



Annual Report

Financial year 2021/2022

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Dr Blade Nzimande

Minister of Higher Education,
Science, and Innovation



Mr Buti Manamela

Deputy Minister of Higher
Education, Science and
Innovation

FoodBev SETA's function is to promote, facilitate and incentivise skills development in the food and beverages manufacturing sector.

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PART A

GENERAL INFORMATION

ANNUAL REPORT FINANCIAL YEAR 2021/2022

1. PUBLIC ENTITY'S GENERAL INFORMATION

Registered name	Food and Beverages Manufacturing Sector Education and Training Authority (FoodBev SETA)
Registration number	09/FOODBEV/1/04/20
Physical address	7 Wessel Road Rivonia 2128
Telephone number/s	011 253 7300
Fax number	011 253 7333
Email address	info@foodbev.co.za
Website address	www.foodbev.co.za
Internal auditors	O.M.A Chartered Accountants Inc. 98 Doreen Street Colbyn Pretoria
External auditor	Auditor General South Africa 4 Daventry Street Lynnwood Bridge Office Park Lynnwood Manor Pretoria
Bankers	First National Bank

2. ABBREVIATIONS AND ACRONYMS

Term	Description
AET	Adult Education and Training
AGSA	Auditor General of South Africa
APP	Annual Performance Plan
ATR	Annual Training Report
AQP	Assessment Quality Partner
B-BBEE	Broad-Based Black Economic Empowerment
BRICS	Brazil, Russia, India, China, South Africa
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COVID-19	Corona Virus Disease of 2019
DHET	Department of Higher Education and Training
EXCO	Executive Committee
FoodBev SETA	Food and Beverages Manufacturing Sector Education and Training Authority
FW	Funding Window
GRAP	Generally Recognised Accounting Practices
HET	Higher Education and Training
HR	Human Resources
IIA	Institute for Internal Auditors
NEC	Not Elsewhere Classified
NED	Non-Executive Director

Term	Description
NGO	Non-Governmental Organisation
NQF	National Qualifications Framework
OHS	Occupational Health and Safety
OQSF	Occupational Qualifications Sub-Framework
PFMA	Public Finance Management Act
PIVOTAL	Professional, Internship, Vocational, Technical and Academic Learning
PWDs	Persons with Disabilities
PSET	Post School Education and Training
QCTO	Quality Council for Trades and Occupations
RPL	Recognition of Prior Learning
SAQA	South African Qualification Authority
SCM	Supply Chain Management
SETA	Sector Education and Training Authority
SETA-FUNDED	Learning Programme and Projects supported and funded by FoodBev SETA
SECTOR-FUNDED	Learning Programme and Projects supported and funded by the Industry
SETMIS	SETA Management Information System
SIC	Standard Industrial Classification
SME	Small and Micro Enterprises
SSP	Sector Skills Plan
SP	Strategic Plan
TVET	Technical and Vocational Education Training
TR	Treasury Regulations
UIF	Unemployment Insurance Fund
VAT	Value-Added Tax
WSP	Workplace Skills Plan

3. FOREWORD BY THE CHAIRPERSON

Mr Alan Campbell

Chairperson of the Accounting Authority



It is my pleasure to present the FoodBev SETA Annual Report for 2021/22. The Annual Report documents the performance of the Food & Beverages Manufacturing Sector Education and Training Authority (FoodBev SETA) during the 2021/22 financial year.

The Covid-19 pandemic with accompanying lockdown restrictions presented unusual challenges for the food and beverages manufacturing sector, the FoodBev SETA Board and the SETA's staff. By adopting an attitude of drawing lessons from the crisis, using enhanced online systems, being open-minded to new approaches and embracing creativity and innovation, the SETA has been able to increase productivity and efficiency levels in the year under review. This was evidenced by an improvement in the number and Rand value of discretionary and mandatory grant funding and a greater throughput of learning programmes and site visits.

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New partnerships emerged that facilitated the development and deployment of innovative solutions for TVET colleges.

The unabating pandemic affected food industries across the world as governments closed down restaurants and bars to slow its spread. Daily restaurant traffic dropped precipitously compared to the same period in years prior. Closures of restaurants caused a ripple effect among related industries such as food production, liquor, wine and beer production, food and beverage shipping, fishing, and farming. The issues were particularly disruptive in industrialized areas where large proportions of entire categories of food are typically trucked-in or imported using just-in-time logistics.

Thanks to the dedication and innovation of its workforce, FoodBev SETA was able to weather the challenges of the past year and go the distance. New partnerships emerged that facilitated the development and deployment of innovative solutions for TVET colleges. Overall, the importance of remote learning, socio-emotional skills and future crisis preparedness are three lessons learned from the pandemic. FoodBev SETA is adapting to the changing situation in the economy, the labour market and society at large. Mainstreaming emerging innovations in new training programmes, learning platforms and resources is inevitable. We are also continuously strengthening our systems for more effective skills development. The pandemic pushed forward our digital agenda and is expected to accelerate the need for digital learning programmes. Our mandate to reskill and upskill the sector, with a view to rebuilding and contributing more to the alleviation of unemployment is more relevant today than ever before.

Based on its strategy, which is driven by the National Development Plan, 2030 and the National Skills Development Plan, 2030, FoodBev SETA exploits short and long-term opportunities in the food sector in South Africa. The SETA's long-term objective is to provide the sector with relevant skills that contribute to job creation and entrepreneurship. It is also crucial for the SETA to remain at the cusp of research and innovation.

By conducting rigorous research, deploying innovative thinking, and maintaining stakeholder engagements, FoodBev SETA has been able to determine future industry skill needs backed by credible research. This has hitherto required a robust and involved stakeholder base and a consistent application of innovative solutions to present and future workplace challenges. The importance of supporting community and TVET colleges and addressing the shortage of artisans cannot be overstated.

For the short to medium term, FoodBev SETA is realigning industry needs with the learning outcomes from post-school education and training institutions through the current QCTO's realignment of occupational programmes. This involves the gradual phasing-out of old qualifications in favour of the updated ones by 2024.

FoodBev SETA will increase its financial support for newly developed qualifications that respond to industry needs and address future skills requirements. Looking inward, the SETA will continue to ensure that its team has the necessary qualifications to strengthen efficiencies and the effectiveness of the SETA. To give impetus to the former and the latter, FoodBev SETA conducts ongoing research to determine the efficacy of its programmes to satisfy industry requirements.

Over the past year, our strategic objectives were achieved through several initiatives, namely:

- Delivering skills development interventions (learning programmes) targeting unemployed youth, women and people with disabilities,
- Providing quality training and facilitating employer placements to address the shortage of artisans in the country,
- Implementing quality assurance activities as delegated by QCTO, including developing qualifications,
- Accreditation of skills development providers and assessment centres as well as quality assurance of learner achievements,

- Helping Community Colleges and TVET Colleges become Centres of Specialization,
- Transform the Sector through SETA funding opportunities and learning programmes,
- Provide career guidance, mainly focusing on rural areas.

By implementing its learning programmes in accordance with its strategic objectives, FoodBev SETA has also contributed towards the achievement of Sustainable Development Goals (SDGs), particularly Goal 4: Quality Education, Goal 8: Decent work and economic growth, and Goal 10: Reduced inequalities. Through the Discretionary Grants and Mandatory Grants that fund various qualifications relevant to the food and manufacturing sectors, we have been able to build the capacity of employed and unemployed learners.

TVET and Community Colleges as well as non-profit organizations have been trained to produce skilled and sustainable workers. FoodBev SETA has also addressed transformational imperatives by funding programmes aimed at upskilling women, youth, and people with disabilities. In this regard, FoodBev SETA achieved 95% of its annual targets.



FoodBev SETA has displayed resilience and flexibility in most strategy delivery and operational performance areas.

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Performance

The implementation of targets was sometimes behind schedule due to late DG evaluation and implementation. However, the key contributor to a comeback in the last quarter was the team's sound relationship with the stakeholders, where stakeholders would stretch themselves and provide the required documentation at short notice, and the Board thanks them for that.

FoodBev SETA has displayed resilience and flexibility in most strategy delivery and operational performance areas. This was enabled by the research output and strategic partnerships that pinpointed sectoral changes and needs. Some of the changes identified was the increasing effects of technology on existing occupations and processes. The synergy between the research, namely the Sector Skills Plan (SSP), the Strategic Plan (SP) and the Annual Performance Plan (APP), made it easier to report on new sectoral developments that the strategic plan must consider. This is articulated in the Annual Performance Plan for implementation, which is a symbiotic relationship of sectoral needs with national government priorities expressed as targets, which are further cascaded to departmental operational performance plans.

The relationship between planning, strategy, and implementation is what truly empowers the FoodBev SETA to become resilient and flexible. Understanding how the Sector Skills Plan affects the Strategic Plan and subsequently the Annual Performance Plan provides a clearer vision for the FoodBev SETA. The SETA puts its stakeholders top of mind to ensure its goals and objectives are driven by research and engagements. Moreover, the strategic partnerships amplify the resilience and flexibility of strategy delivery as entities assist the SETA in meeting its mandate.



Future focus

- Focus on responding to the accelerated growth of new technologies and changing business processes arising from the Fourth Industrial Revolution (4IR).
- Societal transformation in business ownership, control, and management through the promotion of entrepreneurship, small and medium enterprise, and localisation (where possible).
- FoodBev SETA will have to influence curriculum change and innovation in the education and training sphere both at institutional and workplace levels.

Gratitude

The operational team successfully implemented the strategy and simultaneously mitigated any possible risks. This steadfast approach can be attributed to the achievement of performance targets.

The Board and I congratulate the skilled, capable, and dedicated team who ensured that FoodBev SETA rose above the past year's challenges. This was made possible through the effective leadership and management team, who created and provided a favourable climate through their continuous motivation of the team and stakeholders to see success bring about successful results amidst the challenges.

Mr Alan Campbell

Chairperson of the Accounting Authority

Date: 31 July 2022

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

Ms Nokuthula Selamolela
Chief Executive Officer



Thank you for taking the time to read the Annual Report for 2021/22. Despite successes and challenges over the past year, FoodBev SETA can celebrate what it has accomplished in the recovery period from Covid-19.

In line with the revised goals of the National Skills Development Plan (NSDP), which aims to eliminate poverty and inequality by 2030, the FoodBev SETA aims to ensure that South Africa has appropriate, high-quality skills that will contribute to economic growth, employment creation, and social development.

This report showcases our accomplishments in addressing the issues of transformation, artisan development, the skills gap in the sector, and boosting innovation through research, as defined in the Sector Skills Plan.



We need to accelerate our work to capacitate the youth and ensure they select qualifications to address the shortage of scarce skills, which contributes to structured unemployment.

Due to Covid-19 lockdowns and their impact on training and skills development, our sector has experienced several challenges over the past two years. The Quarterly Labour Force Survey (QLFS) for the first quarter of 2022 found 63.9% unemployment among 15 to 24-year-olds, 42.1% among 25 to 34-year-olds, while the official national unemployment rate is 34.5%. We need to accelerate our work to capacitate the youth and ensure they select qualifications to address the shortage of scarce skills, which contributes to structured unemployment. The SETA is in a great position to assist youth in creating jobs in the food and beverage industry through its innovative entrepreneurship programmes.

Partnerships and Collaborations

Upskilling employees with relevant skills is one of the ways the FoodBev SETA is preparing the sector for the future. In addition, we have partnered with universities with a specific focus on research related to the Fourth Industrial Revolution (4IR). As a key partnership, we also support the integration and efficiency of business processes, the advancement of women, and the inclusion of people with disabilities.

New or proposed key activities

FoodBev SETA supports the sector's marginalised groups and small businesses through its strategic partnerships. A capacity-building session was also held to address technological developments and skills development in the 4IR.



New activities due to changes in the legislation

The SAQA Act 58 of 1995 was repealed by the NQF Act 67 of 2008. Along with Umalusi and CHE, QCTO is now a Quality Council. As part of the Act, QCTO was given quality assurance authority and functions to develop, implement, assess, and award occupational qualifications. The Minister gazetted the Occupational Qualifications Sub-Framework (OQSF) in October 2021 as a sub-framework within the NQF. FoodBev SETA's quality department has changed its functions to comply with the NQF Act and OQSF implementation gazette. FoodBev SETA's QA functions will be affected by this.

The SETA will not perform the following functions:

- Accreditation of Skills Development Providers
- Certification of learner achievements

The following functions have been added:

- Accreditation of Assessment centres
- Implementation of Assessments (EISA)

Audit report matters

We're determined to deliver on our mission with minimum risk with the support and guidance of our Board/Accounting Authority. The Risk Maturity Assessment helped improve the risk management systems and culture. Furthermore, FoodBev SETA manages enterprise risks well, according to the report.

As part of our commitment to compliance with laws and regulations, we report on 15 pieces of legislation and governance prescripts. FoodBev SETA achieved 80% compliance against legislated frameworks.

We have resolved all previous year's external audit findings and strengthened internal controls to address the root causes. Internal audit findings are addressed as they arise each quarter by the SETA.

Spending trends of the public entity

Due to the previous year's delays, the total grant expenditure increased from R199m in 2020/21 to R355m in 2021/22. That's because lockdown conditions hampered the previous year's grant claims.

Administration expenditure increased by R9m (21%), which was attributed to filling vacant posts, salary increases and the organisational restructuring where employee costs were transferred from grant administration to normal administration. In addition, bad debt impairment, QCTO transfer, and special projects' administrative expenditure decreased. The total administration expenditure is below the 10% threshold.

Request for rollover of funds

The National Treasury approved our surplus funds for 2020/21. A retained surplus of R139m was allocated to FoodBev SETA, with the balance transferred to discretionary grants to fund special projects/partnerships approved by the Board.

As disclosed in the Annual Financial Statements (AFS), the remaining surplus funds for the current year were R23m. After the audit sign-off, we will request to retain these funds from the National Treasury.

The Supply Chain Management

We have established a robust internal control framework for implementing our Supply Chain Management (SCM) system, governed by regularly updated policies, systems, and procedures.

SCM internal control frameworks are reviewed and adjusted regularly by FoodBev SETA management and staff, as well as internal and external auditors (internal and external). No unsolicited bids were received or processed by FoodBev SETA, nor were any irregular or fruitless and wasteful expenditures reported due to



7,048 Learners funded
by FoodBev SETA

7,778 Learners enrolled in various
learning programmes

noncompliance with SCM regulations. Payments to Accounting Authority members appointed in contravention of the Skill Development Act totalling R1m have been reported as irregular expenditure carried forward from the previous financial year. R3m was approved for condonation and removed from the irregular expenditure register by National Treasury.

Performance highlights

As a result of our improved financial performance, our revenue increased exponentially from R324m in 2020/21 to R476m in 2021. During the Covid-19 pandemic, members enjoyed a four-month levy payment holiday.

In comparison with the previous year, expenditures on grants rose from R199m to R355m. The previous year's grant claims could not be processed due to lockdown conditions.

During the past year, administration expenditures increased by R9m (21%) due to filling vacant posts, annual salary increases, and organisational restructuring processes. Also noted were impairments on bad debts, transfers from QCTOs, and administrative expenses related to special projects. Therefore, I am glad to report that the total administration expenditures remain below the 10% threshold regulated by the government.

FoodBev SETA has improved from 80% to 95% since last year, achieving 41 out of 43 performance indicators. 7,778 learners enrolled in various learning programmes at FoodBev SETA during the year under review (both employed and unemployed), up from 7,406 in the previous year.

7,048 of these learners were funded by the SETA, an increase of 6,752 from last year, while the number of learners enrolled with funding from the sector increased by 76, to 730.

A total of 4,506 learners have completed learning programmes this year (4,162 from SETAs and 344 from the sector), reflecting an increase from 3,897 learners last year. Several factors contributed to performance improvements, including the addition of personnel. Several factors contributed

to performance improvement, i.e. additional personnel, improved internal process and working relations with stakeholders.

Outlook

Due to slow fund disbursement, we have accumulated an unprecedented surplus of funds. The SETA will open future grant funding windows earlier, preferably before the following year. The evaluation of mandatory and discretionary grants will be outsourced to eliminate this problem. To ensure timely disbursement of grants or release of funds from non-performing grant recipients, we have initiated a significant drive to monitor current programmes closely.

Among other revenue generation mechanisms, the SETA is exploring partnerships with other institutions funding skills development, such as the National Treasury Jobs Fund and the UIF.

Acknowledgements and appreciation

In the past year, challenges and uncertainties have been heightened by Covid-19, social unrest, and sporadic national lockdowns. We had to shift gears and find solutions despite these challenges to accomplish our mandate. I thank our dedicated staff members for staying focused on achieving the strategic goals and annual performance. To the Board your service and continued guidance is appreciated.

Our partners and stakeholders have also been committed to improving the lives of many beneficiaries of our programmes and initiatives, and we are grateful for their steadfast support.

Ms Nokuthula Selamolela
Chief Executive Officer

Date: 31 July 2022

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To our knowledge and belief, we confirm the following:

The information and amounts disclosed in the annual report are consistent with the audited annual financial statements.

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

According to National Treasury guidelines on the annual report, this report has been prepared in accordance with those guidelines.

Generally Recognised Accounting Practice (GRAP) standards applicable to the FoodBev SETA have been followed in preparing the Annual Financial Statements (Part E).

The Accounting Authority is responsible for preparing the Annual Financial Statements and the judgements made therein.

The Accounting Authority's responsibility is to establish and implement an internal control system designed to ensure the integrity and reliability of the performance information, the human resources information, and the Annual Financial Statements.

External auditors audit annual financial statements to provide an independent opinion.

The annual report fairly depicts the operations, the results, the financial affairs, and the human resources of the public entity for the year ended 31 March 2022.

Yours faithfully,



Ms Nokuthula Selamolela
Chief Executive Officer

Date: 31 July 2022



Mr Alan Campbell
Chairperson of the Accounting Authority

Date: 31 July 2022



6. STRATEGIC OVERVIEW

6.1 Vision

To be the driver and innovator of developing quality skills through partnerships in the pursuance of a transformed and competitive food and beverage manufacturing sector.

6.2 Mission

Supporting the drive to:

- Increase employability of workforce entrants
- Enhance greater entrepreneurship
- Improve the competitiveness of the industry
- Maintain relevance of the SETA skills interventions to the sector.

By

- Facilitating skills training; and
- Driving investment in human capital development.

Through

- Innovation and managing SETA funds efficiently;
- Collaborating with learning and industry partners; and
- Increasing visibility of what we do and what we can offer.

6.3 Values

As FoodBev SETA we believe in the following values and we commit to:

- Service excellence (delivery);
- Integrity;
- Commitment;
- Transparency; and
- Accountability.

