisation recognises that risk management is an integral part of good governance and, therefore, an organisational and individual responsibility. The establishment of effective risk management systems form part of the governance framework and is central to the continued management and performance of the Services SETA. Enterprise risk management (ERM) supports Management and the Accounting Authority to ensure that the organisation reliably achieves its objectives, addresses uncertainty, and acts with integrity. Enterprise Risk Management enjoys the support of the Board and CEO, who endorse the importance of a risk-based culture. The Risk Governance framework includes the methods and processes used to manage risks and seize opportunities related to achieving our objectives. A risk-based approach is utilised to integrate concepts of internal control and strategic planning.

A Fraud prevention strategy and plan is in place and the Services SETA has an outsourced service provider that manages an independent functional hotline. The reports

received via the hotline are managed by the Office of the CEO and quarterly reports were submitted to the Board and the Audit Committee. The staff received training on the utilisation of the whistle-blower line and the details of the hotline are included in all outgoing emails as well as published on our website. A fraud risk assessment is planned for quarter 1 of 2021/22.

Quarterly risk progress reports were prepared and submitted on time to the Governance Risk and Strategy Committee and the Audit Committee to enable them to exercise their oversight responsibility.

The ERM is constantly scanning the environment for emerging risks and actively participates in the compilation of the organisation's workplace readiness strategy and workplace plan, based on the declaration of the National State of Disaster on 15 March 2020 because of the global pandemic caused by the COVID-19 virus.

The ERM Department provides assurance on risk management to the Board and guidance and advice to the CEO and management of the Services SETA.



B-BBEE -

TRANSFORMATION

Transformation Review

At Services SETA, transformation has been embedded in all our operational requirements and Annual Performance Plan targets. We take this national imperative seriously to rectify the injustices of the past and to ensure that our nation equitably represents those who reside in it. This is an affirmative action measure that is supported by the Accounting Authority and adopted by staff in the organisation. In addition, we consider Broad Based Black Economic Empowerment (B-BBEE) vital in achieving our mission and as a tool to measure internal performance in terms of compliance as required by the BBBEE Act 53 of 2003 as amended by the Act 46 of 2013.

Our transformation mandate remains one of ensuring that resources at our disposal are optimised to empower Previously Disadvantaged Individuals (PDIs) and Groups through skills development, and that transformation imperatives are met. Our approach ensures compliance with all related regulations that seek to promote transformation and equity.

The Services SETA has a standing Transformation Committee that meets on a quarterly basis and reports to the Accounting Authority. The Committee is responsible for the design and monitoring of the implementation of the organisation's Transformation policies and plans that are aimed at ensuring that the company meets its transformation goals. The committee will recommend all such policies and plans to the Accounting Authority for approval.

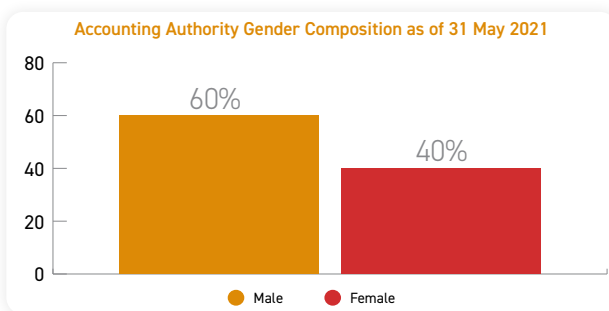
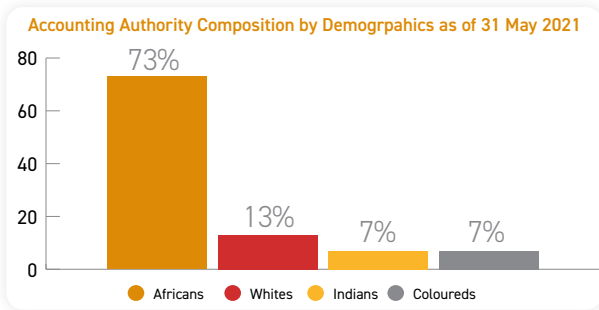
Furthermore, the organisation has a designated competent resource that provides strategy and guidelines on achieving BEE targets, and provides project management services on targeted interventions.

In terms of compliance with BBBEE Act 53 of 2003 as amended by the Act 46 of 2013, the Services SETA is being measured on the Generic Specialised Scorecard as gazetted by the Department of Trade Industry and Competition (DTIC). We are currently a Level 6 BEE contributor, with an enhanced procurement recognition of 60%, (Level 3 - 110% - F2020), the certificate expires 24 November 2021.

The organisation has regressed due to the four months skills development levy holiday which resulted in adjustments of targets in consideration of limited budget.

Management Control - Employment Equity

Our Accounting Authority as it stands is represented as follows in the graphs below:



The scores under this element have been satisfactory over the years. However, as an organisation we strive to align our targets with Economic Active Population as generated by STATS SA. It is worth mentioning that our Accounting Authority has a constituent member who represents people with disabilities, whose expertise will greatly assist in the area across the organisation.

Equally, we are cognisant of the fact that equity must be mirrored in our Human Capital. We are also aware that diversity needs to be embraced throughout our organisation and all staff must be treated with respect and dignity. As such, our workplace is free from any form of discrimination and measures have been put in place to deal with unfair discrimination should it occur. The organisation has a well constituted Employment Equity Committee which also deals with the skills development element. The Committee designs an Employment Equity Plan which is utilised as a tool to closely monitor and track progress in this area. The Plan stems from a robust and successful workplace analysis which was aimed at identifying barriers that hinder progress on Employment Equity so as to provide an opportunity to explore solutions.

We are optimistic about achieving our realistic numeric targets and our recruitment activities reflect this goal. Disability inclusion remains our top priority and this has been mirrored by a positive movement in this category and it remains an ongoing endeavour. We have gained momentum in ensuring that each occupational level is fairly represented as guided by the Economic Active Population targets generated by STATS SA. We are aware of our gaps and each opportunity is explored to fill the identified gap.

Skills Development

Our employees are at the cornerstone of our organisation and without their dedication to their respective roles, the Services SETA will not be able to remain productive as it is. We believe that empowerment leads to motivation. Our empowerment approach does not only challenge an employee to reach their potential, but we also consciously invest in rigorous skills and development programmes. Furthermore, we are exploring ways to enhance qualifications of staff in the A and B occupational level by identifying a Learnership programme with the required credits. These programmes are aimed at creating a skilled workforce. To create a learning culture, our employees are constantly encouraged to further their studies not only for their own development but as a strategic imperative to create pipeline for succession planning.

With the view of accelerating skills development to accommodate rural areas and far-out places, skills centres have been constructed to ease the burden of travel and logistics, which may hinder access to available offerings. The Accounting Authority passed this decision outside this mandate to remediate the gap identified. In addition, turn-key mobile buses were procured to be used as mobile offices equipped with ICT infrastructure to assist during roadshows and to also assist learners with uploading of documents.

Skills Development is our playfield and transformation our priority.

Preferential Procurement

There is no Preferential Procurement Policy in existence at the Services SETA. Preferential Procurement is incorporated and applied in accordance with the Supply Chain Management Policy. The provisions of the Preferential Procurement Policy Framework Act, No 5 of 2000 are

articulated in that policy. Our measurement is based on suppliers that are awarded via a tender or a request for quotation process. We have been able to maximise scores on procurement of goods and services from Exempted Micro Enterprises, enterprises that are 51% owned by black people and 30% enterprises owned by black women. We are currently in the process of identifying suppliers that are owned by people with disabilities with the aim of closing the gap and providing opportunities.

Our goal is to ensure that all our suppliers are BEE compliant and to continually assist in guiding those that seek compliance. We also encourage SMMEs that aspire to do business with any government entity to register on the Central Supplier Database as administered by National Treasury. Link: <https://secure.csd.gov.za/>.

Discretionary Grants

The Discretionary Grant Policy makes provision for transformation where criteria have been developed, prioritising designated groups where wider gaps are identified. In practice, Services SETA advocates Equity when a window opens, and preference is given to entities that empower previously disadvantaged individuals (Black Women, the Disabled, Veterans, Youth, and People from Rural areas), when awarding grants, with an attempt to lobby non-transformed entities.

Supplier and Enterprise Development

Services SETA has continued to make progress in the previous financial year with the continuation of an initiative aimed at assisting all SMME Discretionary grantees to successfully complete allocated projects. The programme gained traction and remains ongoing as and when there is a new allocation. The initiative entailed a comprehensive project management offering which was administered by a reputable service provider. The project intended to fill the gaps as previously identified, where SMMEs do not successfully complete their projects due to document control, submission requirements, and pure lack of business skills. The SMME project is aimed at accelerating learner exit percentage and developing small businesses to run effectively. The integral part of the project is the live project management tool where SMMEs can interact with the Services SETA regarding the status of

the project and have any outstanding matters resolved. On completion of the project, 681 participants had benefitted from the project. The outcome was a success and more initiatives will be explored in line with our value chain.

Socio-Economic Development

The Services SETA has contributed towards various initiatives aimed at improving non-profit organisations and the well-being of beneficiaries. These contributions are in line with the organisation's Socio-Economic policy and the BEE Codes of Good Practice. Our policy is broad and covers skills development interventions and sponsorships. One initiative that stands out from the rest is the partnership with Disabled People of South Africa. We are continually exploring more innovative initiatives.

Our approach to transformation is part of the organisation's DNA and we are encouraging business and other government entities to follow suit.

BEE Commission

On an annual basis the organisation successfully submits its B-BBEE Skills Development Compliance Report to the BEE Commission as required by the BEE Act, Section 13G (Reporting) (3) which reads "All sectoral Education and Training Authorities contemplated in the Skills Development Act 1998 (Act. 97 of 1998) must report on skills development reporting spending and programmes to the BEE Commission." Recommendations are received from the Commission which are implemented. We will continue to comply and monitor progress.



SPECIAL PROJECTS & INFRASTRUCTURE PROJECTS

Infrastructure Development

The Infrastructure Development and Facilities Management department is responsible for, amongst others, the infrastructure development projects of the Services SETA in terms of the construction of the buildings within different provinces. This is achieved through relations with Government Departments, Municipalities, and Institutions of Higher Learning. The year in review has seen the Services SETA contributing to the increase in the training facilities through infrastructure development. The below table

highlights the projects reported as active throughout the year.

Construction activities were put on hold during COVID-19 Alert levels 5 & 4. However, the Services SETA managed to reach practical completion for three projects while finalising project closure activities for two projects that were practically completed in the previous year. We mark the success of entering our new financial year with only two projects to be completed:

No.	Project Name	Partner	Province	Status
1	Motheo National Artisan Development Academy	Motheo TVET College	Free State	To be completed
2	Kokstad Skills Development Centre	Greater Kokstad Local Municipality	Kwa-Zulu Natal	Completed
3	Cala Skills Development Centre	Sakhisizwe Local Municipality	Eastern Cape	Completed
4	Prieska Skills Development Centre	Northern Cape Department of Public Works	Northern Cape	To be completed
5	Ngqeleni Chicken Community Project	Mqwangqweni Tribal Authority	Eastern Cape	Completed
6	Mount Coke Skills Development Centre	Buffalo City Metropolitan Municipality	Eastern Cape	Completed
7	Beaufort West Skills Development Centre	Beaufort West Local Municipality	Western Cape	Completed

Special Projects

The 2020/2021 financial year has proven to be the most difficult year in skills development, which resulted in training being negatively impacted. Learning was interrupted because of the lockdown and COVID-19 restrictions. This resulted in some learners not being able to return to their workplaces like any other employee as employers prioritized their own employees over the learners on implementing the return-to-work strategy. Constant engagements with stakeholders were key to ensure that we eventually get all learners to return to work. Furthermore, enrolments could not be achieved due to budget constraints because of the four-month levy payment holiday and the inability to lead employers to complete recruitment processes in adherence to the COVID-19 regulations.

The above has created opportunities to implement e-learning in some of the projects. However, we noted that the rural areas are still disadvantaged as e-learning could not be implemented. More collaboration with other stakeholders will be required in future to ensure such limitations are mitigated.

Special projects have worked with nine trade unions to provide Occupational Health and Safety (OHS) training to 1 007 beneficiaries in the context of COVID-19 to combat the impact of COVID-19. The training was received well by all the beneficiaries, which resulted in some of the beneficiaries reviewing and updating their OHS policies pertaining to their own organisations.

WE ASSIST OUR TRAINEES TO LOOK BEYOND THEIR CLASSROOM ENVIRONMENT TO SEE THE BIG PICTURE BY ENCOURAGING THEM TO BE INDEPENDENT & ENGAGED IN REAL-WORLD PROBLEM-SOLVING.

Bursaries

Both Bursaries APP targets have not been met for 2020-21 financial year.

1. Entered 2 500, the target fell short by 2 263, and only 237 enrolled. This was a result of the delayed resumption of Higher Education Institutions (HEIs) as the 2020 academic year was extended beyond 31 March 2021 for the majority of institutions and will be reportable in the new reporting period.
2. Completions: only 243 of the 1 478 target has been verified as completed. This was because of various factors, including the extended academic year because of COVID-19, which has seen many institutions complete their year-end exams during the 2021 academic year, which is our quarter four. The organisation also could not assist the class of 2020 with assistive online learning devices, which also dampened the performance since the majority of 2020 schooling was done online and from home because of the pandemic.

Key milestones

Despite the new normal that we had to adapt to due to the COVID-19 pandemic, in respect of bursaries, we managed to support all payments to ensure that those who continued with their studies were not financially affected.

We further reviewed the progression pass rate from 75% to 60% to assist the students we could not provide online learning materials such as laptops to. They persevered throughout the difficult academic year. This is a once-off for the class of 2020, which saved many who could have been dropped because of not meeting the progression criteria.

Achievements

We have since finalised the laptops distribution process for the continuing group in quarter four, and this will assist them a great deal and most likely result in much better results come the end of the year.

Of the 235 completions, over 180 are graduates who completed their qualifications and are ready for the corporate world.



INFORMATION AND COMMUNICATION TECHNOLOGY

The ICT department achieved 12/19 (63%) of its infrastructure and systems plans, resulting in a total achievement rate of 63%. This is a fair assessment of the ICT performance measurement against its strategic implementation plan during this phase where the organisation is positioning itself for a radically new information technology-based world. To facilitate achieving strategic objectives, ICT focused on allowing Services SETA stakeholders, head office, and regional offices to benefit through Information Communication Technology through accelerated information access and high availability of tools of the trade, be it hardware, software, or transmission mediums.

ICT prioritised equipping the workforce with the ability to work remotely by providing secure, broad-based access to a large quantity of organisational information while reducing the practice of working in silos within the organisation. Such flexibility could only be achieved by embracing emerging technologies that permit the decentralisation of business applications deployed in hosted cloud environments. The report below briefly outlines key achievements per performance area and seeks to highlight challenges besides a low fiscus and reprioritised budget faced thereof.

Key Areas of Achievement

- a. By successfully establishing the Project Management Methodology guidelines, we have increased the **ICT Contract and Project Management's** efficiency. It has ensured an improved system of monitoring projects, from commissioning to handing over as per the handover framework that ensures knowledge transfer to both users and ICT administrators.
- b. ICT promise to maintain high availability of resources for **Business Continuity** is now achievable as guided by the approved Disaster Recovery Plan (DRP) along with its approved Backup and Recovery Standard Operating Procedure. Implementation of the DRP will be informed by the completed Business Impact Analysis, which is a subset of the Business Continuity Plan (BCP). However, testing the BCP remains a challenge as the review is still in progress. Nevertheless, ICT will be able to test the DRP functionality, pending testing against the BCP on its approval.
- c. A stretched rollout of **ICT Security Management** tools meant applying strict standards of ICT Security by adopting a sensitised and heightened zero breach

approach when configuring the ICT security landscape to mitigate against increased vulnerability associated with working remotely. However, ICT has yet to reach the best practice standards benchmark whereby integrating a State-Owned Company (SOC) and Security Information and Event Management (SIEM) will enable automated remediation of cyber-attacks.

- d. Vast improvements in **Technology Architecture** were achieved by successfully migrating the traditional Microsoft Exchange to Microsoft 365. The activation in full of the M365 products suite realised gaining a technological advantage by the organisation which now has at its disposal, the cutting edge in Office **Collaboration and Communication** tools of the trade. Achievement of this migration required, as an environmental dependency readiness, to support the minimum requirements for cloud-based solutions deployment. The result was successfully restructuring the data centre architecture into a hybrid led solution, and telecommunications to permit seamless connectivity between cloud and on-premises applications.
- e. For **Application Architecture**, our focus has been getting all the applications in-house. We managed to get all the applications that were hosted outside Services Seta (externally hosted) in-house. We have managed to get almost all in-house, except for BLAMS and the Bursary Management System, which were in progress at year-end.

Key Challenges

- a. The Services SETA experienced an increased dependence on applications/systems due to remote working during the COVID-19 lockdown. Our core system: **Learner Management Information System (LMIS)**, experienced strained and unavailability issues for our stakeholders. This affected projects that were planned to commence during quarter four of 2021/22 and Workplace Skills Plan/Annual Training Report (WSP/ATR) submissions by employers in March and April 2021. Through the intervention to host Services SETA systems in-house, we managed to bring the code in-house, improve its responsiveness, and remove deficiencies and challenges in managing learners from enrolment to certification.

The fact that we do not have an operating **Service Desk system** has caused problems in that we have not been able to operate an ICT Help Desk, which contributed highly to poor monitoring of service desk response and consequence management for services outside the Service Level Agreement (SLA) period. We are now in the process of enabling a Service Desk application from Manage Engine, and approval for training has been obtained. We aim to begin using this system as soon as training is completed. The system will enable us to manage ICT contracts and SLA Management, Service Desk (Help Desk), Incident Management and ICT Asset Management.



ENTREPRENEURSHIP AND COOPERATIVE DEVELOPMENT INSTITUTE (ECDi)

Overview

The 2020-21 financial year kicked off with a hard lockdown due to the COVID-19 pandemic. Working from home was the only provision and alternative. The ECDi Division was no exception. Nonetheless, work had to continue, and the Services SETA had to achieve its APP targets against all odds. The reality of the situation was that almost all business sectors, except essential services, had to shut down. Levy-paying employers were given a Skills Development Levy (SDL) holiday for four months. This move inevitably reduced Services SETA's revenue by 37.67%, thus negatively impacting the achievement of 2020-21 APP targets. The Services SETA had to cut down its budget and reprioritise its procurement of goods and services, and consequently, this report is unique in that set milestones could not be achieved.

Key milestones

Small Business Portfolio

A Memorandum of Understanding (MOU) between the Department of Small Business Development (DSBD), SEDA, Small Enterprise Finance Agency (sefa) and the Services

SETA expired on 31 March 2020. Partners conducted a joint evaluation of achievements and challenges. Parties agreed and expressed commitment to renew and strengthen the partnership in the 2020-21 financial year and beyond.

Skills Development Portfolio

The InterSETA collaboration sought to better support the needs of entrepreneurs and SGBs (Small and Growing Businesses). In January 2020, the InterSETA Committee met online to discuss new SETA entrepreneurship-related annual performance targets introduced by DHET. That generated even more opportunities to collaborate and share approaches and practices. Thenceforth, Sector Skills Plan (SSP) Managers were also invited to shed light and cross-pollinate on approaches and research methodologies in determining the needs of SMEs and Cooperatives. It was recommended that one SETA should lead in this regard and that there should be a research repository for the InterSETA Committee.

Stakeholder Dialogue:

Through the Research and Dialogue Programme of the Early Childhood Development Division, establishing the three Communities of Practice (CoPs) online engagements creates common learning spaces for expert practitioners and policymakers to connect, share, and engage about models, practices, and experiences. CoPs foster innovation and improve policy and services for business development. These CoPs focus on identified aspects of entrepreneurship and small business development and to exchange information, research, methodologies, and practices. These online engagements enable inclusivity and access. LinkedIn Groups were created to enable ongoing interaction and information sharing.

Different topics were addressed in each CoP as follows:

Entrepreneur Network Organisers' (ENO) CoP

- 28 May 2020: How the impact of entrepreneur networks can be scaled and the contribution of an ENO CoP to build their capacity;
- 08 September 2020: Coverage and Growth of Entrepreneur Network Organisers in South Africa;
- 26 November 2020: Creating Sustainability for Entrepreneur Networks; and
- 11 March 2021: Network Organisers for Women and Entrepreneurs with Disabilities Share their Models of Success.

Business Advisory Services (BAS) CoP

- 18 June 2020: Business Rescue and Business Recovery in the wake of COVID-19;
- 22 September 2020: COVID-19 Small Business Relief Schemes and Support;

- 03 December 2020: New Technology Options for Delivering Impactful Business Advisory Services; and
- 23 March 2021: Reflections and Developments related to Previous Engagements.

Research Monitoring and Evaluation (RM&E) CoP

- 11 June 2020: Contribution by universities to the national entrepreneurship and small business development research agenda;
- 15 September 2020: Studies on the impact of the COVID-19 lockdown on the small business sector;
- 08 December 2020: Entrepreneurship and Small Business Development Country Scorecards; and
- 18 March 2021 Country Scorecards for Entrepreneurship and Small Business Development.

Achievements

eLearning

There was a four-month delay in the appointment of a service provider, and the output could not be achieved. The project only commenced on 1 February 2021 instead of 1 October 2020. A kick-off meeting took place on 02 February 2021. Between February and March 2021, a solid foundation was set to achieve the output in the next financial year (FY). A project initiation document with all the tasks was agreed upon by both Services SETA and the service provider on 12 March. Both parties signed the Project Plan, Monitoring and Evaluation (M&E) Plan by 30 March 2021. The Joint Project Team met on 16 and 26 March 2021. The eLearning Courses Technical Task Team (ECTTT) inaugural meeting took place on 19 March 2021.





PART B



DEVELOP AND GROW
www.servicesseta.org.za

In this section we measure how well we performed against our targets. Being able to help people, by providing them with skills and training is what we love and are proud of.

Performance

Against Predetermined Objectives for the Financial Year 2020/21

Services SETA Annual Performance Report
for The Period 1 April 2020 – 31 March 2021 38 - 39

Performance against Predetermined Objectives
for the Financial Year 2020/21 40 - 60



Our **LABOUR AND COLLECTIVE SERVICES** chamber consists of labour recruitment and collective services under 9 Gazetted SIC codes.