7. LEGISLATIVE AND OTHER MANDATES

7.1 Legislative and policy mandates

The FoodBev SETA is classified as a Schedule 3A public entity in line with the Public Finance Management Act No.1 of 1999 (as amended). The SETA derives its mandate from the Constitution of the Republic of South Africa, which gives everyone the right to education. The following critical pieces of legislation strengthen the constitutional mandate of the FoodBev SETA:

Table 1: Legislative and Policy Frameworks

Legislative and Policy Mandates	Other Policy Mandates and Frameworks
<ul style="list-style-type: none"> a) The Skills Development Act No. 97 of 1998 (as amended) b) The Standard Constitution of SETA regulations c) The Skills Development Levies Act No. 9 of 1999 d) The Sector Education and Training Authorities SETAs grant regulations regarding monies received by a SETA and related matters (Grant regulations) e) The Regulations regarding the establishment of Sector Education and Training Authorities f) The National Qualifications Framework Act No. 67 of 2008 (as amended) g) The Public Finance Management Act No. 1 of 1999 (as amended) h) The National Treasury Regulations governing public entities i) The Promotion of Access to Information Act 2 of 2000 	<ul style="list-style-type: none"> a) National Skills Development Plan b) National Development Plan c) Medium Term Expenditure Framework d) Medium Term Strategic Framework e) Human Resources Development Strategy of South Africa f) National Skills Accord g) Industrial Policy Action Plan h) White Paper for Post-School Education and Training i) Framework for Managing Programme Performance Information (NT) j) Framework for Government-wide Monitoring and Evaluation (DPME) k) Framework for Strategic and Annual Performance Plans (DPME) l) Generic National Artisan Workplace Data, Learner Grant Funding, and Administration System Policy m) National Artisan Moderation Body (NAMB) Guidelines n) National policy for an integrated career development system for South Africa o) SETA policies and standard operating procedures

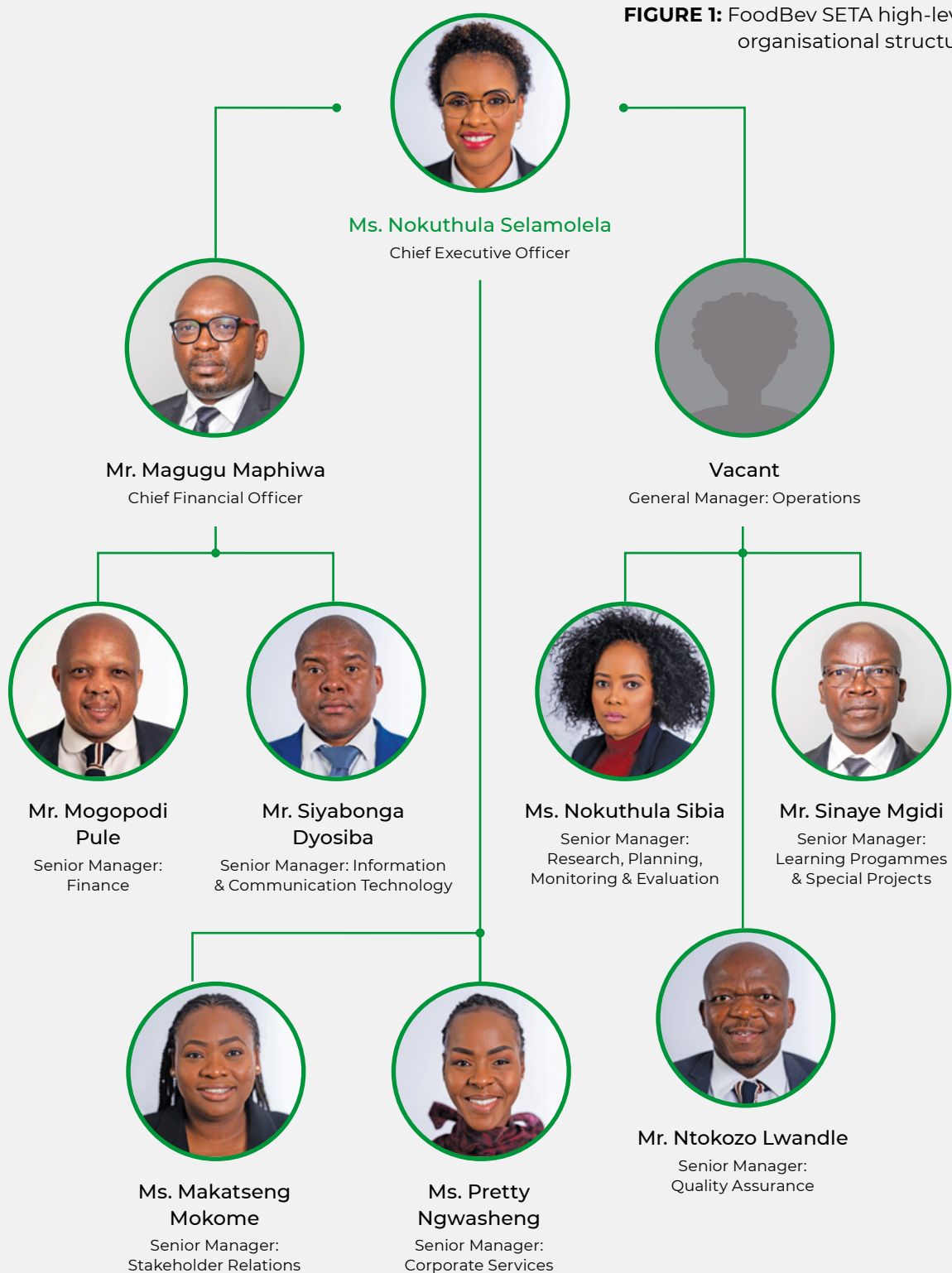
7.2 Scope of coverage

Table 2: Standard industrial classification codes and description

Category	SIC Code	Constituency
301	Production, processing and preservation of meat, fish, fruit, vegetables, oil, and fats	
	Meat Industry	
	30110	Production, processing and preserving of meat and meat products
	30112	Manufacture of prepared and preserved meat including sausage
	30113	Production of Lard and other edible fats
	Fish industry	
	30120	Processing and preserving of fish and fish products
	30121	Manufacture of canned, preserved, and processed fish
	Fruits and vegetables industry	
	30130	Processing and preserving of fruits and vegetables
	30131	Manufacture of canned, preserved, processed, and dehydrated fruits and vegetables and potato flour meals
	Oils and Fats industry	
	30140	Manufacture of vegetables and animal oil and fats
	30141	Manufacture of crude oil and oilseed cake and meal
	30142	Manufacture of compound cooking fats, margarine, and edible oils
302	Manufacture of dairy products	
	Dairy Industry	
	30201	Processing of fresh milk (pasteurised, homogenous, sterilized, and vitamin)
	30202	Manufacture of butter and cheese
	30203	Manufacture of ice cream and other edible ice, whether containing cream or chocolate
303	Manufacture of breakfast products	
	Grain mill industry	
	30312	Manufacture of breakfast products

Category	SIC Code	Constituency
304	Food preparation products	
	Baking industry	
	30401	Manufacture of bakery products
	Confectionary industry	
	30430	Manufacture of cocoa, chocolate, and sugar confectionary
	30491	Manufacture of coffee, coffee substitutes and tea
	Snacks industry	
	30492	Manufacture of nut foods
	Other food products industry	
	30440	Manufacture of macaroni, noodles, couscous, and similar farinaceous products
	30490	Manufacture of other food products NEC.
	30499	Manufacture of spices, condiments, vinegar, yeast, egg products
305	Manufacture of Beverages	
	Wine and Spirits industry	
	30510	Distilling, rectifying, blending of spirits, ethyl alcohol production from fermented materials, manufacture of wine
	Beer and Malt industry	
	30520	Manufacture of beer and other malt liquors and malt
	30521	Breweries except for sorghum beer breweries
	30522	Sorghum beer breweries
	30523	Manufacture of malt
	Soft drinks and water industry	
	30530	Manufacture of soft drinks, juices and juice extracts and production of mineral water (both carbonated and non-carbonated)

8. HIGH-LEVEL ORGANISATIONAL STRUCTURE





PART B

PERFORMANCE INFORMATION

ANNUAL REPORT FINANCIAL YEAR 2021/2022

1. AUDIT REPORT: PREDETERMINED OBJECTIVES

As part of its auditing procedures, the Auditor General of South Africa (AGSA) presently issues an audit conclusion on the performance information. The audit conclusion for performance against predetermined objectives appears in the management report. Material findings are reported under the heading Predetermined Objectives in the section report on other legal and regulatory requirements of the auditor's report.

Refer to page **78** of the Auditor General's report, published as Part E: Financial Information.

2. OVERVIEW OF PERFORMANCE

2.1 Service delivery environment

FoodBev SETA has improved from 80% to 95% since last year, achieving 41 out of 43 performance indicators. 7,778 learners enrolled in various learning programmes at FoodBev SETA during the year under review (both employed and unemployed), up from 7,406 in the previous year.

The food and beverages manufacturing sector funded 730 learners, up by 76 in the previous year. The SETA funded 7,048 learners an increase of 6,752 from the prior year as illustrated on the table below:

Learning Programmes	Enrolments		Completions	
	2020/21	2021/22	2020/21	2021/22
SETA- Funded	6,752	7,048	2,049	4,162
Sector-Funded	654	730	426	344
Total	7,406	7,778	3,897	4,506



41/43 Performance indicators achieved in 2021

95% Improvement from prior year

Total learners completed learning programmes during the same period were 4,506 (4,162 SETA-funded and 344 sector-funded), up from 3,897 reported in previous year. Several factors contributed to SETA's performance improvements: the additional workforce, improved working relationships with stakeholders, continuous capacity development, engagement with our stakeholders, and an improvement in the SETA's internal processes.

The SETA can attribute this success to strengthening partnerships, and continuous stakeholder capacitation sessions. The importance of stakeholders in timely submission of compliant documents for registrations, effective implementation of learning programmes at workplaces, and submission of required documents to streamline payment processes proved invaluable. To ensure that it exceeds its performance targets, the SETA has committed to allocating discretionary grants earlier to beneficiaries so they can support more effective learning programme implementation and reporting.

Even after the substantial improvements in the organisation, small businesses and non-profit organisations continue to face challenges in submitting compliant applications for learning programmes, so some of their applications were not approved. As part of FoodBev SETA's Capacity Workshops in the previous year, the SETA is developing a strategic initiative to provide background information requirements before grant applications for small businesses and non-profit organisations.

2.2 Organisational environment

To deliver services on time and at acceptable standards, the SETA is revising its business processes to streamline operations. The revised and improved business processes have resulted in staff performing their duties diligently following approved policies, procedures, and performance agreements. This process relates to the automation of internal human resources, finance, governance, streamlining of customer enquiries and evaluation of grant application. These has reduced the turnaround time.

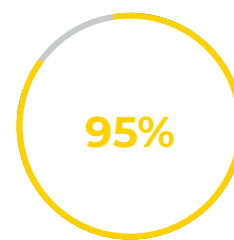
Furthermore, to improve the execution of its mandate, the Board approved the organisational structure to ensure that the SETA is well capacitated and resourced with competent people occupying right jobs.

During the enhancement process for the organisational structure, there were zero labour-related issues. A new Board-approved structure was implemented in three (3) phases. Phase one (1) was implemented during the previous financial year which entailed, filling positions within the core service delivery and high-risk areas impacting the SETA mandate. Phase two (2) which was implemented during the new financial year required filling 26 positions within the support functions. Of the 26 positions, 20 were successfully recruited and filled permanently. The remaining phase three (3) entails filling of the General Manager for Operations, support staff and capacitation of SETA regional / satellite offices.





4,162 SETA-funded learners completed their learning programmes



Actual achievement of FoodBev SETA performance targets

2.2.1 Qualifications Development and Assessments

In the gazette published on 24 December 2020 and the one published on 26 October 2021, the ministerial determination outlines all legacy qualifications and unit standards that expire on 30 June 2023 and will not be extended. Phase-in and phase-out processes for qualifications have begun. Training providers were invited to attend a session on 10 March 2022 to discuss the implementation of new occupational qualifications. In these sessions, the Quality Council for Trades and Occupations (QCTO) presented the new processes of implementing training against occupational qualifications, the processes, role players, and timelines related to external assessments. FoodBev SETA is a delegated Assessment Quality Partner (AQP) for external assessments. The Quality Assurance (QA) is working hard to ensure a smooth transition into the new QCTO implementation landscape.

A strong governance structure exists at FoodBev SETA to ensure good corporate governance, effective implementation of policies and procedures, and sound financial management. FoodBev SETA is governed by an independent Board and Audit and Risk Committee that sets the strategic direction and provides oversight. It also promotes a good control environment by ensuring good internal controls are in place.

Moreover, by separating monitoring and evaluation processes from the Quality Assurance Unit (QAU), the SETA has improved the monitoring and evaluation of projects, helping SETA employees identify pockets of excellence and high-performing projects. As a result, FoodBev SETA has identified projects that may require additional assistance to deliver on agreed performance deliverables, thereby improving project management efficiencies.

2.3 Key policy developments and legislative changes

During the review period, the Minister gazetted the Occupational Qualifications Sub-Framework (OQSF) as a sub-framework within the NQF. FoodBev SETA's quality department has changed its functions to comply with the NQF Act and OQSF implementation gazette. The purpose of the OQSF relates to the classification, registering and publishing quality assured national qualifications.

2.4 Progress towards Achievement of Institutional Impact and Outcomes

2.4.1 FoodBev SETA 2021/2022 Impact

FoodBev SETA has made considerable progress in delivering on the impact statement in the strategic plan (SP). Based on the second-year progress, the SETA has registered 7,778 learners, and learners that have completed learning programmes resulted in **4,506** for both SETA and Sector funded. The actual performance of FoodBev SETA resulted in **95%** of the planned performance targets linked to the outcomes and impact of the SETA. It reflects progress toward achieving the SP outcomes related to the desired impact.

The SETA is on track to achieve the planned results outlined in the APP using the performance indicators and targets. FoodBev SETA funded 7,048 learners in learning programmes, including work experience, bursaries, learnerships and apprenticeships targeting occupations in high demand to address the skills deficit. A total of **4,162** SETA-funded learners completed their learning programmes.

2.4.2 FoodBev SETA Outcomes 1: Identified and increased production of occupations in high demand through relevant and accessible programmes

FoodBev SETA has delivered against the planned outcomes implemented through performance indicators and targets set in the APP and SP. The ten (10) occupations in high demand (hard-to-fill vacancies) indicated in chapter three (3) of the SSP are the organisation's priority occupations. FoodBev SETA funded **5,939** learners in learning programmes encompassing work experience, bursaries, learnerships and apprenticeships,

targeting high demand occupations to address the skills shortages. (See table below.) A total of **3,326** learners completed their learning programmes.

Through the Partnership programme, the SETA implemented a learnership on the Food and Beverage Handling Process for people with disabilities in Qwaqwa in the Free State. All 50 learners with disabilities graduated from the project.

Table 9: Skills Gaps in the Sector (Food and Beverage SETA, 2020b)

Major OFO Group	Occupation	Skills Gap
Lower Level		
Elementary Occupations	Factory Workers Meat Packer Mechanic Trade Assistant	Literacy and Numeracy
		Hygiene Knowledge and food safety
		Work readiness
		Leadership skills
		Computer Literacy
Plant and Machine Operators and Assemblers	Juice Extraction and Blending Process Machine Operator	Cornputer Literacy and soft skills
	Meat Processing Machine Operator	Food Safety
Middle Level		
Skilled Agricultural, Forestry, Fishery, Craft and Related Trades Workers	Confectionery Bakers	Industry Knowledge
	Quality Controller (Manufacturing)	Leadership skills
	Artisans	Technical Skills
		Experience
	Dairyman	Analytical Skills
Refrigeration Mechanic	Computer Literacy	
Technicians and Associate Professionals	Production / Operations Supervisor (Manufacturing)	Generic Management Skills
		Interpersonal Skills
		Analytical skills
Senior Level		
Managers	Engineers	Financial Management
	Finance Managers	Generic Management Skills
	Marketing Manager	Strategic Management Skills
	Production / Operations Manager (Manufacturing)	Strategic Management Skills
		Problem Solving (Manufacturing)
		Diversity Management
Professional	Wine Maker	Industry knowledge
		Experience

2.4.3 FoodBev SETA Outcomes 2: Relevant programmes to respond to PSET education, skills development, and training in public institutions

FoodBev SETA will continue to support programmes that respond to Post School Education and Training (PSET) (universities, TVETs and community colleges), skills development, and training in public institutions. This objective was achieved through occupational programmes: learnerships, apprenticeships, internships, work experience and bursaries. **5,979** learners were registered for occupational-directed programmes, and **3,549** completed the programmes.

2.4.4 FoodBev SETA Outcomes 3: Increased offering designed to address national imperatives

FoodBev SETA responds to National imperatives to eliminate poverty and inequality by 2030, through forming partnerships and strategic projects. During the year under review, FoodBev SETA approved 34 strategic partnerships. Of the 34 projects, 29 were contracted and committed, of which eight (8) provided support to rural development, six (6) helped NGOs upskill women, youth, and persons with disabilities, and nine (9) targeted the development of small businesses. The remaining were targeted at career development services and capacitating TVET Colleges.

2.4.5 FoodBev SETA Outcomes 4: Efficient and effective disbursement of funds

The SETA conducted moderations, resulting in a higher amount being disbursed to stakeholders. The discretionary grant expenditure increased from **R147m to R272m** in the current year, indicating an **85%** increase. Mandatory grant expenditure increased by 57% from R53m to R83m in the current year. The mandatory grant pay-out ratio for 2021/22 is 78%, up from 74% the previous year.

2.4.6 FoodBev SETA Outcomes 5: Increased awareness of FoodBev SETA offerings

In 2021/22, the SETA embarked on several campaigns to increase awareness and access to its services. The SETA provided career guidance services to learners and out-of-school youth in urban and rural areas nationally through 60 career events hosted against a target of 55. Further, the SETA offered skills programmes to 79 career development practitioners offered skills programmes, against a target of 60. As a result of Covid-19, the SETA now uses a hybrid system for its roadshows. All events were broadcasted live via digital and social media platforms. Through these platforms, the SETA reached a new audience, taking up grant funding and bursary opportunities. FoodBev SETA enjoyed a good response from the targeted audience through campaigns that were placed in traditional media such as print and radio.

2.4.7 FoodBev SETA Outcomes 6: Improved skills planning through research

In partnership with its Research Chair, Prof Arnesh Telukdarie, Professor of Digital Business at the Johannesburg Business School at the University of Johannesburg, the SETA produced five (5) research reports which inform skills planning in the sector and focus on the impact of the fourth industrial revolution (4IR), future skills requirements, and business process optimisation. The three (3) year partnership has improved the quality and credibility of research conducted by the SETA.

The research reports listed below formed part of this initiative.

1. Overall study on the Fourth Industrial Revolution (4IR) and the Food and Beverages Manufacturing Sector- considering the impact and cost.
2. Development of a Smart Value Chain Tool.
3. FoodBev SETA: Employment Forecasting for Optimum Skills Demand.
4. The Design of a SETA System Landscape

A journal paper entitled "**A predictive framework for sustainable youth skills development**" was published in the Journal of Higher Education, Skills, and Work-based Learning. This paper investigated sustainable skills development strategies specific to South Africa's youth.

2.4.8 FoodBev SETA Outcomes 7:

Established partnerships with stakeholders (e.g., 2.4.4 Learning institutions, foundations, NGOs, and Public Sector Institutions) to make the industry more competitive

In the last financial year, 34 new strategic partnerships and special projects with various institutions were approved, of those 34, 29 were contracted and committed to the value of **R149m**. These partnerships focus on youth, PwDs, women, and people from rural and peri-urban areas across all nine provinces. The following partnerships were implemented:

2.4.8.1 Small business training

A total of **R15m** was directed to fund the training of **360** learners were placed with three (3) entities, namely ASIME, Sea Harvest and BICSA. Several training programmes and qualifications were provided for the learners to enable them to become fully competent in growing, sustaining, and marketing their small businesses. The small businesses were trained in New Venture Creation (NVC), digital skills for SMEs, pre-sea familiarisation, HACCP, baking, and confectionery. The small businesses will continue to receive coaching and mentoring post the training. (See case study on ASIME Women's New Venture Creation (NVC) Learnership programme.)

2.4.8.2 Youth Development

FoodBev SETA funded five (5) youth development initiatives. These initiatives addressed the unique needs of youth from disadvantaged backgrounds. A total of **R30m** was directed towards funding **600** students with the settlement of their historical debt. A further **R32,6m** was required to fund a programme that supports high school learners studying STEM subjects through tutorial classes and undergraduate bursaries. A total of **R5m** was directed to support the World Skills South Africa to host and prepare competitors who are participating in National, Regional, and international trade skills competitions. The NQF Level 3: Baking and confectionary course were offered to 100 incarcerated youth to teach them the skills necessary to integrate themselves into society.

2.4.8.3 People With Disability (PwD)

FoodBev SETA trained 50 PwDs on generic management, food handling, and other skills such as End User Computing and Business Practise that would assist them in opening or working in a business.

2.4.8.4 TVET Lecturer Capacitation Programme

FoodBev SETA partnered with four (4) industry stakeholders and TVET colleges to develop a lecturer capacity-building programme. This programme aims to provide TVET colleges with industry experts and support.

2.4.9. FoodBev SETA Outcomes 8: Supported and transformed the sector with a focus on Youth/Women/People with Disability/TVET and Community Colleges/Rural/ Townships

Responding to this outcome was the registration of **972** learners, of whom 511 completed our skills programmes, candidacy programmes, learnerships, internships, bursaries, apprenticeships, and work experience programmes. Specifically, these programmes aimed to upskill or train youth and women from rural areas and townships. SMMEs have also been supported by the SETA through its programmes. Through the Partnership Programme, FoodBev SETA also provided learnerships in rural communities in the Free State to teach people with disabilities how to handle food and beverage products. We have completed this project with all 50 learners graduating.



2.4.10 FoodBev SETA Outcomes 9:

Relevant and focused interventions that respond to the challenges of unemployment which include: entrepreneurship skills, learnerships, skills programmes, training on localisation and optimisation, etc

The SETA entered into partnerships with the three (3) recognised Trade Unions in line with the SETA Constitution. These partnerships were aimed at capacitating members and office bearers with training interventions on Occupational Health and Safety (OHS) because of Covid-19, as follows:

- a) **FAWU**, 380 members and office bearers were supported with a skills programme addressing supervisory skills and OHS training.
- b) **FEDCRAW**, 100 members and office bearers were supported with skills programmes addressing 4IR and Covid-19 awareness and OHS training.
- c) **NUFBWSA**, 40 members and office bearers were supported with a learnership on Trade Union Practice and a workshop addressing skills for 4IR.

2.4.11 FoodBev SETA Outcomes 10:

Established and improved Customer Services, including a Client Relations Management (CRM) system and a communication strategy

Systems have been developed to improve engagement with core target markets. A separate function was established to strengthen stakeholder relationships and drive and position the SETA in other growth markets. To ensure that existing Technical Vocational and Education Training (TVET) colleges can support the FoodBev SETA programme and mandate at an optimal level by the end of the 2022/2023 financial year, satellite offices will be established in key growth markets. To successfully deliver programmes tailored to stakeholders across different sectors, Customer Relationship Management (CRM) remains essential. The focus will be placed on this in 2022/2023. Stakeholders were identified and mapped using a mapping process, guiding all initiatives to improve relations and uptake SETA programmes. In addition to establishing and strengthening strategic partnerships, FoodBev SETA will increase its reach and awareness.



CASE STUDY

ASIME Women: New Venture Creation Learnership KZN

One of the FoodBev SETA's strategic outcomes is to establish partnerships with stakeholders and create a competitive industry. These partnerships provide sustainable entrepreneurship for youth, people with disabilities, women, and people from rural and peri-urban areas throughout South Africa.

Small business owners were beneficiaries of SETA-funded training programmes, which would result in qualifications enabling them to become fully competent in growing, sustaining, and marketing their small businesses. The small businesses were trained in New Venture Creation (NVC), digital skills for SMEs, and coaching and mentoring. Learners will benefit from the programme since it addresses the economic and behavioural barriers that contribute to success in starting and maintaining a business.

To ensure fair, meaningful, and inclusive participation of emerging, small-scale farmers and agribusiness entrepreneurs in diverse economic sectors, ASIME represents and coordinates with industry role players within the agricultural value chain and diverse economic sectors.

A strategic partnership has been formed between ASIME and the FoodBev SETA to assist in implementing the Strategic Skills Development Programme and supporting the Industrial Policy to promote economic growth, employment creation, and social inclusion.

“

Learning is conducted both theoretically and practically throughout a 12-month learnership.



ASIME provides the following training and development support:

- Building capacity through training
- Mobilise resources, develop productive partnerships, and offer technical assistance to its target audience by engaging stakeholders such as specialised industries, commodity organisations, financiers, investors, and retailers.
- Effective partnership with relevant field experts facilitates stakeholder engagement in project conceptualisation, packaging, and management.
- Renew and strengthen the enterprises and cooperatives owned and operated by women and youth.

The New Venture Creation programme teaches participants how to start, manage, grow, and sustain SMEs. This qualification equips learners with various technical, business, managerial and personal skills, and strategies to succeed in creating and sustaining a business. Learning is conducted both theoretically and practically throughout a 12-month learnership.

A total of 80 unemployed individuals were enrolled by ASIME in June 2021, including 66 females, 13 males, and one person with a disability. The majority of learners live in rural, semi-rural, and township areas. In August 2021, two learners resigned because they could secure employment.

Entrepreneurship and Agriculture: A Synopsis for Operational and Emerging Entrepreneurs and Agripreneurs

Of the 94 learners in the NVC cohort, 48 have registered and started their own businesses, including those whose business registration process with CIPC is pending, although business concepts have been developed. While some are venturing into business, others are working to acquire relevant skills and experience as part of the NVC requirements. Incubating learners interested in agriculture and agro-processing is one of the project's main objectives.

In addition to his NVC learnership, Siyabonga Khuzwayo is on a programme of incubation at The Farm Nearby to develop skills and experience as an aspiring beekeeper. Urban Farming enterprise, The Farm Nearby, grows high-value, fast-growing crops on rented property. The crops grown are basil, rocket, lettuce, and baby spinach. These crops are supplied to local cafés, restaurants, and supermarkets in La Lucia, Durban North, Umhlanga, and Springfield. Farms are located strategically in metropolitan areas. "As I learn about urban agriculture, I discover its benefits and productivity," says Siyabonga.

The farm where Siyabonga lives was originally a beekeeping farm before he bought it, which sparked his interest in beekeeping. He will initially sell jars of pure honey through his beekeeping company. In addition, he will relocate feral swarms for customers interested in pollination or personal honey production.

AgriTech farms produce, market, and distribute agricultural supplies and products by adopting technology. AgriTech businesses also manufacture farming equipment, agrichemicals, and other farm products. This is a hallmark of the fourth industrial revolution.

Siyabonga plans to enter the retail market as part of his business expansion plans. To maximise profitability, small-scale farmers are encouraged to diversify their operations.

Another success story is VEZUKUKHANYA PTY LTD, a 100% black women and a youth-owned company that intends to establish a professionally managed commercial farm focusing on primary and secondary production. VK Farm acquired 20ha of land in Zwelibomvu for agribusiness purposes.



The owners are three young ladies, Xoliswa Mpungose, Sithembile Mpungose and Minenhle Mbele, and two are a part of the NVC learnership at ASIME Women.

The farm produces the following commodities:

- Green peppers
- Beetroot
- White maize
- Chillies
- Cabbages

Produce cultivated in the past:

- 100 000 maize
- 55 000 cabbages

Due to a lack of infrastructure and processing facilities, the project is operating below capacity. However, considering technological advancements in the agricultural sector, the young women's strategic plan is to source funds and improve their technical expertise and knowledge to farm intelligently.

The NVC learnership has been highly informative, including marketing strategies, branding, business plans, and negotiating skills.

2021/22 NVC cohort of learners represents the diverse nature of South Africa's society, says the FoodBev SETA. By partnering with ASIME Women in South Africa, we empower women from all walks of life to transform their lives.



www.asimewomen.co.za

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

FoodBev SETA planned to deliver four programmes during the year under review.

3.1 Administration and Support

3.2 Skills Planning

3.3 Learning Programme and Projects

3.4 Quality Assurance

Programme performance is assessed based on planned annual targets. The performance ratings for each of the four programmes are based on the performance ratings below.

Table 3: Performance ratings

Rating	%Target Achieved	
	Low	High
Not Achieved	0%	49%
Partially Achieved	50%	74%
Almost Achieved	75%	99%
Achieved	100%	-
Exceeded	101%>	-

3.1 PROGRAMME 1: ADMINISTRATION AND SUPPORT

3.1.1 Sub-programme: Finance, Supply Chain Management and Assets

Purpose: To provide strategic leadership, management, and support services to the SETA.

Table 4: Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Outcome: Performing system support functions and managed budgets and expenditure linked to the SETA mandate.	
Output	An established sound and effective financial management of the organisation's affairs through sound internal control systems that include risk, budget, financial, supply chain management and business processes.
Output Indicator	1. Approved Annual Procurement Plan.
Audited Actual Performance 2019/2020	1
Audited Actual Performance 2020/2021	1
Planned Annual Target 2021/2022	1
Actual Achievement 2021/2022	1
Deviation from planned target to Actual Achievement 2021/2022	0
Reasons for deviations	Target achieved.



3.1.2 Sub-programme: Governance (Audit and Risk)

Purpose: To provide strategic leadership, management, and support services to the SETA.

Table 5: Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Outcome: Performing system support functions and managed budgets and expenditure linked to the SETA mandate.				
Output	An established sound and effective governance and financial management of the organisation's affairs through sound internal control systems include risk, budget, and business processes.		Well managed and coordinated FoodBev SETA Chambers.	
Output Indicator	2. Approved Annual Strategic Risk Register.	3. Number of quarterly Governance Charter reports submitted to DHET.	4. Approved Annual Chamber Management Plan.	5. Approved Annual Stakeholder Management Plan.
Audited Actual Performance 2019/2020	1	4	New indicator	New indicator
Audited Actual Performance 2020/2021	1	4	1	New indicator
Planned Annual Target 2021/2022	1	4	1	1
Actual Achievement 2021/2022	1	4	1	1
Deviation from planned target to Actual Achievement 2021/2022	0	0	0	0
Reasons for deviations	Target achieved.	Target achieved.	Target achieved.	Target achieved.

3.1.3 Sub-programme: Human Resources

Purpose: To provide strategic leadership, management, and support services to the SETA.

Table 6: Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Outcome: Performing system support functions and managed budgets and expenditure linked to the SETA mandate.	
Output	An effective human resources management system.
Output Indicator	6. Approved Annual Human Resources Plan.
Audited Actual Performance 2019/2020	1
Audited Actual Performance 2020/2021	1
Planned Annual Target 2021/2022	1
Actual Achievement 2021/2022	1
Deviation from planned target to Actual Achievement 2021/2022	0
Reasons for deviations	Target achieved.

3.1.4 Sub-programme: Information Technology

Purpose: To provide strategic leadership, management, and support services to the SETA.

Table 7: Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Outcome: Performing system support functions and managed budgets and expenditure linked to the SETA mandate.	
Output	Improved efficiency through the development of ICT policies, framework and/or standards.
Output Indicator	7. Approved Annual IT Strategic Plan.
Audited Actual Performance 2019/2020	1
Audited Actual Performance 2020/2021	1
Planned Annual Target 2021/2022	1
Actual Achievement 2021/2022	1
Deviation from planned target to Actual Achievement 2021/2022	0
Reasons for deviations	Target achieved.

3.2 PROGRAMME 2: SKILLS PLANNING

3.2.1 Sub-programme: Sector Skills Plan and Research

Purpose: To conduct compelling research that demands credible institutional mechanisms for skills planning.

Table 8: Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Outcome: Identified and increased production of occupations in high demand.		
Output	Evaluated and analysed Annexure II: training plans and actual training reports complemented by labour market research to identify scarce and critical skills needs in the sector.	Evidence-based research to inform sector planning (SSP, SP and Business planning).
Output Indicator	8. Approved Annual Sector Skills Plan.	9. Number of research reports developed and approved that inform the update of the Sector Skills Plan.
Audited Actual Performance 2019/2020	1	5
Audited Actual Performance 2020/2021	1	6
Planned Annual Target 2021/2022	1	4
Actual Achievement 2021/2022	1	5
Deviation from planned target to Actual Achievement 2021/2022	0	1
Reasons for deviations	Target achieved.	Target achieved and exceeded. More research reports were produced this year.

3.2.2 Sub-programme: Workplace Skills Plans and Annual Training Reports

Purpose: To provide reliable information on supply and demand of skills in the Food and Beverages Manufacturing Sector.

Table 9: Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Outcome: Identified and increased production of occupations in high demand.	
Output	Employers participating in the workplace training.
Output Indicator	10. Number of Annexure II applications approved.
Audited Actual Performance 2019/2020	221 large 211 medium 313 small
Audited Actual Performance 2020/2021	665 levy paying 7 non-levy paying
Planned Annual Target 2021/2022	740 levy paying
Actual Achievement 2021/2022	741
Deviation from planned target to Actual Achievement 2021/2022	1
Reasons for deviations	Target achieved and exceeded, due to the high number of compliant Annexure II submissions by levy paying companies.

3.3 PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS

3.3.1 Sub Programme: Implementation of Learning Programmes

Purpose: To disburse grants through regular (PIVOTAL and NON-PIVOTAL) and special projects that address sector needs.

Table 10: Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Output: Middle and high-level skills need to be addressed in the sector to address scarce and critical skills.		
Output Indicator	11. Number of unemployed learners registered on Learnerships.	12. Number of unemployed learners who have completed Learnership programmes.
Audited Actual Performance 2019/2020	1,816 SETA-funded 390 sector- funded	1,641 SETA-funded 99 sector- funded
Audited Actual Performance 2020/2021	2,402 SETA-funded 418 sector-funded	753 SETA-funded 105 sector- funded
Planned Annual Target 2021/2022	1,295 SETA-Funded 100 sector- funded	500 SETA-funded 40 sector- funded
Actual Achievement 2021/2022	1,844 SETA -funded 457 sector- funded	1,526 SETA-funded 76 sector- funded
Deviation from planned target to Actual Achievement 2021/2022	549 SETA-funded 357 sector-funded	1,026 SETA -funded 36 sector-funded
Reasons for deviations	Target achieved and exceeded, due to special partnerships projects linked to PIVOTAL programmes.	Target achieved and exceeded, due to close monitoring of programme being implemented which led to higher numbers of completion and certification.

Output: Students obtain qualifications and work experience.

Output Indicator	13. Number of SETA-funded students from the Higher Education Institutions registered on Internship Programmes.	14. Number of students from the Higher Education Institutions who have completed Internship Programmes.	15. Number of SETA-funded Higher Education Institution graduates placed in companies to gain work experience.	16. Number of graduates from Higher Education Institutions who have completed Work Experience programme.
Audited Actual Performance 2019/2020	224	487	159	273
Audited Actual Performance 2020/2021	414	195	512	210
Planned Annual Target 2021/2022	330	100	525	200
Actual Achievement 2021/2022	365	129	397	203
Deviation from planned target to Actual Achievement 2021/2022	35	29	128	3
Reasons for deviations	Target achieved and exceeded. This is due to reallocation and demand from the institutions.	Target achieved and exceeded, due to close monitoring of programme being implemented which led to higher numbers of completion in the current financial year.	Target not achieved. Due to non-submission of required documents to register learners. A significant number of cancellation requests were received.	Target achieved and exceeded, due to close monitoring of programme being implemented which led to more learners completing in the current financial year.

Output: Students obtain qualifications and work experience. (CONTINUES)

Output Indicator	17. Number of SETA-funded students from TVET Colleges registered on Internship Programme.	18. Number of SETA-funded students from TVET Colleges completing Internship programme.	19. Number of SETA-funded unemployed learners registered on a Candidacy Programme with a registered professional body.
Audited Actual Performance 2019/2020	351	589	1
Audited Actual Performance 2020/2021	1,061	527	n/a
Planned Annual Target 2021/2022	530	150	3
Actual Achievement 2021/2022	628	297	2
Deviation from planned target to Actual Achievement 2021/2022	98	147	-1
Reasons for deviations	Target achieved and exceeded due to more interest in the updated internship programmes by TVET colleges.	Target achieved and exceeded due intense close monitoring of programme being implemented which led to more learners completing in the current financial year.	Target almost achieved. This is due to non-submission of required documents to register learners.

Output: Middle and high-level skills need addressed in the sector to address scarce and critical skills.

Output Indicator	20. Number of employed learners registered on Learnership programmes.	21. Number of employed learners who have completed learnership programmes.	22. Number of employed and unemployed learners registered on skills programme.	23. Number of employed and unemployed learners who have completed a skills programme.
Audited Actual Performance 2019/2020	1,600 SETA-funded 100 sector-funded	1,297 SETA-funded 87 sector-funded	810 employed SETA -funded 75 employed sector-funded	904 employed SETA-funded 34 employed sector-funded
Audited Actual Performance 2020/2021	453 SETA-funded 151 sector-funded	755 SETA-funded 91 sector-funded	1,157 seta-funded 85 sector-funded	541 SETA-funded 335 sector-funded
Planned Annual Target 2021/2022	1,100 SETA-funded 100 sector-funded	50 SETA-funded 10 sector-funded	1,500 seta-funded 100 sector-funded	700 SETA-funded 50 sector-funded
Actual Achievement 2021/2022	1,232 SETA-funded 155 sector-funded	697 SETA-funded 100 sector-funded	1,566 seta-funded 118 sector-funded	801 seta-funded 168 sector-funded
Deviation from planned target to Actual Achievement 2021/2022	132 SETA-funded 55 sector-funded	647 SETA-funded 90 sector-funded	66 seta-funded 18 sector-funded	101 seta-funded 118 sector- funded
Reasons for deviations	Target achieved and exceeded, due to high number number of applications and special projects made this possible.	Target achieved and exceeded, due to close monitoring of programme being implemented which led to higher completion rates and certification in the current financial year.	Target achieved and exceeded, due to special partnerships projects linked to PIVOTAL programmes.	Target achieved and exceeded, due to close monitoring of programme being implemented which led to higher numbers of completion and certification.



Output: Employed and unemployment learners supported through the provision of bursaries to address the scarce and critical skills.

Output Indicator	24. Number of SETA-funded employed students enrolled and registered on bursaries in higher education institutions and Management Development Programmes.	25. Number of SETA-funded employed students who have completed their studies in higher education institutions and Management Development Programmes.
Audited Actual Performance 2019/2020	153	117
Audited Actual Performance 2020/2021	17	69
Planned Annual Target 2021/2022	160	70
Actual Achievement 2021/2022	164	115
Deviation from planned target to Actual Achievement 2021/2022	4	45
Reasons for deviations	Target achieved and exceeded, due to the SETA receiving more enrolment forms than expected.	Target was achieved and exceeded, due to close monitoring of the implementation of the programme, which led to more completion and certifications for the current year.

Output: Employed and unemployed learners capacitated with numeracy and literacy.

Output Indicator	26. Number of SETA-funded learners registered on AET Programmes.	27. Number of learners who have completed AET Programmes.
Audited Actual Performance 2019/2020	191	190
Audited Actual Performance 2020/2021	225	192
Planned Annual Target 2021/2022	275	110
Actual Achievement 2021/2022	276	223
Deviation from planned target to Actual Achievement 2021/2022	1	113
Reasons for deviations	Target achieved and exceeded, due to the SETA receiving more enrolment forms than expected	Target achieved and exceeded, due to close monitoring of programme being implemented which led to higher numbers of completion and certification in the current year.

Output: Employed and unemployment learners are supported through the provision of bursaries to address the scarce and critical skills.

Output Indicator	28. Number of SETA-funded unemployed students registered on the Bursary Programme (Higher Education Institutions, TVETs, Community Colleges).	29. Number of unemployed students who have completed their studies on the Bursary Programme (Higher Education Institutions, TVETs, Community Colleges).
Audited Actual Performance 2019/2020	65	New indicator
Audited Actual Performance 2020/2021	106	40
Planned Annual Target 2021/2022	120	20
Actual Achievement 2021/2022	279	32
Deviation from planned target to Actual Achievement 2021/2022	159	12
Reasons for deviations	Target achieved and exceeded, due to the SETA receiving more enrolment forms than expected through special projects.	Target achieved and exceeded, due to close monitoring of programme being implemented which led to higher numbers of completion and certification in the current year.

Output: Enhanced research and development in human capital for a growing body of knowledge economy.

Output Indicator	30. Number of SETA-funded Master's and PhD students registered on the research bursary programme.	31. Number of Master's and PhD students who have completed their studies through the research bursary programme
Audited Actual Performance 2019/2020	30	18
Audited Actual Performance 2020/2021	26	10
Planned Annual Target 2021/2022	40	10
Actual Achievement 2021/2022	43	14
Deviation from planned target to Actual Achievement 2021/2022	3	4
Reasons for deviations	Target achieved and exceeded, due to the SETA receiving more enrolment forms than expected.	Target achieved and exceeded, due to close monitoring of programme being implemented which led to higher numbers of completion.

Output: Apprentices qualified to become Artisans.

Output Indicator	32. Number of SETA-funded Apprentices registered on an apprenticeship programme to qualify as Artisans.	33. Number of SETA-funded Apprentices who have completed apprenticeship programmes and qualified as Artisans.
Audited Actual Performance 2019/2020	139	New indicator
Audited Actual Performance 2020/2021	368	74
Planned Annual Target 2021/2022	187	30
Actual Achievement 2021/2022	250	125
Deviation from planned target to Actual Achievement 2021/2022	63	95
Reasons for deviations	Target achieved and exceeded, due to the SETA receiving more enrolment forms.	Target achieved and exceeded, more learners who completed in the current financial year than expected.

Output: Small enterprises, NGOs, and cooperatives/ CBOs supported through the provision of accredited skills training programmes.

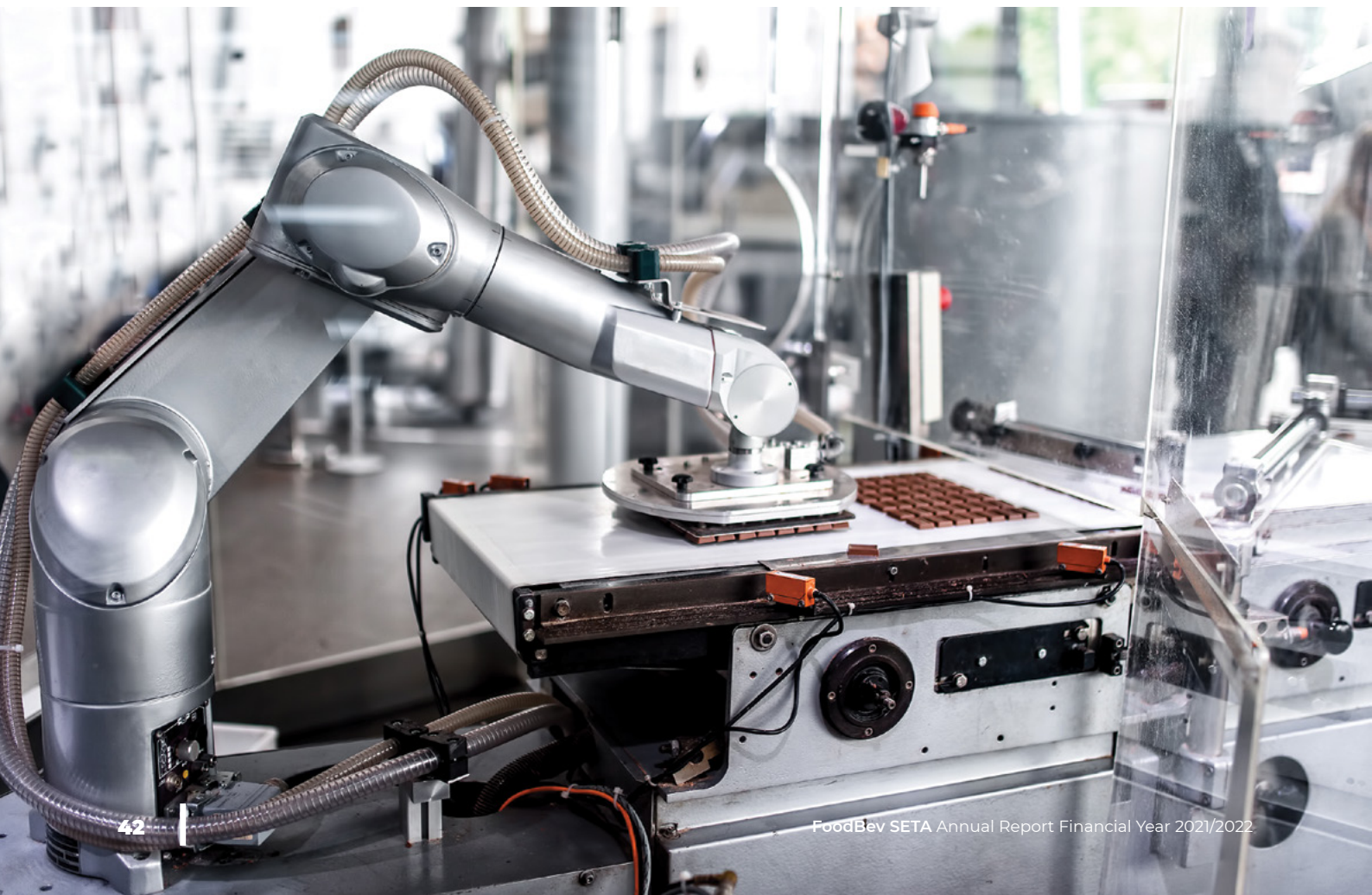
Output Indicator	34. Number of non-levy paying organisations (Small Businesses, Co-operatives, NGOs and NPOs) supported with training interventions (skills programme, learnership, internship, work experience, short courses, and bursaries).
Audited Actual Performance 2019/2020	65
Audited Actual Performance 2020/2021	8
Planned Annual Target 2021/2022	70
Actual Achievement 2021/2022	70
Deviation from planned target to Actual Achievement 2021/2022	0
Reasons for deviations	Target achieved.