2020-21

Annual Performance Report

Overview of the Annual Performance Results

The reported performance of Services SETA against its Annual Performance Plan targets regressed from 73% in the previous reporting period to 40% in the current reporting period. The regression was primarily due to the normalisation of the SETA's operations post the disruptions of COVID-19 restrictions on learning interventions roll-out.



PROGRAMME ONE:
ADMINISTRATION

40



PROGRAMME TWO
SKILLS PLANNING

42



PROGRAMME THREE
LEARNING PROGRAMMES

50



PROGRAMME FOUR
QUALITY MANAGEMENT

60

Situational Analysis

The COVID-19 restrictions resulted in delays being experienced in the initiation of new interventions in the reporting period due to various reasons aligned to the state of readiness to implement interventions by Services SETA and its skills development partners. Further delays were exacerbated by the extension of older interventions that needed additional time to complete and the constant need to assess implementation and manage projects to the budget to ensure that Services SETA can fulfil its mandate while being fiscally responsible.

Further challenges to Services SETA's performance could be attributed to systematic challenges that impacted the speedy delivery of services, the on-time schedule of the verification exercise, commencement, and the conclusion of interventions. Further support programmes related to national skills imperatives, infrastructure development, research, TVET and Community Education and Training (CET) support have been re-prioritised and committed to be realised in the next reporting period.

The Auditor-General had performed the necessary audit procedures on performance information to provide reasonable assurance in the form of an audit conclusion as detailed in paragraphs 13 - 31 of the Auditors report on pages 83 - 89.

The table below indicates the SETA's overall performance against the Annual Performance Plan targets, per programme:

Overall Summary of Achievement

Programme	Achieved	Not Achieved	Total	%
Programme 1: Administration	2	5	7	29%
Programme 2: Skills Planning	16	2	18	89%
Programme 3: Learning Programmes	4	29	33	12%
Programme 4: Quality Management	2	0	2	100%
Total	24	36	60	40%

Performance Indicator Rating Scale



Target achieved or exceeded
100% and above



Target not achieved
Below 100%








Our Annual Performance Plan targets regressed by 33% from last year to 40% in the current reporting period.

SERVICES SETA PERFORMANCE AGAINST 2020-21 ANNUAL PERFORMANCE PLAN

Programme 1: Administration

SUB-PROGRAMME #		Finance		
DESCRIPTION	1.1	The purpose of the sub-programme is to manage all financial-related activities in line with the PFMA		
OUTCOME		Effective and efficient financial and performance information management maintained		
OUTPUT	OUTPUT INDICATOR	INDICATOR TYPE	ANNUAL TARGET	Variance Explanation and Plan of Action
			2020/21	
Error-free financial statements and reliable performance information report	1.1.1.1	Non-Cumulative	Clean Audit	
			Annual Result	Annual Variance
			Qualified Audit Opinion	Qualified Audit Opinion
				Rating
				3.3
				The Auditor-General has issued the Services SETA with a qualified audit opinion due to material misstatements identified in the financial and performance reports for the 2019/20 audit.
SUB-PROGRAMME #		Human Resources Development and ICT		
DESCRIPTION	1.2	The purpose of this sub-programme is to ensure that people with the required knowledge, competencies and behaviours are recruited, retained, and supported to improve individual productivity and organisational performance and that ICT services are integrated, efficient and innovative, enabling improved organisational efficiency and performance		
OUTCOME		Adequately and sufficiently skilled people retained and alignment of ICT systems to business requirements enhanced with improved organisational performance		
OUTPUT	OUTPUT INDICATOR	INDICATOR TYPE	ANNUAL TARGET	Variance Explanation and Plan of Action
			2020/21	
Approved Recruitment and Training Plan is developed and implemented	1.2.1.1	Non-Cumulative	70%	
			Annual Result	Annual Variance
			0%	-70%
				Rating
				3.3
				A recruitment plan was approved; however, a process of reprioritisation took place due to the organisational function reorganisation as well as available budget, which resulted in the non-implementation of the Recruitment Plan.

Approved Recruitment and Training Plan is developed and implemented	1.2.1.2	Percentage of Personal Development Plan (PDP) implemented	Non-Cumulative	60%	55%	-5%		The training budget was reprioritised for the 2021 reporting period, which slowed down the implementation of the annual training plan aligned to staff PDPs, resulting in the underperformance against our PDP plan. The new training plan will be rolled out to staff using virtual platforms and internal experts going forward to minimise costs and ensure that we achieve our intended personnel development objectives.
ICT infrastructure and systems plan to support Services SETA	1.2.2.1	Percentage achievement against ICT plans	Non-Cumulative	100%	63%	-37%		12/19 (63%) projects were commenced against ICT plans, resulting in a total achievement rate of 63%. The target was not achieved due to the reprioritisation of projects for commencement in the current year and future periods.
SUB-PROGRAMME # Governance, Compliance and Risk Management								
DESCRIPTION								
1.3 The purpose of this sub-programme is to ensure that governance structures and processes are established and capacitated to ensure good governance and to strengthen compliance with statutory and regulatory provisions and internal policies and procedures monitored and strengthened to mitigate risk and improve organisational performance								
OUTCOME								
Accountable governance and oversight prompted through leadership focussed on high performance compliance, internal controls, and enterprise-wide risk mitigation								
OUTPUT	OUTPUT INDICATOR	INDICATOR TYPE	ANNUAL TARGET	2020/21	Annual Result	Annual Variance	Rating	Variance Explanation and Plan of Action
Enterprise-wide integrated compliance	1.3.1.1	Percentage of audit and compliance action plans actioned	Non-Cumulative	100%	99%	-1%		The following compliance action plans were actioned in the current reporting period: 23/23 (100%) Compliance action plans due were actioned. 87/88 (99%) Audit action plans due were actioned. The achievement of the action plans is tracked by organisational compliance with an internal audit to ensure that compliance is maintained across the entire SETA.
Enterprise-wide integrated risk management	1.3.2.1	Percentage of risk action plans actioned	Non-Cumulative	100%	100%	0%		There were 41/41 (100%) risk mitigation action plans that were actioned in the current reporting period and have been tracked by the Enterprise Risk Management Department to ensure that all departments manage their risks accordingly.
Effective governance oversight	1.3.3.1	Quarterly Good Governance report	Non-Cumulative	4	4	0		All quarterly good governance reports have been prepared and submitted to DHET in line with the department's reporting requirements.

Programme 2: Skills Planning

SUB-PROGRAMME # Research, planning, monitoring, and reporting

DESCRIPTION 2.1 The purpose of this sub-programme is to ensure alignment between the Services SETA offerings and industry needs to evidence-based planning. The sub-programme is responsible for the development of the Sector Skills Plan, the Strategic Plan and Annual Performance Plan, and monitoring of organisational performance through routine reporting to internal and external stakeholders

OUTCOME Effective and efficient organisational research, planning, performance monitoring and evaluation maintained

OUTPUT	OUTPUT INDICATOR	INDICATOR TYPE	ANNUAL TARGET			Annual Variance	Rating	Variance Explanation and Plan of Action
			2020/21	Annual Result	Annual Variance			
Key planning documents developed, supported with empirical data with regular monitoring and evaluation	2.1.1.1	Evidence-based SSP-SP-APP	Approved	Approved	-		SSP-SP-APP 2020/21 was approved, and feedback has been received from the DHET on the submitted strategic document. The documents have been endorsed for approval by the Minister and submitted to the department for tabling in Parliament in February 2021.	
	2.1.2.1	Number of sector research agreements signed for TVET growth occupationally directed programmes	Non-Cumulative	1	2	1		The following TVET colleges have signed research agreements: - Nkangala TVET; and - Esayidi TVET. The target has been overachieved due to the research agreements being entered into to achieve the target. The agreements will position Services SETA to support TVET colleges and provide the SETA with additional capacity to develop its strategic documents guided by sector-specific research results.
Research partnerships were established to inform skills demand and supply	2.1.2.2	Number of learners in employment (Internships, skills programmes, bursaries, learnerships completed)	Non-Cumulative	1 000	25 799 ¹	24 799		The results are reported in line with the Impact Assessment study performed on learner completion. The main populations of the study were all the graduates from Learnerships and Internships since 2015/16. To date, there are 75 880 learnership graduates and 29 522 internship graduates. The sample size required for this population is, in fact, 383. This study exceeded this by including 579 respondents. This population and sample size meets the criteria for generalizability. A total of 204 responses were received – indicating a 35% response rate. This is a higher than average survey response rate which is generally accepted at 33%. As a result of the study, a total number of 25 799 learners can be extrapolated as having received employment based on the study results.

1. The vast difference between the target and achievement rate is because the target is new, and there was no proper guidance received on the outputs expected from DHET. Therefore, the target was delivered through an impact assessment study assessing learner absorption rates for those who had completed SETA-funded programmes from 2015/16 to 2020/21 reporting periods. The finalisation of the DHET Validation Framework in the future will ensure that the achievement of targets is aligned to DHET and other SETAs.

SUB-PROGRAMME # Research, planning, monitoring, and reporting

DESCRIPTION 2.1 The purpose of this sub-programme is to ensure alignment between the Services SETA offerings and industry needs to evidence-based planning. The sub-programme is responsible for the development of the Sector Skills Plan, the Strategic Plan and Annual Performance Plan, and monitoring of organisational performance through routine reporting to internal and external stakeholders


OUTCOME Effective and efficient organisational research, planning, performance monitoring and evaluation maintained

OUTPUT	OUTPUT INDICATOR	INDICATOR TYPE	ANNUAL TARGET	Annual Result	Annual Variance	Rating	Variance Explanation and Plan of Action
			2020/21				
2.1.2.3	SETAs identify in their skills planning research, emergent cooperative and skills needs	Non-Cumulative	10	10	0		The following skills needs were identified for emergent cooperatives through consultation and research work done in the identification of skills needs and gaps: <ul style="list-style-type: none"> • Negotiation; • Leadership; • Office Administration; • Computer Literacy; • Customer service; • Adult Education and Training; • Public Relations; • Problem-solving skills; • Coaching and mentoring; and • Data Management.
2.1.2.4	SETAs, through their skills planning research, identify skills needs of small and emerging enterprises	Non-Cumulative	10	10	0		The following skills needs for small and emerging enterprises were identified through consultations and research work done in the identification of skills needs and gaps: <ul style="list-style-type: none"> • Customer Service; • Office Administration; • Quality Management; • Project Management; • Database analytics; • Facilitation skills; • Leadership; • Data Management; • Document Management; • Strategic Management
2.1.2.5	Number of research partnerships	Non-Cumulative	3	1	-2		Due to budget reprioritisation, only one research partnership was entered into in the current year for the preparation of the Sector Skills Plan, namely: <ol style="list-style-type: none"> 1. OD Management Services - Economic and Labour Market Analysis Study. The research agenda for the 2021/22 reporting period will be prioritised to ensure that adequate research partnerships are entered into to allow for informed strategic planning and sector-focused interventions.

SUB-PROGRAMME # Mandatory grant

DESCRIPTION The purpose of this sub-programme is to manage the Mandatory Grant for the service sector by ensuring timely and accuracy of submission of Workplace Skills Plans and Annual Training Plans and facilitate the reimbursement of qualifying entities

OUTCOME 2.2 Workplace-based learning in the services sector promoted and supported

OUTPUT	OUTPUT INDICATOR	INDICATOR TYPE	ANNUAL TARGET				Annual Variance	Rating	Variance Explanation and Plan of Action
			2020/21	Annual Result	Annual Variance	Rating			
Increased number of employers participating in SETA programmes	2.2.1.1	Number of employers submitting WSP/ATR approved	5 004	4 808	-196		There were 4 808 WSP/ATR that were submitted in the current under-reporting year. The non-achievement against the target was because of challenges experienced by the SDPs in the submission of WSPs because of COVID-19 restrictions. Ongoing technical assistance will be provided by the WSP department to ensure that levy-paying entities are fully capacitated to ensure successful and on-time submissions.		
		Small	3 345	3 243	-102		The lower-than-expected submission rate resulted in a reduction of small employer submissions by 3% compared to the anticipated performance.		
		Medium	991	935	-56		The lower-than-expected submission rate resulted in a reduction of medium-sized employer submissions by 6% compared to the anticipated performance.		
		Large	668	630	-38		The lower-than-expected submission rate resulted in a reduction of small employer submissions by 6% compared to the anticipated performance.		

SUB-PROGRAMME # Mandatory grant

DESCRIPTION The purpose of this sub-programme is to manage the Mandatory Grant for the service sector by ensuring timely and accuracy of submission of Workplace Skills Plans and Annual Training Plans and facilitate the reimbursement of qualifying entities

OUTCOME Workplace-based learning in the services sector promoted and supported

OUTPUT	OUTPUT INDICATOR	INDICATOR TYPE	ANNUAL TARGET	Annual Result	Annual Variance	Rating	Variance Explanation and Plan of Action
			2020/21				
	2.2.1.2	Number of SETA employer partnerships	500	507	7		507 employer partnerships were active in the current year under review, which resulted in the over-achievement of the target.
	2.2.1.3	Number of interventions required to improve enrolment and completion of priority occupations	5	5	0		<p>Services SETA implemented five interventions during the reporting period to improve enrolment and completions in our priority occupations, namely:</p> <ol style="list-style-type: none"> 1. Contracts to supply academic books to bursary holders. 2. The supply of laptops to students awarded bursaries. 3. Development of relevant qualifications to ensure enrolment and completion. 4. Capacitation of SMMEs in labour recruitment. 5. Intervention to promote enrolment in the hair and beauty care industry.
	2.2.1.4	Number of workplace opportunities identified	30	31	1		31 workplace opportunities were identified through stakeholder engagements and partnership drives. The over-achievement resulted from higher-than-expected signed commitments to host learners from 31 employers in partnership with Services SETA.
	2.2.1.5	Number of occupations identified for required occupations in the workplace	10	10	0		The following workplace occupations were identified as required occupations by our sector employers, namely: <ul style="list-style-type: none"> • Healthcare Cleaner; • Property Practitioner; • General Clerk; • Sales Personnel; • Quality Manager; • Embalmer; • Marketing Manager; • Labour Inspector; • Digital Marketer; and • Software Developer.

SUB-PROGRAMME # Mandatory grant

DESCRIPTION The purpose of this sub-programme is to manage the Mandatory Grant for the service sector by ensuring timely and accuracy of submission of Workplace Skills Plans and Annual Training Plans and facilitate the reimbursement of qualifying entities




OUTCOME 2.2 Workplace-based learning in the services sector promoted and supported

OUTPUT	OUTPUT INDICATOR	INDICATOR TYPE	ANNUAL TARGET		Annual Result	Annual Variance	Rating	Variance Explanation and Plan of Action
			2020/21					
2.2.1.6	Number of identified occupations for Small, Medium, and Large firms addressed	Cumulative	10		13	3	3	<p>The following workplace occupations were identified as required occupations by our small, medium, and large employers (in line with the WSP analysis), namely:</p> <ul style="list-style-type: none"> • Occupational health & safety; • New Venture Creation; • Beauty Technology; • Gentlemen's Hairdressing – Hairdressing; • Business Administration Services; • Business Management; • Hair Care; • Human Resource Management; • Management Assistant; • Marketing Management; • Public Management; • Public Relations; and • Quality Management Systems. <p>The over-achievement against the target was due to increased participation by stakeholders in the occupation's identification work that the planning department performed.</p>

SUB-PROGRAMME # Mandatory grant

DESCRIPTION The purpose of this sub-programme is to manage the Mandatory Grant for the service sector by ensuring timely and accuracy of submission of Workplace Skills Plans and Annual Training Plans and facilitate the reimbursement of qualifying entities


OUTCOME 2.2 Workplace-based learning in the services sector promoted and supported

OUTPUT	OUTPUT INDICATOR	INDICATOR TYPE	ANNUAL TARGET	Annual Result	Annual Variance	Rating	Variance Explanation and Plan of Action
			2020/21				
Trade unions and federations supported to strengthen worker participation in skills development	2.2.2.1	Number of trade unions and federations supported	6	9	3		The following trade unions and federations were supported through different learning interventions that are both pivotal and non-pivotal. The over-achievement of the target was due to the commitments made by Services SETA to support Trade Unions as part of special project allocations for employer training initiatives.
		Unions	4	7	3		Trade Unions (7): FAWU; POPCRU; SADTU; NUMSA; HOTELIJA; SATAWU; and NAGEWU.
		Federations	2	2	0		Federations (2): COSATU; and NACTU
	2.2.2.2	Number of unfunded learners entered	550	899	399		There were, in total, 899 unfunded learners that were processed and recorded through our unfunded learners' processing departments, resulting in overachieving the target for the year.
Stakeholder engagements and career exhibitions held to promote Services SETA offerings	2.3.1	Number of stakeholder engagements	120	155	35		155 Stakeholder engagements were held in the current year by the Chamber Operations, ECD and Stakeholder Engagements departments, which resulted in the over achievement of the target. The over-achievement was necessitated by the continuous stakeholder capacitation sessions to ensure our stakeholders are kept up to date with all developments in the Post School Education and Training (PSET) sector.

SUB-PROGRAMME # Mandatory grant

DESCRIPTION The purpose of this sub-programme is to manage the Mandatory Grant for the service sector by ensuring timely and accuracy of submission of Workplace Skills Plans and Annual Training Plans and facilitate the reimbursement of qualifying entities

OUTCOME 2.2 Workplace-based learning in the services sector promoted and supported

OUTPUT	OUTPUT INDICATOR	INDICATOR TYPE	ANNUAL TARGET	Annual Result	Annual Variance	Rating	Variance Explanation and Plan of Action
			2020/21				
Career development campaigns conducted	2.3.2.1	Cumulative	9	12	3		There were 12 career expos attended and supported by the Services SETA, resulting in the achievement of the target. The career exhibitions were facilitated with the intention to educate stakeholders on the SETA's offerings.
			4	4	0		The anticipated performance for urban career exhibitions was achieved due to increased participation in online career guidance events, brought on by the limitations of COVID-19 regulations.
	5	8	3		Concerted efforts were processed by the provincial offices to ensure that a wider range of stakeholders are capacitated through rural career guidance events, which resulted in a positive result against anticipated performance.		
	2.3.2.2	Cumulative	20	20	0		20 career development practitioners were trained from various stakeholders such as TVET and CET colleges, NPOs and various public organisations.

SUB-PROGRAMME # Mandatory grant

DESCRIPTION The purpose of this sub-programme is to manage the Mandatory Grant for the service sector by ensuring timely and accuracy of submission of Workplace Skills Plans and Annual Training Plans and facilitate the reimbursement of qualifying entities

OUTCOME Workplace-based learning in the services sector promoted and supported

OUTPUT	OUTPUT INDICATOR	INDICATOR TYPE	ANNUAL TARGET	Annual Result	Annual Variance	Rating	Variance Explanation and Plan of Action
			2020/21				
	2.3.2.3 Number of capacity building workshops on Career Development Services initiated	Cumulative	9	9	0	3.5	9 Career Development Services workshops were held in the current year, including: EC Career Development Services Workshop - 28 January 2021; FS Career Development Services Workshop - 03 February 2021; NC Career Development Services Workshop - 04 February 2021; NW Career Development Services Workshop - 10 February 2021; KZN Career Development Services Workshop - 11 February 2021; LIMP Career Development Services Workshop - 19 February 2021;

Programme 3: Learning Programmes

SUB-PROGRAMME #		Special Projects		
DESCRIPTION	3.1	The special projects unit implements projects that benefit disadvantaged people such as women, youth, and disabled people, based on their needs as determined by environmental scanning		
OUTCOME	Supply-side partnership strengthened to promote the stock of skills into the services sector			
OUTPUT	OUTPUT INDICATOR	INDICATOR TYPE	ANNUAL TARGET	Variance Explanation and Plan of Action
			2020/21	
Partnerships were established to promote access to skills development opportunities, including to rural areas	3.1.1	Number of partnerships Higher Education Institutions (HEIs)	Cumulative	The following HEI's are in partnership with Services SETA to promote skills development initiatives through special projects for the HEI support for skills development initiatives including bursary funding, internship funding and promoting access to learning opportunities. The under-achievement was due to the extended academic calendar due to COVID-19 regulations, which resulted in delayed starts for higher education institution partnership initiatives.
			15	
	TVET		7	2 TVET (College) Partnerships - Regenesys; and - Mtheo TVET College.
			2	
	HEI		4	3 University Partnerships: - University of Johannesburg (UJ); - University of Cape Town (UCT); and - University of the Witwatersrand (WITS).
			3	
	CET		4	3 CET Partnerships - Free State CET College; - Western Cape CET College; and - KwaZulu-Natal CET College.
			3	
3.1.1.2	Number of Services SETA offices established and maintained in TVET colleges	Cumulative	2	The two offices were established and maintained in the following TVET colleges: - Capricorn TVET College; and - Tshwane South TVET College. The offices have been established to promote access to skills development initiatives with TVET colleges.
			2	
			0	

SUB-PROGRAMME # Special Projects

3.1 The special projects unit implements projects that benefit disadvantaged people such as women, youth, and disabled people, based on their needs as determined by environmental scanning
Supply-side partnership strengthened to promote the stock of skills into the services sector

OUTPUT	OUTPUT INDICATOR	INDICATOR TYPE	ANNUAL TARGET	Annual Result	Annual Variance	Rating	Variance Explanation and Plan of Action
			2020/21				
	3.1.1.3	Number of TVET Lecturers exposed to the industry through skills programmes	Cumulative 40	0	-40		The non-achievement of the target was due to a reprioritisation of targets that were earmarked as non-achievable in the reporting period under review. The TVET lectures exposed to industry programmes through skills programmes will be part of the partnership agreements for the capacitation and support of TVET colleges in the new reporting period.
	3.1.1.4	Number of TVET Managers receiving training on curriculum-related studies	Cumulative 8	5	-3		The non-achievement of the target was due to a reprioritisation of targets that were earmarked as non-achievable in the reporting period under review. 5 TVET managers received training across different colleges on curriculum development, specifically focusing on occupational qualifications. The programme of support for curriculum-related studies will be accelerated in the new reporting period.
	3.1.1.5	Number of TVET college's lecturers awarded bursaries	Cumulative 50	0	-50		The non-achievement of the target was due to a reprioritisation of targets that were earmarked as non-achievable in the reporting period under review. The programme for TVET lecturers receiving funding for bursaries will be aligned to the new academic year to support TVET colleges with lecture specific allocations.
	3.1.1.6	TVET colleges infrastructure development (equipment/workshops)	Cumulative 5	0	-5		The non-achievement of the target was due to a re-prioritisation of targets that were earmarked as non-achievable in the reporting period under review. The TVET infrastructure support will be supported in the new reporting period in line with our strategic partnership and TVET support programmes.
	3.1.1.7	Number of CET colleges lecturers awarded skills development programmes	Cumulative 10	0	-10		The non-achievement of the target was due to a re-prioritisation of targets that were earmarked as non-achievable in the reporting period under review. The CET lectures exposed to industry programmes through skills programmes will be part of the partnership agreements for the capacitation and support of CET colleges in the new reporting period. These programmes will be aligned to CET colleges aligned to the SETAs infrastructure development programmes.





SUB-PROGRAMME # Special Projects

3.1 The special projects unit implements projects that benefit disadvantaged people such as women, youth, and disabled people, based on their needs as determined by environmental scanning. Supply-side partnership strengthened to promote the stock of skills into the services sector

OUTPUT	OUTPUT INDICATOR	INDICATOR TYPE	ANNUAL TARGET 2020/21	Annual Result	Annual Variance	Rating	Variance Explanation and Plan of Action
3.1.1.8	CET colleges infrastructure development support (equipment/ workshops/ Connectivity/ ICT	Cumulative	1	0	-1		The non-achievement of the target was due to a re-prioritisation of targets that were earmarked as non-achievable in the reporting period under review. The CET infrastructure support will be supported in the new reporting period in line with our strategic partnership and CET support programmes, aligned to the SETAs infrastructure development programmes.
				0	-10		The non-achievement of the target was due to a re-prioritisation of targets that were earmarked as non-achievable in the reporting period under review. The CET managers receiving curriculum related studies will be prioritised in the new reporting period, in line with the SETAs plans for developing occupational qualifications.
				0	-10		The non-achievement of the target was due to a re-prioritisation of targets that were earmarked as non-achievable in the reporting period under review. The CET learners earmarked for AET targets will be prioritised in the new reporting period, in line with the implementation of learning interventions aligned with our service level agreement with the DHET.
				0	-5		The non-achievement of the target was due to a re-prioritisation of targets that were earmarked as non-achievable in the reporting period under review. No rural development projects were initiated in the year due to a re-prioritisation of learning interventions and projects to align to the new reporting period. These projects will align with the new learning interventions to be entered into in the new reporting period.
3.1.1.11	Number of rural development projects	Cumulative	5	0	-5		The following seven infrastructure development projects are active in line with the SETAs infrastructure development plans: 1. Motheo; 2. Kokstad; 3. Prieska; 4. Mount Coke; 5. Engceleni; 6. Beaufort West; and 7. Cala.
3.1.1.12	Number of skills development centres/ infrastructure	Cumulative	5	7	2		




SUB-PROGRAMME # Entrepreneurship and Corporative Development Institute

3.2 The purpose of the sub-programme is to enable entrepreneurial eco-system supply-side to offer relevant and quality skills products and services to entrepreneurs Entrepreneurship and cooperative development for the services sector supported

OUTPUT	OUTPUT INDICATOR	INDICATOR TYPE	ANNUAL TARGET 2020/21				Annual Result	Annual Variance	Rating	Variance Explanation and Plan of Action
			ANNUAL TARGET 2020/21	Annual Result	Annual Variance	Rating				
Increased SMEs participation in SETA offerings	3.2.1.1	Number of cooperatives and SMEs trained	600	84	-564		The small business support targets have been reprioritised to the new reporting period in line with the economic recovery plan to support small businesses and promote entrepreneurship within the services sector.			
		Cooperatives	300	0	-300		The cooperatives interventions have been earmarked for implementation in the new reporting period to align to national priorities for the support of coops.			
		SME	300	84	-216		A total of 84 SMEs were supported in the current reporting period with skills development interventions through special projects aligned to supporting the services sector, in line with the challenges brought on by COVID-19 restrictions and regulations.			
	3.2.1.2	Number of Entrepreneurship development	100	0	-100		The small business support targets have been reprioritised to the new reporting period, in line with the economic recovery plan to support small businesses and promote entrepreneurship within the services sector.			
3.2.1.3	Number of CBOs NGOs/NPOs supported with Skills Training	Cumulative	100	0	-100		The social sector support targets have been reprioritised to the new reporting period, in line with the economic recovery plan to support the social economy aligned to the services sector.			
3.2.1.4	Number of people trained on entrepreneurship supported to start their own businesses	Cumulative	100	0	-100		The entrepreneurship development support targets have been reprioritised to the new reporting period, in line with the economic recovery plan to support small businesses and promote entrepreneurship within the services sector.			




SUB-PROGRAMME # Learning Interventions

3.3 The purpose of this sub-programme is to facilitate the enrolment of learners in Services SETA's learning programmes
Increased sector enrolment and resources ratios for high skills level

OUTPUT	OUTPUT INDICATOR	INDICATOR TYPE	ANNUAL TARGET 2020/21	Annual Result	Annual Variance	Rating	Variance Explanation and Plan of Action
Increased access and throughput of learners to support the flow of skills to the sector.	3.3.1.1 Number of learnerships entered	Cumulative	6 400	0	-6 400		Learning interventions were delayed in implementation due to budget reprioritisation and alignment to sector needs. This meant that the implementation of programmes had to be aligned to our current commitments and offered discretionary grants, which will be fully realised in future reporting periods.
			5 400	0	-5 400		There were no unemployed learnership programmes that were entered into in the current year under review, as the targets have been reprioritised for enrolment in the new reporting period.
			1 000	0	-1 000		There were no unemployed learnership programmes that were entered into in the current year under review, as the targets have been reprioritised for enrolment in the new reporting period.
3.3.1.2 Number of learnership completions	Unemployed	Cumulative	8 016	763	-7 253		The COVID-19 impact on completions is that due to the National Lockdown, projects that were on track as per the Project Implementation Plan (PIP) were affected, resulting in the suspension of training and practicals. As the phase-in process commenced in advanced Level 3 and Level 2, projects are resuming. Entities are requesting extensions for their projects for an additional 3-4 months which means entities will complete much later than the initial set date.
			4 810	743	-4 067		The anticipated performance for employed learnerships was not met due to the extension of programmes for learnerships due to nature services sector programmes, which had to be extended beyond the reporting period.
			3 206	20	-3 186		The anticipated performance for employed learnerships was not met due to the extension of programmes for learnerships due to nature services sector programmes, which had to be extended beyond the reporting period.
3.3.1.3 Number of bursaries entered	Workers	Cumulative	2 500	237	-2 263		87 unemployed learners and 150 employed learners entered into bursaries by Services SETA. The low results are due to the delayed resumption of HEIs, as the 2020 academic year was extended to 31 March 2021 for most institutions and will be reportable in the new reporting period.
			1 000	87	-913		The lower-than-expected results for unemployed bursaries were as a result of the delayed start to the academic calendar for the majority of funded institutions and extended the registration period beyond the 31 st March 2021.






SUB-PROGRAMME # Learning Interventions

3.3 The purpose of this sub-programme is to facilitate the enrolment of learners in Services SETA's learning programmes
Increased sector enrolment and resources ratios for high skills level

OUTPUT DESCRIPTION	OUTPUT INDICATOR	INDICATOR TYPE	ANNUAL TARGET 2020/21	Annual Result	Annual Variance	Rating	Variance Explanation and Plan of Action
	Unemployed continue		1 000	0	1 000		There were no continuing bursars results reported in the current reporting period due to the various examination period, which resulted in candidates' results being received after 31 March 2021, at which point continued funding can only be determined.
	Workers new		300	150	-150		The lower-than-expected results for unemployed bursaries were as a result of the delayed start to the academic calendar for the majority of funded institutions and extended the registration period beyond the 31 st March 2021.
	Workers continue		200	0	200		There were no continuing bursars results reported in the current reporting period due to the various examination period, which resulted in candidates' results being received after 31 March 2021, at which point continued funding can only be determined.
3.3.1.4	Number of bursaries completions	Cumulative	1 478	243	-1 235		There were 243 bursary completions reported in the current reporting period. The low results are due to a delay in submitting results by institutions as the 2020 academic year was extended to 31 March 2021 for most institutions. The remaining completions that were submitted late will be reportable in the new reporting period.
	Unemployed		1 009	228	-781		Bursary completions were not realised due to the delayed examination and assessment period, which resulted in institutions submitting results towards the end of the reporting period.
	Workers		469	15	-454		Bursary completions were not realised due to the delayed examination and assessment period, which resulted in institutions submitting results towards the end of the reporting period.
3.3.1.5	Number of Recognition of Prior Learnings (RPLs) entered	Cumulative	200	0	-200		Learning interventions were delayed in implementation due to budget reprioritisation and alignment to sector needs. This meant that the implementation of programmes had to be aligned to our current commitments and offered discretionary grants, which will be fully realised in future reporting periods.
3.3.1.6	Number of RPL completions	Cumulative	0	8 ²	8		8 RPL completions were recorded in the current year, albeit not being targeted for, in the reprioritised SLA



SUB-PROGRAMME # Learning Interventions



3.3 The purpose of this sub-programme is to facilitate the enrolment of learners in Services SETA's learning programmes
Increased sector enrolment and resources ratios for high skills level


OUTPUT DESCRIPTION	OUTPUT INDICATOR	INDICATOR TYPE	ANNUAL TARGET 2020/21	Annual Result	Annual Variance	Rating	Variance Explanation and Plan of Action
	3.3.1.7	Adult Education and Training (AET) entered	500	0	-500		Learning interventions were delayed in implementation due to budget reprioritisation and alignment to sector needs. This meant that the implementation of programmes had to be aligned to our current commitments and offered discretionary grants, which will be fully realised in future reporting periods.
	3.3.1.8	AET completions	386	4	-382		The COVID-19 impact on completions is that projects that were on track as per the PIP were affected, resulting in the suspension of training and practicals due to the National Lockdown. As the phase-in process commenced in advanced Level 3 and Level 2, projects are resuming. Entities are requesting extensions for their projects for an additional 3-4 months which means entities will complete much later than the initial set date.
	3.3.1.9	Candidacy entered	150	0	-150		Learning interventions were delayed in implementation due to budget reprioritisation, and alignment to sector needs. This meant that the implementation of programmes had to be aligned to our current commitments and offered discretionary grants, which will be fully realised in future reporting periods.
	3.3.1.10	Candidacy completion	126	0	-126		The COVID-19 impact on completions is that projects that were on track as per the PIP were affected, resulting in the suspension of training and practicals due to the National Lockdown. As the phase-in process commenced in advanced Level 3 and Level 2, projects are resuming. Entities have been granted extensions for their projects for an additional 3-4 months, which will naturally extend the completion period.
	3.3.1.11	Internships entered placements	1 600	0	-1 600		Learning interventions were delayed in implementation due to budget reprioritisation, and alignment to sector needs. This meant that the implementation of programmes had to be aligned to our current commitments and offered discretionary grants, which will be fully realised in future reporting periods.
		Unemployed	600	0	-600		There were no internship interventions that were entered into in the current reporting period due to limited access to workplaces and the nature of the services sector offerings; however, these were reprioritised for enrolment in the new reporting period.

SUB-PROGRAMME # Learning Interventions


3.3 The purpose of this sub-programme is to facilitate the enrolment of learners in Services SETA's learning programmes
Increased sector enrolment and resources ratios for high skills level

OUTPUT	OUTPUT INDICATOR	INDICATOR TYPE	ANNUAL TARGET	Annual Result	Annual Variance	Rating	Variance Explanation and Plan of Action
			2020/21				
	TVET		500	0	-500		There were no internship interventions that were entered into in the current reporting period due to limited access to workplaces and the nature of the services sector offerings; however, these were reprioritised for enrolment in the new reporting period.
	HEI		500	0	-500		There were no internship interventions that were entered into in the current reporting period due to limited access to workplaces and the nature of the services sector offerings; however, these were reprioritised for enrolment in the new reporting period.
3.3.1.12	Internships completion placements	Cumulative	2 783	502	-2 281		The COVID-19 impact on completions is that projects that were on track as per the PIP were affected, resulting in the suspension of training and practicals due to the National Lockdown. As the phase-in process commenced in advanced Level 3 and Level 2, projects are resuming. Entities have been granted extensions for their projects for an additional 3-4 months, which will naturally extend the completion period.
	Unemployed		1 217	253	-964		Internship completion targets were not realised as anticipated due to restricted access to workplaces and further extension of programmes which resulted in delayed programme completions.
	TVET		397	201	-196		Internship completion targets were not realised as anticipated due to restricted access to workplaces and further extension of programmes which resulted in delayed programme completions.
	HEI		1 169	48	-1 121		Internship completion targets were not realised as anticipated due to restricted access to workplaces and further extension of programmes which resulted in delayed programme completions.
3.3.1.13	Number of skills programmes entered	Cumulative	8 000	0	-8 000		Learning interventions were delayed in implementation due to budget reprioritisation, and alignment to sector needs. This meant that the implementation of programmes had to be aligned to our current commitments and offered discretionary grants, which will be fully realised in future reporting periods.



SUB-PROGRAMME #		Learning Interventions					
DESCRIPTION	3.3	The purpose of this sub-programme is to facilitate the enrolment of learners in Services SETA's learning programmes					
OUTCOME		Increased sector enrolment and resources ratios for high skills level					
OUTPUT	OUTPUT INDICATOR	INDICATOR TYPE	ANNUAL TARGET	Annual Result	Annual Variance	Rating	Variance Explanation and Plan of Action
			2020/21				
	Unemployed		3 500	0	-3 500		There were no skills programmes that were entered into in the current reporting period. This is due to the delayed implementation of programmes and the nature of the services sector's offerings, and further restrictions on contact sessions.
	Workers		4 500	0	-4 500		There were no skills programmes that were entered into in the current reporting period. This is due to the delayed implementation of programmes and the nature of the services sector's offerings, and further restrictions on contact sessions.
3.3.1.14	Number of skills programmes completions	Cumulative	1 844	761	-1 083		The COVID-19 impact on completions is that projects that were on track as per the PIP were affected, resulting in the suspension of training and practicals due to the National Lockdown. As the phase-in process commenced in advanced Level 3 and Level 2, projects are resuming. Entities have been granted extensions for their projects for an additional 3-4 months, which will naturally extend the completion period.
	Unemployed		1 317	242	-1 075		The anticipated completion results were not achieved due to the delayed commencement of new skills programmes and due to the nature of the programmes. The results achieved were from programmes that were already in the pipeline for completion.
	Workers		527	519	-8		The anticipated completion results were not achieved due to the delayed commencement of new skills programmes and due to the nature of the programmes. The results achieved were from programmes that were already in the pipeline for completion.
3.3.1.15	Artisans entered	Cumulative	500	0	-500		There were delays in the implementation of projects, learner recruitment, replacement, and verification by entities. The organisation experienced system downtime, which had a negative impact on enrolments.

SUB-PROGRAMME #		Learning Interventions						
DESCRIPTION		The purpose of this sub-programme is to facilitate the enrolment of learners in Services SETA's learning programmes						
OUTCOME		Increased sector enrolment and resources ratios for high skills level						
OUTPUT	OUTPUT INDICATOR	INDICATOR TYPE	ANNUAL TARGET	Annual Result	Annual Variance	Rating	Variance Explanation and Plan of Action	
			2020/21					
	3.3.1.16	Artisans completions	Cumulative	1 818	390	-1 428		390 apprenticeships completed their programmes and were reportable in the current reporting period. The low annual results were because of the COVID-19 lockdowns and restrictions, which also impacted the efficiency of trade test centres and the extension of some training contracts. The completion of these training interventions will only be realised in the new reporting period.

2. The target for RPL completions was reduced from 300 (original annual performance plan) to 0 in the revised plan due to a pipeline analysis indicating there were limited allocations for RPL to ensure completions would be met in the current reporting period. However, remediated learner completions were realised in the year, and to ensure consistency in reporting the performance indicator has been included in the annual performance report.

SUB-PROGRAMME #		Learning Interventions							
DESCRIPTION		The purpose of this sub-programme is to promote the Services SETA participation in priority skills and occupations							
OUTCOME		Increased sector enrolment and resources ratios for high skills level							
OUTPUT	OUTPUT INDICATOR	INDICATOR TYPE	ANNUAL TARGET	Annual Result	Annual Variance	Rating	Variance Explanation and Plan of Action		
			2020/21						
Higher levels of training interventions are prioritised.	3.4.1.1	Percentage of levy resources allocated to all levels for intermediate level.	100%	100%	100%	0%		The levy resources allocated to learning interventions supported and reported in the current year were aligned 100% to NQF recognised qualifications and levels. The disaggregation into levels is as follows: High-Level Skills - 3% Intermediate Level Skills - 40% Elementary Level Skills - 57%	
			Higher	30%	3%	-27%		High level skills – 3%	
			Intermediate	30%	40%	40%	10%		Intermediate level skills – 40%
			Elementary	40%	57%	57%	17%		Elementary level skills – 57%

Programme 4: Quality Management

SUB-PROGRAMME #		Quality assurance of learner achievement				
DESCRIPTION		The role of this sub-programme is to verify SDPs assessment and moderation processes in order to recommend certification for competent learners				
OUTCOME		Quality of learner throughput				
OUTPUT	OUTPUT INDICATOR	INDICATOR TYPE 2020/21	ANNUAL TARGET			
			Annual Result	Annual Variance	Rating	Variance Explanation and Plan of Action
Increased learner participation in skills development opportunities	4.1.1.1	Percentage increase in number receiving certificates/SOR	80%	87%	7%	 87% (9 465/10 776) External moderation results that were processed in the current reporting period due to a high demand in external moderations applications.
	4.1.1.2	Number of qualifications developed or aligned to the priority skills	5	5	0	 The following qualifications are in the development phase in line with the priority skills list: Commercial Cleaner (Completed and submitted to QCTO). Real Estate (Completed and submitted to QCTO). Recruitment Consultant (Completed and submitted to QCTO). Funeral Director (Completed and submitted to QCTO). Payroll Manager (Completed and submitted to QCTO).

Annexure to the Annual Performance Report – Prior Year Completed Learners

The following funded learners were processed and reportable as completed in the current year under review; however, they have finished their programmes in the previous reporting period:

OUTPUT INDICATOR	ANNUAL RESULT
3.3.1	
Number of learnership completions	124
Workers	124
3.3.2	
Internship completion placements	20
TVET	20
Total	144





PART C

 DEVELOP AND GROW
www.servicesseta.org.za

This section demonstrates how, like the baobab tree, our governance model is built on ensuring public funds are managed in a way that makes us a place of protection and shelter, providing educational sustenance for those who need it most.

Governance

Introduction	64
Accounting Authority	65 - 66
Committees of the Accounting Authority	66
Executive Committee	66
Finance Committee	67
Audit Committee	67
Human Resources and Remuneration Committee	67
Governance, Risk and Strategy Committee	67
Transformation Committee	67
Executive Authority	68
Accountability	68
Induction & Ongoing Board Development Programme	68
Frequency of Meetings of Committees	68
Attendance of meetings	68 - 69



Our **MANAGEMENT AND BUSINESS SERVICES** chamber is structured around business and project management services consisting of 12 Gazetted SIC codes.

CORPORATE GOVERNANCE

INTRODUCTION

The Services SETA Board is the Accounting Authority (AA). The current AA, which is the highest decision-making structure of the Services SETA, was appointed on 1 April 2020 for five years. The principal function of the AA entails the governance and management of the SETA in accordance with the Services SETA Constitution, the Skills Development Act (Act No. 97 of 1998), the Skills Development Levies Act (Act No. 9 of 1999), the Public Finance Management Act (Act No. 1 of 1999) and Treasury Regulations.

The AA monitors the performance of the Services SETA regularly to ensure that the targets set out in the Annual Performance Plan (APP) and Service Level Agreement (SLA) with the Honourable Minister of Higher Education, Science and Innovation are achieved. In addition, the Services SETA submits Quarterly Monitoring Reports (QMR) and Annual Performance Reports (APR) to the Department of Higher Education and Training, which outline in detail the status of each target in relation to performance.

In carrying out its responsibilities, the AA strives to ensure that:

- an appropriate balance is maintained between strategy, risk, performance, and sustainability;
- an adequate and effective process of corporate governance, including the process of risk and audit management, is established and maintained; and
- reasonable procedures are adopted to ensure compliance with all legislation and regulations which may be material to the Services SETA's business and affairs.

We monitor the performance of the Services SETA regularly to ensure that the targets set out in the APP and SLA are achieved.

The membership of the Services SETA Accounting Authority during the year under review was as follows:

Community Organisations



1. Stephen De Vries

Chairperson- Ministerial Appointee



2. Andrew Madella

Disabled People South Africa (DPSA)



3. Alice Karanja

Think Foundation

Organised Employers



4. Julia Nzimande

Association of BEE Professionals (ABP)



5. Noxolo Gogo

Public Relations Institute of Southern Africa (PRISA)



6. Nomfundo Mcoyi

South African Funeral Practitioners' Association (SAFPA)



7. Jacqui Ford

Federation of African Professional Staffing Organisations (APSO)



8. Victor Msomi ¹

Employers Organisation for Hairdressing, Cosmetology and Beauty (EOHCB)



9. Kevin Cowley

Construction Engineering Association of South Africa (CEASA)

¹. Mr Victor Msomi sadly passed away in January 2021.

Organised Labour



10. Wiseman Dinwa

Hotel, Liquor, Catering, Commercial & Allied Workers' Union (HOTELICCA)



11. Asif Jhatham

United Association of South Africa (UASA-the Union)



12. Shadrack Motloung

United Association of South Africa (UASA-the Union)



13. Patricia Sithole

Hotel, Liquor, Catering, Commercial & Allied Workers' Union (HOTELICCA)



14. Rendani Dlamini

South African Transport and Allied Workers' Union (SATAWU)



15. Themba Mtsweni

South African Transport and Allied Workers' Union (SATAWU)

Committees of the Accounting Authority

In executing its mandate, the Accounting Authority (AA) was assisted by the following standing Committees and six Chamber Committees²:



Executive Committee;



Human Resources and Remuneration Committee;



Finance Committee;



Governance, Risk and Strategy Committee; and



Audit Committee;



Transformation Committee.