3.3.2 Sub Programme: Special Projects and Partnerships

Purpose: To align the TVET curriculum with industry needs and ensure the lecturers and learners are equipped with the current industry trends and technology.

Table 11: Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Outcome: Supported growth of the public college system. Linked education and the workplace.	
Output	Established partnerships with Public Technical and Vocational Education and Training (TVET) Colleges, Universities, Community Education and Training (CET) Colleges, training providers and employers.
Output Indicator	35. Number of partnerships entered with public and private sector entities to support the sector with skills development interventions.
Audited Actual Performance 2019/2020	9
Audited Actual Performance 2020/2021	10
Planned Annual Target 2021/2022	10
Actual Achievement 2020/2021	13
Deviation from planned target to Actual Achievement 2021/2022	3
Reasons for deviations	Target Achieved and exceeded due to the high interest shown by TVET Colleges, resulting in overachievement. The costs of the intervention were lower than anticipated.



Outcome: Improved skills level of skills in the South African workforce.			
Output	Established partnerships with Public Technical and Vocational Education and Training (TVET) Colleges, Universities, Community Education and Training (CET) Colleges, training providers, World Skills South Africa, BRICS, NAMB, public entities, government departments, employers, and rural communities to support women, youth, and people with a disability.		Trade unions are supported through the provision of skills training programmes.
Output Indicator	36. Number of lecturers who have entered the workplace exposure programme.	37. Number of lecturers who have completed workplace exposure programme.	38. Number of trade unions supported with training interventions (skills programme, learnership, internship, work experience, short courses, and bursaries).
Audited Actual Performance 2019/2020	5	5	New indicator
Audited Actual Performance 2020/2021	n/a	n/a	3
Planned Annual Target 2021/2022	5	3	3
Actual Achievement 2020/2021	6	6	3
Deviation from planned target to Actual Achievement 2021/2022	1	3	0
Reasons for deviations	Target achieved and exceeded, due high to the interest shown by companies for lecturer placement.	Target achieved and exceeded, due to lecturers completing the programme on time.	Target achieved.

3.3.3 Sub-programme: Monitoring, evaluation, and reporting

Purpose: To monitor, evaluate, and report activities which increase performance and enhance service delivery.

Table 12: Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Outcome: Performing system support functions and managed budgets and expenditure linked to the SETA mandate.	
Output	An effective M&E system.
Output Indicator	39. Approved Annual M&E Plan.
Audited Actual Performance 2019/2020	New indicator
Audited Actual Performance 2020/2021	1
Planned Annual Target 2021/2022	1
Actual Achievement 2021/2022	1
Deviation from planned target to Actual Achievement 2021/2022	0
Reasons for deviations	Target achieved.

3.3.4 Sub-programme: Career Guidance

Purpose: To assist with the implementation of skills intervention through sharing knowledge, skills, and information necessary within the sector.

Table 13: Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Outcome: Supported career development services.		
Output	Capacitated career development practitioners and learners through providing career development services.	
Output Indicator	40. Number of career development events hosted in rural/urban areas and/or attended by FoodBev SETA.	41. Number of career development practitioners trained.
Audited Actual Performance 2019/2020	36	New indicator
Audited Actual Performance 2020/2021	20	42
Planned Annual Target 2021/2022	22 urban / 33 rural	60
Actual Achievement 2021/2022	24 urban / 36 rural	79
Deviation from planned target to Actual Achievement 2021/2022	2 urban / 3 rural	19
Reasons for deviations	Target achieved and exceeded, due to more career events hosted and attended post the re-opening and lifting of the Covid-19 restrictions.	Target achieved and exceeded, due to more career guidance practitioners who attended and completed the training.



3.4 PROGRAMME 4: QUALITY ASSURANCE

3.4.1 Sub-programme: Provider accreditation

Purpose: To increase the availability of accredited public skills development providers.

Table 14: Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Outcome: Supported growth of the public college system.	
Output	Public TVET Colleges capacitated to offer occupational programmes.
Output Indicator	42. Number of Public TVET Colleges assisted in applying for occupational programme accreditation.
Audited Actual Performance 2019/2020	New indicator
Audited Actual Performance 2020/2021	2
Planned Annual Target 2021/2022	3
Actual Achievement 2021/2022	3
Deviation from planned target to Actual Achievement 2021/2022	0
Reasons for deviations	Target achieved.

3.4.2 Sub-programme: Qualification Development

Purpose: To ensure programmes are available in response to sector needs.

Table 15: Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Outcome: Increased access to occupationally directed programmes.	
Output	Part qualifications developed in response to sector needs.
Output Indicator	43. Number of part qualifications submitted to the QCTO for registration.
Audited Actual Performance 2019/2020	New indicator
Audited Actual Performance 2020/2021	0
Planned Annual Target 2021/2022	10
Actual Achievement 2021/2022	10
Deviation from planned target to Actual Achievement 2021/2022	0
Reasons for deviations	Target achieved.

3.5 LINKING PERFORMANCE WITH BUDGETS

Table 16: Linking performance with budgets

Programme/ activity/ objective	2020/2021			2021/2022		
	Budget	Actual expenditure	(Over)/Under expenditure	Budget	Actual expenditure	(Over)/Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration and Support	56 906	59 840	(2 934)	65 077	63 595	1 482
Employer Grants & Research	50 571	52 599	(2 028)	76 631	83 001	(6 369)
Learning Programmes and Projects	359 022	129 982	229 040	421 794	252 201	169 593
Project Administration	20 685	16 742	3 943	36 042	19 856	16 186
TOTAL	487 184	259 163	228 021	599 544	418 653	180 891

3.6 STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

The Learning Programmes and Strategic Projects Department did not meet its graduate placement target. FoodBev SETA will form partnerships with higher education institutions in the future to assist them in identifying and contracting with entities on time.



4. REVENUE COLLECTION

Table 17: Sources of revenue and collections

Sources of revenue	2020/2021			2021/2022		
	Estimate R'000	Actual amount collected R'000	Over/(under) collection R'000	Estimate R'000	Actual amount collected R'000	Over/(under) collection R'000
Fines and penalties	4 151	5 593	1 442	6 956	8 060	1 104
Skills Development Levy	252 853	283 850	30 997	420 854	432 466	11 612
Interest received – investment	31 577	31 500	(77)	31 998	33 559	1 561
Other income	-	2 696	2 696	-	2 394	2 394
Total revenue	288 581	323 639	35 058	459 808	476 479	16 671
Approved retained funds	198 604	198 604	-	139 736	-	-139 736
Total funds available for spending	487 184	522 243	35 058	599 544	476 479	-123 065

5. CAPITAL INVESTMENT

No infrastructure projects undertaken in the year under review. The capital investment consists of the following:

- 5.1 Fixed assets acquired for the administration of FoodBev SETA, and
- 5.2 All excess funds not immediately required for operations are transferred to the CPD (Corporation for Public Deposits) account held with the Reserve Bank. The acquisition, implementation, and management of the above are achieved through sound policies and procedures of the FoodBev SETA. When fixed assets do not result in an inflow of economic benefits to the FoodBev SETA, they are assessed for impairment and donated to different entities, subject to approval by the Accounting Authority/Board.

In addition, we regularly review and update the asset register, dispose of redundant and obsolete assets, and write off stolen assets. The SETA acquired fixed assets worth R4m in the year under review, and intangible assets worth R717 000. Most of the assets were furniture and IT infrastructure for FoodBev SETA's new and larger office.



PART C

GOVERNANCE

ANNUAL REPORT FINANCIAL YEAR 2021/2022

1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled, and held accountable. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance regarding public entities is

applied through the precepts of the Public Finance Management Act (PFMA) and runs in tandem with the principles contained in the King Report on Corporate Governance. Parliament, the Executive, and the Accounting Authority of the public entity are responsible for corporate governance.

2. PORTFOLIO COMMITTEES

The Portfolio Committee on Higher Education, Science and Technology exercises oversight over all SETAs and may occasionally require any SETA to appear before the Committee to account for performance. The FoodBev SETA was not requested to meet with the Portfolio Committee in the 2021/22 financial year.

3. EXECUTIVE AUTHORITY

In the SETA environment, the executive authority rests with the Minister of Higher Education, Science and Technology, who is accountable to Parliament for skills development. It is the responsibility of the Executive Authority to ensure that the objectives and functions of the SETA are carried out in accordance with the Act and the Executive Authority's policies. In executing its accountability and responsibility functions, the Executive Authority must apply its power in relation to the Act, PFMA, this constitution, and other relevant legislation.

Members of the Accounting Authority/ Board are appointed by the Minister, who also determines their remuneration as per the tariffs set out by National Treasury. The FoodBev SETA made timeous submissions of all compliance documents required by the Executive Authority, including the sector skills plan, strategic and annual performance plans, and quarterly reports. The Executive Authority occasionally meets with SETA Chairpersons and CEOs to discuss various matters, including strategies, policies, and performance targets, to advance the mandate of the SETA. A few meetings were held with the Executive Authority, and implementation plans were executed where required.

4. THE ACCOUNTING AUTHORITY / BOARD

4.1 Introduction

The Board (Accounting Authority) is the highest decision-making body of the SETA. It assumes a vital role in leading and applying the fundamental principles of good corporate governance. The Board is responsible for directing and administering the affairs of the SETA in a transparent, fair, and responsible manner and is fully accountable for the performance of the SETA. The Board has established four committees with delegated duties to support it in carrying out the oversight role of ensuring that the organisation's activities are managed in a manner that is consistent with the ethical leadership and the values of the SETA. The roles and responsibilities of the Board and each Sub-Committee are set out in the Constitution and Delegation of Authority Policy of the SETA.

4.2 The role of the Board

The Board is governed by the SETA Constitution, which outlines its roles and responsibilities as stated below:

- a) Govern and manage the SETA in accordance with the PFMA, the Act and any other applicable legislation.
- b) Ensure the SETA achieves the objectives stated in section 5 of the Constitution and performs the functions in section 6 of the Constitution.
- c) Provide effective leadership and ensure that the SETA implements the goals of the NSDS and the Performance Agreement with the Minister.
- d) Provide strategic direction for the SETA.
- e) Liaise with stakeholders.
- f) Ensure that the SETA complies with the relevant statutory and constitutional requirements.
- g) Manage institutional risk.
- h) Monitor the performance of the SETA.

4.3 Board Charter

The FoodBev SETA Constitution forms the basis of the Board's modus operandi. It addresses the composition, duties, and power of the Board and the delegation of functions. The Constitution contains the code of conduct that the Board must ensure that its members and the members of the committees comply with. Each member must sign an annual declaration of interest form, disclosing the companies they are linked to through directorship, spousal, relatives, boards, or committees they represent.

4.4 Composition of the Board

Board members were appointed on 1 April 2020 to serve for five (5) years until 31 March 2025. Each member has a single vote on any matter serving before a meeting for its decision, and the Chairperson has no voting rights, but in the case of an equality of votes, the Chairperson has a casting vote. The Board consists of 14 members, including the Chairperson, and was constituted as follows:

- a) Independent Chairperson – one (1) appointed by the Minister
- b) Levy Paying Employers / Organised Employer – six (6) representatives
- c) Representative Trade Unions / Organised Labour – six (6) representatives
- d) Small Business or Community Organisations – two (2) representatives

There was a vacancy on the Board during the year under review due to one trade union not submitting a nomination according to the criteria set by the Minister. A nomination from Federal Council for Retail and Allied Workers (FEDCRAW) was received towards the end of the financial year and submitted to the Executive Authority for a final decision.

Table 18: Composition of the Board

	<p>Date appointed: 01.04.2020</p> <p>Date resigned: n/a</p> <p>No. of Board meetings attended from a total of 12: 12</p> <p>Qualifications:</p> <ul style="list-style-type: none"> • Certificate: Milling Technology • WITS Executive Development Programme • Certificate: Principles & Techniques of Fund Raising • BA Degree • Diploma: Education Management 	<p>Board directorships (Past and Present)</p> <ul style="list-style-type: none"> • Bread Baking Association of SA • Cape Malting House • Homegrown Investment Holdings <p>Other committees or task teams</p> <ul style="list-style-type: none"> • FoodBev SETA EXCO
	<p>Date appointed: 01.04.2020</p> <p>Date resigned: n/a</p> <p>No. of Board meetings attended from a total of 12: 12</p> <p>Qualifications:</p> <ul style="list-style-type: none"> • Matric 	<p>Board directorships (Past and Present)</p> <ul style="list-style-type: none"> • AgriSETA <p>Other committees or task teams</p> <ul style="list-style-type: none"> • FoodBev SETA EXCO
	<p>Date appointed: 01.04.2020</p> <p>Date resigned: n/a</p> <p>No. of Board meetings attended from a total of 12: 10</p> <p>Qualifications:</p> <ul style="list-style-type: none"> • NC: Public Service Management 	<p>Board directorships (Past and Present)</p> <ul style="list-style-type: none"> • Transvaal Region of FAWU • Tiger Brands Workers • Provident Fund and National Trustee of Tiger Brands National Educational Fund • AgriSETA <p>Other committees or task teams</p> <ul style="list-style-type: none"> • FoodBev SETA EXCO
	<p>Date appointed: 01.04.2020</p> <p>Date resigned: n/a</p> <p>No. of Board meetings attended from a total of 12: 11</p> <p>Qualifications:</p> <ul style="list-style-type: none"> • PhD • Master of Business Leadership • Management Development Programmes • B.Sc: Chemistry and Microbiology 	<p>Board directorships (Past and Present)</p> <ul style="list-style-type: none"> • The Downtown Music Hub (DTMH) • The DaVinci Business School • South African Retailer's Association <p>Other committees or task teams</p> <ul style="list-style-type: none"> • FoodBev SETA Governance and Strategy Committee



Funeka Khumalo
Board member

Date appointed: 01.04.2020
Date resigned: n/a
No. of Board meetings attended from a total of 12: 11
Qualifications:

- Master of Business Administration
- BTech: Analytical Chemistry
- B.Sc: Chemistry

Board directorships (Past and Present)

- Kevali Chemical Group
- Historic Schools Restoration Project
- Yenzani Children's Home

Other committees or task teams

- FoodBev SETA Governance and Strategy Committee



Gugulethu Xaba ***
Board member

Date appointed: 01.04.2020
Date resigned: n/a
No. of Board meetings attended from a total of 12: 12
Qualifications:

- Master of Management
- BTech: Quality Advanced Programme
- ND: Electrical Engineering
- Diploma: Project Management

Board directorships (Past and Present)

- Adamo Holdings (Pty) Ltd
- Adamopix (Pty) Limited
- Lighthouse Economic Development Institution
- Global Business Confederation

Other committees or task teams

- FoodBev SETA EXCO



Mapule Ncanywa
Board member

Date appointed: 01.04.2020
Date resigned: n/a
No. of Board meetings attended from a total of 12: 8
Qualifications:

- BA

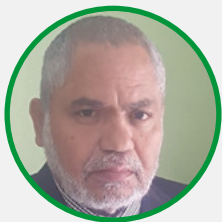
Board directorships (Past and Present)

- SEDTA Technology Transfer Assistance – Advisory Panel
- Tshwane University of Technology Institute for Future of Work – Adjudication Panel

- International Council of Beverages Associations
- SARS Beverage Industry Committee
- BEVSA EXCO Transformation and Technical Committee

Other committees or task teams

- FoodBev SETA Governance and Strategy Committee
- FoodBev SETA EXCO
- FoodBev SETA Finance and Remuneration Committee



Mark Oliver **
Board member

Date appointed: 01.04.2020
Date resigned: n/a
No. of Board meetings attended from a total of 12: 11
Qualifications:

- Diploma: Warehouse Management

Board directorships (Past and Present)

- None

Other committees or task teams

- FoodBev SETA Governance and Strategy Committee
- FoodBev SETA Audit and Risk Committee



Richard Hutton
Board member

Date appointed: 01.04.2020
Date resigned: n/a
No. of Board meetings attended from a total of 12: 10
Qualifications:

- BCom: Labour Relations and Human Resources (Honours)
- BTech: Human Resources Management
- ND: Human Resources Management

Board directorships (Past and Present)

- Woodlands Dairy (Pty) Ltd Executive Committee
- Milk South Africa Advisory Committee - Skills and Knowledge Development
- Milk South Africa Sub-Committee: Skills Development Secondary Industry Sector

Other committees or task teams

- FoodBev SETA Finance and Remuneration Committee



Nqobile Tshabangu

Board member

Date appointed: 01.04.2020

Date resigned: n/a

No. of Board meetings
attended from a total of 12: 3**Qualifications:**

- Master of Arts: Industrial Sociology
- Advanced Labour Law Programme
- Diploma: Human Resources Management

Board directorships (Past and Present)

- None

Other committees or task teams

- FoodBev SETA Governance and Strategy
- FoodBev SETA Finance and Remuneration Committee



Nthabe Zondo **

Board member

Date appointed: 01.04.2020

Date resigned: n/a

No. of Board meetings
attended from a total of 12: 12**Qualifications:**

- Master of Science in International Marketing Management
- BBA: International Tourism and Hospitality, and International Relations and Diplomacy

Board directorships (Past and Present)

- Gauteng Film Commission Board
- Gauteng Film HR & Ethics Committee
- Bumbles Babies (Pty) Ltd – Director
- Msebe Foods (Pty) Ltd – Director
- Msebe Engineering – Non-Executive Director
- Nthabe Maqache Holdings – Director

Other committees or task teams

- FoodBev SETA Audit and Risk Committee
- FoodBev SETA Finance and Remuneration Committee



Sthembile Mzizi ***

Board member

Date appointed: 01.04.2020

Date resigned: n/a

No. of Board meetings
attended from a total of 12: 12**Qualifications:**

- Matric

Board directorships (Past and Present)

- None

Other committees or task teams

- FoodBev SETA Finance and Remuneration Committee



Thulisile Njapa Mashanda

Board member

Date appointed: 01.04.2020

Date resigned: n/a

No. of Board meetings
attended from a total of 12: 12**Qualifications:**

- Chartered Accountant (SA)
- Certificate: Theory in Accounting
- BA: Accounting Studies (Honours)

Board directorships (Past and Present)

- Landbank • MERSETA • Ithuba
- National Energy Regulator of South Africa (NERSA)
- South African Council for Natural Scientific Professions (SACNASP)
- Metal Industries Benefit Funds Administrators (MIBFA)
- Audit Committee Member of the Presidency

Other committees or task teams

- FoodBev SETA Audit and Risk Committee



Trevor Van Wyk

Board member

Date appointed: 01.04.2020

Date resigned: n/a

No. of Board meetings
attended from a total of 12: 10**Qualifications:**

- BCom: Business Management (Honours)

Board directorships (Past and Present):

- IPM Board

Other committees or task teams:

- FoodBev SETA Governance and Strategy Committee

The Board convened 12 meetings which include:

- a) Quarterly meetings plus one (1) meeting continuation
- b) Three (3) special meetings
- c) One (1) strategic planning workshop
- d) One (1) board performance review action plan workshop
- e) One (1) AGM
- f) One (1) annual risk assessment workshop

4.5 Board Sub-Committees

Table 19: Board sub-committees

Committee	No. of members	No. of meetings held	No. of meetings attended	Name of members
Executive Committee (EXCO)	5	8	8	Alan Campbell*
			7	Anna Pholoana
			8	Atwell Nazo
			8	Gugulethu Xaba
			8	Mapule Ncanywa
Governance and Strategy Committee (GSC)	5	7	7	Trevor Van Wyk*
			5	Ezra Ndwandwe
			7	Funeka Khumalo
			7	Mark Oliver
			3	Nqobile Tshabangu
Finance and Remuneration Committee (FRC)	4	11	11	Richard Hutton*
			9	Nqobile Tshabangu
			11	Nthabe Zondo
			9	Sthembile Mzizi
			n/a	Vacant
Audit and Risk Committee (ARC)	5	9	9	Tracy Randall*
			9	Fana Mkwanaazi
			9	Tom Tshitangano
			9	Mark Oliver
			6	Thulisile Njapa Mashanda

*Chairperson

The meetings listed above are as follows:

- a) EXCO held four (4) quarterly meetings and four (4) special meetings
- b) GSC held four (4) quarterly meetings and three (3) special meetings
- c) FRC held four (4) quarterly meetings, three (3) special meetings, and four (4) combined meetings with ARC
- d) ARC held four (4) quarterly meetings, one (1) special meeting, and four (4) combined meetings with FRC
- e) ARC Chairperson may be invited to Board meetings and other relevant special Board meetings
- f) Independent ARC members were invited to the AGM.

4.6 Board Training

The FoodBev SETA Constitution stipulates that it is vital for members to receive training on an ongoing basis to enhance their understanding of the operations of the Accounting Authority and matters relevant thereto. The training activities for the year under review are detailed below.

POPIA Training - The Board attended a remunerated Masterclass on the Protection of Personal Information Act (POPIA) for Directors facilitated by the Institute of Directors of South Africa (IoDSA), where 11 of the 14 Board members attended and all the independent Audit and Risk Committee members. Considering that POPIA went into effect on 01 July 2021, the Board received the appropriate training required to make decisions about legislation compliance confidently.

Media Training - The Board participated in a remunerated media training facilitated by the SETA's PR company and was attended by 11 of the 14 Board members. Participants developed a messaging blueprint that helps with future engagements with the media by honing messages, overseeing interviews, and allowing to create a point of reference for future communications.