Composition of the Standing Committees

The composition of the Standing Committees was as follows during the year under review:

Executive Committee³

Name of member	Appointment	Constituencies	Association
1. Stephen De Vries	Chairperson	Ministerial Appointee	Ministerial Appointee
2. Andrew Madella	Member	Community Organisation	DPSA
3. Alice Karanja	Member	Community Organisation	Th!nk Foundation
4. Jacqui Ford	Member	Organised Employer	APSO
5. Wiseman Dinwa	Member	Organised Labour	HOTELICCA

2. The six Chamber Committees, which are all chaired by Members of the Accounting Authority, are: Cleaning and Hiring Services, Communication and Marketing Services, Labour and Collective Services, Management and Business Services, Personal Care Services and Real Estate and related Services.

3. The Chairpersons of the standing Committees of the Accounting Authority are ex officio Members of the Executive Committee.

Finance Committee

Name of member	Appointment	Constituencies	Association
1. Asif Jhatham	Chairperson	Organised Labour	UASA-the Union
2. Wiseman Dinwa	Member	Organised Labour	HOTELICCA
3. Julia Nzimande	Member	Organised Employer	ABP
4. Nomfundo Mcoyi	Member	Organised Employer	SAFPA
5. Patricia Sithole	Member	Organised Labour	HOTELICCA

Audit Committee⁴

Name of member	Appointment	Constituencies	Association
1. Kgotlo Rabothata	Chairperson	Independent Member	Independent Member
2. Themba Mtsweni	Member	Organised Labour	SATAWU
3. Kevin Cowley	Member	Organised Employer	CEASA
4. Oupa Galane	Independent Member	Independent Member	Independent Member
5. Nadira Singh	Independent Member	Independent Member	Independent Member
6. Thandazile Mkhize	Independent Member	Independent Member	Independent Member

Human Resources and Remuneration Committee

Name of member	Appointment	Constituencies	Association
1. Themba Mtsweni	Chairperson	Organised Labour	SATAWU
2. Jacqui Ford	Member	Organised Employer	APSO
3. Rendani Dlamini	Member	Organised Labour	SATAWU
4. Alice Karanja	Member	Community Organisation	Th!nk Foundation
5. Kevin Cowley	Member	Organised Employer	CEASA
6. Andrew Madella	Member	Community Organisation	DPSA
7. Asif Jhatham	Member	Organised Labour	UASA-the Union

Governance, Risk and Strategy Committee

Name of member	Appointment	Constituencies	Association
1. Nomfundo Mcoyi	Chairperson	Organised Employer	SAFPA
2. Kevin Cowley	Member	Organised Employer	CEASA
3. Patricia Sithole	Member	Organised Labour	HOTELICCA
4. Alice Karanja	Member	Community Organisation	Th!nk Foundation
5. Noxolo Gogo	Member	Organised Employer	PRISA
6. Wiseman Dinwa	Member	Organised Labour	HOTELICCA
7. Shadrack Motloug	Member	Organised Labour	UASA-the Union

Transformation Committee

Name of member	Appointment	Constituencies	Association
1. Noxolo Gogo	Chairperson	Organised Employer	PRISA
2. Shadrack Motloug	Member	Organised Labour	UASA-the Union
3. Rendani Dlamini	Member	Organised Labour	SATAWU
4. Julia Nzimande	Member	Organised Employer	ABP
6. Andrew Madella	Member	Community Organisation	DPSA

⁴ The Committee, whose chairperson is an independent Member, comprises a total of six financially literate Members, the majority (4) of which are independent Members, as dictated by the requirements of sound corporate governance and the Constitution of the Services SETA.

Executive Authority

In his capacity as the Executive Authority, the Services SETA reports its financial and non-financial performance to the Honourable Minister of Higher Education, Science, and Innovation.

Accountability

The Chief Executive Officer (CEO) is responsible for and accountable to the AA for all operations in the organisation. Although the AA has delegated certain powers and functions to the CEO, executive management, and committees, the ultimate responsibility for providing effective leadership of the organisation rests with the AA.

The reporting structures across the organisation underpin the commitment to sound corporate governance and assure stakeholders that the business is managed responsibly to create sustainable value for all stakeholders.

Induction and Ongoing Board Development Programme

The Board as a collective and its members as individuals are expected to conduct themselves with integrity and respect. This was emphasised during the induction training provided to the new Board members when they took office. The induction also familiarised Board members with the Services SETA operations, the business environment, fiduciary duties and responsibilities and regulatory changes and trends.

Through the Board Secretariat, the CEO oversees Board members induction and ongoing training and will continue to make the professional development of the members a priority. Board members have full and unrestricted access to management, SETA information and property. They are entitled to seek independent professional advice in support of their duties at the organisation's expense.

Conflict of Interest

The Accounting Authority manages its conflict of interest through annual declarations, and also declares on all meetings, any conflict that may arise on any item of the agenda.

The organisation promotes a culture in which conflicts of interest are identified and managed at various levels of the organisation by mapping areas at risk and positions where conflict of interest may arise.

Such areas include supply chain management and key decision-making bodies of the organisation where declarations of conflict of interest are compulsory for all meetings.

Code of Conduct

The SETA has in place a code of conduct that all employees must aspire to maintain. The Code of Conduct is presented during induction of all employees, and is a document shared to all staff members. The Code of Conduct is also visible in the offices of the SETA, as part of the awareness campaigns held by the SETA.

There are measures in place to address employees who transgress against the code of ethics. The measures include a disciplinary process in line with the policies of the SETA. Fortunately for the year under review, there have not been any incidents that have been reported.

Other Governance Matters

The AA identifies risk management and transformation as critical components of corporate governance. The Enterprise-Wide Risk Management Framework allows the AA ensures that there is a robust assessment of principal risks and that the risks are well managed. Furthermore, transformation imperatives to cater for designated groups are embedded in the Services SETA's strategic planning and key performance areas. These areas are covered in this report on page 25-28.

Frequency of Meetings

While the Accounting Authority, Finance, Audit, Human Resources and Remuneration, Governance, Risk and Strategy, and Transformation Committees each met at least once per quarter, the Executive Committee met at least once per month, as prescribed in the Services SETA's Constitution.

Attendance of Meetings

During the year under review, all meetings of the Accounting Authority and its standing Committees took place as scheduled.

The table below lists the number of meetings attended by each member of the Accounting Authority and Audit Committee for the financial year 2020/21.

2020-21 AA Meetings/ Engagements Attendance																		
Name	AA	EXCO	HR & RemCO	FinCom	GRSC	Audit Committee	Joint FINCOM & AC	Joint FINCOM & GRSC	Joint HR RemCO & GRSC	Transformation Committee	ICT Steercom	ECDC	Comms and Marketing Chamber	Cleaning & Hiring	Management Services	Labour & Collective Services	Personal Care	Real Estate
Stephen de Vries	13 of 13	12 of 12										1 of 2						
Andrew Madella	13 of 13	12 of 12	4 of 4					1 of 1										
Alice Karanja	13 of 13	12 of 12	4 of 4		5 of 5			3 of 3	1 of 1									
Wiseman Dinwa	13 of 13	12 of 12		6 of 6	5 of 5		3 of 3	3 of 3	1 of 1									
Patricia Sithole	13 of 13			6 of 6	5 of 5		3 of 3	3 of 3	1 of 1				1 of 1					
Rendani Dlamini	13 of 13		4 of 4						1 of 1	6 of 6				2 of 2				
Themba Mtsweni	11 of 13	11 of 12	4 of 4			5 of 5	3 of 3	1 of 1	1 of 1		6 of 6							
Shadrack Mottloung	13 OF 13				5 OF 5			3 of 3	1 of 1	6 of 6					3 of 3			
Asif Jhatham	12 of 13	7 of 12	3 of 4	6 of 6			3 of 3	3 of 3	1 of 1									
Jacqui Ford	12 of 13	12 of 12	4 of 4								6 of 6	2 of 2						
Victor Msomi	10 of 13			6 of 6	3 of 5			3 of 3	1 of 1	4 of 6						2 of 2		2 of 2
Julia Nzimande	13 of 13				5 of 5		3 of 3	3 of 3	1 of 1	6 of 6								
Kevin Cowley	12 of 13		4 of 4		5 of 5		3 of 3	3 of 3	1 of 1							3 of 3		
Noxolo Gogo	13 of 13	10 of 12			5 of 5			3 of 3	1 of 1	6 of 6								
Nokubonga Mcoyi	12 of 13	8 of 12		6 of 6	5 of 5	5 of 5	3 of 3	3 of 3	1 of 1	1 of 6								
James Maboa*						3 of 5	2 of 3											
Kgotlo Rabothata*		5 of 12				5 of 5	3 of 3											
Oupa Galane*						3 of 5	3 of 3											
Thandazile Mkhize*						2 of 5												

*Audit Committee Independent Members



PART D



DEVELOP AND GROW
www.servicesseta.org.za

This section takes a look at how we ensure we meet our strategic objective of acquiring, developing and retaining talent.

Human Resources

Human Resource Management and
Development Overview

72 - 75



Our **PERSONAL CARE SERVICES** chamber is based on beauty treatment, funeral and fashion services comprising 12 Gazetted SIC codes.

HUMAN RESOURCE

MANAGEMENT AND DEVELOPMENT

The Strategic objective of the Human Resource Management and Development function (HRM&D) is to ensure that the people with the required knowledge, competencies and behaviours are recruited, retained, and supported to improve. This strategic objective indicates that the focus areas for HRM&D are the acquisition of, and development and retainment of talent.

The Services SETA bid farewell to Ms Amanda Buzo-Gqoboka in September 2020 and welcomed Mr Menzi Fakude in November 2020. The appointment of the CEO soon after the departure of the former CEO provided much welcome stability during a difficult lockdown period.

COVID-19

Towards the end of FY 2019-20, it became clear that some restrictions to limit the spread of the coronavirus disease had to be implemented. In early March 2020, the organisation began working on a business continuity plan that would ensure continued operations even during any anticipated lockdowns. When the lockdown was announced, the organisation was able to transition into remote working without much trouble.

The organisation promptly appointed a COVID-19 Task Team as a sub-committee of the OHS Committee. The HRM&D Department, through the committee, was tasked with the development of the organisation's response to the pandemic, including the development of the Coronavirus

Policy; Remote Working Guidelines. The committee also developed a return-to-work strategy in compliance with the published regulations. This strategy was shared with the executive authority. The HRM&D Department continues to submit reports to the Department of Employment and Labour monthly.

Our focus in HR is the continuity of business by ensuring continued operations despite the disruptions of lockdowns and effects of COVID-19.

Digitisation

HRM&D Services shifted fully online, as the department could operate 100% remotely during the COVID-19 lockdown. This has been made possible by the digitisation of HRM&D Services, which commenced in FY 2017/18.

Employee Wellness

The organisation appointed the services of a wellness provider to conduct COVID-19 screening as soon as the offices were re-opened. The wellness provider was also tasked with ensuring that employees who displayed COVID-19 symptoms were surveilled and offered support to employees that tested positive. The appointment of the screening services provider assisted in keeping the offices COVID-free. As a result, the organisation has not experienced any outbreaks in the office. In total, 21 employees contracted the virus, and all but two recovered fully. The Services SETA

experienced the pain of loss. One employee succumbed to the disease in January 2021, Ms Nompumelelo Dlamini, and shortly after that, AA member, Mr Victor Msomi, lost his battle with the virus. May their souls rest in eternal peace.

Subsequent to the lowering of the alert levels, the screening services provider has provided training to the security guards and the Safety Officers of the organisation; however, the provider remains available to provide support and advice to guide the employee and/or family members to good health should any employee contract the disease.

Employee Development

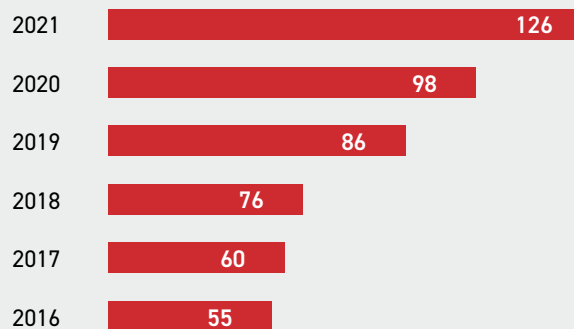
Employee development had to be implemented online. Notable development initiatives included the Ethics Management workshop for all managers, Employee Relations Management for all managers, Performance Management workshops for all employees, and Disability Awareness workshops for all employees.



Like the baobab tree, we have deep roots



HUMAN CAPITAL SCALE – SINCE 2016



Employment Equity

The year under review ended with the following workforce profile:

WORKFORCE PROFILE as at 31 March 2021												
Occupational Levels	Male				Female				Foreign Nationals		Total	
	A	C	I	W	A	C	I	W	Male	Female		
Top Management	2											2
Senior Management	8				7			2				17
Professionally qualified and experienced specialists and mid- management	17	1		2	17	3	2	3	1			46
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	32	4	3	2	75	6	4	3			1	130
Semi-skilled and discretionary decision making	9	1			38	5		2				55
Unskilled and defined decision making	3				13	1						17
TOTAL PERMANENT	71	6	3	4	150	15	6	10	1	1		267
Temporary employees	1				4							5
GRAND TOTAL	72	6	3	4	154	15	6	10	1	1		272

Recruitment

The impact of COVID-19 and the 4-month levy payment holiday necessitated a review of recruitment plans. As a result, only one vacant position was filled, which was that of the CEO, Mr Menzi Fakude.

Terminations

Employee Name	Job Title	Termination Date	Termination Reason
Ms Nozipho Zondo	Manager: Qualifications Development	2021/02/28	Retired
Mr Buti Skosana	Manager: Management Accounting	2020/05/29	Resigned
Mrs Amanda Buzo-Gqoboka	Chief Executive Officer	2020/09/30	End of Contract
Dr Siyabonga Ndabezitha	Senior Manager: Board Secretariat	2020/08/31	Retired
Ms Kwakhanya Mjiwu	Manager: Unfunded Learning Programmes	2021/03/01	Resigned
Ms Nompumelelo Dlamini	Officer: Infrastructure Development	2021/01/18	Deceased
Ms Tinyiko Sithole	Administrative Assistant: OCEO	2020/07/31	Resigned
Mr Zukile Mazwi	Manager: Provincial Operations (EC)	2020/12/31	Resigned
Mr Tshepo Mphela	Manager: Content and Editorial Services	2020/08/10	Resigned

Occupational Health and Safety

As part of promoting the Occupational Health and Safety Act (Act 85 of 1993), the Services SETA established an Occupational Health and Safety (OHS) Committee to encourage a culture of health and safety and facilitate the appointment of safety representatives within the organisation.

Schedule of meetings

The OHS Committee meets quarterly. However, due to the lockdown regulations imposed due to the coronavirus epidemic (COVID-19) since March 2020, this Committee has had to meet more frequently than prescribed in the

occupational health and Safety Act. The Committee held weekly meetings to monitor the prevalence of the virus and manage any risk identified within the workplace.

In these weekly meetings, the Committee receives and considers daily, and weekly hazard reports presented by Health and Safety representatives and employee wellness feedback from the Human Resource Management and Development team. In response, it provides relevant feedback and guidance to each matter as presented.

OHS activities

OHS assessment

To keep in tune with recent developments and ensure continued legislative compliance, the Committee commissioned an assessment that an independent service provider successfully conducted. The findings of the service provider have been endorsed by the Committee and recommended for implementation through various functions within the ambit of the Corporate and Support Services. During 2020/21, it was impractical to implement most of the recommendations as the OHS Committee had to concentrate on the COVID-19 response strategy.

Training

Training was conducted for the following: -

- OHS committee members
- SHE representatives
- Firefighters and
- First aiders

The next training phase is planned for the 2021/2022 financial year.

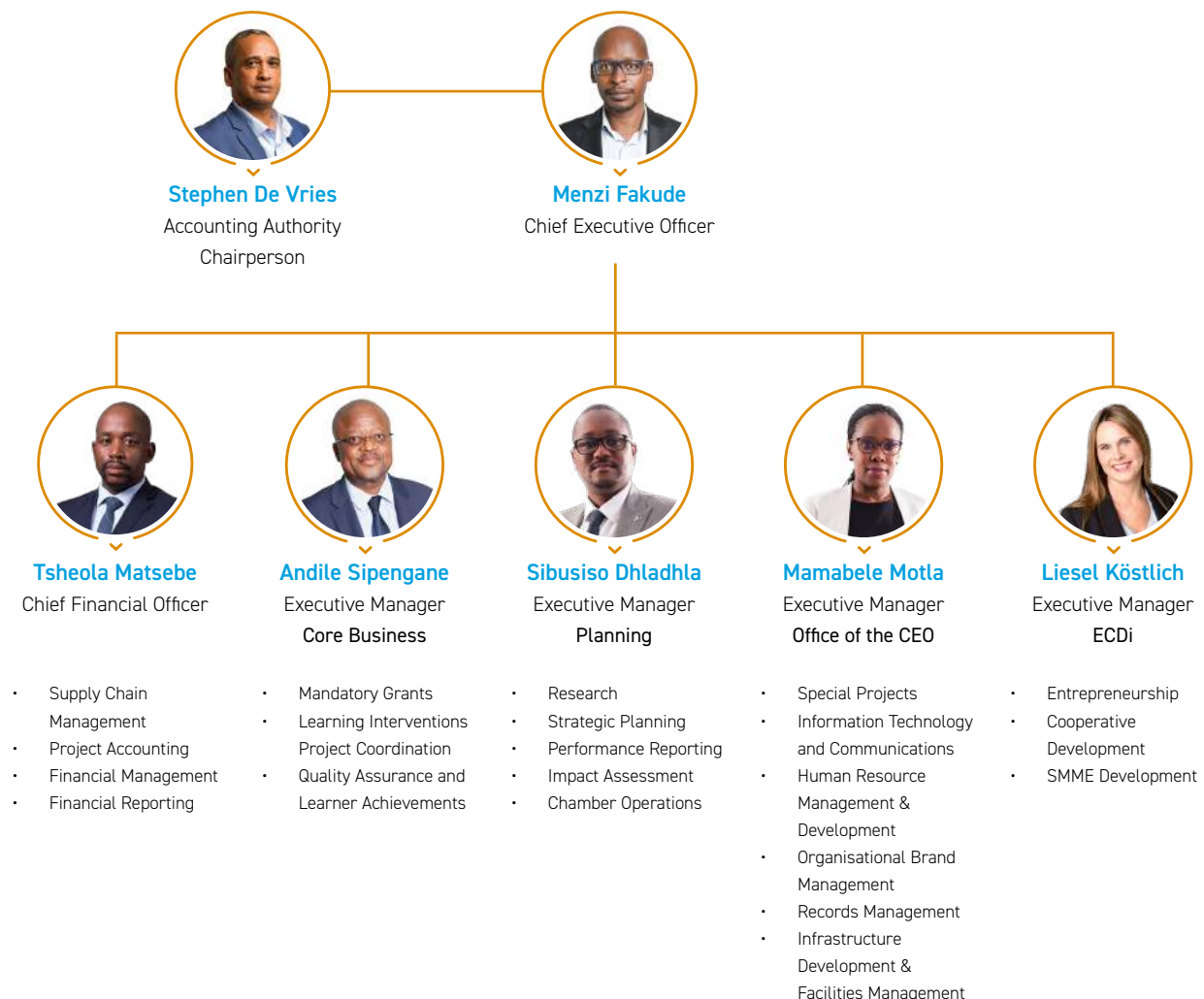
OHS policy

An approved OHS policy is in place and is in the process of being reviewed. The Services SETA also has an evacuation plan in which evacuation drills are conducted annually. Evacuation drills could not take place during 2020/21 due to employees working remotely.

Services SETA appoints an OHS practitioner

This function is rendered ad hoc by the Facilities Management support with no official specifically responsible for it.

Organisational Structure





PART E



DEVELOP AND GROW
www.servicesseta.org.za

Our financial section describes in detail our endeavour to uphold our ideals towards a future that is sustainable and inclusive without corruption.

Financial Statements

The reports and statements set out below comprise the annual financial statements presented to the parliament:

Accounting Authority's Responsibilities and Approval	78
Audit Committee Report	79 - 80
Report of the Accounting Authority	81-82
Report of the Auditor-General	83 - 89
Statement of Financial Position	90
Statement of Financial Performance	91
Statement of Changes in Net Assets	92
Cash Flow Statement	93
Statement of Comparison of Budget & Actual Amounts	94
Accounting Policies	95 - 106
Notes to the Annual Financial Statements	107 - 139
Annexure A - Statement of responsibility and confirmation of accuracy for the annual report	140



Our REAL ESTATE AND RELATED SERVICES chamber consists of 8 Gazetted Standard SIC codes. It includes sectors such as decorators and interior designers, property management services, valuers and auctioneers.

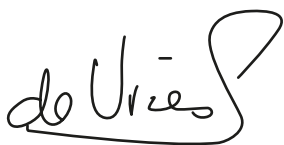
ACCOUNTING AUTHORITY'S

Responsibilities & Approval

The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999) to maintain adequate accounting records and is 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 are 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 audited annual financial statements set out on pages 90 to 139, which have been prepared on the basis of accounting policies applicable to a going concern, were approved by the Accounting Authority on 28 July 2021 and were signed on its behalf by:



Mr. Stephen De Vries

Accounting Authority Chairperson



Mr. Menzi Fakude

Chief Executive Officer

REPORT OF THE

Audit Committee

We are pleased to present our report for the financial year ended 31 March 2021.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 51 (1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 27.1. 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, except that we have not reviewed changes in accounting policies and practices.

The effectiveness of internal control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted at the Services SETA revealed certain weaknesses, which were then raised with the Services SETA.

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

- Project Coordination -Project site visit - Special projects and DG projects
- Audit of payment of stipend
- Quarterly Performance Report 1-4 and Annual Performance Report Review 2019/20
- Review of planning strategic documents (APP and SP): Full Review 2020/21

- High level review of financial statements 2019/20
- Internal financial control review 2019/20
- LIMIS (New epics) – Post Review 2019/20
- E – Learning Post Review 2019/20
- Human Resource Management and Development - Declaration of interest management review-2020/21
- Review of implementation of audit findings 2019/20

The following were areas of concern:

- Project management in relation to system development

In-Year Management and Monthly/Quarterly Report

The Services SETA has reporting monthly and quarterly to the Treasury as is required by the PFMA.