Personal Development - five (5) Board members and two (2) Audit and Risk Committee members attended personal development training through the Institute of Directors of South Africa (IoDSA) in the following modules:

- a) Being a Director Part 1 to 5
- b) Mastering Board Leadership
- c) Improving Governance in the Public Sector
- d) Director's Diligence vs Delinquency
- e) Technology governance
- f) Governance of Ethics
- g) JSE AltX Director Induction Programme

4.7 Board Performance Evaluation

As recommended by the King IV Code of Corporate Governance, formal evaluations should be conducted every two years. A performance evaluation of SETA's Board and committees was carried out by the IoDSA based on accepted sound corporate governance principles and practices. The evaluation reports indicated that the FoodBev SETA Board is performing at a level of 4.4/5, higher than the public sector benchmark of 3.7. After reviewing the reports, the Board convened a workshop where the members discussed the evaluation results and developed an action plan to address the identified gaps and areas for improvement. The action plan is currently being implemented.

4.8 Remuneration of Board members

Board members are remunerated based on the National Treasury directive, where the fees are reviewed annually. No increases were granted during the year under review due to cost containment measures by the Minister of Finance. The current value-added tax (VAT) law requires non-executive directors (NEDs) of companies to register for and charge VAT in respect of any director's fees earned for services rendered as a NED. The value of the payments must, however, exceed the compulsory VAT registration threshold of R1m in any consecutive 12-month period. All fees to NEDs were below the threshold.

Table 20: Board Members' remuneration in (R'000)

No	Board Member Name	Gross Amount
1.	Alan Campbell**	351
2.	Anna Pholoana	140
3.	Atwell Nazo**	192
4.	Ezra Ndwandwe	144
5.	Gugulethu Xaba***	175
6.	Funeka Khumalo	137
7.	Sthembile Mzizi***	191
8.	Thuli Njapa Mashanda	129
9.	Mark Oliver**	230
10.	Mapule Ncanywa	111
11.	Nqobile Tshabangu	102
12.	Nthabe Zondo**	197
13.	Richard Hutton	166
14.	Trevor Van Wyk	134
Total		2 399
No	Audit Committee Independent Member	Gross Amount
1.	Tracy Randall	150
2.	Tom Tshitangano	91
3.	Fana Mkwanazi	72
Total		313
Grand total		2 712

** The Board Chairperson (A Campbell) and select Board members (M Oliver, N Zondo, A Nazo) were delegated to go on paid international trips to Germany, France, and India as part of the GIBS Project Immersions between February to April 2022.

*** Two (2) Board members (G Xaba and S Mzizi) were delegated to attend the World Skills Competition in Namibia for a week between March to April 2022.



5. RISK MANAGEMENT

FoodBev SETA developed its 2021/22 Strategic Risk Register, which identified eight (8) strategic risks and 39 control improvement plans to manage the organisation's strategic risks. As of 31 March 2022, 82% of the control improvement plans were fully implemented, and 18% were reported as partially implemented. We are in the advanced stages of implementing partially implemented control improvement plans and will monitor their progress in the operational risk register in the coming year.

Table 21: SETA strategic risks identified in 2021/22

Strategic Risk No.	Risk Description (High-level definition)	Residual Rating	Assessment Level
1	Misalignment of Sector Skills Plan (SSP)/ organisational strategy versus sector needs/ government priorities	13	Medium
2	Grant administration inefficiencies	15	High
3	Vulnerability and inadequate and/ or irrelevant career and vocational guidance in the sector governance and infrastructure	6	Medium
4	Supply chain management inefficiencies	6	Medium
5	Inadequate Information and Communication Technology (ICT) governance and infrastructure	15	High
6	Ineffective corporate and risk governance	5	Low
7	Shortage/ non-retention of critical skills within the organisation	5	Low
8	Threat to sustainability and business continuity	6	Medium

In September 2021, the Accounting Authority approved FoodBev SETA's reviewed and updated Risk Management strategy and policy, respectively. The risk management strategy provides a high-level plan on how FoodBev SETA will implement its overall risk management process. The risk management policy articulates FoodBev SETA's risk management philosophy and confirms that a comprehensive and holistic approach is adopted in managing the organisation's risks.

The Fraud, Risk and Compliance Management Committee of FoodBev SETA is composed of Senior Management, and the Internal Audit function is a standing invitee to the meetings of the committee. In addition to reporting on overall risk management, the Fraud, Risk and Compliance Management Committee reports on the progress of control improvement plans to mitigate identified risks to the Audit and Risk Committee.

The Committee convenes quarterly and is responsible for regularly assessing the organisation's strategic and operational risks and the fraud assessment and compliance risks. Emerging risks are identified and closely monitored. The Committee is responsible for interrogating the effectiveness and implementation of the risk management strategy and policy.

The FoodBev SETA conducted a Risk Maturity Assessment in December 2021 to determine the degree to which the organisation was experienced and advanced in executing risk management. The Risk Maturity Assessment determined that FoodBev SETA's Enterprise Risk Management (ERM) is basic but has some advanced ERM practices. FoodBev SETA received a score of 63, which is 84% on a scale of 75. The outcome of the Risk Maturity Assessment shows that the organisation has considerably improved its risk management systems and has established a risk culture. Moreover, the report confirms FoodBev SETA's effectiveness in managing enterprise risks.

6. INTERNAL AUDIT FUNCTION

FoodBev SETA outsourced its internal audit function to OMA Chartered Accountants Inc., which significantly improved the control environment of the SETA. Using the Internal Audit Plan 2021/22, approved by FoodBev SETA's Audit and Risk Committee, OMA conducted an internal audit for the year ended 31 March 2022. The Internal Audit Plan was developed after considering the SETA's top strategic risks identified by management.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

7.1 Key activities and objectives of the internal audit

Internal audit is responsible for conducting its work by the International Standards for the Professional Practice of Internal Auditing (Standards/ISPPIA) established by the Institute for Internal Auditors (IIA). The IIA's Practice Advisories, Practice Guides, and Position Papers are adhered to in guiding operations.

Internal audit undertakes a continuous function in measuring, evaluating, and reporting on the effectiveness of systems and processes, their economy of application and efficiency in meeting the organisation's objectives. The internal auditors will perform their duties with strict and absolute accountability for the safekeeping and confidentiality of the FoodBev SETA's information.

Internal audit is responsible for assessing whether FoodBev SETA's risk management, control, and governance processes, as designed and represented by management, are adequate and functioning to ensure:

- a) Risks are appropriately identified and managed.
- b) Significant financial, managerial, and operating information is accurate, reliable, and timely.

- c) Employees' actions comply with policies, standards, procedures and applicable laws and regulations.
- d) Resources are acquired economically, used efficiently, and are adequately protected.
- e) Programmes, plans and objectives are achieved.
- f) Quality and continuous improvement are fostered in FoodBev SETA's control processes.
- g) Significant legislative and regulatory issues impacting FoodBev SETA are recognised and addressed appropriately.

7.1.1 The objectives of internal control are to ensure:

- a) Reliability and integrity of information.
- b) Compliance with policies, plans, procedures, laws, and regulations.
- c) Safeguarding of assets.
- d) Economic and efficient use of resources; and
- e) Establish objectives and goals for operations or programmes.

7.2 Key activities and objectives of the Audit and Risk Committee

The Audit and Risk Committee assists the Board in assuming the following fundamental responsibilities:

- a) Foster and improve open communication and contact with relevant stakeholders in FoodBev SETA (monitor management process).
- b) Ensure all stakeholder interests are considered in the management of the operations.
- c) Ensure adequate processes to assess FoodBev SETA's risks and control environment.
- d) Ensure management has implemented policies and procedures to identify and appropriately manage these risks through an effective internal control system.
- e) Ensure oversight of the financial reporting process.
- f) Review financial statements and appropriateness of accounting policies and significant transactions/estimates.
- g) Ensure the evaluation of the internal and external audit process.
- h) Ensure the internal and external audit is appropriate, risk-based, and coordinated to prevent duplication of audit efforts. That assurance provided to the Audit and Risk Committee is maximised.
- i) Ensure the review of the quarterly performance of the table includes relevant information on the Audit and Risk Committee members.

Table 22: Audit and Risk Committee members

Member Name	Qualifications	Internal or external	If the internal, position in the public entity	Date appointed	Date resigned	No. of meetings attended from a total of 9
Tracy Randall	Bachelor's in Accounting Science	External	n/a	01.09.2016	n/a	9
Fana Mkwanazi	Chartered Accountant (SA)	External	n/a	11.12.2018	n/a	9
Tom Tshitangano*	Master's of Commerce in Development Finance	External	n/a	01.09.2016	n/a	9
Mark Oliver	Bachelor of Commerce Business Management	Board Member	n/a	01.04.2020	n/a	9
Thulisile Njapa Mashanda	Chartered Accountant (SA)	Board Member	n/a	01.04.2020	n/a	6

*Tom Tshitangano also serves on the internal ICT Steering Committee



8. COMPLIANCE WITH LAWS AND REGULATIONS

All FoodBev SETA decision-making processes are guided by compliance with applicable laws and governance prescripts, which remains a consideration in all decision-making processes.

In achieving effective Regulatory Compliance Management, FoodBev SETA has developed a consolidated compliance universe that provides a comprehensive picture of compliance within the organisation. The Fraud, Risk and Compliance Management Committee monitor the compliance universe.

FoodBev SETA currently reports on 15 pieces of legislation that are relevant and applicable to the organisation. The organisation also reports compliance against other applicable governance prescripts such as its Constitution. FoodBev SETA is fully compliant with 12 pieces of legislation (80%), and the remaining 20% are partial compliance areas such as the National Archives & Records Services Act.

9. FRAUD AND CORRUPTION

A zero-tolerance policy on fraud and corruption has been implemented by FoodBev SETA to foster good corporate governance and embed a culture of honesty and integrity. FoodBev SETA has a Fraud and Corruption Prevention Strategy and Policy. The Strategy promotes ethical conduct, combating fraud, corruption, theft, maladministration, and other acts of misconduct. The Policy articulates FoodBev SETA's philosophy on the prevention and detection of fraud and corruption and establishes procedures and guidelines for testing and investigating suspected fraud.

In line with its strategy, FoodBev SETA has an annual Fraud and Corruption Prevention Plan monitored by the Fraud, Risk and Compliance Management Committee. As of 31 March 2022, all planned activities for the 2021/22 Plan had been implemented. FoodBev SETA has a dedicated tip-off hotline platform that Deloitte manages. Both internal and external stakeholders can use this hotline to report suspected fraud, corruption, or other impropriety. Reports of misconduct are investigated, escalated to the Audit and Risk

Committee and the Accounting Authority, and resolutions are implemented. A whistleblowing policy outlines how FoodBev SETA can be contacted for disclosures or other incidents, in addition to the hotline.

FoodBev SETA also has a Loss Control Function, mandated to analyse the root cause of transactions that give rise to non-compliance and address issues relating to financial misconduct and mismanagement. The Board, Committees, and Management continue to subscribe to good corporate governance in leading ethically and honestly and setting a tone for an ethical organisational culture. All employees are trained and educated annually on corruption and fraud prevention, ethics, and ethical behaviour to ensure that FoodBev SETA is committed to integrity and ethical behaviour. Training and awareness for employees were conducted in September 2021.

10. MINIMISING CONFLICT OF INTEREST

At the beginning of each financial year, FoodBev SETA requires all employees to declare their interests by completing the declaration of interest forms. New employees must declare their interests at the beginning of their employment. The Human Resources department maintains a Gift Register where employees must disclose gifts from stakeholders and service providers.

Furthermore, members of the Supply Chain Management Bid Committees (evaluation, adjudication, and award) and Grants Committees (compliance, evaluation, adjudication, and award) must complete and sign a declaration of interest form before the commencement of meetings. The Recruitment and Selection Panel members follow the same principle and complete declaration of interest forms before the interview process of each interview candidate. Where interest is declared, the affected member is requested to recuse themselves when the item is discussed. As of 31 March 2022, 100% of all declaration of interest forms have been submitted.

Over and above the completion of declaration of interest forms, FoodBev SETA also conducts credibility checks for its Supply Chain Management officials, Bid Committee members and Grant Committee members.

11. CODE OF CONDUCT

FoodBev SETA has a Code of Conduct policy and procedure. All employees are required to comply with the provisions of the Code of Conduct. The Code of Conduct reflects FoodBev SETA's zero-tolerance policy toward fraud and corruption. In terms of the Code, employees must declare interest, promoting accountability and transparency annually.

The Human Resources department ensures that new employees are informed and well acquainted with the Code of Conduct during the induction programme. Training and awareness of the

Code are also continuously promoted to existing employees.

During the year, FoodBev SETA developed an Employee Conduct Pledge, where employees undertake and commit to serving the organisation and its stakeholders with respect, dignity, and ethics. The Pledge reinforces FoodBev SETA's commitment to good governance and highlights the organisation's core values, including integrity and accountability. Employees sign the pledge annually, and new employees are informed about it when they are inducted.

12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

FoodBev SETA recognises that its employees' well-being is a prerequisite for the organisation's performance and success. The Occupational Health and Safety Committee was established last year following Occupational Health and Safety policy. Committee members received extensive training to ensure that FoodBev SETA adheres to the OHS Act and other relevant regulations.

During the financial year, FoodBev SETA moved to its new office building. Before the move, the landlord conducted a risk assessment of the building and assured that the building was safe for occupation. After the landlord's risk assessment, the committee conducted a walk-about where it inspected FoodBev SETA's new office to ensure that the building was safe and conducive for day-to-day operations. Overall, the committee found that the building was reasonably safe. However, recommendations for improvement were presented by the committee, and these will be implemented in the new financial year.

Covid-19 Matters

FoodBev SETA maintains a Covid-19 Task Team that ensures the organisation is compliant with relevant regulations and the Code of Practices issued by the Department of Employment and Labour. The FoodBev SETA ensures that its offices are deep cleaned and fumigated monthly as part of its commitment to employee safety. Hand sanitisers and medical wipes are also provided to employees. The OHS Committee and Covid-19 Task Team work together to maintain employees' overall health and safety in the office environment.



13. AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2022.

Audit and Risk Committee Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 78 of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit and Risk Committee adopted appropriate formal terms of reference as its Audit Committee Charter and has regulated its affairs in compliance with this charter. The committee has discharged all its responsibilities therein, except that it has 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 in the public entity, revealed specific weaknesses. These were raised with the public entity and have been or are in the process of being addressed. During the 2021/22 financial year, the Audit and Risk Committee:

- a) Reviewed the effectiveness of internal control systems by approving the Internal Audit Plan and Internal Audit Charter and reviewed internal audit reports every quarter.
- b) Assessed the adequacy, reliability, and accuracy of financial information provided by management.
- c) Reviewed the internal audit function's effectiveness and thoroughly assessed the quality of reports submitted to the committee.
- d) Reviewed the SETA's processes for compliance and legal and regulatory provisions.
- e) Reviewed the SETA's processes for risk management and ethics management.
- f) Reviewed the organisation's finance function's expertise, resources, and experience.
- g) Reviewed and, where appropriate, recommended changes to the Annual Financial Statements as presented by the SETA for the year ended 31 March 2022.
- h) Reviewed the accounting policies and practices reported in the Annual Financial Statements and confirmed that these were appropriate.
- i) Reviewed the information of the predetermined objectives as reported in the Annual Report.
- j) Reviewed the AGSA's Management Report and management's response thereto.
- k) Reviewed adjustments resulting from the audit of the SETA.
- l) Provided a communication channel between the Accounting Authority and management, internal auditors, and external auditors.
- m) Ensured that a combined assurance model was applied to provide a coordinated approach to all assurance activities and ensured that it appropriately addressed all significant risks the organisation faced.



The Audit and Risk Committee ensured that the organisation's internal audit function was independent and had the necessary resources and authority to discharge its duties. Having considered, analysed, and reviewed the information provided by management, internal audit, external auditors, and the risk committee of management, the Audit and Risk Committee confirms that:

- a) The internal controls of the organisation were effective in most material aspects throughout the period under review.
- b) Appropriate policies supported by reasonable and prudent judgement and statements were applied.
- c) Adequate and effective controls are in place to safeguard assets.
- d) The financial statements comply, in all material respects, with the relevant provisions of the PFMA of 1999 and GRAP.
- e) The skills, independence, audit plan, reporting, and overall performance of the external auditors were acceptable.
- f) Adequate skills, knowledge and expertise exist in the organisation's finance function.

The Audit and Risk Committee is happy to note the external auditor's report relating to the fair representation of the Annual Financial Statements and the usefulness and reliability of the performance information prepared by the SETA. The committee further notes the auditor's findings highlighted in the report relating to material misstatements corrected within the Annual Financial Statements and performance information. The Audit and Risk Committee concurs and accepts the conclusion of the Auditor General on the Annual Financial Statements and performance information and believes that the Annual Financial Statements and performance information be accepted and read together with the report of the Auditor-General.



Ms Tracy Randall

Chairperson of the Audit and Risk Committee

Date: 31 July 2022



14. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed following compliance with the B-BBEE requirements of the B-BBEE Act of 2013 and as determined by the Department of Trade and Industry.

Table 23: B-BBEE compliance

Has the SETA applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) regarding the following?		
Criteria	Response: Yes / No	What measures have been taken to comply?
Determining qualification criteria for issuing licenses, concessions, or other authorisations concerning economic activity in terms of any law?	No	n/a
Developing and implementing a preferential procurement policy?	Yes	The SETA has developed a B-BBEE Policy and strategy that guides preferencing applied in procurement activities.
Determining qualification criteria for the sale of state-owned enterprises?	No	n/a
Developing criteria for entering partnerships with the private sector?	Yes	Partnerships or special projects with the public or private sector are governed by a grant funding policy.
Determining criteria for awarding incentives, grants, and investment schemes in support of Broad-based Black Economic Empowerment?	Yes	FoodBev SETA considers equity imperative when evaluating and awarding discretionary grants, strategic partnerships, and supplier bids or RFQs.



PART D

HUMAN RESOURCES MANAGEMENT

ANNUAL REPORT FINANCIAL YEAR 2021/2022

1. INTRODUCTION

The Human Resources (HR) Department's primary objective is to assist FoodBev SETA in achieving its strategic objectives and ensure that the organisation's employees provide stakeholders with exceptional service. In providing strategic support to the organisation, HR is committed to fostering a positive and engaging work environment while identifying and responding to the changing needs of our diverse organisation.

1.1 Overview of Human Resources matters

The HR department has conducted several activities per the approved HR plan. The plan addresses the HR processes, policies, methods, systems, and procedures required to attract, develop, retain, reward, and manage human resources to achieve organisational goals.

The reporting period focused on addressing four (4) pillars identified in the HR Plan, centred on providing an overall employee value chain and proposition towards attaining the SETA strategic objectives. These pillars are briefly summarised below:

Table 24: HR Plan four (4) pillars identified

Pillars	Objective	Status and Comments
One (1)	Workforce Alignment and Strategic Employee Engagement are aimed at creating a pool of suitably competent and high-performing employees that are eligible to fill vacant positions which may require specific scarce, critical, and high-risk skills including leadership positions.	<ul style="list-style-type: none"> 18 roles were profiled and graded to determine the relative value and aid the recruitment process to fill the vacant positions. 20 permanent positions were recruited and filled to ensure an adequate supply of human capacity. Over and above this, 11 fixed-term employees were recruited. Two (2) internal transfers were facilitated and finalised to create employee mobility to identify hidden skills. FoodBev SETA placed eleven graduate interns of which, six (6) were placed externally in three (3) TVET Colleges and five (5) placed among various internal departments. A vacancy rate of 6% is recorded at the end of the financial period, which falls below the trend of 10%. The SETA's employment profile is largely represented by Africans at 90%, Whites and Coloureds at 2%. The remaining 8% comprises foreign nationals. People with disabilities make up more than 4% of the FoodBev SETA's workforce. The 50/50 target for gender representation of males and females has not been achieved as males are under-represented by 6% in the reporting quarter. The 2023 Employment Equity Plan is being developed and will be submitted to the Department of Employment by 15 January 2022. To ensure that the SETA fully complies with relevant labour prescripts, the following six (6) Human Resources policies and procedures were reviewed, developed, and approved in line with the policy register: <ol style="list-style-type: none"> Talent, Succession Management, and Employee Retention policy. Performance Management and Development policy. Remuneration Policy. Acting Policy. Training and Development policy; and Recruitment and Selection Policy.

Pillars	Objective	Status and Comments
Two (2)	Employee Management and Development - to develop and foster a talent pool through attracting highly skilled employees, on-boarding/ Induction, and developing and retaining current employees.	<ul style="list-style-type: none"> • HR reviewed and developed eighteen job profiles for new positions as part of phase II structure implementation. • Recruiting and filling positions sped up as HR facilitated inter-departmental transfers and accelerated the recruitment of interns. • According to the approved training plan, various training and development interventions were conducted during this financial year. 85% of staff attended at least three (3) training interventions to close identified skills gaps. • The Inter-SETA transfer from FASSET to ETDP-SETA was finalised during the 2021/22 financial year, and FoodBev SETA is now officially reporting to ETDP SETA. • The newly appointed Manager: Human Resources was appointed as FoodBev SETA Skilled Development Facilitator and registered ETDP SETA. • Eight (8) Senior management and management employees attended and completed the Management and Executive Development Programmes facilitated by ETDP SETA. • Fourteen study bursaries were awarded to SETA employees during the reporting period. • All newly appointed employees successfully underwent an Induction and On-boarding Programme. • All employees fully participated in the performance management system, and as of 31 March 2022, the overall submission of performance plans and midterm reviews is 100%.
Three (3)	Constructive workplace relationship management focus on promoting and fostering a healthy, conducive employee relations climate.	<ul style="list-style-type: none"> • The employee satisfaction survey recommendations were fully implemented. • Two (2) staff engagement sessions and five (5) union meetings were held. These engagements aim to: <ol style="list-style-type: none"> a) Enable an open culture and an environment that fosters trust, respect, and inclusion of diverse ideas. b) Ensures that management interacts equally with employees to avoid favouritism and distortion. c) Provide employees with timeous information and feedback through internal communication channels. d) Encouraging feedback and exchange of ideas with the employees. e) Resolving labour disputes and issues at the lowest possible level promotes a healthy employee relations climate.
Four (4)	Employee health and well-being focussed on Employee Work-Life Balance and Occupational Health and Safety.	<ol style="list-style-type: none"> a) Human Resources facilitated the appointment of the Occupational Health and Safety Committee. b) The SETA is committed to motivating its employees and providing holistic care for employees to work in a healthy and productive atmosphere. Employees and their immediate family members can access financial assistance, mental health services, lifestyle management counselling, and all wellness-related information through ICAS, the official Employee Wellness service provider. 23 cases were reported to ICAS by employees, and six (6) awareness sessions were held with staff. No high-risk cases were reported. c) Internal communication activities such as email updates, posters, information seminars, staff training, and induction for newly recruited employees increase programme use. Employees are well informed about the benefits available and may contact the service via email, the ICAS website, a toll-free phone number, or an SMS line.

1.2 Highlight achievements

The following achievements were recorded during the reporting period:

1.2.1 Implementation of the organisational re-alignment process

The organisational structure enhancement process was implemented with 0% labour-related issues.

1.2.2 Implementation of the second phase of the organisational structure

The implementation of FoodBev SETA's new structure was staggered in three (3) phases. The first phase was implemented in the previous financial year, and the implementation of phase 2 was undertaken in the new financial year. As part of phase 2, the organisation was required to recruit and fill 26 positions. Out of the 26 positions, 20 were successfully recruited and filled. The remaining six positions will be rolled over to the phase 3 recruitment process for the General Manager: Operation and support staff, Regional Coordinators and Risk and Compliance Officer.

1.2.3 Automation of the HR Processes

Human Resources prioritised the automation of high-risk processes, including the management of leave, payroll, and employee self-service portals. The remaining HR processes will be implemented in line with the organisation-wide ERP rollout.

1.2.4 Implementation of the performance management system

The performance management system is fully rolled out. All employees completed their Performance Management Plans, conducted mid-year reviews, and are preparing for annual performance reviews.

1.2.5 Implementation of the training plans

Despite the disruptions that were caused by the Covid-19 pandemic, Human Resources implemented 90% of the personal development plans.

1.3 Challenges faced by the public entity

The following are the challenges encountered by the Human Resources department:

1.3.1 Employment Equity

FoodBev SETA's Employment Equity is profiled according to gender, disability, race, salary grade, and occupational levels. The employment equity targets were aligned to the country's Economically Active Population (EAP) percentage distribution within Gauteng.

During the last two (2) fiscal years, FoodBev SETA has not successfully maintained a well-presented profile. However, current initiatives and actions have put the SETA in a better position than in previous years. The ongoing measure will be adopted since HR is dedicated to tackling racial under-representation in the workforce.

1.3.2 Implementation of the Talent, Succession Management, and Employee Retention policy

The implementation of the Talent, Succession Management, and Employee Retention policy was delayed due to key senior management and middle management positions being vacant. Considering that these key positions have now been filled as part of the phase 2 recruitment process, the implementation of the policy will commence in the new financial year when a talent pool comprising of high-performing employees will be identified. These employees will be developed to meet the skill and competency requirements of critical and strategic positions in the organisation.

1.3.3 Change Management

A change management programme must post the structure review and enhancement process across the organisation. Managing change programmes involves working with the staff and communications implications carefully to ensure that employees are treated fairly, and organisational objectives are met whilst retaining a sound employee relations reputation internally and externally.

1.3.4 Implementation of employee recognition incentives and rewards

Human Resources commenced the implementation of employee recognition incentives and rewards through the recognition of employee Long Service Awards and employee birthdays. This system was, however, not fully implemented as the “*employee of the month*” programme will only commence in the new financial year.

1.3.5 Corporate Social Responsibility

Due to the impact of Covid-19, FoodBev SETA could not implement its 2020/21 Corporate Social Responsibility initiative. This process will be rolled over to the new financial year, pending the easing of lockdown restrictions.

1.3.6 B-BBEE – Skills Development

FoodBev SETA underwent a B-BBEE verification process for the 2020/21 FY. The SETA scored against four (4) B-BBEE elements. The element that is relevant to Human Resources is “Skills Development.” FoodBev SETA scored 12.72 out of 30 (42.4%) for Skills Development. As a result of the following actions taken by HR, FoodBev SETA will earn additional points going forward under Skills Development:

- a) The SETA’s graduate interns have registered with the relevant SETA that FoodBev SETA pays levies to, and learner agreements are in place.
- b) The SETA should absorb some of the interns or work graduates that they have provided the experience, especially in the administrator positions.
- c) FoodBev SETA must prioritise the implementation of the YES programme, and
- d) All internal training (by all departments) is formalised and recorded.

1.4 Future HR plans/goals

In line with its HR Plan, Human Resources has identified the following future goals:

- a) Aligned to the Talent Acquisition Plan, HR will complete the remaining six (6) phase 2 roles and commence the phase 3 recruitment process to fulfil the immediate capacity building needs for the fiscal year 2022/2023.
- b) Implement an employee incentive and recognition programme to enhance corporate values, improve team efforts, increase customer satisfaction, and encourage employee behaviours.
- c) Develop and implement an employee wellness strategy aimed at increasing employee engagement. Employee engagement is a vital component of company success, and high levels of engagement help to retain employees, generate consumer loyalty, and improve organisational performance.
- d) Conduct assessments based on methods for retaining talent in the pipeline by identifying important job skills, knowledge, social ties, and organisational practices. Transfer them to train the next generation of workers, assuring talent movement throughout the business. The assessment will seek to uncover attributes like trainability, personality fit, and leadership fit. The results will form part of the ATR.



2. HUMAN RESOURCE OVERSIGHT STATISTICS

2.1 Personnel cost by salary band

Table 25: Salary bands and expenditure in (R'000)

Occupational level	No. of employees	Personnel expenditure in (R'000)	% Of total personnel cost	Average cost per employee (R'000)
Top Management	2	4 573	12%	2 287
Senior Management	7	7 002	19%	1 000
Middle Management	14	10 793	28%	771
Skilled Technical	19	9 755	25%	513
Semi-skilled	25	6 242	16%	250
Unskilled	2	382	0%	191
Total	69*	38 747	100%	562
Graduate Interns	5	89	0%	18
Grand Total	74	38 836	100%	525

*The total numbers reported above are inclusive of employees that have left the SETA before 31 March 2022, given that a pro-rated compensation was paid.

2.2 Performance rewards

Table 26: Performance rewards per occupational level in (R'000)

Occupational level	No. of eligible employees	Performance rewards (R'000)	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost
Top Management	2	417	4 573	9%
Senior Management	2	274	7 002	4%
Professional qualified	9	623	10 793	6%
Skilled	15	654	9 755	7%
Semi-skilled	14	413	6 242	7%
Unskilled	2	30	382	8%
Total	44	2 411	38 747	6%

The table above excludes Graduate Interns.

2.3 Training and Development

Employee training and development played an important part in human capital management during the year under review. As at 31 March 2022, a total of 51 employees were capacitated and provided with opportunities to acquire and develop their skills and competencies.

Table 27: Training costs per occupational level in (R'000)

Occupational level	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	No. of employees trained	Average training cost per employee
Top Management	4 573	22	1%	2	11
Senior Management	7 002	180	1%	4	45
Professional qualified	10 793	140	1%	9	16
Skilled	9 755	428	4%	19	23
Semi-skilled	6 242	5	1%	15	-
Unskilled	382	6	2%	2	3
Total	38 747	781	2%	51	98

The table above excludes Graduate Interns.

2.4 Employment and vacancies

Table 28: Employees, posts, and vacancies per occupational level

Occupational level	No. of employees as at 31 March 2021	Approved posts as at 1 April 2021	No. of Employees as at 31 March 2022	No. of Vacancies as at 31 March 2022
Top Management	2	2	2	0
Senior Management	2	7	7	0
Professional qualified	8	15	13	2
Skilled	13	19	18	1
Semi-skilled	16	21	15	6
Unskilled	2	2	2	0
Total	43	66	57	9
Temporary Employees	0	0	11	0
Grand total	43	66	68	9

As of 31 March 2022, the SETA occupancy rate is at 103%, the high percentage is due to the additional temporary employees sourced to assist with backlog within the core departments while the recruitment of permanent positions was underway. The table above excludes Graduate Interns. In addition, nine (9) vacant positions were recorded.

2.5 Employment changes

Table 29: Changes in employment

Occupational level	Employment as at 1 April 2021	External Appointments	Internal Appointments	Terminations / End of contract	Employment at as 31 March 2022
Top Management	2	0	0	0	2
Senior Management	2	5	0	0	7
Professional qualified	8	5	2	2	13
Skilled	13	3	3	1	18
Semi-skilled	16	1	1	3	15
Unskilled	2	0	0	0	2
Total	43	14	6	6	57
Temporary Employees	3	11	0	3	11
Grand Total	46	25	6	9	68

The table above excludes Graduate Interns.

2.6 Reasons for employees leaving

Table 30: Employees leaving and reasons

Reason	Number	% Of the total number of employees leaving
Death	0	0
Resignation	1	11%
Dismissal	0	0
Retirement	0	0
Ill health	0	0
Expiry of contract	2	33%
Other**	6	56%
Total	9	100%

**The six (6) employees reported under the "Other" category, include internal staff movement. Human Resources had to terminate these employees from their old positions and re-appoint them in the new positions.

2.7 Labour Relations: Misconduct and disciplinary action

Table 31: Incidence of disciplinary action

Nature of disciplinary action	Number
Verbal recorded warning	0
Written warning	2
Final written warning	3
Dismissal	0
Grievances	0
Total	5

During the financial year, FoodBev SETA commenced with the disciplinary action for the employees that were implicated in the non-compliance finding that was reported by the Auditor General in the 2019/20 financial year. The implicated employees who were found guilty were issued final written warnings in line with the findings and recommendations of the independent chairperson.

2.8 Equity target and Employment Equity status

FoodBev SETA embarked on various affirmative action measures, as per the approved SETA Employment Equity Plan. The table below provides a perspective of the organisation's Employment Equity position.

Table 32: Employment equity profile

Occupational Level	Male				Female				Foreign National		Grand Total
	A	C	I	W	A	C	I	W	M	F	
Top Management	0	0	0	0	1	0	0	0	1	0	2
Senior Management	4	0	0	0	3	0	0	0	0	0	7
Professionally Qualified	3	1	0	1	7	0	0	0	0	1	13
Skilled Technically	11	0	0	0	6	0	0	0	0	1	18
Semi-Skilled	6	0	0	0	9	0	0	0	0	0	15
Unskilled	0	0	0	0	1	0	0	0	0	1	2
Total	24	1	0	1	27	0	0	0	1	3	57
Temporary Employees	1	0	0	0	9	0	0	0	1	0	11
Graduate Interns	1	0	0	0	4	0	0	0	0	0	5
Grand Total	26	1	0	1	40	0	0	0	2	3	73

2.9 Persons with Disability

Table 33: Profile of persons with disability

Occupational Level	Male				Female				Foreign National		Grand Total
	A	C	I	W	A	C	I	W	M	F	
Top Management	0	0	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0	0	0
Professionally Qualified	0	0	0	0	0	0	0	0	0	0	0
Skilled Technically	0	0	0	0	0	0	0	0	0	1	1
Semi-Skilled	1	0	0	0	0	0	0	0	0	0	1
Unskilled	0	0	0	0	0	0	0	0	0	0	0
Total	1	0	0	0	0	0	0	0	0	1	2
Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
Graduate Interns	0	0	0	0	0	0	0	0	0	0	0
Grand Total	1	0	0	0	0	0	0	0	0	1	2

The total number of employees reported against the employment equity target is 73, this figure excludes employees who left the SETA prior to 31 March 2022. It is important to note that due to staff movements, the figures reported to the Department of Labour on 15 January 2022 as part of the annual employment equity reporting will fluctuate slightly from the currently reported numbers.





PART E

FINANCIAL INFORMATION

ANNUAL REPORT FINANCIAL YEAR 2021/2022

INDEX

THE REPORTS AND STATEMENTS SET OUT BELOW COMPRISE
THE ANNUAL FINANCIAL STATEMENTS:

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Mr. A Campbell

Chairperson of Accounting Authority



Ms. N Selamolela

Chief Executive Officer

REPORT OF THE AUDITOR GENERAL TO PARLIAMENT

ON THE FOOD AND BEVERAGES MANUFACTURING
SECTOR EDUCATION AND TRAINING AUTHORITY

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Food and Beverages Manufacturing Sector Education and Training Authority set out on pages 82 to 122, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Food and Beverages Manufacturing Sector Education and Training Authority as at 31 March 2022, 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 97 of 1998 (SDA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the financial statements section of my report.
4. 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Accounting Authority for the financial statements

6. The Accounting Authority is responsible for the preparation and fair presentation of the financial statements in accordance with the standard of GRAP and the requirements of the PFMA and the SDA, and for such internal control as the Accounting Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the Accounting Authority is responsible for assessing the 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

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

Report on the audit of the annual performance report

Introduction and scope

10. In accordance with the Public Audit Act 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.
11. 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.



12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the public entity's annual performance report for the year ended 31 March 2022:

Programme	Pages in the annual performance report
Programmes 3 – learning programmes and projects	36 – 44

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
 - Programme 3 – learning programmes and projects.

Other matters

15. I draw attention to the matters below.

Achievement of planned targets

16. Refer to the annual performance report on pages 36 to 44 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets.

Adjustment of material misstatements

17. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of learning programme and projects. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

18. 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.
19. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

20. The annual financial statements submitted for audit were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1) (b) of the PFMA.
21. Material misstatements of operating lease commitments and related party disclosure notes identified by the auditors in the submitted financial statements were corrected, which resulted in the financial statements receiving an unqualified audit opinion.

Other information

22. The Accounting Authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programme presented in the annual performance report that have been specifically reported in this auditor's report.

23. 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.
24. 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.
25. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.
26. I have nothing to report in this regard.

Internal control deficiencies

27. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
28. Management did not ensure that effective preventative and review controls were in place. This resulted in material misstatements in the annual financial statements and annual performance report that were identified through the audit process.

Auditor-General

Pretoria

31 July 2022



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 Food and Beverages Manufacturing 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 the auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern.

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

Communication with those charged with governance

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

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2021/22 R'000	Restated 2020/21 R' 000
Revenue			
Non-Exchange Revenue			
Skills Development Levy: Income	3	432 466	283 850
Skills Development Levy: Interest and penalties	4	8 060	5 593
Other income	6	2 394	2 696
Total revenue from non-exchange transactions		442 920	292 139
Exchange Revenue			
Interest revenue	5	33 559	31 500
Total revenue		476 479	323 639
Expenditure			
Administrative employee related costs	8	(25 929)	(18 371)
Depreciation and amortisation	10&11	(1 328)	(1 190)
Lease rentals on operating lease	9	(4 803)	(2 389)
Debt Impairment	12	-	(5 174)
Grant and project expenses	7	(355 058)	(199 323)
Other administration expenses	8	(31 535)	(32 716)
Total expenditure		(418 653)	(259 163)
Surplus for the year		57 826	64 476

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Notes	2021/22 R'000	Restated 2020/21 R' 000
Assets			
Current Assets			
Trade and other receivables from non-exchange transactions	12	2 284	80
Trade and other receivables from exchange transactions	13	280	487
Inventory	14	91	46
Cash and cash equivalents	15	977 932	871 952
		980 587	872 565
Non-Current Assets			
Property, plant and equipment	10	4 966	2 539
Intangible assets	11	684	337
		5 650	2 875
Total Assets		986 237	875 440
Liabilities			
Current Liabilities			
Trade and other payables from non-exchange transactions	16	56 998	7 000
Trade and other payables from exchange transactions	17	6 355	4 968
Provisions	18	10 971	9 384
		74 324	21 353
Total Liabilities		74 324	21 353
Net Assets		911 913	854 087
Reserves			
Administration reserve		5 741	2 921
Discretionary grant reserve		906 012	850 202
Mandatory grant reserve		160	964
Total Net Assets		911 913	854 087

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2022

R'000	Administration reserve	Discretionary grant reserve	Mandatory grant reserve	Accumulated surplus	Total net assets
Opening balance at 01 April 2020	2 871	786 433	308	-	789 612
Surplus for the year	-	-	-	64 476	64 476
Allocation of unappropriated surplus	(22 567)	69 129	17 914	(64 476)	-
Excess reserves transferred to Discretionary reserve	22 618	(5 360)	(17 258)	-	-
Balance at 31 March 2021	2 921	850 202	964	-	854 087
Surplus for the year	-	-	-	57 826	57 826
Allocation of unappropriated surplus	(6 974)	39 965	24 835	(57 826)	-
Excess reserves transferred to Discretionary reserve	9 794	15 845	(25 639)	-	-
Balance at 31 March 2022	5 741	906 012	160	-	911 913
Note(s)	2				

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

R'000	Notes	2021/22	Restated 2020/21
Cash flows from operating activities			
Cash receipts from stakeholders			
Levies, interest, and penalties received		440 922	292 634
Interest income		33 559	31 500
		474 481	324 134
Cash paid to stakeholders, suppliers, and employees			
Grants and project payments		(290 367)	(195 161)
Compensation of employees		(38 836)	(32 081)
Payments to suppliers and other		(34 586)	(41 491)
		(363 790)	(268 733)
Net cash flows from operating activities	19	110 691	55 401
Cash flows from investing activities			
Purchase of property, plant, and equipment	10	(4 257)	(831)
Proceeds from disposal of assets		262	-
Purchase of intangible assets	11	(717)	(384)
Net cash flows from investing activities		(4 712)	(1 215)
Net increase/(decrease) in cash and cash equivalents		105 980	54 186
Cash and cash equivalents at the beginning of the year		871 952	817 767
Cash and cash equivalents at the end of the year	15	977 932	871 952

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

R'000	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Other income	-	-	-	2 394	2 394	29.1
Fines and penalties	-	6 956	6 956	8 060	1 104	29.2
Skills development levies - income	356 964	63 890	420 854	432 466	11 612	29.3
Interest received - investment	25 261	6 737	31 998	33 559	1 561	29.4
Retained funds	-	139 736	139 736	-	(139 736)	29.7
Total revenue including retained funds	382 225	217 319	599 544	476 479	(123 065)	
Expenses						
Administration expenses	(46 852)	(26 406)	(73 258)	(63 595)	9 663	29.5
Grant and project expenses	(335 373)	(190 913)	(526 286)	(355 058)	171 228	29.6
Total expenditure	(382 225)	(217 319)	(599 544)	(418 653)	180 891	
Surplus for the year	-	-	-	57 826	57 826	

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) including any interpretations, guidelines and directives issued by the Accounting Standards Board. The implementation of the new GRAP standards has not resulted in any change in accounting policy.

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

1.1 Basis of preparation

The Annual Financial Statements (AFS) have been prepared on the historical cost basis except where adjusted for fair values as required by the respective accounting standards, all figures presented are rounded off to the nearest thousand.

1.2 Functional and presentation currency

These financial statements are presented in South African Rands which is FoodBev SETA's functional currency.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the Annual Financial Statements, management is required to make judgement, 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 relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or if the period of revision and future periods if the revision affects both the current and future periods.

Key sources of estimation uncertainty.

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

Estimation of useful lives and residual value.

Management considers the impact of technology, and the condition of the asset if there are any approved plans by the board to dispose of the asset. The estimation of residual values of assets is based on management's judgement whether the asset will be sold or will be used to the end of their useful lives and in what condition the assets will be at the time. Management is of the opinion that all other assets of the SETA that will not be disposed of, have a useful life that is equal to the economic life of the assets. Management, therefore, considers the residual value to not be materially significant.

Impairment of assets

Management makes estimates and judgements with regards to the impairment of non-cash generating assets. Management considers the subsequent measurement criteria and indicators of potential impairment as indicated in the GRAP statements. If an indication exists, then management determines the recoverable amount.

Provisions

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities.

1.3 Significant judgements and sources of estimation uncertainty (continued)

Segment report

FoodBev SETA does not have an activity or unit that meets the definition of a 'segment' as defined, as FoodBev SETA administrative units and functional departments do not undertake activities that generate economic benefits or services potential separately from the SETA. Management has assessed that FoodBev SETA operates as one segment both from a service and geographical point of view. Management has not divided the financial information into different segments as required by GRAP 18. We draw the reader's attention to Note 2,12 and 16 where revenue, expenses, trade and other receivables and trade and other payables are allocated into administration, mandatory and discretionary grant activities.

1.4 Commitments

Operating commitments

Transactions are classified as commitments when the SETA has committed itself to future transactions that are capital in nature, long term, and are not budgeted for under the annual operational budget and will normally result in the outflow of cash. Operating commitments are disclosed in a note to the financial statements 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:

- a) Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- b) 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.

Discretionary grant commitments

Notice No. 35940 of 2012 of the Grant Regulations defines a commitment as a contractual obligation (an agreement (written) with specific terms between the SETA and a third party whereby the third party undertakes to perform something in relation to a discretionary project for which a SETA will be obliged to make a payment against the discretionary grant.) that will obligate the SETA to make a payment in the ensuing year.

Discretionary grant commitments are recorded when the grant application has been approved and contracted through an approval letter and a signed contract by the employer and FoodBev SETA. Commitments are included in the disclosure note to the financial statements. Commitments are derecognised when:

- a) employers/grant recipients fail to register enrolments within the stipulated timelines or cancel before registration;
- b) the grant programmes are terminated through a signed termination agreement, or
- c) when employers/grant recipients submit grant claim forms together with all the supporting documents as required by the Grant Funding Policy.