Evaluation of annual financial statements

We have reviewed the annual financial statements prepared by the Services SETA.

Auditor's Reports

We have reviewed the Services SETA's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved except for the following:

- Commitments – reconciliation between DG project expenditure note and commitment expenditure note.

AUDIT COMMITTEE REPORT

- Commitments - Misstatements in relation amendments.
- Exceeding of 7.5% in relation to DG support costs - leading to irregular expenditure.
- Payments not made within 30 days of receipt of invoice.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.



Mr. Kgotlo Rabothata CA(SA)

Chairperson of the Audit Committee

Services SETA

28 July 2021

REPORT OF THE ACCOUNTING AUTHORITY



The Accounting Authority submits this report to the Department of Higher Education and Training and Parliament of the Republic of South Africa for the year ended March 31, 2021.

1. Incorporation

The Services Sector Education and Training Authority (Services SETA) was established in terms of Section 9 (1) of the Skills Development Act, 1998 (Act No 97 of 1998) as amended, as a Sector Education and Training Authority with effect from 1 April 2000 to March 2005. It was then re-established by the Minister of Labour for the period April 2005 – March 2010. In March 2010, the Minister of Higher Education and Training extended the period of establishment of all SETAs to 31 March 2016. The license period for all the SETAs was then extended to 31 March 2018 and March 2020. The new license period is extended to 31 March 2030, as per Government Gazette no 42589 issued on 22 July 2020.

2. Governance

The Accounting Authority acknowledges and accepts responsibility for the system of internal financial controls established by the Services SETA and places considerable importance on maintaining a strong control environment. To enable itself to meet these responsibilities, the Accounting Authority sets standards for internal controls 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 Services SETA, and all employees are required to maintain the highest ethical standards in ensuring the Services SETA's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Services SETA is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the Services SETA endeavours to minimise it by ensuring appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The unaudited annual financial statements are prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by the National Treasury. The Accounting Authority is 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

3. Review of activities

Main business and operations

The Services SETA is engaged in education and training for the services sector and operates principally in South Africa.

4. Going concern

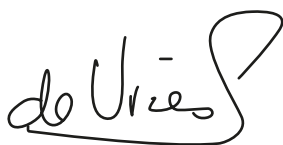
We draw attention to the fact that at March 31, 2021, the entity had a surplus of R307 million and that the entity's total assets exceed its total liabilities by R610 million.

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 Services SETA to continue as a going concern is dependent on a number of factors. The going concern assessment was based on the below considerations.

Financial, operating and other considerations:

- Budget to support the APP for the financial year 2021-22 was approved with an overall spend of R1.3 billion. The actual spend will be affected by market fluctuations in the employment market in the services sector;
- The extension of the SETA license to 31 March 2030 provides confirmation that there is no indication of withdrawal of financial support by the Executive Authority;
- The current assets exceed current liabilities by R383 million, or the current ratio is at 2.37:1;
- The Services SETA has a positive balance of R217 million in relation to cash flow from operating activities;
- The surplus for the year amounted to R307 million;
- There are no long term liabilities or borrowings against the Services SETA;
- All critical positions were filled as at 31 March 2021;
- All contingent liabilities against the Services SETA



Mr. Stephen De Vries

Accounting Authority Chairperson

amounting to R140 million, if successful, can be settled;

- As at 31 March 2021, there were no changes to the Grant Regulation or other legislations that could have a negative effect on Services SETA; and
- The main uncertainty against the Services SETA is the ongoing engagement between the Executive Authority and Business Unity South Africa (BUSA) in relation to the court case that set aside Sec 4(4) of the Grant Regulation.

5. Subsequent events

The Services SETA is required as per Instruction Note 12 of 2020/21 to submit to National Treasury an application for the rollover of accumulated surpluses by 01 August 2021.

6. Remuneration of Accounting Authority and its Sub-Committees Members

The Executive Management, Accounting Authority and Audit Committee members' remuneration is reflected in note 28 of the annual financial statements. Executive Management is employed on a full-time basis. The members of the Accounting Authority and Audit Committee are remunerated for attending Board and Sub-Committee meetings as well as other engagements. Their remuneration is based on National Treasury Guidelines, and the remuneration is approved by the Minister of Higher Education and Training.

7. Approval

The audited Annual Financial Statements for the year ended 31 March 2021, set out on pages 90 to 139, have been approved by the Accounting Authority in terms of section 51(1)(f) of the Public Finance Management Act (PFMA), No 1 of 1999 (as amended) on 28 July 2021, and are signed on their behalf by:



Mr. Menzi Fakude

Chief Executive Officer

REPORT OF THE AUDITOR-GENERAL

TO PARLIAMENT ON THE SERVICES SECTOR EDUCATION AND TRAINING AUTHORITY



Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Services Sector Education and Training Authority set out on pages 90 to 139, which comprise the statement of financial position as at 31 March 2021, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matter described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly in all material respects, the financial position of the Services Sector Education and Training Authority as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act of South Africa 97 of 1998 (SDA)

Basis for qualified opinion

Commitments

3. I was unable to obtain sufficient appropriate audit evidence for commitments due to a lack of proper record keeping and reconciliation of commitments of the public entity. There were unexplained differences between the amounts in the underlying schedules and the amounts disclosed in note 26 of the financial statements. Furthermore, the public entity could not provide evidence to support the restatement to the opening balance disclosed in note 29 of the financial statements. Consequently, I was unable to determine whether any further adjustments were necessary to the following items in the financial statements:
 - Commitments stated at R3 398 243 000 (2020: R3 699 293 000)
 - Prior period error stated at R0 (2020: R923 205 000)

Context for the opinion

4. 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 my report.
5. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matter

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

Prior period error

8. As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2020 were restated as a result of errors in the financial statements of the public entity at, and for the year ended, 31 March 2021.

Responsibilities of the accounting authority for the financial statements

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

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

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

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 annual performance report

Introduction and scope

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
14. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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 programme presented in the public entity's annual performance report for the year ended 31 March 2021:

Programme	Pages in the annual performance report
Programme 3 - learning programmes	50-59

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 on the usefulness and reliability of the performance information of the selected programme are as follows:

Programme 3 - learning programmes

Various indicators

18. The achievements reported in the annual performance report materially differed from the supporting evidence provided for the indicators listed below:

Indicator description	Reported achievement
3.3.1.2 Number of learnership completions	763
3.3.1.14 Number of skills programmes completions	761

Measurability - various indicators

19. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined nature and required level of performance and method of calculation to be used when measuring the actual achievement for the targets in respect of indicator 3.3.1.2: number of learnerships completions and indicator 3.1.1.12: number of skills development centres/ infrastructure. This was due to insufficient measurement definitions and processes. I was unable to conclude whether the target for this indicator was clearly defined by alternative means.

Other matters

20. I draw attention to the matters below.

Achievement of planned targets

21. Refer to the annual performance report on pages 50 to 59 for information on the achievement of planned targets for the year and management's explanations provided for the under-/over achievement 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 18 to 19 of this report.

Adjustment of material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 3: learning programme. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.



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 public entity's compliance 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 legislation 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 commitments, contingencies, related parties, financial instruments and the prior period error note identified by the auditors in the submitted financial statements were corrected and/or the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

Expenditure management

27. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by non compliance with the Seta grant regulations in terms of spending in excess of the limited threshold of 7.5% for discretionary grant support costs.
28. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R1 539 000, as disclosed in note 34 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 payments for services not rendered and the interest incurred thereon due to inadequate contract management.

Consequence management

29. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1Xe)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.



Other information

30. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The 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.
31. 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 on it.
32. 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.
33. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.



Internal control deficiencies

34. 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 basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
35. The public entity did not adequately review the financial statements and the annual performance report against supporting schedules, as material misstatements were identified through the audit process. These misstatements could have been prevented had effective review controls been implemented.
36. The public entity did not implement proper records management systems to ensure that the reported performance information and financial statements were supported by complete, relevant and accurate schedules and/or documents that were readily available.
37. There was inadequate review and monitoring of compliance with applicable laws and regulations as instances of non compliance were identified in relation to material misstatements and expenditure management reported on.

Auditor - General

Pretoria

31 July 2021



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

Annexure - Auditor-general's responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control;
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority;
 - conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude,

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

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

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

STATEMENT OF FINANCIAL POSITION

as at March 31, 2021

		2021	2020
	Figures in Rand thousand	Note(s)	Restated*
Assets			
Current Assets			
Inventories		5	322
Receivables from exchange transactions		6	1,194
Receivables from non-exchange transactions		7	25,977
Deposits		8	215
Cash and cash equivalents		9	634,431
			662,139
Non-Current Assets			
Property, plant and equipment		3	164,247
Intangible assets		4	62,982
			227,229
Total Assets			889,368
Liabilities			
Current Liabilities			
Payables from exchange transactions		13	20,736
Payables from non-exchange transactions		14	202,627
Provisions		12	56,175
			279,538
Total Liabilities			279,538
Net Assets			609,830
Reserves			
Revaluation reserve		10	1,457
Employer grant reserve		11	381
Administration reserve		11	99,482
Discretionary grant reserve		11	508,510
Total Net Assets			609,830

STATEMENT OF FINANCIAL PERFORMANCE

		2021	2020
	Figures in Rand thousand		Restated*
Revenue			
Revenue from exchange transactions			
Other income	17	817	360
Investment revenue	18	13,788	20,680
Gain on previously disposed assets		-	467
Total revenue from exchange transactions		14,605	21,507
Revenue from non-exchange transactions			
Transfer revenue			
Skills development levy: Income	19	1,010,642	1,643,548
Skills development levy: Interest and Penalties	16	44,491	45,595
Other income	17	18,847	35,871
Total revenue from non-exchange transactions		1,073,980	1,725,014
Total revenue	15	1,088,585	1,746,521
Expenditure			
Administration Expenses	20	(173,941)	(199,366)
Employer grants and project expenses	24	(607,687)	(1,495,895)
Loss on disposal of assets		(73)	-
Total expenditure		(781,701)	(1,695,261)
Surplus for the year		306,884	51,260

STATEMENT OF CHANGES IN NET ASSETS

	Revaluation reserve	Employer grant reserve	Administration reserve	Discretionary grant reserve	Total reserves	Unappropriated reserves	Total net assets
Figures in Rand thousand							
Opening balance as previously reported							
Adjustments	1,000	549	133,822	141,704	277,075	-	277,075
Prior period error - Note 29	-	-	5,122	(30,969)	(25,847)	-	(25,847)
Balance at April 1 2019, as restated*	1,000	549	138,944	110,735	251,228	-	251,228
Changes in net assets							
Fair value gains, net of tax: Land and buildings	810	-	-	-	810	-	810
Net income (losses) recognised directly in net assets	810	-	-	-	810	-	810
Surplus for the year	-	-	-	-	-	51,260	51,260
Total recognised income and expenses for the year	810	-	-	-	810	51,260	52,070
Application of unappropriated surplus/(deficit)	-	234,390	17,483	(200,613)	51,260	(51,260)	-
Reallocation of unappropriated surplus/(deficit)	-	(218,895)	(25,255)	244,150	-	-	-
Total changes	810	15,495	(7,772)	43,537	52,070	-	52,070
Restated* Balance at April 1, 2020	1,810	16,044	131,172	154,271	303,297	-	303,297
Changes in net assets							
Fair value loss, net of tax: Land and buildings	(353)	-	-	-	(353)	-	(353)
Net income (losses) recognised directly in net assets	(353)	-	-	-	(353)	-	(353)
Surplus for the year	-	-	-	-	-	306,885	306,885
Total recognised income and expenses for the year	(353)	-	-	-	(353)	306,885	306,532
Application of unappropriated surplus/(deficit)	-	140,486	(40,569)	206,968	306,885	(306,885)	-
Reallocation of unappropriated surplus/(deficit)	-	(156,149)	8,879	147,270	-	-	-
Total changes	(353)	(15,663)	(31,690)	354,238	306,532	-	306,532
Balance at March 31, 2021	1,457	381	99,482	508,510	609,830	-	609,830
Note(s)	10	11	11	11			

* See Note 29

CASH FLOW STATEMENT

		2021	2020
	Figures in Rand thousand	Note(s)	* Restated
Cash flows from operating activities			
Cash receipts from stakeholders			
Levies, interest and penalties received		1,052,408	1,690,361
Interest income		13,596	21,585
Other cash receipts from stakeholders		332	360
		1,066,336	1,712,306
Cash payments to stakeholders, suppliers and employees			
Employee costs		(188,670)	(197,603)
Payments made to suppliers		(84,428)	(127,022)
Grants and project payments		(576,390)	(1,326,009)
		(849,488)	(1,650,634)
Net cash flows from operating activities	25	216,848	61,672
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(951)	(14,267)
Purchase of other intangible assets	4	(3,332)	(29,167)
Net cash flows from investing activities		(4,283)	(43,434)
Net increase/(decrease) in cash and cash equivalents		212,565	18,238
Cash and cash equivalents at the beginning of the year		421,866	403,628
Cash and cash equivalents at the end of the year	9	634,431	421,866

* See Note 29

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Accrual Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand thousand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	-	-	-	817	817	17
Interest received - investment	15,087	(5,603)	9,484	13,788	4,304	18 & 36
Total revenue from exchange transactions	15,087	(5,603)	9,484	14,605	5,121	
Revenue from non-exchange transactions						
Transfer revenue						
Levies	1,672,379	(626,838)	1,045,541	1,010,643	(34,898)	19 & 36
Fines, Penalties and Forfeits	-	-	-	44,491	44,491	
Other Income	-	-	-	18,847	18,847	
Total revenue from non-exchange transactions	1,672,379	(626,838)	1,045,541	1,073,981	28,440	
Total revenue	1,687,466	(632,441)	1,055,025	1,088,586	33,561	
Expenditure						
Personnel costs - admin and DG support	(206,778)	25,000	(181,778)	(187,333)	(5,555)	22 & 36
Employer grants and project expenses	(1,337,792)	494,185	(843,607)	(480,777)	362,830	24 & 36
Administrative expenses	(142,430)	21,502	(120,928)	(113,518)	7,410	20
Total expenditure	(1,687,000)	540,687	(1,146,313)	(781,628)	364,685	
Operating surplus	466	(91,754)	(91,288)	306,958	398,246	
Loss on disposal of assets	-	-	-	(73)	(73)	
Surplus/(deficit) for the year	466	(91,754)	(91,288)	306,885	398,173	

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 55 (1)(d) of the Public Finance Management Act, No.01 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 rounded to the nearest thousand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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. Going concern assumption

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

1.2. Comparative figures

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

1.3. Property, plant and equipment

Recognition

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.

Initial Measurement

Property, plant and equipment are initially measured at cost.

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

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

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, its 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 or replace part of 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.

ACCOUNTING POLICIES

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.

Assets under construction (Work in Progress) represent capital expenditure incurred on projects not yet completed nor ready for use at the end of the period. On completion of the projects, the capitalised expenditure gets transferred out of the WIP account and into the other appropriate property, plant and equipment class of assets.

Major inspection costs that are a condition of continuing use of an item of property, plant and equipment and 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.

Subsequent Measurement

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses except for land and building, which is carried at the revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations

Land and buildings are carried at a revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Land and buildings are revalued every three years or when there are significant improvements to the property.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount as a result of a revaluation is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount as a result of a revaluation is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Depreciation

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

ACCOUNTING POLICIES

Depreciation starts when the asset is available for use. Assets under construction are not depreciated.

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. 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 depreciation charge for each period is recognised in surplus or deficit.

Derecognition

Items of property, plant and equipment are derecognised 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.

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

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

1.4. Intangible assets

An intangible 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 tangible asset is an identifiable non-monetary asset without physical substance. An asset is a resource that is controlled by the entity as a result of past events (for example, purchase or self-creation) and from which future economic benefits (inflows of cash or other assets) are expected.

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.

Recognition

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

ACCOUNTING POLICIES

an internal project) is recognised as an expense when it is incurred. Development costs are capitalised only after the technical and commercial feasibility of the asset for sale or use have been established.

Subsequent measurement

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.

Amortisation

The amortisation period for intangible assets is reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment, and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Derecognition

Intangible assets are derecognised on disposal; or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

1.5. Inventories

Inventories consist of assets in the form of materials or supplies to be consumed or distributed in the rendering of services and are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the entity and can be measured reliably.

Initial recognition

Inventory, which comprises of consumables and stationery on hand, is initially measured at cost except where it is acquired through a non-exchange transaction, then its costs are stated at fair value as at the date of acquisition.

Subsequent Measurement

When inventories are exchanged or distributed, the carrying amount of those inventories are recognised as an expense when the goods are distributed, or related service is rendered. The cost of inventories is assigned using the lower cost or current replacement costs. The same cost formula is used for all inventories having a similar nature and usage by the Services SETA.

Subsequently, inventories are measured at the lower cost and current replacement cost.

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.

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.

ACCOUNTING POLICIES

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.

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, the Services SETA 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. 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 Services SETA 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 favourable to the entity.

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.

Classification

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

Category	Class
Financial assets measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method.	Receivables from non-exchange transactions
Financial assets measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method.	Receivables from exchange transactions
Financial assets which comprise of cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.	Cash and cash equivalents
Financial liabilities are initially measured at fair value and are subsequently measured at amortised cost.	Provisions
Financial liabilities are initially measured at fair value and are subsequently measured at amortised cost.	Payables from exchange transactions
Financial liabilities are initially measured at fair value and are subsequently measured at amortised cost.	Payables from non-exchange transactions

ACCOUNTING POLICIES

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.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risks.

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.

1.7. Leases

A lease is classified as a finance lease if it substantially transfers all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not substantially transfer all the risks and rewards incidental to ownership.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance based on the straight-line method. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place. The Services SETA does not hold any finance leases.

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. Retirement benefit costs Defined contribution plan

The Services SETA provides for retirement benefits for all its permanent employees through a defined contribution scheme that is subject to the Pension Funds Act, 1956, as amended. Contributions are at a rate of 15% of pensionable emoluments, of which members contribute 7.5%.

The Services SETA's contribution to the defined contribution plans is charged to the Statement of Financial Performance in the year to which they relate, and there is no further liability for the Services SETA.

1.9. Reserves

Reserves are sub-classified in the statement of financial position between the following funds and reserves:

- Administration reserve;
- Employer grant reserve;
- Discretionary reserve; and
- Revaluation reserve.

This sub-classification is made based on the restrictions placed on the distribution of monies received in accordance with the Regulations issued in terms of the Skills Development Act, 1998 (Act No. 97 of 1998).

Member employer company levy payments are set aside in terms of the Skills Development Act and the regulations issued in terms of the Act. Interest and penalties received from South African Revenue Services (SARS) as well as interest received on investments are utilised for discretionary grants and projects. Other income received are utilised in accordance with the original source of the income.

The net surplus/deficit is allocated to the discretionary fund reserve in terms of the Grant Regulations. The administration reserve comprises the future depreciation of all administration property, plant and equipment and amortisation of administrative intangible assets.

A further amount is disclosed in the employer grant reserve for newly registered member companies

ACCOUNTING POLICIES

participating after the legislative cut-off date and new scheme year levies received for the period ending 31 March. Refer to note for disclosure of this contingent liability.

At the end of the financial period, any unspent or uncommitted funds must be transferred to the National Treasury unless approval was granted to retain the unspent funds.

1.10. Payables

Payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier.

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees.

Accrual for employee entitlement

The cost of other employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. An accrual is made for the estimated liability as a result of services rendered by employees up to the last day of the financial year. Leave accruals are included under payables from exchange transactions in the statement of financial position based on the current salary rates and latest approved increases.

Payables

Also included under payables from exchange transactions are trade payables on administration expenses.

Accrual for mandatory grants and discretionary grant payable are recognised under payables from non-exchange transactions.

1.11. Provisions, contingent liabilities, contingent assets and commitments

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the entity's control.

A contingent liability is:

- a possible obligation that arises from past events, and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because: (i) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. They are disclosed in note 27 A provision is a liability of uncertain timing or amount.

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.

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

ACCOUNTING POLICIES

Provision for levies exempt employers

Exempt employers provision includes employers who continued paying skills development levies even though they are exempt in terms of the Skills Development Act and have not participated in mandatory grants.

Provision for grants

Provisions are not made for projects approved at year-end unless the service in terms of the contract has been delivered or the contract is of an onerous nature. Where a project has been approved and contracted, it is disclosed as commitments in the notes to the financial statements.

Operational and capital commitments

The contracts disclosed as operational and capital commitments are made up of the below type of commitments:

- Fixed amount contracts that are effective for longer than one financial period, relating to goods and services for the benefit of the organisation; and
- Request for quotations purchase orders that are not completed by the end of a financial year, relating goods and services for the organisation's benefit.

Rate based contracts and purchase orders are excluded from the commitment balance as the future value of the contract are undeterminable.

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 received and receivable by the Services SETA, which represents an increase in net assets.

An exchange transaction is one in which the SETA 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.

When the outcome of a transaction involving an exchange transaction 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.

ACCOUNTING POLICIES

The SETA mostly derive Exchange Revenue from interest earned. Interest earned is recognised on a time proportionate basis that takes into account the effective yield on the interest investment.

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.

Non-exchange transactions are transactions that are not exchange transactions.

Measurement

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

1.13. Revenue from non-exchange transactions

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.

Inter-SETA Transfers

Revenue is adjusted for transfers of employers between SETAs that arise due to incorrect allocation to a SETA on registration for skills development levy or changes to their business that result in a need to change SETAs. Such adjustments are disclosed separately as inter-seta transfers. The amount of the inter-seta transfers is calculated according to the most recent Standard Operating Procedure as issued by the Department of Higher Education and Training (DHET).

Skills Development levy

In terms of section 3(1) and 3(4) of the Skills Development Levies (SDL) Act, 1999 (Act no.09 of 1999), registered member companies pay a skills

development levy of 1% of the total payroll cost to SARS, who collects the levies on behalf of DHET. The split of the levies allocated - refer to the table below.