To achieve a fair presentation the SETA also discloses grant commitments that are out of contract as the SETA usually receives claims for these programmes after year-end due to delays in the submission of completion reports and grant claim forms.

1.5 Revenue from non-exchange transactions

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

Revenue is recognised when it is probable that future economic benefits will flow to the SETA and these benefits can be measured reliably. The following represent the classes of revenue from non-exchange transactions:

1.5 Revenue from non-exchange transactions (continued)

Skills Development Levy Income

In terms of Section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act No. 9 of 1999), registered member companies (employers) of the FoodBev SETA pay a skills development levy (SDL) of 1% of the total payroll cost to the South African Revenue Services (SARS). Companies with an annual payroll of less than R500,000 are exempted in accordance with section 4 (b) of the Skills Development Levy Act (1999) as amended, effective 1 August 2005.

Skills development levies transfers are recognised when it is probable that the future economic benefits will flow to the FoodBev SETA and these benefits can be measured reliably. This occurs when the Department of Higher Education and Training DHET either makes an allocation or a payment, whichever comes first to FoodBev SETA.

Inter-SETA transfers

Furthermore, revenue is adjusted for inter-SETA transfers due to employers changing SETAs. Such adjustments are separately disclosed as inter-SETA transfers. The amount of the inter-SETA adjustment is calculated according to the Standard Operating Procedure issued by DHET.

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

Levy-exempt income is monies received from employers who are exempt from paying SDL levies, as per the Skills Development Circular 09/2013. FoodBev SETA recognises a payable in respect of SDL levy refunds due to levy-exempt employers. This payable is a provision based on the levies received from possible levy-exempt entities. FoodBev SETA transfers all monies received from levy-exempt employers to discretionary grant income after the expiry date of five years from the date of receipt of the funds, if not refunded to the respective employer through the SARS system.

Eighty percent (80%) of skills development levies are paid over to the FoodBev SETA (net of the 20% contribution to the National Skills Fund).

Employer's levy payments are set aside in terms of the Skills Development Act and the regulations issued in terms of the Act for the purpose of:

	2021/22	2020/21
Administration costs of the SETA	10,50%	10,50%
Mandatory grant fund levy*	20,00%	20,00%
Discretionary grant and projects	49,50%	49,50%
Total	80,00%	80,00%

*FoodBev SETA acknowledges that the above regulations were set aside by the Labour Appeal Court (LAC) during October 2019, however, in the absence of DHET gazetted new regulations, the SETA has used the current regulations for reporting purposes in the current year. We draw attention to Note 20.3 for further details.

Skills Development Levy (SDL) interest and penalties

SDL interest and penalties are recognised when it is probable that the future economic benefits will flow to the FoodBev SETA and these benefits can be measured reliably. This occurs when DHET either makes an allocation or a payment, whichever comes first to FoodBev SETA. SDL interest and penalties received from SARS as well as the interest received on investments are utilised for discretionary grants and projects.

Government grants and other donor funding

Funds transferred by the government and other donor funding are accounted for in the financial statements of the FoodBev SETA as a liability until the related eligible expenses are incurred and the relevant conditions of the grant are met when the liability is utilised, the revenue is recognised as other income in the statement of financial performance.

Conditional government grants and other conditional donor funds received are recorded as deferred income when they are receivable and then recognised as income when the conditions attached to the grant are met. Unconditional grants are recognised as other income when the amounts have been received.

1.6 Revenue from exchange transactions

Revenue from exchange transactions is the revenue in which one entity receives an inflow of benefits or has liabilities extinguished after giving an approximately equal value of goods, services, or use of assets to another entity in exchange.

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

Investment income

Investment income is accrued on a time proportion basis, considering the principal outstanding, the effective interest rate over the period to maturity comprises of interest income on funds invested and is accrued using the effective interest method. Interest from investments is recognised when the bank has credited the investment with interest due in line with the maturity date of the investment.

1.7 Grants and project expenditure

Mandatory grants

Mandatory grant expenditure and the related payables are recognised when the employer applies within the stipulated deadline and is approved by the Board after the evaluation process. FoodBev SETA accrues mandatory grants monthly and payments are made quarterly. A mandatory grant payable is recognised when quarterly payments to employers fail to go through due to the submission of incorrect banking details by employers.

Discretionary grants and project expenditure

Discretionary grant expenditure and the related payable are recognised when the grant application has been approved and the conditions for grant payment, as set out in the Grant Funding Policy have been met, such as a signed contract with the employers, signed enrolment forms, signed grant claim form, and other relevant documents are submitted and signed by the employer and FoodBev SETA.

Project expenditure comprises:

- a) costs that relate directly to the specific contract
- b) costs that are attributable to contract activity in general and can be allocated to the project
- c) such other costs as are specifically chargeable to the FoodBev SETA under the terms of the contract.

Discretionary grants and project expenditure are recognised as expenses in the period in which they are incurred.

Discretionary grants and projects that are approved by the Board but not contracted are disclosed as commitments approved but not contracted.

Projects grant expenditure and the related payable is recognised when the employer has applied within the stipulated deadline, is approved by the Board after the evaluation process, has submitted the required grant claim and other relevant documents for registration, interval and exit processes.

An accrual is made for projects approved at year-end when the service contract has been delivered but the required documentation has not been submitted to FoodBev SETA at the end of the reporting period.

1.8 Irregular, fruitless, and wasteful expenditure

Irregular expenditure means the incurrence of a financial transaction by the SETA that is incurred in contravention of, or not in accordance with the requirements of the legislation.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Where instances of possible fruitless and wasteful expenditure are identified, the incident is immediately reported to the Accounting Authority, investigated, and recorded, where appropriate recovered from the party involved. FoodBev SETA takes disciplinary steps against any employee who causes or permits fruitless and wasteful expenditure.

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

1.8 Irregular, fruitless, and wasteful expenditure (continued)

Where an instance of irregular expenditure or fruitless expenditure has been identified, the incident is investigated and confirmed by a Loss Control Unit, recorded in the register, reported to the Board, a recovery process is implemented, and if irrecoverable, condonation and write-off in terms of the National Treasury Irregular Expenditure framework.

Irregular expenditure or fruitless and wasteful expenditure is derecognised when it is either recovered, condoned by National Treasury, removed, or written off by the Accounting Authority in line with the framework issued by National Treasury:

- Treasury Instruction Note No.3 of 2019/2020: Fruitless and wasteful expenditure.
- Treasury Instruction Note No.2 of 2019/2020: Irregular expenditure.

1.9 Property, plant, and equipment

Property, plant, and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Property, plant, and equipment are subsequently measured at cost less any subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a straight-line method of each item for property, plant, and equipment, to allocate the cost of each item of an asset to estimated residual value over the estimated useful lives.

The estimated useful lives for the current and comparative periods are as follows:

Item	Depreciation method	Average useful life
Office Furniture and fixtures	Straight line	8-11 years
Office equipment	Straight line	5-11 years
Computer equipment	Straight line	3-9 years*
Leasehold improvements	Straight line	1-10 years*

*Change in useful life did not result in a change in estimates.

The useful lives and residual values of items of property, plant and equipment are reviewed annually and adjusted prospectively at the end of each reporting period. The depreciation charge is recognised in the surplus or deficit.

Derecognition

FoodBev SETA derecognises its item of property, plant equipment and/or a significant part of an asset upon disposal of or when no future economic benefits or service potential can be derived from the asset.

1.10 Intangible assets

Intangible assets that are separately acquired are initially measured at cost and subsequently carried at cost less any accumulated amortisation and impairment losses. Amortisation is recognised in surplus or deficit on a straight-line method over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful life for the current and comparative periods are as follows:

Item	Depreciation method	Average useful life
Licenses	Straight line	12 months
Computer software, other	Straight line	5-12 years

The amortisation method and the useful life of intangible assets are reviewed annually. The carrying amount of the intangible asset is reviewed regularly to assess whether there is an indication that the carrying amount exceeds the recoverable amount.

Gains and losses on disposal of intangible assets are determined by comparing the proceeds from disposal with the carrying amount of intangible assets and are recognised in surplus or deficit.

1.11 Impairment of non-cash-generating assets

At initial recognition of an asset, an asset is designated as either:

- a) non-cash-generating; or
- b) cash-generating.

The designation is made based on the SETA's objective of using the asset.

Impairment is the loss of an asset's future economic benefits or service potential over and above the systematic recognition of the loss through depreciation or amortisation. All FoodBev SETA assets are designated as non-cash generating because all are used for service delivery only.

At each reporting date, FoodBev SETA assesses if there is any indication that an asset may be impaired. If any such indication exists, the SETA estimates the recoverable service amount of the asset. Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount. An impairment loss is recognised immediately in surplus or deficit unless the asset is carried at a revalued amount. FoodBev SETA does not have any assets that are carried at a revaluation amount.

In assessing value in use, the FoodBev SETA has adopted the depreciation replacement cost approach. Under this approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost. The depreciation replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated based on such cost to reflect the already consumed or expired service potential of the asset.

In determining fair value less cost to sell, the price of the assets in a binding agreement in an arm's length transaction, adjusted for incremental costs that would be directly attributed to the disposal of the asset, is used. If there is no binding agreement, but the asset is traded on an active market, fair value less cost to sell is the assets market price less cost of disposal. If there is no binding sale agreement or active market for an asset, the FoodBev SETA determines fair value less cost to sell based on the best available information.

For each asset, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses might no longer exist, and the FoodBev SETA estimates the asset's recoverable service

amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable service amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable service amount nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in surplus or deficit.

1.12 Leases

Operating leases - lessee

Operating lease is a lease other than a finance lease. Operating leases are leases that do not transfer all the risks and benefits incidental to ownership of the leased item to the FoodBev SETA substantially.

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 on a straight-line basis over the lease term. 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 the termination takes place.

1.13 Provisions and contingencies

Provisions are recognised when the FoodBev SETA has a present legal or constructive obligation due to a past event; and it is probable that an outflow of economic benefits or service potential will be required or can be made to settle the obligation.

Provisions are measured as management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the amount of the provision is material.

Contingent liabilities are possible obligations whose existence will be confirmed by the occurrence or non-occurrence of an uncertain future event not wholly within the control of FoodBev SETA. Contingent liabilities are not recognised but are disclosed in the notes to the AFS, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

1.14 Employee benefits

The cost of employee benefits is recognised as an expense during the period in which the employee renders the related service. If the benefit is unpaid, a liability is recognised.

Leave

FoodBev SETA recognises a liability and an expense for accumulating leave as and when employees render services that entitle them to leave days. The amount of the liability and expense is determined as the additional amount payable because of unused leave days owed to employees at the end of the period.

Medical benefits

The FoodBev SETA provides medical benefits to its employees as part of the cost to company package. Payments are charged as a salary expense as they fall due.

Provident fund benefits

The FoodBev SETA provides a Provident Fund for all its employees through a defined contribution plan. Payments to the fund are charged as part of salary expenses as they fall due.

Performance bonus

The performance bonus is recognised when the entity has a constructive obligation to pay bonuses and when a reliable estimate can be made. FoodBev SETA provides for the upcoming year's bonus payments, which is amortised in the following year for usage and write-off residual balance.

1.15 Financial instruments

Initial recognition

Financial instruments are contractual arrangements that give rise to a financial asset in one entity and a financial liability or residual interest of another.

FoodBev SETA recognises the financial instruments using trade date accounting when the SETA becomes a party to the contractual provision of the instrument.

Initial Measurement

Financial assets and financial liabilities are measured at fair value plus, in case of a financial asset or financial liability not subsequently measured at fair value, transaction costs directly attributable to the acquisition or issue of financial instruments.

Subsequent measurement

FoodBev SETA measures all financial assets and financial liabilities after initial recognition using the following categories:

- a) Financial instruments at fair value,
- b) Financial instruments at amortised cost,
- c) Financial instruments at cost.

All financial assets measured at amortised cost or cost are subject to an impairment review.

Financial Assets

The FoodBev SETA's principal financial assets are trade receivables and other receivables, and cash and cash equivalents.

Trade and other receivables

Trade and other receivables are measured at amortised costs using the effective interest method less provision of impairment. A provision for impairment of receivables is recognised when there is objective evidence that FoodBev SETA will not be able to collect all amounts due according to the original terms. The amount of the provision is a difference between the receivable carrying amount and the present value of future cash flows discounted at the effective interest rate. Movement in the provision is recognised in the statement of financial performance.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, investments and deposits held by FoodBev SETA at South African Reserve Bank, Corporation for Public Deposits (CPD) and domestic banks. Cash and cash equivalents are measured at amortised costs. Cash includes cash on hand and cash with banks. Cash equivalents are short-term, highly liquid investments held with registered banking institutions with a period maturity of three months or less and subject to insignificant risk of change.

1.15 Financial instruments (continued)

Derecognition of financial assets

The SETA derecognises financial assets using trade date accounting, only when:

- a) the contractual rights to the cash flows from the financial asset expire, are settled, or waived.
- b) the SETA transfers to another party substantially all the risks and rewards of ownership of the financial asset; or
- c) the SETA, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party. It can exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the SETA derecognises the asset, and separately recognises any rights and obligations created or retained in the transfer.

On derecognition, the difference between the carrying amount of the financial asset and the sum of the proceeds received shall be recognised in surplus or deficit.

Financial liabilities

The FoodBev SETA's principal financial liabilities are trade and other payables. All financial liabilities are subsequently measured at amortised cost, using the effective rate method comprising original debts less principal payments and amortisations.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled, or expires. On derecognition, the difference between the carrying amount of the financial liability and the amount paid is included in the surplus or deficit.

Fair value considerations

The fair values at which financial instruments are carried at the reporting date have been determined using available market values. Where market values are unavailable fair value will be calculated by discounting expected future cash flows at prevailing interest rates. The fair values will be estimated using available market information and appropriate valuation methodologies but are not necessarily indicative of the amounts that the FoodBev SETA could realise in the ordinary course

of business. The carrying amounts of financial assets and liabilities with a maturity of less than one year are based on cost as fair value due to the short-term trading cycle of these items.

Offsetting financial instruments

Financial assets and liabilities are offset if there is any intention to either settle on a net basis or realise the asset and settle the liability simultaneously. A legally enforceable right to offset exists.

1.16 Reserves (net assets)

FoodBev SETA sub-classifies reserves into various categories based on the restrictions on the usage of skills development funds received as per the Skills Development Act, 1998 (Act No. 97 of 1998). FoodBev SETA measures reserves using accrual basis accounting; thus, reserves are not an indication of cash used or available at the end of the year.

Administration reserve

This reserve represents the carrying amount of the non-current assets and inventory of FoodBev SETA.

Mandatory grant reserve

This reserve represents funds maintained for paying back to employers a percentage of the contributed levies (mandatory grants). The residual balance of this reserve is transferred to the discretionary grant reserve in line with the grant regulations.

Discretionary grant reserve

This reserve represents discretionary grant funds set aside to fund learning programmes of the SETA to address the scarce and critical skills needed in the food and manufacturing sector. The reserve is supported by retained surplus for the year, net current assets, and commitments disclosed in the notes to the Annual Financial Statements.

Accumulated surplus/deficit

This reserve represents surplus or deficit for the year, which is reallocated to respective reserves at year-end. The amount of the transfer payment received and not used (the retained surplus for the year) is recognised as a contingent liability. An application is made in the new financial year to retain the unused amount. When consent is obtained to use the funds, it is derecognised as a contingent liability and utilised to fund special projects and discretionary grants.

1.17 Inventories

Inventory consists of consumables on hand at the reporting date. Inventories are initially measured at cost and subsequently measured at the lower cost and net replacement value. Cost is determined on a first-in, first-out basis. The cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Current replacement cost is the cost that the entity would incur to acquire the asset at the reporting date. Inventories are measured at the lower cost and current replacement cost where they are held for.

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

1.18 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the principal's benefit.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent) undertakes transactions with third parties on behalf and for the benefit of another entity (the principal).

Identifying whether an entity is a principal or an agent

When FoodBev SETA is a party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

Whether FoodBev SETA is a principal, or an agent requires the SETA to assess whether the transactions it undertakes with third parties are for the benefit of another entity or its own benefit.

Recognition

FoodBev SETA, as a principal, recognises revenue and expenses arising from transactions with third parties in a principal-agent arrangement under the requirements of GRAP 109.

FoodBev SETA, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal as per the requirements of the relevant Standards of GRAP.

FoodBev SETA recognises assets and liabilities arising from principal-agent arrangements according to the provisions of the relevant Standards of GRAP.

1.19 Related party transactions

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

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

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

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

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

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

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

1.19 Related party transactions (continued)

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

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

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

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

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

FoodBev SETA will disclose the nature of the event and an estimate of its financial affect 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 based on the financial statements.

1.21 Comparative figures

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

1.22 Budget information

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

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 has been included in the Statement of comparison of budget and actual amounts. Comparative information is not required.

The annual budget is prepared on an accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the FoodBev SETA. As a result of the adoption of an accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

Explanatory comments are provided in the notes to the AFS, first, the reasons for overall growth or decline in the budget are stated, followed by the details of overspending, or underspending of line items.

The approved budget covers the fiscal period from 1 April 2021 to 31 March 2022.

1.23 Statutory receivables

Identification

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

The carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that require such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

1.23 Statutory receivables (continued)

The nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means. Mandatory grants receivables are regarded as statutory receivables. FoodBev SETA is compelled by legislation to pay registered employers in the sector that comply with the requirements of Annexure II of the Grant Regulations. Mandatory grants are then paid based on previous quarter levies received, however from time to time there are reversals processed by SARS resulting in mandatory grants paid by FoodBev SETA becoming receivable/recoverable. Receivables are recovered through future payments.

Recognition

The FoodBev SETA recognises statutory receivables as follows:

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

Initial measurement

The FoodBev SETA initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

- a) impairment losses; and
- b) amounts derecognised

Accrued interest

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

Impairment losses

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

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

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

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

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

1.23 Statutory receivables (continued)

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

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

Derecognition

The FoodBev SETA derecognises a statutory receivable, or a part thereof, when:

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

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

1.24 Inter-SETA transfers - Receivables/Payables

Inter-SETA transactions arise due to employer(s) requesting a transfer from one SETA to another SETA. The recognition criteria for inter-SETA transfers are aligned to the Standard Operating Procedure issued by the Department of Higher Education and Training.

Inter-SETA receivables

Inter-SETA receivables arise due to employer(s) requesting a transfer from another SETA to FoodBev SETA. A receivable is recognised together with an increase in revenue when the following criteria have been met:

- a) SARS has affected the transfer and DHET portal confirms the transfer.
- b) FoodBev SETA submitting a claim to the previous SETA (requesting transfer of current year levies).
- c) The previous SETA has not yet made a payment but confirms their obligation to transfer to FoodBev SETA; and
- d) The previous SETA has approved a WSP for the past scheme year and sent the confirmation to FoodBev SETA.

In instances where any one of the criteria above is not met, the amount will be disclosed as a contingent asset as the transaction meets the definition.

A contingent asset is a possible asset that arises from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the entity.

Inter-SETA payables

Inter-SETA payables arise due to employer(s) requesting a transfer from FoodBev SETA to another SETA. A payable is recognised against a reduction in revenue when the following criteria have been met:

- a) SARS has affected the transfer and DHET portal confirming the transfer;
- b) Submission of claim to FoodBev SETA by the new SETA;
- c) FoodBev SETA has not yet made a payment but confirms their obligation to transfer to a new SETA; and
- d) FoodBev SETA has approved a WSP in relation to 2021/22 and sent a confirmation to the new SETA.

In the instance when any one of the above criteria is not met, then the amount will be disclosed as a contingent liability as it meets the definition of a contingent liability.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

2 Allocation of surplus for the year to reserves:

2021/22

R'000	Total per Statement of Financial Performance	Administration reserve	Mandatory grants reserve	Discretionary grants reserve Total discretionary
Skills development levy: income				
Admin levy income (10.5%)	56 621	56 621	-	-
Grant levy income (69.5%)	375 844	-	107 835	268 009
Skills development levy: penalties and interest	8 060	-	-	8 060
Investment income	33 559	-	-	33 559
Other income	2 394	-	-	2 394
Total revenue	476 479	56 621	107 835	312 022
Administration expenses	(63 595)	(63 595)	-	-
Grants and project expenses	(355 058)	-	(83 001)	(272 057)
Total expenses	(418 653)	(63 595)	(83 001)	(272 057)
Net surplus per Statement of Financial Performance (allocated)	57 826	(6 974)	24 835	39 965

2020/21

R'000	Total per Statement of Financial Performance	Administration reserve	Mandatory grants reserve	Discretionary grants reserve Total discretionary
Skills development levy: income				
Admin levy income (10.5%)	37 272	37 272	-	-
Grant levy income (69.5%)	246 577	-	70 513	176 064
Skills development levy: penalties and interest	5 593	-	-	5 593
investment income	31 500	-	-	31 500
Other income	2 696	-	-	2 696
Total revenue	323 638	37 272	70 513	215 853
Administration expenses	(59 840)	(59 840)	-	-
Grants and project expenses	(199 322)	-	(52 599)	(146 723)
Total expenses	(259 162)	(59 840)	(52 599)	(146 723)
Net surplus per Statement of Financial Performance (allocated)	64 476	(22 568)	17 914	69 129

3 Skills development levy income

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

R'000	2021/22	Restated 2020/21
Levy income: Administration		
Levies received	56 621	37 272
Levy income transfer: Mandatory grants		
Levies received	107 835	70 513
Levy income transfer: Discretionary grants		
Levies received - current	268 932	176 616
Exempt employer: Transfer to/from discretionary	(923)	(551)
Total Levy income transfer: Discretionary grants	268 009	176 065
	432 466	283 850

The significant increase in revenue was because of the four-month levy payment holiday that was declared in 2020 to manage the effects of Covid-19 pandemic.