Skills development levy income is recognised when it is probable that future economic benefits will flow to the Services SETA, and these benefits can be measured reliably. This occurs when DHET either makes an allocation or payment to Services SETA, whichever occurs first. The SDL income is measured at the actual consideration received or receivable.

	2021	2020
Administrative levies	10.50 %	10.50 %
Mandatory grant levies	20.00 %	20.00 %
Discretionary grant levies	49.50 %	49.50 %
Received by SETA	80.00 %	80.00 %
Contribution to the National Skills Fund	20.00 %	20.00 %
	100.00 %	100.00 %

Interest and penalties

Interest and penalties are economic benefits or service potential received or receivable by Services SETA, as determined by the South African Revenue Services, as a consequence of the breach of laws or regulations and is recognised on the basis of the skills development levy.

Voluntary contributions

Voluntary contributions received from public service employers in the national and provincial spheres of government are recognised on receipt. These funds may be used to fund Services SETA administration costs. The Services SETA allocate the voluntary contributions using circular No.HRD1 of 2013 from the Department of Public Service and Administration (DPSA) of 33.33% to administration and 66.66% to discretionary funding.

1.14. Investment income

Interest income is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

ACCOUNTING POLICIES

1.15. Administration, grants, and project expenditure

Mandatory grants

The grant payable and the related expenditure are recognised when the employer has submitted an application for a grant in the prescribed form within the agreed-upon cut-off period and such application complies with all legislative requirements and when the monthly levy payments have been received from the employer. The grant is equivalent to 20% of the total levies paid by the employer during the corresponding financial period for the skills planning grant.

Discretionary grants and project expenditure

The funding for discretionary grants and projects stems from the 49.5% of the total levies paid by the employers, levy grants that are not claimed by employers, the surplus of administration levies not utilised, investment income, and other income generated by the Services SETA.

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

Expenditure comprises:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the project;
- such other costs as are specifically chargeable to the Services SETA under the terms of the contract; and
- any expenditure incurred to support discretionary grant projects shall be charged to the discretionary grants to the extent that they can be attributed to a particular project. This is limited to 7.5% of the project allocation per grant award

Such costs are allocated using methods that are systematic and rational and are applied consistently to all costs having similar characteristics.

Administrative expenditure

The funding for administrative expenditure is derived from 10.5% of the total levies paid by the employers. Administration expenses consist of the operational expenditure incurred by the Services SETA. Operational expenditure includes employee costs for non-core employees, consulting costs and operational travel and subsistence costs and capital expenditure, amongst others.

The allocation of 0,5% of the administrative expenditure is payable to the Quality Council for Trades and Occupation as determined by the executive authority on an annual basis.

1.16. Fruitless and wasteful expenditure

Fruitless expenditure means expenditure that 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 recoverable, it is subsequently accounted for as revenue in the statement of financial performance.

1.17. 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.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year-end and/or before finalisation of the financial statements must also be recorded

ACCOUNTING POLICIES

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 by the Accounting Authority is obtained at year-end must be recorded in the irregular expenditure register.

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.

1.18. Budget information

The approved budget covers the fiscal period from 01 April 2020 to 31 March 2021.

The annual financial statements and the budget are on the same basis of accounting; therefore, a comparison

with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts. There are no timing differences between the budget to actual information as the budget is prepared on an accrual basis.

Comparative information is not required.

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.

Transactions are disclosed as related party transactions where the Services SETA has, in the normal course of its operations, entered into transactions with entities related to the Department of Higher Education and Training, payments to members of the Accounting Authority and key management.

In addition, inter-seta transactions are disclosed as related party transactions due to employers moving from one SETA to another.

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.

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 a person's family 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.

1.20. Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial

ACCOUNTING POLICIES

statements are authorised for issue. Two types of events can be identified:

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

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

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

1.21. Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. The use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the annual financial statements.

Key sources of estimation uncertainty

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

Useful lives and the residual value of property, plant and equipment and intangible assets

The SETA has reassessed the useful lives of property, plant and equipment for purposes of depreciation calculations in light of assets with an R1 carrying amount.

Refer to note 3 and 4 for the respective carrying values.

Bursary provision

The Services SETA has based its calculation of the bursary provision on information applicable for the specific financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. New standards and interpretations

2.1. Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
IGRAP 20: Accounting for Adjustments to Revenue	April 1, 2020	There is no impact.
GRAP 1 (amended): Presentation of Financial Statements	April 1, 2020	There is no impact.
GRAP 34: Separate Financial Statements	April 1, 2020	There is no impact.
IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	April 1, 2020	There is no impact.
Directive 7 (revised): The Application of Deemed Cost	April 1, 2020	There is no impact.

2.2. Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after April 1, 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 104 (amended): Financial Instruments	To be determined	To be determined.
Directive 14: The application of Standards of GRAP by Public Entities that apply IFRS® Standards	April 1, 2021	To be determined.
Guideline: Guideline on the Application of Materiality to Financial Statements	To be determined	To be determined.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. Property, plant and equipment

Figures in Rand thousand	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	66,418	-	66,418	66,771	-	66,771
Buildings	77,272	(6,780)	70,492	87,330	(2,558)	84,772
Building machinery	2,771	(2,296)	475	2,781	(1,993)	788
Furniture and fixtures	19,534	(13,957)	5,577	19,534	(10,796)	8,738
Motor vehicles	18,287	(8,866)	9,421	18,287	(9,741)	8,546
Office equipment	10,822	(5,248)	5,574	9,642	(3,415)	6,227
Computer equipment	23,832	(18,852)	4,980	24,264	(15,578)	8,686
Computer network	8,319	(7,009)	1,310	8,110	(6,609)	1,501
Work in progress - Buildings	-	-	-	8,976	-	8,976
Total	227,255	(63,008)	164,247	245,695	(50,690)	195,005

Reconciliation of property, plant and equipment - 2021

Figures in Rand thousand	Opening balance	Additions	Disposals	Transfers received	Transfers	Revaluations	Depreciation	Total
Land	66,771	-	-	-	-	(353)	-	66,418
Buildings	84,772	-	-	8,014	-	(18,072)	(4,222)	70,492
Plant and machinery	788	-	-	-	-	-	(313)	475
Furniture and fixtures	8,738	-	-	-	-	-	(3,161)	5,577
Motor vehicles	8,546	-	-	-	-	-	875	9,421
Office equipment	6,227	254	(11)	1,108	-	-	(2,004)	5,574
Computer equipment	8,686	280	(71)	-	-	-	(3,915)	4,980
Computer networks	1,501	-	-	270	-	-	(461)	1,310
Work in progress - Buildings	8,976	417	-	-	(9,393)	-	-	-
	195,005	951	(82)	9,392	(9,393)	(18,425)	(13,201)	164,247

Reconciliation of property, plant and equipment - 2020 Restated

Figures in Rand thousand	Opening balance	Additions	Additions through previously disposed assets	Disposals	Revaluations	Depreciation	Total
Land	65,961	-	-	-	810	-	66,771
Buildings	94,760	-	-	-	(7,430)	(2,558)	84,772
Building machinery	829	274	-	-	-	(315)	788
Furniture and fixtures	12,216	150	168	-	-	(3,796)	8,738
Motor vehicles	12,186	-	-	-	-	(3,640)	8,546
Office equipment	5,845	2,172	56	(143)	-	(1,703)	6,227
Computer Equipment	12,246	1,885	388	(39)	-	(5,794)	8,686
Computer network	2,077	810	19	-	-	(1,405)	1,501
Work in progress - Buildings	-	8,976	-	-	-	-	8,976
	206,120	14,267	631	(182)	(6,620)	(19,211)	195,005

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Pledged as security

There are no property, plant and equipment assets of the Services SETA pledged as security.

Useful Lives (in years)

		2021	2020
		Restated	
		Figures in Rand thousand	
Land	Straight line	0	
Buildings	Straight line	20 - 30	
Building machinery	Straight line	5 - 25	
Furniture and fixtures	Straight line	5 - 25	
Motor vehicles	Straight line	5 - 25	
Office equipment	Straight line	5 - 25	
Computer equipment	Straight line	3 - 25	
Computer network	Straight line	3 - 25	

Revaluations

The properties were assessed for market value and residual value as at 31 March 2021.

The market value was assessed for Cape Town, Port Elizabeth, East London, Kimberly and Bloemfontein. The Head Office, Nelspruit and Durban properties were only assessed for residual valuation as they were not due for market assessment in the current year.

The valuations were performed by an independent valuer, Darryl Robert Riley, qualifications: B.Com., DipSurv., N.Dip. (Real Estate), MIV (SA), MRICS, professional valuer (4677/6) of the Property Partnership CC.

Repairs and Maintenance

During the current financial year, R2.5 million (FY19/20 R4.7 million) of repairs and maintenance was incurred in order to maintain the condition of the property, plant and equipment of the SETA. Refer to note 21.

Change in accounting estimate

- The useful life range of all asset categories was revised in the current year to address the actual pattern of service potential derived from these assets. The changes made are as below:
- Buildings previously 20 years now 20 - 30 years;
- Motor vehicles - previously 5 - 7 years and now 5 - 25 years;
- Building machinery - previously 5 - 10 years and now 5 - 25 years;
- Furniture and fittings - previously 5 - 10 years and now 5 - 25 years;
- Office equipment - previously 5 - 10 years and now 5 - 25 years;
- Computer equipment - previously 3 - 5 years and now 3 - 25 years; and
- Computer networks - previously 3 - 5 years and now 3 - 25 years.

Various movable assets with original remaining useful lives varying between 0 - 1 year were reassessed to reflect a new depreciable amount

The effect on the current and future periods is as depicted below:

Figures in Rand thousand	
Depreciation - current year	(1,267)
Depreciation - future periods	3,268

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

4. Intangible assets

		2021			2020		
Figures in Rand thousand					Restated		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	
Computer software	92,095	(47,556)	44,539	101,659	(37,921)	63,738	
Intangible assets under development	18,443	-	18,443	17,107	-	17,107	
Total	110,538	(47,556)	62,982	118,766	(37,921)	80,845	
Reconciliation of intangible assets - 2021							
	Opening balance	Additions	Disposals	Amortisation	Impairment loss	Total	
Figures in Rand thousand							
Computer software	63,738	1,996	(2)	(19,798)	(1,395)	44,539	
Computer software under development	17,107	1,336	-	-	-	18,443	
	80,845	3,332	(2)	(19,798)	(1,395)	62,982	
Reconciliation of intangible assets - 2020 Restated							
	Opening balance	Additions	Transfers received	Transfers	Amortisation	Total	
Figures in Rand thousand							
Computer software	38,038	19,800	24,829	(1,155)	(17,774)	63,738	
Computer software under development	31,414	9,367	-	(23,674)	-	17,107	
	69,452	29,167	24,829	(24,829)	(17,774)	80,845	

Intangible asset under development relates to computer software.

There are no intangible assets of Services SETA pledged as security.

Useful lives (in years)

Computer software	Straight line	3 - 25
-------------------	---------------	--------

Change in accounting estimate

Various computer software assets with original remaining useful life varying between 0 - 1 year have been revised at the beginning of the period to reflect a new amortisable amount and the actual pattern of service potential derived from this software. Computer software's original, useful life of 3 - 5 years increased to 3 - 25 years.

The effect on the current and future periods will be a decrease in the amortisation charge of R308 thousand in the current period and an increase in the amortisation charge of R770 thousand over the future periods.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5. Inventories

	2021	2020
Figures in Rand thousand		Restated
Consumable stores	322	350

Inventory consists of stationary at lower of cost and net replacement value. The total value of stationary issued for the year amounted to R28 thousand.

6. Receivables from exchange transactions

	2021	2020
Figures in Rand thousand		
Employee costs receivables	59	92
Prepayments	791	1,117
Accrued investment income	331	139
Other receivables	13	20
	1,194	1,368

Reconciliation of Employee costs receivables

	2021	2020
Figurs in Rand thousand		
Opening balance	92	581
Staff costs receivable	-	-
Recovery	(33)	(489)
	59	92

7. Receivables from non-exchange transactions

	2021	2020
Figurs in Rand thousand		
Mandatory grants receivables: SARS Adjustments	24,986	14,945
Discretionary grants receivables	991	14,553
	25,977	29,498

Mandatory grants receivables

Mandatory grants receivable arises as a result of SARS adjustments subsequent to the Services SETA having paid out the grant. The receivable is set off against future mandatory grants payable by the Services SETA to the employer concerned. A provision has been raised

	2021	2020
Figurs in Rand thousand		
MG Receivable	30,632	17,336
Provision for Bad Debt - MG	(5,646)	(2,390)
	24,986	14,946

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8. Deposits

Short term deposits for lease and municipal deposits

	2021	2020
Figurs in Rand thousand		
Gross balances		
Bloemfontein	33	33
Johannesburg	124	136
Nelspruit	54	54
Port Elizabeth	4	4
	215	227

9. Cash and cash equivalents

Cash and cash equivalents consist of:

	2021	2020
Figurs in Rand thousand		
Cash on hand	9	26
Bank balances	259,948	130,002
Short-term deposits	374,474	116,684
Other cash and cash equivalents	-	175,154
	634,431	421,866

Cash on hand constitutes petty cash that is spread across Services SETA offices, including head office.

As required in terms of Treasury Regulation 31.2, the Services SETA holds bank accounts with financial institutions approved by National Treasury. The Skills Development Act Regulations state that the Services SETA may, if not otherwise specified by the Public Finance Management Act, invest the moneys in accordance with the Investment Policy approved by the Accounting Authority. Short term deposits are invested in line with the Investment Policy.

Other cash and cash equivalents include funds that were in transit between an investment account and bank account as at 31 March 2020.

The Services SETA does not have any cash, and cash equivalent pledged as collateral.

10. Revaluation reserve

	2021	2020
Figurs in Rand thousand		
Reserve on revaluation of property, plant and equipment.		
Opening balance	1,810	1,000
Change during the year	(353)	810
	1,457	1,810

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

11. Accumulated surplus

Allocation of the surplus/(deficit) for the year to reserves - 2021					
	Administration reserve	Employer grant reserve	Discretionary grant reserve	Revaluation reserve	Total
Figures in Rand thousand					
Skills development levy income	-	-	-	-	-
-Administration levy income	132,628	-	-	-	132,628
-Grant levy income	-	253,986	-	-	253,986
-Discretionary grant levy	-	-	624,030	-	624,030
Penalties and interest	-	-	44,491	-	44,491
Investment income	-	-	13,788	-	13,788
Other income	817	18,842	5	-	19,664
Total income	133,445	272,828	682,314	-	1,088,587
Administration expenses	(174,014)	-	-	-	(174,014)
Employer grants expenses	-	(132,342)	-	-	(132,342)
Project expenses	-	-	(475,346)	-	(475,346)
	(40,569)	140,486	206,968	-	306,885

	Administration reserve	Employer grant reserve	Discretionary grant reserve	Revaluation reserve	Total
Figures in Rand thousand					
Opening balance	131,172	16,044	154,272	1,810	303,298
Surplus/(deficit) for the year	(40,569)	140,486	206,968	-	306,885
Reallocation of funds to reserves	8,879	(156,149)	147,270	-	-
Fair value adjustment	-	-	-	(353)	(353)
	99,482	381	508,510	1,457	609,830

Allocation of the surplus/(deficit) for the year to reserves - 2020					
	Administration reserve	Employer Grant reserve	Discretionary grant reserve	Revaluation reserve	Total
Figures in Rand thousand					
Skills development levy income	-	-	-	-	-
-Administration levy income	216,021	-	-	-	216,021
-Grant levy income	-	411,199	-	-	411,199
-Discretionary grant levy	-	-	1,016,327	-	1,016,327
Penalties and interest	-	-	45,594	-	45,594
Investment income	-	-	20,680	-	20,680
Other income	827	35,105	767	-	36,699
Total income	216,848	446,304	1,083,368	-	1,746,520
Administration expenses	(199,365)	-	-	-	(199,365)
Employer grants expenses	-	(211,914)	-	-	(211,914)
Project expenses	-	-	(1,283,981)	-	(1,283,981)
	17,483	234,390	(200,613)	-	51,260

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Administration reserve	Employer Grant reserve	Discretionary grant reserve	Revaluation reserve	Total
Figures in Rand thousand					
Previous reported opening balance	133,822	549	141,704	1,000	277,075
Prior period error - Note 29	5,122	-	(30,969)	-	(25,847)
Surplus/(deficit) for the year	17,483	234,390	(200,613)	-	51,260
Fair value adjustment	-	-	-	810	810
Reallocation of funds to reserves	(25,255)	(218,895)	244,150	-	-
	131,172	16,044	154,272	1,810	303,298

12. Provisions

Reconciliation of provisions - 2021					
	Opening Balance	Additions	Utilised during the year	Over provision	Total
Figures in Rand thousand					
Exempt employers	48,388	6,600	(9,462)	-	45,526
Discretionary grants	78,273	10,649	(49,407)	(28,866)	10,649
	126,661	17,249	(58,869)	(28,866)	56,175
Reconciliation of provisions - 2020					
	Opening Balance	Additions	Utilised during the year	Prior period error	Total
Figures in Rand thousand					
Exempt employers	47,082	9,870	(8,564)	-	48,388
Discretionary grants	125,017	67,519	(125,017)	10,754	78,273
	172,099	77,389	(133,581)	10,754	126,661

Previously stated figure for FY19/20: R114 million.

Refer to note 29 for prior year adjustments

Provision for exempt levy employers

This provision is for employers who, even though they are not obliged to pay the skills development levy because their payroll is less than R500 thousand amongst others, still contribute towards the SDL. The provision covers contributions made over a period of five years by employers with a payroll of less than R500 thousand. Any exempt contributions older than five years are swept to discretionary reserves.

Provision for discretionary grants

For financial year 2020/2021, the Services SETA considered verified compliant bursars as at 31 March 2021. The balance as at 31 March 2021 relates to estimated liability in relation to active bursars.

Settlement of claims

The Service SETA lost a claim at Arbitration South Africa during the financial period 2018/19 and had appealed the matter at the Supreme court of Appeals. The final decision was in favour of the claimant, with a settlement being paid during the financial year 2020/21.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

13. Payables from exchange transactions

	2021	2020
Figures in Rand thousand		Restated
Trade payables	94	7,663
Accrued employee costs	3,886	6,792
Accrued leave pay	10,054	8,156
Accrued expenses - Administration expense	6,702	3,588
	20,736	26,199

Previously stated figure for FY19/20: R26 million.

Refer to note 29 for prior year adjustment

14. Payables from non-exchange transactions

	2021	2020
Figures in Rand thousand		Restated
Donor funding	7,940	-
Accrued expenses: Discretionary grants	44,321	61,212
Trade payables: Discretionary grants	20,074	72,470
Mandatory grants payables	130,156	139,320
InterSETA payable	136	-
	202,627	273,002

Previously stated figure for FY19/20: R237 million. Refer to note 29 for prior year adjustment.

Donor funding relates to funds received for a partnership between Services SETA and the North West Department of Economic Development, Environment, Conservation and Tourism (DEDECT).

15. Revenue

	2021	2020
Figures in Rand thousand		
Other income - exchange	817	360
Other income - gains on previously disposed assets	-	467
Interest received - investment	13,788	20,680
Skills Development Levy: Income	1,010,642	1,643,548
Skills Development Levy: Penalties and Interest	44,491	45,595
Other income - non-exchange	18,847	35,871
	1,088,585	1,746,521
The amount included in revenue arising from exchanges of goods or services are as follows:		
Other income - exchange	817	360
Other income - gains from previously disposed assets	-	467
Interest received - investment	13,788	20,680
	14,605	21,507

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021	2020
Figures in Rand thousand		
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Skills Development Levy: Income	1,010,642	1,643,548
Skills Development Levy: Penalties and Interest	44,491	45,595
Other income - non-exchange	18,847	35,871
	1,073,980	1,725,014

Other Income-Non-exchange includes the write-off of long outstanding payables and recoveries(refunds)

	2021	2020
Figures in Rand thousand		
Other income - Non-Exchange		
Mandatory grants write-off	18,842	35,105
Discretionary grant write-off	4	767
	18,846	35,872

16. Skills Development Levy: Penalties and Interest

	2021	2020
Figures in Rand thousand		
Penalties	20,055	23,277
Interest	24,436	22,318
	44,491	45,595

17. Other revenue

	2021	2020
Figures in Rand thousand		
Other income - exchange	817	360
Other income - gains from previously disposed assets	-	467
	817	827

Other income includes pay-outs received from the insurance company for assets that were damaged and or lost during the current year, the recovery of SDL from ETDP SETA and the write-off of long outstanding administration payables.

Assets that were previously disposed from the asset register were brought back into production, realising a gain on asset value.

	2021	2020
Figures in Rand thousand		
The amount included in other revenue arising from exchanges of goods or services are as follows:		
Insurance Recoveries	165	175
Admin Write-off	486	-
MG - Refund	167	184
Other - gains on previously disposed assets	-	467
	818	826

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021	2020
Figures in Rand thousand		
The amount included in other revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Mandatory grant write off	18,842	35,105
Discretionary grant write off	4	767
	18,846	35,872
Transfers		
Other revenue arising from non-exchange transactions	18,846	35,872

18. Investment revenue

	2021	2020
Figures in Rand thousand		
Interest revenue		
Bank	13,788	20,680

19. Levies

	2021	2020
Figures in Rand thousand		
Levy income: Administration	132,270	216,192
Inter-seta transfers-out	(18)	-
Admin - Voluntary	-	-
Admin - Exempt Employers	376	(171)
	132,628	216,021
Levy income:Employer Grants	253,304	411,526
Inter-seta transfers-out	(34)	-
Employer grant - Exempt Employers	715	(326)
	253,986	411,200
Levy income:Discretionary Grants	622,343	1,017,048
Inter-seta transfers-out	(84)	-
DG - Exempt Employers	1,770	(808)
DG - Voluntary	-	87
	624,029	1,016,327
	1,010,643	1,643,548

DG Voluntary income comprises contributions made by government institutions directly to the SETA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

20. Administration Expenditure

	2021	2020
Figures in Rand thousand		Restated
Accounting Authority and Audit Committee costs	8,843	10,349
Admin write-offs	9	726
Advertising and promotional material	1,943	2,460
Auditors remuneration (Refer to Note 23)	4,507	6,011
Bank charges	155	498
Communication costs	8,591	4,694
Consulting and professional fees	17,140	29,356
Depreciation, amortisation and impairment - admin related assets	33,429	27,313
Electricity and water	4,475	4,073
Employee costs(Refer to note 22)	60,423	65,307
Interest and penalties incurred	21	-
IT expenses	7,793	9,323
Insurance	3,290	3,806
Printing and stationery	413	1,971
Quality Council for Trades and Occupations fee 0.5%	11,446	10,964
Rentals	718	3,113
Repairs and maintenance (Refer to Note 21)	2,542	4,716
Security	5,895	7,495
Small tools	23	16
Staff welfare	583	248
Subscriptions and membership fees	4	38
Subsistence and travel - local	207	2,628
Training and recruitment	1,480	3,413
Venue hire, catering and refreshments	12	847
	173,942	199,365

Previously stated figure for FY19/20: R198 million.

Refer to note 29 for prior year adjustment

21. Repairs and maintenance

	2021	2020
Figures in Rand thousand		
Building maintenance	2,161	3,125
Equipment and machinery maintenance	51	85
Motor vehicle expenses	330	130,141
	2,542	7,947

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

22. Employee costs

	2021	2020
Figures in Rand thousand		Restated
Salaries and wages	126,226	130,141
Incentives	-	7,947
Medical aid contributions	26,797	27,241
Compensation for Occupational Injuries and Diseases	254	512
Leave pay provision charge	646	352
Pension contribution - defined contribution plan	14,772	15,171
Housing benefit and allowances	10,221	9,966
Basic education allowance	2,917	2,993
Other fringe benefits	2,057	2,766
Reallocate to DG	(123,467)	(131,782)
	60,423	65,307

23. Auditors' remuneration

	2021	2020
Figures in Rand thousand		
Internal audit fees	387	2,042
External audit fees	4,120	3,969
	4,507	6,011

24. Employer grants and project expenses

Employer grants and project expenses for the year is stated after accounting for the following:

	2021	2020
Figures in Rand thousand		Restated
Mandatory grant	132,342	211,914
Discretionary grant	475,345	1,283,981
Total Grants	607,687	1,495,895
Direct project costs	305,670	1,026,644
Discretionary grant support costs	169,675	257,337
Total Discretionary Grants	475,345	1,283,981

Previously stated total employer grants and project expenses figure for FY19/20: R1.475 billion. Refer to note 29 for prior year adjustment

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

25. Cash generated from operations

		2021	2020
	Figures in Rand thousand		Restated
Surplus		306,883	51,261
Adjustments for:			
Depreciation and amortisation		33,000	36,985
Loss on disposal of assets		73	-
Gain on previously disposed assets		-	(467)
Movements in provisions		(70,486)	(55,186)
Asset revaluation loss		18,425	7,430
Admin write off		(474)	750
DG write off		(5)	(767)
Asset impairment - computer software		1,396	-
Changes in working capital:			
Inventories		28	45
Receivables from exchange transactions		174	5,915
Receivables from non-exchange transactions		3,521	(994)
Payables from exchange transactions		(5,463)	(20,154)
Payable from non-exchange		(70,224)	36,854
		216,848	61,672

26. Commitments

The Services SETA commitments consist of operating & capital commitments and discretionary grant commitments

		2021	2020
	Figures in Rand thousand		Restated
Already contracted for but not provided for:			
Contracted for operational and capital expenditure			
• Operational commitments		56,615	13,382
• Capital commitments		-	2,206
		56,615	15,588
• Commitments - discretionary grants		3,398,243	3,699,293
		-	-
		3,398,243	3,699,293

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2021							
	Opening balance	New approvals	Amendments	Expenditure	Closing balance	Irregular expenditure	Total commitments
Figures in Rand thousand							
Discretionary grants support	18,244	-	6,413	(9,173)	15,484	-	15,484
Unemployed learnership	863,868	2,035	(102,699)	(73,978)	689,225	17,156	706,381
Employed Learnership	78,549	19,520	(2,472)	(1,066)	94,531	352	94,883
Artisan Apprenticeship	392,102	111,192	(59,340)	(144,199)	299,755	49,560	349,315
Trade test	10,993	1,044	(152)	(2,736)	9,149	133	9,282
Internship - HET	99,245	3,935	(5,718)	(5,581)	91,881	3,000	94,881
Internship - Nated	223,856	6,092	(19,974)	(39,391)	170,582	10,937	181,519
Internship - TVET / Workplace	84,509	4,013	(5,878)	(14,448)	68,196	2,452	70,648
Bursaries: Employed	49,158	-	-	(2,227)	46,932	-	46,932
Bursaries: Unemployed - Honours	32,730	1,532	-	(9)	34,253	-	34,253
Adult Education and Training	7,666	4,500	(106)	(345)	11,714	-	11,714
Recognition of Prior Learning	15,199	130	(12)	(1,382)	13,936	52	13,988
Skills programmes: Employed	373,432	1,134	(2,084)	(5,918)	366,563	544	367,108
Skills programmes: Unemployed	91,390	-	(17,868)	(1,596)	71,927	765	72,692
Candidacy	13,037	600	(110)	(24)	13,503	19	13,522
Other Financial Services Regulatory Board Exam	53	-	(28)	-	25	-	25
Special Projects	1,345,262	16,701	6,468	(67,241)	1,301,190	14,426	1,315,616
	3,699,293	172,426	(203,560)	(369,313)	3,298,846	99,396	3,398,243

2020							
	Opening balance	New approvals	Amendments	Expenditure	Closing balance	Irregular expenditure	Total commitments
Figures in Rand thousand							
Discretionary grants support	36,828	-	44,134	(62,718)	18,244	-	18,244
Unemployed learnership	1,159,470	72,132	(86,231)	(320,298)	825,072	38,795	863,868
Employed Learnership	99,011	-	(9,501)	(15,091)	74,419	4,130	78,549
Artisan Apprenticeship	443,153	193,842	(56,211)	(211,559)	369,225	22,877	392,102
Trade test	10,295	1,539	(333)	(910)	10,591	402	10,993
Internship - HET	142,828	449	(22,560)	(41,306)	79,411	19,834	99,245
Internship - Nated	284,180	1,968	(5,151)	(90,912)	190,085	33,771	223,856
Internship - TVET / Workplace	102,829	-	(5,839)	(24,380)	72,610	11,898	84,509
Bursaries: Employed	49,008	-	-	151	49,158	-	49,158
Bursaries: Unemployed - Honours	32,730	-	-	-	32,730	-	32,730
Adult Education and Training	8,699	-	(293)	(1,761)	6,645	1,021	7,666
Recognition of prior year learning	19,299	572	(1,544)	(4,270)	14,057	1,142	15,199
Skills programmes: Employed	383,991	23,098	(17,524)	(21,742)	367,824	5,608	373,432
Skills programmes: Unemployed	44,267	62,127	(992)	(14,200)	91,201	189	91,390
Candidacy	17,468	110	(2,166)	(2,634)	12,778	259	13,037
Other Financial Services Regulatory Board Exam	53	-	-	-	53	-	53
Special Projects	1,489,447	69,385	(42,317)	(174,205)	1,342,310	2,953	1,345,262
	4,323,556	425,222	(206,527)	(985,837)	3,556,413	142,879	3,699,293

Previously stated figure for FY19/20: R4.622 billion Refer to note 29 for details.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Payment above offer (Irregular expenditure)

The Services SETA applies staggered implementation of projects which start upon receipt of The Offer Letter. Entities are required to submit their learner documents for vetting to ensure that minimum qualification requirements are met. Amongst others, and in line with the policy, this process considers NSDS targets which include rural and learners with disabilities. A commencement letter is then issued for all compliant learners, which also include the additional funding for learners who are from rural areas and learners with disabilities. This process requires addendums to be made to The initial offer and The contract. As a result of high subscription by stakeholders, not all addendums were effected during the financial year resulting in expenditure incurred in excess of the initial offer/contract. Therefore, the SSETA approved policy for Discretionary Grants

anticipated the situation at hand thus provided for the additional funding over and above the initial award. The awarding and contracting of projects also accommodated this model. Commitments is a future obligation that will be transferred to liability once the service has been rendered and the entity has an obligation to pay the service providers.

This committed expenditure relates to discretionary grants and operational expenditure and will be financed by the allocation from DHET, retained surpluses, existing cash resources, funds internally generated. The implementation of these commitments will be phased in based on APP targets.

In line with Grant Regulation No. 35940, sub-regulation 6(12), 98% of discretionary grant funding has been allocated to PIVOTAL programmes.

	2021	2020
Figures in Rand thousand		Restated
Contracted for operational and capital expenditure	56,615	15,588
Commitments	3,398,243	3,699,293
	3,454,858	3,714,881

These committed funds relate to the discretionary fund, operational and capital expenditure and will be financed by available bank balances, future levy income allocated to the SETA and retained surpluses, and any other funds. Refer to note 29 for prior year adjustment.

27. Contingencies

Contingent liabilities

DHET and employers, represented by Business Unity South Africa ('BUSA') case

In October 2019, BUSA won a court case against DHET where the department's decision to decrease the mandatory grant levies and grants percentage was decreased from 50% to 20% in terms of section 4(4) of the Seta grant regulations was set aside. The court did not decide on the mandatory levy or grant percentage to be applied from the court date onwards.

The effect of the ruling is that the Minister would have to decide on the percentage for mandatory grants in consultation with the sector.

The Minister has not yet made the decision in regard to the mandatory grant percentage.

DHET continued to show the mandatory levies portion as 20% in 2019/20 year in the levy download information. The SETA continued to pay and accrue mandatory grants at 20% in the 2020/21 financial year in the absence of a revised percentage that is aligned to the approved annual performance plan.

The mandatory grant expenditure in Note 24, as well as the mandatory grant liability in note 14, were calculated using a mandatory grant percentage of 20%.

The SETA, therefore, discloses a contingent liability in regard to the amount of the mandatory grants payable to qualifying levy payers from the date of the court decision to the year-end.

This is disclosed as a liability as the intention of the litigants, BUSA, was to increase the mandatory grant percentage from 20%.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The timing and amount of this contingent liability are uncertain, and no reasonable estimate can be made at this point.

Currently, the department is in discussions with BUSA in regard to the mandatory grant percentage.

First-time employer registrations

The Skills Development legislation allows an employer, registering for the first time, six months to submit an application for a mandatory grant. At the reporting date, it is estimated that, as a result, additional mandatory grants expenditure of R381K (2019/20: R16 million) will be payable, should the employers submit compliant reports. The amount is contingent on the number of submissions received and approved.

Rate based contracts - linked to note 28

The Services SETA has contracts in place that are in its nature not fixed to a specific amount for goods/services but are rate per commodity required. These types of contracts are mainly due to work relating to areas such as evaluations for Discretionary Grant allocation windows (as the number of applicants is unknown when the window is opened, but a cost per evaluation is agreed upon per contract terms, or in other areas such as

assistance to support projects, the costing is determined on the rate per hour.) The budgeting process for the organisation is directly linked to the overall annual performance targets on the annual performance plan and not individual operational assignments that could be provided by a rate-based contract. Due to this, a reliable estimation of future obligation linked to a rate-based contract is not feasible.

2021 Scheme year levies received

At the reporting date, no levies were received in respect of the 2021 scheme year (R0.0 in 2019/20), for which Government Gazette 43508 read with the Skills Development legislation allows an employer until 30 April 2021 to submit an application for a mandatory grant.

Contingent liabilities on legal matters

Claims by various service providers against the Service SETA with a total exposure amounting to R140 million (2019/20: R103 million). The timing and possibility of reimbursement are unknown as it is dependent on the courts/arbitration process.

	2021	2020
Figures in Rand thousand		Restated
Litigation matters		
Breach of contract claims (4 matters)	79,003	59,303
Claim by training providers (2 matters)	17,170	-
Cancellation of tender	18,200	18,200
Arbitration matters (3 matters)	25,000	25,000
Inter-SETA transfer review	150	150
Labour court matter	540	540
	140,063	103,193

Contingent assets

27.1. Claims against former employees

This relates to the undue enrichment of R43 million (2019/20: R44.6 million) by former employees. The matter is in the High court, and the Registrar of the High Court is yet to allocate a trial date herein. The possibility of reimbursement is unknown.

27.2 NSF uncommitted funds liability

In terms of paragraph 3(11) of the 2012 Grant Regulations, a SETA must have committed or spent a minimum of 95% of discretionary funds available to it by the 31st March of each year, and a maximum of 5% of uncommitted funds may be carried over to the next financial year. In terms of paragraph 3(12), the remaining surplus of discretionary funds must be paid by the SETA to the National Skills Fund (NSF).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The Labour Appeal Court, in a matter between the Minister of Higher Education and Training and Business Unity South Africa, set aside paragraph 3(12) of the Grant Regulations. Therefore, uncommitted funds are no longer transferable to the National Skills Fund. SETAs are, however, required to disclose the uncommitted surplus.

	2021	2020
Figures in Rand thousand		Restated
Uncommitted funds		
Discretionary grant reserves	508,510	154,272
Less: commitments	(3,398,243)	(3,699,293)
Over-committed funds	(2,889,733)	(3,545,021)
95% thereof	2,745,246	3,367,770
	(144,487)	(177,251)

Retention of Surplus Funds as at 31 March 2021

In terms of the Public Finance Management Act (1 of 1999), as amended, all surplus funds as at year-end must be forfeited to National Treasury should an application for the retention of surplus funds be denied. The Services SETA submitted an application for the retention of accumulated funds as at 31 March 2021 to National Treasury.

In addition to the below, the Services SETA has commitments amounting to R3.5 billion (2020: R3.7 billion).

National Treasury Instruction note No. 12 of 2020/21 issued in September 2020 clarified that the surplus funds should be determined as follows:

Surplus / (Deficit) Funds	2021	2020
Figures in Rand thousand		Restated
Cash and equivalents at the end of the year	634,434	421,866
Add: Receivables	27,170	30,866
Less : Current liabilities	(279,725)	(454,207)
	381,879	(1,475)

28. Related parties

Management has identified the following parties as related parties:

Relationships	
Members of the Accounting Authority	Refer to members' report note
Ultimate controlling entity	Department of Higher Education, Science and Technology
Other Department with significant influence	National Treasury
Key stakeholders	National Skills Fund
Significant affiliates	Other 20 SETAs; QCTO
Members of key management	Fakude M - Chief Executive Officer Matsebe T - Chief Financial Officer Motla M - Executive Manager (Office of the CEO) Köstlich L (Executive Manager Entrepreneurship and Co-operative Development) Dhladhla S (Executive Manager Planning) Sipengane A (Executive Manager Core Business)
Entities under common control	All Public Higher Education and Training Institutions (HET)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Entities under common control

By virtue of the Services SETA being a National Public Entity related to entities and departments in the National spheres of government, it is considered related to DHET, National Skills Authority, QCTO, Other SETAs, public universities and TVET colleges. The transactions are consistent with normal operating relationships between the entities and are undertaken on terms and conditions that are normal for such transactions.

Higher Education and Training Institutions - exempt entities

Transactions relating to allocations to Discretionary grant allocations whose terms and conditions are similar to other grantees.

Related party balances	2021	2020
Inter-SETA Payable		
	Figures in Rand thousand	
FASSET	80	-
MQA	56	-
Total	136	-

The inter-seta payable refers to a payable as a result of levy payers that have been transferred from the services sector to another sector.

Related party balances	2021	2020
TVET and Universities payables		
	Figures in Rand thousand	Restated
Durban University of Technology	(60)	-
Central University of Technology	(87)	-
Taung Agricultural TVET college	(48)	(48)
Motheo TVET college	-	(165)
Thekwini TVET college	-	(122)
Vuselela TVET college	-	(44)
Waterberg TVET college	-	(11)
Orbit TVET college	-	(19)
Ekurhuleni West TVET college	-	(9)
Buffalo City TVET college	-	(43)
University of Mpumalanga	-	(182)
Rhodes University	-	(130)
Walter Sisulu University	-	(106)
Umfolazi TVET college	-	(1,365)
Northern Urban TVET college	-	(21)
	(195)	(2,265)

Related party balances	2021	2020
Commitments with related parties		
	Figures in Rand thousand	Restated
TVETs	192,448	137,637
Universities	279,989	271,267
	472,437	408,904

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Refer to the commitment note for more details

Related party balances	2021	2020
Figures in Rand thousand		Restated
Transactions with board members and entities where they are employed or hold directorships		
Scribante Labour Consultants	1,440	2,766
Distela Workers Education Institute	-	238
The above expenditure relates to discretionary grants allocations for active projects.		
Commitment balances of entities where board members are employed or hold directorship		
Scribante Labour Consultant	5,686	5,002
Distela Workers Education Training Institute	527	527

The above balances relate to the discretionary grants awarded to the providers.

Related party transactions	2021	2020
Figures in Rand thousand		Restated
Levy income, penalties and interest		
Department of Higher Education, Science and Technology	1,055,134	1,689,143

Purchases from/(sales to) related parties		
TVETs - linked to commitments	15,837	22,680
Universities - linked to commitments	7,750	7,916
	23,587	30,596

QCTO) 5% as per Grant Regulation		
QCTO Fees (0.5%)	11,446	10,964

Remuneration of management; Board members 2021							
Name	Board & EXCO	Remuneration Committee	Finance Committee	Governance, risk & strategy committee	Other	Total	
Figures in Rand thousand							
De Vries, S (Chairperson) * ¹	260	-	-	-	733	993	
Jhatham, A	150	23	63	-	244	480	
Madella, A * ¹	190	31	-	-	226	447	
Ford, J	189	31	-	-	223	443	
Karanja, A * ¹	198	31	-	39	241	509	
Dinwa, W * ¹	198	-	47	39	303	587	
Sithole, P * ¹	105	-	47	39	228	419	
Dlamini, R * ¹	105	31	-	-	215	351	
Motloug, SM	105	-	-	39	257	401	
Mtsweni, T * ¹	173	42	-	-	188	403	
Msomi, V #	79	-	-	23	239	341	
Gogo, N * ¹	182	-	-	39	257	478	
Mcoyi, N * ¹	158	-	47	52	194	451	
Cowley, K * ¹	87	23	-	23	194	327	
Nzimande, J * ¹	105	8	47	-	363	523	
	2,284	220	251	293	4,105	7,153	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Remuneration of management; Board members 2020

Name	Board & EXCO	Remuneration Committee	Finance Committee	Governance, risk & strategy committee	Other	Total
Figures in Rand thousand						
Madioppe, M (Chair) [@]	193	-	-	-	251	444
Jhatham, A	98	-	84	-	101	283
Letseli, D [@]	154	-	8	112	599	873
Ford, J	91	54	47	-	247	439
Moshoadiba, L [@]	99	54	-	-	226	379
Mantashe, N [@]	122	68	-	-	155	345
Snyman, P [@]	99	-	62	-	330	491
Shabangu, T [@]	75	-	39	-	70	184
Motloug, SM	145	-	-	-	153	298
Magoda, T [@]	91	-	54	77	187	409
Msomi, V	99	-	-	86	454	639
Roopchand, V [@]	67	-	54	-	190	311
Mhlanga, S [@]	99	-	-	86	353	538
Peters, S [@]	154	-	-	86	233	473
	1,586	176	348	447	3,549	6,106

@ The term of the Accounting Authority ended 31 March 2020.

*1 New Accounting Authority member from 01 April 2020.

.# The late member

Members of the Audit Committee 2021

Name	Audit Committee fees	Other engagements	Total
Figures in Rand thousand			
Rabothata, KA (Chair) ^{*2}	55	42	97
Maboa, MJ (Chair) ^{*1}	35	-	35
Cowley, K ^{*3} (AA member)	58	-	58
Galane, O ^{*5}	48	-	48
Mtsweni, T ^{*3} (AA member)	58	-	58
Singh, N ^{*4}	14	-	14
Mkhize, T ^{*4}	14	-	14
	282	42	324

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Members of the Audit Committee 2020					
Name	Audit Committee fees	Disbursement	Other engagements	Total	
Figures in Rand thousand					
Maboa, MJ (Chairperson)	62	-	21	83	
Rabothata, KA	48	16	-	64	
Snyman, P (AA member)	28	-	-	28	
Roopchand, V (AA member)	28	-	-	28	
	166	16	21	203	

*1 Term ended 30 September 2020.

*2 Appointed as Chair of Audit Committee from 01 October 2020.

*3 Appointed as new Audit Committee member from 01 April 2020.

*4 Appointed as new Audit Committee member from 01 November 2020.

*5 Appointed as new Audit Committee member from 01 July 2020.

Executive management 2021				
Name	Emoluments	Pension, Medical, UIF	Total	
Figures in Rand thousand				
Fakude M (Chief Executive Officer) *1	937	112	1,049	
Buzo-Gqoboka A (Chief Executive Officer)*2	1,323	116	1,439	
Motla ML (Executive Manager in the Office of the CEO)	1,693	279	1,972	
Matsebe T (Chief Financial Officer)	1,781	190	1,971	
Köstlich L (Executive Manager: Entrepreneurship and Development Cooperatives)	1,950	205	2,155	
Dhladhla S (Executive Manager: Planning)	1,746	223	1,969	
Sipengane A (Executive Manager: Core Business)	1,781	190	1,971	
	11,211	1,315	12,526	

Executive management 2020						
Name	Emoluments	Pension, Medical, UIF	Travel and subsistence	Incentive	Total	
Figures in Rand thousand						
Buzo-Gqoboka A (Chief Executive Officer) *2	2,333	233	4	151	2,721	
Motla ML (Executive Manager in the Office of the CEO)	1,690	282	5	117	2,094	
Matsebe T (Chief Financial Officer)	1,855	191	8	112	2,166	
Köstlich L (Executive Manager: Entrepreneurship and Cooperatives Development)	1,940	205	1	111	2,257	
Dhladhla S (Executive Manager: Planning)	1,748	221	2	111	2,082	
Sipengane A (Executive Manager: Core Business)	1,781	190	7	109	2,087	
Sidondi N (Acting Executive Manager: Legal Services)*3	1,144	129	-	53	1,326	
	12,491	1,451	27	764	14,733	

*1 Appointed as Chief Executive Officer through Government Gazette effected 01 November 2020.

*2 Term as Chief Executive Officer ended 30 September 2020.

*3 Resigned on 18 November 2019.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

29. Prior period error

Nature of error

1. Administration reserves - the balance disclosed in the financial statements for March 2020 financial year did not agree to the future depreciation for administration assets as required by the accounting policy. This also had an effect on prior years due to the reassessment of assets.
2. Discretionary grant reserves - casting errors of amounts disclosed and affected by incorrect administration reserve balance.
3. Trade payables relating to Discretionary grant - as at year-end March 2020, learner stipends were processed for payment but only released from the bank on 01 April 2020. However, the amount was not accounted for as part of the payables.
4. Admin payables - reallocation between payables/accruals accounts with nil effect on the financial statements for March 2020 financial period. Immaterial adjustment made to the employee payable.
5. Administration expenses and Trade payables from exchange (Admin accruals) - through review of transactions were identified on the schedule that were not valid accruals and additional accruals were identified.
6. Bursary provision - evaluation error identified on the workings supporting the estimate.
7. Related party balance disclosure - the commitments, payables and expenses relating to TVETs and Universities were not included in the disclosure note on the financial statements for March 2020 financial period.
8. Financial instruments - the non-exchange payable balances were not included in the financial instrument disclosure note.
9. Irregular expenditure - the clarification sought from the Executive Authority required all balances relating to identified irregular expenditure for the 2017/18 and 2018/19 financial years to be disclosed. Also, during the financial period 2019/20.
10. Trade payables from non-exchange transactions (DG Accruals and DG Provision) - In January 2019, the SETA lost a claim against it, though an appeal was lodged, the disclosure relating to the liability and possible penalties should have been disclosed as the probability of settlement by the SETA was high. The disclosure affected periods March 2019 and 2020. Also, other accruals were erroneously omitted.
11. During the financial period 2020-21, through detailed review, it was confirmed that the nature of expenditure relating to sponsorship was discretionary grant direct and should not be disclosed as discretionary grant support costs.
12. During the audit of 2020-21, it was identified that there were previously disposed assets that were brought back into production due to the budget constraints for the past two financial years.
13. During the audit of 2020-21, it was identified that operational commitments for the 2019/20 financial period were understated by R1.4 million relating to the development of a system.
14. During the audit of 2020-21, the contingent liability note relating to the litigation matters disclosed in the 2019/20 financial year had been significantly adjusted from R904 thousand to R103 million. The change was due to the Services SETA considering all material claims to have a financial exposure that warranted disclosure.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Statement of financial position 2019			
	As previously reported	Correction of error	Restated
Figures in Rand thousand			
Property, plant and equipment	206,120	-	206,120
Intangible assets	69,452	-	69,452
Payables from exchange	(46,354)	-	(46,354)
Payables from non-exchange	(220,051)	(16,100)	(236,151)
Cash and cash equivalents	403,628	-	403,628
Provision	(172,099)	(9,748)	(181,847)
Other current assets	36,380	-	36,380
Reserves	(277,076)	25,848	(251,228)
	-	-	-

Statement of financial position 2020			
	As previously reported	Correction of error	Restated
Figures in Rand thousand			
Payables from exchange	(26,491)	291	(26,200)
Payables from non-exchange	(236,684)	(36,317)	(273,001)
Provisions	(114,328)	(12,332)	(126,660)
Current assets	453,309	-	453,309
Property, plant and equipment	194,374	632	195,006
Intangibles	80,845	-	80,845
Reserves	(351,025)	47,726	(303,299)
	-	-	-

Statement of financial performance 2020			
	As previously reported	Correction of error	Restated
Figures in Rand thousand			
Administrative expenses	(197,780)	(1,585)	(199,366)
Mandatory grant expenses	(211,914)	-	(211,914)
DG direct expenses	(1,005,279)	(21,365)	(1,026,644)
DG admin expenses	(257,777)	440	(257,337)
Total revenue	1,746,054	-	1,746,054
Gain on previously disposed assets	-	467	467
Surplus/(deficit) for the year	73,304	(22,043)	51,260

Statement of changes in net assets 2019			
	As previously reported	Correction of error	Restated
Figures in Rand thousand			
Administration reserves	133,822	5,122	138,944
Discretionary grant reserves	141,704	(30,969)	110,735
Revaluation reserve	1,000	-	1,000
Employer grant reserve	549	-	549
	277,075	(25,847)	251,228

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Statement of changes in net assets 2020			
	As previously reported	Correction of error	Restated
Figures in Rand thousand			
Administration reserve	114,676	16,496	131,172
Discretionary grant reserve	218,495	(64,224)	154,271
Employer grant reserve	16,044	-	16,044
Revaluation reserve	1,810	-	1,810
	351,025	(47,728)	303,297

Cash flow statement

For the period ended 31 March 2020, incorrect mapping on the cash receipts from stakeholders was identified during the preparation of the 31 March 2021 financial statements. There were also errors identified in relation to the cash payments to stakeholders, suppliers and employees.

Cash receipts from stakeholders - 2020			
	Previously disclosed	Prior period error	Total
Figures in Rand thousand			
Levies, interest and penalties received	1,689,239	1,122	1,690,361
Interest income	21,585	-	21,585
Other income	360	-	360
Total cash receipts from stakeholders	1,711,184	1,122	1,712,306

Cash payments to stakeholders, suppliers and employees			
	Previously disclosed	Correction of error	Total
Figures in Rand thousand			
Employee costs	197,603	-	197,603
Payments to suppliers	125,878	1,144	127,022
Grants and project payments	1,326,009	-	1,326,009
	1,649,490	1,144	1,650,634

Cash generated from operations			
	Previously disclosed	Correction of error	Total
Figures in Rand thousand			
Surplus for the year	73,141	(21,881)	51,260
Depreciation and amortisation	19,210	17,775	36,985
Loss on disposal of assets	163	(163)	-
Gain on previously disposed assets	-	(467)	(467)
Movement in provision	(57,771)	2,585	(55,186)
Asset revaluation	-	7,430	7,430
Admin write off	-	750	750
DG write off	-	(767)	(767)
Inventories	45	-	45
Receivable from exchange transactions	5,915	-	5,915
Receivable from non-exchange transactions	(993)	-	(993)
Payables from exchange transactions	(19,862)	(293)	(20,155)
Payables from non-exchange transactions	41,846	(4,992)	36,854
	61,694	(23)	61,671

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

All prior period adjustments linked to payables from exchange and payables from non-exchange affected the cash flow note. Additional changes were made to the payables from non-exchange during the 2020-21 audit period.

Related party

The amendments to GRAP 20 - Related Party Disclosure that came into effect 01 April 2019 required public entities to disclose all related party relationships and balances with all organisations which have common control with the Services SETA.

Presented below is the disclosure that was omitted from the financial statements for the year ended 31 March 2020.

2020			
	Previously disclosed	Correction of error	Total
Figures in Rand thousand			
Payables - Universities and TVETs	-	(2,265)	(2,265)
Transactions - Universities and TVETs	-	(30,596)	(30,596)
Commitments - Universities and TVETs	-	408,904	408,904
Restated balance	-	376,043	376,043

Risk management

In preparing the financial statements for the period ended 31 March 2020, the SETA had erroneously excluded the full balances relating to the payables from non-exchange and receivables from non-exchange.

Presented below are the changes made to the risk management note.

Statement of Financial Position			
	Previously disclosed	Correction of error	Total
Figures in Rand thousand			
Receivables from non-exchange	-	29,498	29,498
Six months or less - payables from non-exchange	-	(117,649)	(117,649)
Six months or more - payables from non-exchange	-	65	65
Over a year - payables from non-exchange	-	(155,418)	(155,418)
Restated balance	-	(243,504)	(243,504)

Commitment

During the current financial year, errors and omissions affecting the prior year commitment balances were corrected, resulting in the restatement of the opening balance. The corrections were as a result of active learning interventions where contracts had expired and funds written back; however, due to payments that had to be effected for the continuation of the learning interventions, the contracts were revived in order to ensure that affected learners are not disadvantaged.

Other prior year errors were as a result of casting errors on the schedule, project closures and cancellations that were not recognised, contractual commitments previously omitted in the schedule and contracted amounts commitments schedule. The net effect of the total correction is summarised as per the table hereunder.

Presented below are those items contained in the commitment disclosure note that have been affected by the prior-year adjustment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2020						
	Restated Opening balance	New approvals	Amendments	Expenditure	Irregular expenditure	Balance as at 31 March 2020
Figures in Rand thousand						
Previously disclosed balance	5,124,820	194,379	307,804	(1,004,505)	-	4,622,498
Prior period error	(801,264)	230,843	(514,331)	18,668	142,879	(923,205)
Restated balance	4,323,556	425,222	(206,527)	(985,837)	142,879	3,699,293

2019						
	Restated opening balance	New approvals	Amendments	Expenditure	Irregular expenditure	Balance as at 31 March 2019
Figures in Rand thousand						
Previously disclosed balance	4,192,748	1,710,547	848,176	(1,626,650)	-	5,124,818
Prior period error	(148,747)	251,423	(997,624)	(35,715)	129,397	(801,262)
	-	-	-	-	-	-
Restated balance	4,044,001	1,961,970	(149,448)	(1,662,365)	129,397	4,323,556

2018						
	Opening balance	New approval	Amendments	Utilised	Restatement	Balance as at 31 March 2018
Figures in Rand thousand						
Previously disclosed balance	2,920,700	2,259,824	(30,893)	(1,559,273)	-	3,590,359
Prior period error	-	-	-	-	452,826	452,826
Irregular expenditure	-	-	-	-	816	816
Restated balance	2,920,700	2,259,824	(30,893)	(1,559,273)	453,642	4,044,001

Irregular expenditure

For the periods ended 31 March 2019 and 2020, the Services SETA was still seeking clarification from the Executive Authority in relation to the irregular expenditure incurred by the SETA relating to the spending above budget specific to mandatory grants payments and discretionary grant project expenditure. The Executive Authority had initially provided the entity with an approval for condonation for the amount of R158 million during the period ended 31 March 2020. However, engagements with National Treasury during the March 2021 financial period provided further clarification that all irregular expenditure pertaining to spend above the approved budget required formal submission to the National Treasury for condonation.

It was also identified during the audit of the period ended 31 March 2020 that the SETA's Discretionary grant policy was not aligned with the Grant Regulation in relation to the threshold of expenditure that can be incurred as support costs for discretionary grants projects.

When the SETA was assessing all of its spend against its discretionary commitments, it was identified that there were elements of spending that exceeded the initial offerings due to various reasons. Refer to the commitment note and prior period note section on commitment.

There was also approval for irregular expenditure incurred in the periods FY12/13 and FY13/14 that should have been disclosed as condoned, that was approved in FY15/16.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Presented below are those changes made to the irregular expenditure note.

2019			
	Previously disclosed	Correction of error	Total
Figures in Rand thousand			
Opening balance	110,575	770,951	881,526
Add: Irregular expenditure - prior period	158,574	(158,574)	-
Add: Irregular expenditure (payment above offer - prior period)	-	816	816
Add: Irregular expenditure - current year (DG support 7.5% limit)	-	334,610	334,610
Add: Irregular expenditure (payment above offer - current year)	-	129,397	129,397
Restated balance	269,149	1,077,200	1,346,349

2020			
	Previously disclosed	Correction of error	Total
Figures in Rand thousand			
Opening balance	269,149	1,077,200	1,346,349
Add: Irregular expenditure - current year (exceeding budget)	7,430	(7,430)	-
Add: Irregular expenditure - prior year (SCM)	11,840	-	11,840
Add: Irregular expenditure - current year (DG support 7.5% limit)	-	161,039	161,039
Add: Irregular expenditure - current year (payment above offer)	-	142,879	142,879
Less: Amount condoned	(158,574)	158,574	-
Restated balance	129,845	1,532,262	1,662,107

2020			
	Previously disclosed	Correction of error	Total
Figures in Rand thousand			
Fruitless and wasteful expenditure			
Opening balance		9,767	19
Add: Provision for interest on claims		1,005	9,748
Less: Balance written off		(19)	-
Restated closing balance		10,753	9,767

An adjustment made to the opening balance of fruitless and wasteful expenditure is due to the litigation claim that became highly probable that Services SETA would incur an outflow of cash in order to settle the matters due to the loss at Arbitration South Africa.

Related party - Audit Committee

For the disclosure of audit committee fees during FY19/20, it was noted that not all schedules for meetings attended during the year were included in the calculation of the total fees for the year.

The below table depicts the adjustments made to the fees of the Audit Committee disclosed for the FY19/20 period.

	Previously disclosed	Correction of error	Restated balance
Figures in Rand thousand			
Maboa, MJ (chairperson)	69	14	83
Rabothata, KA	47	17	64
Snyman, P (AA member)	21	7	28
Roopchand, V (AA member)	21	7	28
	158	45	203

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

30. 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.

The entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance. The entity uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting authority. Entity treasury identifies, evaluates and hedges financial risks in close co-operation with the entity's operating units. The accounting authority provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and investment of excess liquidity.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, entity treasury maintains flexibility in funding by maintaining availability under committed short term investments.

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.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At March 31, 2021				
	Carrying amount	6 months or less	6 months or more	Over 1 year
Figures in Rand thousand				
Trade payables from exchange transactions	(20,736)	(20,736)	-	-
Trade payables from non-exchange transactions	(202,626)	(72,438)	(32)	(130,156)

At March 31, 2020				
	Carrying amount	6 months or less	6 months or more	Over 1 year
Figures in Rand thousand				
Trade payables from exchange transactions	(26,198)	(25,677)	-	(521)
Trade payables from non-exchange transactions	(273,002)	(117,649)	65	(155,418)

Market risk

The SETA is exposed to fluctuations in the employment market, for example, sudden increases in unemployment and changes in the wage rates, which lead to changes in the levy income received by SETAs.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Interest rate risk

The Services SETA manages its interest rate risk by effectively investing Services SETA's surplus cash in terms of deposits with different financial institutions according to the SETA's investment and cash flow management policy.

Fair value interest rate risk 2021			
	Effective rate	Floating rate amount	Non-interest bearing
Figures in Rand thousand			
Receivable from exchange	- %	-	1,408
Cash and cash equivalent	2.00 %	634,431	-
Receivable from non-exchange	- %	-	25,977
Payables from exchange	- %	-	(20,736)
Payables from non-exchange	- %	-	(202,626)
	2.00 %	634,431	(195,977)

Fair value interest rate risk 2020			
	Effective rate	Floating rate amount	Non-interest bearing
Figures in Rand thousand			
Receivables from exchange transactions	- %	-	1,595
Receivables from non-exchange transactions	- %	-	29,498
Cash and cash equivalents	6.90 %	421,866	-
Payables from exchange transactions	- %	-	(26,201)
Payables from non-exchange transactions	- %	-	(273,002)
	6.90 %	421,866	(268,110)

31. Going concern

We draw attention to the fact that for the period ended March 31, 2021, the entity had a surplus of R307 million and that the SETA's total assets exceed its liabilities by R 610 million.

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 realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the SETA to continue as a going concern is dependent on a number of factors. The going concern assessment was based on the below considerations.

Financial, operating and other considerations:

- Budget to support the APP for the financial year 2021-22 was approved with an overall spend of R1.3 billion. The actual spend will be affected by market fluctuations in the employment market in the services sector;
- The extension of the SETA license to 31 March 2030 provides confirmation that there is no indication of withdrawal of financial support by the Executive Authority;
- The current assets exceed current liabilities by R383 million, or the current ratio is at 2.37:1;
- The Services SETA has a positive balance of R217 million in relation to cash flow from operating activities;
- The surplus for the year amounted to R307 million;
- There are no long term liabilities or borrowings against the Services SETA;
- All critical positions were filled as at 31 March 2021;
- All contingent liabilities against the Services SETA amounting to R140 million, if successful, can be settled;

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

- As at 31 March 2021, there were no changes to the Grant Regulation or other legislation that could have a negative effect on Services SETA; and
- The main uncertainty against the Services SETA is the ongoing engagement between the Executive Authority and Business Unity South Africa (BUSA) in relation to the court case that set aside Sec 4(4) of the Grant Regulation.

32. Events after the reporting date

The Services SETA is required as per Instruction Note 12 of 2020/21 to submit to National Treasury an application for the rollover of accumulated surpluses by 01 August 2021.

33. Critical accounting judgements and key sources of estimation uncertainty

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

Key sources of estimation uncertainty

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

Useful lives and the residual value of property, plant and equipment and intangible assets

The SETA has reassessed the useful lives of property, plant and equipment for purposes of depreciation calculations in light of assets with an R1 carrying amount.

Refer to note 3 and 4 for the respective carrying values.

Bursary provision

The Services SETA has based its calculation of the bursary provision on information applicable for the specific financial year.

34. Fruitless and wasteful expenditure

	2021	2020
Figures in Rand thousand		Restated
Opening balance as previously reported	-	19
Correction of prior period error	10,753	9,748
Opening balance	10,753	9,767
Add: Amount relating to prior years	-	-
Add: Amount relating to current year	1,539	1,005
Less: Amount written off - current	-	(19)
Closing balance	12,292	10,753

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Penalties and interests relating to litigations and claims

The Services SETA had two matters linked to the DG project where providers who were in claims against the SETA were raised. The first matter was taken to arbitration, with the loss at arbitration taken to court for further deliberation. The interest was linked to the loss of income for the claimant and interest over time since the matter was first raised. The second matter was lost at arbitration during the current financial year, and a decision was taken by the SETA to settle the liability. There was also a settlement in relation to a former law firm that was in dispute with the Services SETA for outstanding invoices on work done.

The Services SETA was fined by the Cape Town municipality for installing a ramp to accommodate disabled users without obtaining appropriate approval.

35. Irregular expenditure

	2021	2020
Figures in Rand thousand		Restated
Opening balance as previously reported	1,662,107	269,149
Correction of prior period error	-	1,077,200
Opening balance	1,662,107	1,346,349
Add: Irregular Expenditure - current year (SCM)	88	11,840
Add: Irregular expenditure - current year (Grant regulation non-compliance)	134,024	161,039
Add: Irregular expenditure - current year (project payments above offers)	99,397	142,879
Add: Irregular expenditure - current year (appointment of AA members process non-compliance with SDA)	2,400	-
Closing balance	1,898,016	1,662,107

For the conclusion of the FY19/20 audit, the organisation received a qualification in relation to the irregular expenditure balance disclosed. During the FY20/21 period, the SETA sought clarification through engagements with the executive authority and National Treasury and has now disclosed all the irregular expenditure relating to the exceeding of the approved budget for the FY17/18 and the irregular expenditure relating to the non-compliance with the Grant regulation in terms of spending limited to 7.5% for DG support costs for the FY18/19, FY19/20 and FY20/21. There was also new irregular expenditure disclosed relating to discretionary grant projects for FY17/18, FY18/19, FY19/20 and FY20/21 that was as a result of payments mainly made above the original offer or payments made on expired contracts.

As at 31 May 2021, the Department of Higher Education and Training Authority (DHET) submitted a notification in relation to possible non-compliance processes followed in the appointment of Board members - that resulted in the disclosure of their fees as irregular expenditure while DHET does further investigation and assessments.

	2021	2020
Figures in Rand thousand		Restated
Analysis of closing balance of irregular expenditure		
Awaiting condonation	1,857,193	1,621,284
Not condoned	40,823	40,823
	1,898,016	1,662,107

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Incidents/cases identified in the current year include those listed below:

Incident/Case	Disciplinary steps taken/criminal proceedings	2021	2020
Figures in Rand thousand			
			Restated
DG support in excess of 7.5% threshold	To submit to the Loss Control Function for further assessment	134,024	495,649
Awards to non-qualifying service provider	To submit to the Loss Control Function for further assessment	88	8,883
Construction expenditure incurred in excess of the allowed 20% variation	To submit to the Loss Control Function for further assessment	-	2,957
Project payments above offer	Assessment stage	99,397	273,092
Appointment of Accounting Authority members process non-compliance with SDA	Further assessment stage by DHET	2,400	-
Exceeding approved budget in terms of PFMA - prior years	To submit to Loss Control Function for further assessment	-	833,001
		235,909	1,613,582

36. Budget differences

Material balances between budget and actual amounts

The Final Budget column in the Statement of Comparison of Budget and Actual Amounts represent the reprioritisation of the budget by the Accounting Authority as approved by the Minister with the APP. During the financial period ended March 2021, the world experienced a pandemic (COVID-19) which led to the South African government making disaster management decisions in order to fight the pandemic. Employers were granted a four-month levy holiday as a relief. This then had a negative effect on the initial budget that was approved by the Executive Authority; thus, Services SETA revised its overall budget.

Total Income

The Total Income for the year to 31 March 2021 amount to R1.088 billion compared to the reprioritised budget of R1.055 billion, resulting in a favourable variance of R34 million. Total Income comprises levies, payables write off and investment income. Levy income, amounting to R1.054 billion compared to the reprioritised budget of R1.045 billion resulting in a favourable variance of R9 million, mainly due to actual received levies being higher than projected revenue. The impact of COVID-19 on the services sector was over-estimated. The payables write-offs are mainly subscribed mandatory grants.

Another component of Total Income is other income which amounted to R14.6 million compared to the reprioritised budget of R9.4 million. The favourable variance of 67% (R5.1 million) was due to cash remaining at the bank for a longer period as the majority of projects were deferred due to the pandemic.

Employer grants and project expenses

Project grants and mandatory grants disbursements for the period under review amounted to R608 million compared to the reprioritised budget of R944 billion. The favourable variance of R336 million was due to the non- commencement of projects affected by the COVID-19 pandemic and levy holiday.

Administration costs

The administration expenditure for the year ended March 2021 amounted to R174 million compared to the reprioritised budget of R181.4 million. The favourable variance of R7.4 million is due to the reprioritisation efforts during the year as a result of the effect of the pandemic.

Annexure A

Statement of responsibility and confirmation of accuracy for the annual report

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

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General. The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury. The Annual Financial Statements (Part E) have been prepared in accordance with the GRAP standards applicable to the public entity.

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

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

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2021.

Yours faithfully



Chief Executive Officer

Menzi Fakude

28 July 2021



Chairperson of the Board

Stephen de Vries

28 July 2021



Services Sector Education And Training Authority
(SERVICES SETA)

RP 198/2021

ISBN: 978-0-621-48416-8

📍 15 Sherborne Road, Parktown, Johannesburg, 2193

📮 P O Box 3322, Houghton, Johannesburg, 2041

☎ +27 11 276 9600

✉ customer-care@servicesseta.org.za