4 Skills Development Levy: Interest and penalties

	R'000	2021/22	Restated 2020/21
Interest		3399	2588
Penalties - current		4661	3005
		8 060	5 593

5 Interest revenue

	R'000	2021/22	Restated 2020/21
Interest income from cash investments		33 559	31 500

6 Other income

	R'000	2021/22	Restated 2020/21
Discretionary grant recoveries - (non-exchange)		2 394	2 696
		2 394	2 696



7 Grant and project expenses

	R'000	2021/22	Restated 2020/21
Mandatory grants			
Disbursed		83 001	52 599
Discretionary grants			
Disbursed		252 201	129 982
Project administration expenditure			
Disbursed		19 856	16 742
		355 058	199 323

The discretionary grant disbursements were lower in the prior year due to delays in the finalisation of discretionary grants and the effects of the national lockdown.

Project administration expenditure consists of:

	R'000	2021/22	Restated 2020/21
Project administration expenditure consists of:			
Direct salaries and wages		13 769	14 186
Direct project administration expenses:			
SSP research		297	6
Scarce skills guide		612	268
Advertising, promotions & publicity material		229	771
Catering & event hosting		44	13
Consulting Fees		578	-
External moderation		2 845	1 030
Travel & accommodation		671	63
TVET offices - interns		358	228
Courier and postage		182	68
TVET capacity building		260	68
Printing		11	41
		19 856	16 742

8 Other Administration expenses

	R'000	2021/22	Restated 2020/21
Advertising		187	143
Assessment rates & municipal charges		551	168
External audit fees		3 289	2 497
Bank charges		59	55
Cleaning		185	129
Catering and refreshments		43	15
Consulting and professional fees		100	700
Consumables		221	172
Special Projects: administration*		8 811	12 232
Conferences and seminars		638	229
IT expenses		4 950	4 933
Insurance		200	184
Legal fees		394	376
Marketing and publications***		1 373	299
Postage and courier		4	58
Printing and stationery		268	65
Repairs and maintenance		23	166
License fees		263	182
Security		546	348
Staff welfare		49	194
Telephone and fax		364	502
Training		1 120	776
Travel - local		318	17
Travel - overseas		-	-
Loss on disposal of fixed assets**		609	-
Electricity & water		477	272
Board remuneration		2 424	2 645
Audit committee remuneration		313	392
Internal audit fees		1 172	1 943
Quality control for trade and occupation mandatory expense		1 853	2 681
Recruitment costs		695	310
Whistleblowing		33	33
		31 535	32 716

*Special projects: Administration costs relate to the review of commitment register, business processes and office relocation costs, which were budgeted under retained surplus funds.

** Due to the SETA moving to new offices, furniture and fixtures that were attached to the old offices, and redundant, obsolete, or damaged assets were disposed of.

***Increase is due to a change of marketing strategy by outsourcing the services in the current year instead of performing the services in-house.

8 Other Administration expenses (continued)

Cost of employment

	R'000	2021/22	Restated 2020/21
Basic salaries		37 161	30 233
Pension contributions: defined contribution plans		2 537	2 324
		39 698	32 557

Allocation of cost of employment

	R'000	2021/22	Restated 2020/21
Administrative salaries*		25 929	18 371
Project admin salaries		13 769	14 186
		39 698	32 557

*The increase in administrative salaries is largely due to the restructuring process (which resulted in costs moved from project administration to normal administration in line with Accounting Policy for project administration cost), filling of vacancies and normal annual increases.

The prior-year figures for administrative salaries were restated after the board-related skills development levy costs were re-allocated to board remuneration in other administrative expenses.

	2021/22	2020/21
The average number of employees	74	47

9 Lease rentals on operating lease

	R'000	2021/22	Restated 2020/21
Leases			
Operating lease - building		4 226	1 915
Operating lease - equipment		577	475
		4 803	2 390

10 Property, plant, and equipment

R'000	2021/22			2020/21		
	Cost / Valuation	Accumulated depreciation & accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation & accumulated impairment	Carrying value
Office furniture and fixtures	3 455	(721)	2 734	2 143	(776)	1 366
Office equipment	1 475	(294)	1 180	1 053	(723)	330
Computer equipment	2 243	(1 384)	860	3 216	(2 373)	843
Leasehold improvements	203	(10)	192	1 562	(1 562)	-
Total	7 376	(2 410)	4 966	7 974	(5 434)	2 539

Reconciliation of property, plant, and equipment 2021/22 (R'000)

R'000	Opening balance	Additions	Disposals	Depreciation	Total
Office furniture and fixtures	1 366	2 237	(575)	(294)	2 734
Office equipment	330	1 192	(148)	(194)	1 180
Computer equipment	843	624	(147)	(460)	860
Leasehold improvements	-	202	-	(10)	192
	2 539	4 257	(871)	(959)	4 966

New office furniture was procured for the SETA's move to new offices, while furniture and fixtures that were attached to the old building, redundant, obsolete, or damaged assets were disposed of. New computer equipment was procured for the new staff appointed.

Reconciliation of property, plant, and equipment 2020/21

R'000	Opening balance	Additions	Depreciation	Total
Office furniture and fixtures	1 568	13	(215)	1 366
Office equipment	234	183	(87)	330
Computer equipment	564	636	(357)	843
Leasehold improvements	93	-	(93)	-
	2 459	831	(751)	2 539

11 Intangible assets

	2021/22			2020/21		
	Cost / Valuation	Accumulated depreciation & accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation & accumulated impairment	Carrying value
R'000						
Licenses	1 070	(388)	681	1 549	(1 222)	327
Computer software	14	(11)	3	2 023	(2 014)	9
Total	1 084	(399)	684	3 572	(3 236)	337

Reconciliation of intangible assets: 2021/22

	Opening balance	Additions	Depreciation	Total
R'000				
Licenses	327	717	(363)	681
Computer software	9	-	(6)	3
	337	717	(370)	684

Reconciliation of intangible assets 2020/21

	Opening balance	Additions	Amortisation	Total
R'000				
Licenses	391	371	(435)	327
Computer software	-	13	(4)	9
	391	384	(439)	337

12 Trade and other receivables from non-exchange transactions

	R'000	2021/22	Restated 2020/21
Statutory receivables			
Mandatory Grant receivables (levies)		615	307
Contractual receivables			
Discretionary Grant recoveries - gross*		2 565	5 172
Less Debt impairment**		(896)	(5 399)
		2 284	80
Debt impairment reconciliation			
Opening balance		5 399	326
Debt impairment addition		-	5 174
Bad debt recovered		(2 366)	(101)
Bad debt provision reversed		(2 137)	-
		896	5 399

*Discretionary grant recoveries arise from grant recipients who were unable to complete learning programmes for which FoodBev SETA has paid a tranche or more.

**The decrease in debt impairment was due to bad debt recovered from some of the placement companies where learners failed to complete the programme.

13 Trade and other receivables from exchange transactions

	R'000	2021/22	Restated 2020/21
Deposits - Growthpoint*		-	467
Prepaid rent expense		277	-
Staff loan - study assistance**		3	20
		280	487

*The rental deposit from the old lease was recovered. In the new lease, there is a more economical arrangement with no deposit.

**A FoodBev SETA employee was assisted to settle her long outstanding debt at UKZN. FoodBev SETA is recovering this debt through payroll. This is not a taxable benefit in terms of the Seventh Schedule of the Income Tax Act.

14 Inventories

	2021/22	2020/21
Consumable stores	91	46

15 Cash and cash equivalents

	R'000	2021/22	Restated 2020/21
Cash and cash equivalents consist of:			
Cash on hand		1	-
Short-term deposits		19 925	4 896
Investments		958 006	867 056
		977 932	871 952

As required by Treasury Regulations 31.3.3, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short-term bank deposits was 3% (2020/21: 3%) The weighted average interest rate on funds held at South African Reserve Bank, Corporation for Public Deposit was 3.75% (2020/21: 3.75%).

16 Trade and other payables from non-exchange transactions

	R'000	2021/22	Restated 2020/21
Accrued expenses - Discretionary		1 148	395
Skills Development Grants: Discretionary payable		48 953	771
Skills Development Grants: Mandatory payable		325	156
Skills Development Grants: Mandatory accruals		6 572	5 678
		56 998	7 000

17 Trade and other payables from exchange transactions

	R'000	2021/22	Restated 2020/21
Accrued expense		939	1 586
Trade creditors		2 475	1 689
Leave pay		1 665	1 501
Operating lease payables		1 075	-
Accounting Authority fees and PAYE		199	192
Staff claims payable		2	-
		6 355	4 968

18 Provisions

	R'000	2021/22	Restated 2020/21
Exempt employers' provision		6 171	5 248
Bonus provision		4 799	4 136
		10 971	9 384

Exempt Employers Provision

The amount of R6m (2020/21: R5m) relates to levies contributed by employers who are exempt from contributing skills development levies.

In line with the skills development circular no. 09/2013, FoodBev SETA must keep the levies received from exempted levy payers for a period of five years. After five years have elapsed, the unclaimed levies will be transferred to discretionary grant income to be utilised for discretionary grants.

Bonus Provision

Employees sign performance contracts as part of their conditions of service at the beginning of each financial year. Employees are assessed bi-annually, and the bonus is paid in December. The amount is dependent on the outcome of individual performance evaluation.

Reconciliation of provisions - 2021/22 - R'000

R'000	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Exempt employers Provision	5 248	1 554	-	(631)	6 171
Bonus provision	4 136	4 799	(2 411)	(1 725)	4 799
	9 384	6 353	(2 411)	(2 356)	10 971

Reconciliation of provisions 2020/21 - R'000

R'000	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Exempt Employers Provision	4 697	1 093	-	(542)	5 248
Bonus Provision	3 715	4 136	(2 283)	(1 432)	4 136
	8 413	5 229	(2 283)	(1 974)	9 384

19 Reconciliation of net cash flow from operating activities to net surplus

	R'000	2021/22	Restated 2020/21
Surplus		57 826	64 476
Adjustments for:			
Depreciation		959	751
Amortisation		370	439
Profit/loss on disposal of assets and debt impairment		609	5 174
Movements in provisions		1 586	972
Changes in working capital:			
Inventories		(45)	(26)
Receivables from exchange transactions		207	(20)
Trade and other receivables from non-exchange transactions		(2 204)	515
Payables from exchange transactions		1 387	(5 125)
Payable from non-exchange transactions		49 998	(11 754)
		110 691	55 401

20 Contingent assets and liabilities

Contingent liabilities

20.1 In terms of SETA Grant Regulations, SETAs must allocate mandatory grants to a levy-paying employer who has registered for the first time in terms of Section 5 of the Skills Development Levies Act, who applied for a mandatory grant within six months of registration. Due to this requirement, FoodBev SETA has a contingent liability to set aside funds for all employers that registered from 1 October 2021 to 31 March 2022. Consequently, the total potential mandatory grant pay-out is R160,224 (2020/21: R964,369)

20.2 In terms of section 53 (3) of the PFMA, public entities listed in Schedule 3A and 3C to the PFMA may not retain cash surpluses that were realised in the previous financial year without obtaining the prior written approval of National Treasury. In May 2017, National Treasury Issued Instruction No.12 of 2020/21 which gave a revised definition of a surplus. According to this instruction, a surplus is based on cash and cash equivalents,

plus receivables, less current liabilities at the end of the financial year.

The accumulated surplus of year-end is therefore disclosed as a contingent liability until approval has been obtained. An application is made in the new financial year to retain the unused amount. When consent is obtained to use the funds, it is derecognised as a contingent liability and utilised to fund special projects as approved by the Accounting Authority.

On 30 November 2017, DHET issued Skills Development Circular No. 15/2017 which requires SETAs to continue to apply for the retention of surpluses in terms of section 53(3) of the PFMA and should observe National Treasury Instruction No.12 of 2020/21.

20 Contingent assets and liabilities (continued)

As of 31 March 2022, the calculated accumulated surplus funds as per National Treasury Instruction No. 12 of 2020/2021 are as follows:

	R'000	2021/22	Restated 2020/21
Cash and cash equivalents		977 932	871 952
Add: Receivables		2 287	567
Less: Current liabilities		(74 047)	(21 353)
Calculated surplus funds for the year		906 172	851 166

Notwithstanding the accumulated surplus funds calculated above, the SETA has at year-end approved and contracted commitments as disclosed in note 22, the below reflects the accumulated surplus funds after considering the impact of these commitments:

	R'000	2021/22	Restated 2020/21
Calculated retained surplus as above		906 172	851 166
Approved and contracted - project commitments		(874 995)	(697 567)
Approved and contracted - admin commitments		(8 392)	(13 864)
Net surplus after considering commitments		22 785	139 735

20.3 In December 2012, the Minister promulgated Regulation 4(4) of the 2012 Grant Regulations which reduced the mandatory grant payable to employers from 50% to 20%. This led to BUSA challenging the reduction of grants (amongst other things) at the Labour Court.

The litigation between the parties began in 2015 and was finally settled by the Labour Appeal Court (LAC) in October 2019 which held that Regulation 4(4) was "irrational and lacking in any legal justification" and was consequently set aside. Despite the said regulation being set aside, the LAC ruling is silent on the percentage quantum that must be paid back to employers, which creates uncertainty about what percentage of mandatory grants should be paid or accrued by the SETA during the reported year. DHET is currently negotiating with BUSA on the percentage increase to be implemented for mandatory grants. The discussions are underway and not finalised. At this stage, no agreement has been reached by the parties.

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

To date, no communication has been received from the Minister regarding the approved mandatory grant percentage that SETAs should pay, however, post the ruling, DHET continues to split the mandatory grant levy income portion at 20% in the levy download information. Consequently, the SETA continued to pay and accrue mandatory grants at 20% in the 2020/21 financial year which is aligned with the approved annual performance plan. The mandatory grant expenditure in Note 7 as well as the mandatory grant liability in Note 16 were calculated at a rate of 20%.

Considering the outcome of the judgement, there is a possible liability due to additional grant payments over and above those that have been paid in the current year based on a payment rate of 20%, however, due to this uncertainty on when the SETA should start paying additional mandatory grants and the rate not yet determined, the amount of the possible liability cannot be reliably estimated.

20 Contingent assets and liabilities (continued)

20.4 Expired discretionary grants commitments.

Included in the terminations in note 22 are the discretionary grants that were approved but are out of contract as of 2021/22 amounting to R86m, 2020/21 (R76m). The SETA honours payment requests post expiry dates provided learners have completed their learning programmes. Some of the training for these contracts may have been completed and still awaiting outstanding required documents from employers and higher education institutions. The timing of these payment requests and amounts to be paid is uncertain, therefore, no amount can be reliably estimated and disclosed.

20.5 Inter-SETA payables

The SETA has inter-SETA balances that did not fully meet the recognition criteria for payables. Amounts have not been confirmed yet. A payable will be raised once an invoice has been received from the receiving SETA.

Contingent asset

20.6 NEHAWU launched an urgent application with regards to an employee whose employment was terminated in the 2016/17 financial year. This was defended by FoodBev SETA attorneys. The matter was struck from the roll for lack of urgency. Upon taxation, the taxing master only taxed the bill insofar as it related to the urgency portion of the judgement. FoodBev SETA attorneys are trying to recoup costs in respect of the application in its entirety, thus they have launched a Rule 13 application in the Labour Court to recover the entire costs of the application as NEHAWU withdrew the application without a tender for costs. The application is to recover an amount of over R300 000. The taxed bill for the urgent application amounts to R47 617. For this matter to be finalised, FoodBev SETA attorneys have estimated future costs to be R35 000 which includes costs for junior counsel to argue the matter at the Labour Court. All proceedings have been filed at the Labour Court. The await a court date on the normal roll from the registrar of the Labour Court. The delays in obtaining a court date may be due to Covid-19 backlogs.

20.7 Inter-SETA receivables.

The SETA has inter-SETA balances that did not fully meet the recognition criteria for receivables. Amounts have not been confirmed yet. A receivable will be raised once confirmation has been received from the liable SETA.



21 Events after the reporting date

Post year-end, the SETA received approval for condonation of irregular expenditure from the National Treasury amounting to R3.3 million, which was approved for removal by the Accounting Authority at year-end.

22 Commitments

Discretionary Grant Reserve

R'000	Opening balance 2020/21	Terminations / Adjustments / Cancellations	Approved by Accounting Authority & contracted 2021/22	Utilised prior years projects	Utilised current year projects 2021/22	Closing balance 2021/22
Unemployed Learnerships	208 797	(28 261)	119 316	(68 890)	(18 630)	212 331
Employed Learnerships	41 578	(14 597)	38 336	(6 616)	(2 807)	55 894
Recognition of Prior Learning (RPL)	195	(195)	-	-	-	-
Learnership for PwD	441	(441)	-	-	-	-
Skills Programme	14 373	(3 055)	10 450	(3 757)	-	18 011
Internship	49 364	(16 340)	39 960	(11 136)	(2 232)	59 616
Work Experience	56 399	(13 311)	45 600	(15 737)	(2 904)	70 046
Candidacy Programme	720	(630)	540	-	(90)	540
Research & Development	6 675	(1 671)	5 370	(2 776)	(76)	7 523
Employed & MDP Bursaries	14 733	(5 580)	7 750	(1 811)	(184)	14 907
Adult Education Training	3 647	(1 708)	2 420	(703)	(161)	3 495
Artisans	102 713	(5 446)	51 723	(15 066)	(3 816)	130 106
Centre of Specialisation	866	-	-	-	-	866
SMEs (LP,NLP,NGOs,CBOs)	947	(82)	-	(144)	-	722
TVET Placements	73 688	(3 107)	37 836	(32 107)	(10 706)	65 604
TVET Bursary	5 750	(174)	-	(749)	-	4 827
Special Project 2018/19	508	(508)	-	-	-	-
Special Project 2019/20	7 289	3 460	-	(7 005)	-	3 744
Special Project 2020/21	6 882	-	-	(1 496)	-	5 386
Special Project 2021/2022	-	-	19 117	-	(950)	18 167
TVET Lecture Capacity	352	4	-	(4)	-	352
Partnerships	101 651	(5 996)	148 848	(41 646)	-	202 857
Total	697 567	(97 638)	527 266	(209 643)	(42 557)	874 995

22 Commitments (continued)

	R'000	2021/22	Restated 2020/21
Total discretionary grants approved and contracted		874 995	697 567
Operating commitments			
Approved and contracted		8 392	13 864
Total commitments		883 387	711 931
Percentage of reserves		98%	84%

FoodBev SETA have committed 98% (2020/21: 84%) of the available discretionary funds R906m, (2020/21: R850m).

Over and above the partnerships included in the commitment register balance is an amount of R20m, 2020/21 (R500 000) that was approved by the Board but was not contracted at year-end.

FoodBev SETA terminated prior year programmes to the value of R98m due to programmes not commencing or learners not completing the contracted programmes.

23 Operating lease liability roll forward

	R'000	2021/22	Restated 2020/21
Opening balance		-	42
Actual rent expense		(3 892)	(1 957)
Amortised rental over lease period		2 817	1 915
		(1 075)	-

23.1 Total future minimum rental payments due (buildings)

	R'000	2021/22	Restated 2020/21
Not later than one year		3 578	2 817
Later than one year and not later than five years		16 997	15 885
Later than five years		23 316	28 006
		43 891	46 706

The operating lease above relates to FoodBev SETA's lease agreement for the building premises utilised for offices.

The new lease agreement was effective from 01 June 2021, and it will expire on 31 May 2031.

23 Operating lease liability roll forward (continued)

23.2 Total future minimum rental payments due (equipment)

	R'000	2021/22	Restated 2020/21
Not later than one year		261	261
Later than one year and not later than five years		196	457
		457	718

FoodBev SETA's lease for office printers/photocopiers is a three-year lease agreement and it commenced in January 2021.

24 Material losses through criminal conduct, irregular, fruitless and wasteful expenditure

Fruitless and Wasteful Expenditure

No fruitless and wasteful expenditure was incurred in the current year ended 31 March 2022.

Irregular expenditure

	R'000	2021/22	Restated 2020/21
Opening balance		4 251	3 598
Irregular expenditure - identified in the current year		-	653
Irregular expenditure - identified in the current year relating to prior year		1 157	-
Less amount condoned by National Treasury		(3 306)	-
		2 102	4 251

The irregular expenditure identified in the current year relating to the prior year, consist of fees paid to three (3) Accounting Authority members who were appointed by the executive authority (DHET). The appointments were found to have contravened amongst others, sections 11A, 11C, 11(4), 11(5) of the Skills Development Act, No.97 of 1998 (SDA) as amended. The determination test has been performed by DHET and a request for condonation was submitted to National Treasury, the total accumulated amount relating to this transaction is R1.3m and is included in the closing balance of R2.1m above.

Following due process as outlined in the Irregular Expenditure Framework, the SETA applied to National Treasury for condonation of R825 000 of the closing balance of R2.1m above.

25 Board and Management Remuneration

Executive and Management 2021/22

R'000	Basic	Travel allowance	Pension fund	Bonus	Total
N Selamolela - CEO	2 134	-	255	234	2 623
M Maphiwa - CFO	1 246	388	133	183	1 950
M Pule	1 107	180	103	139	1 529
P Ngwasheng	1 092	120	146	136	1 494
S Mgidi*	1 075	-	60	-	1 135
S Dyosiba**	999	-	66	-	1 065
N Lwandle***	661	-	41	-	702
T Sibia****	570	-	43	-	613
M Mokome*****	430	-	34	-	464
	9 314	688	881	692	11 575

*Appointed in August 2021; **Appointed in May 2021; ***Appointed in August 2021.

****Appointed in October 2021; *****Appointed in November 2021

Executive and Management 2020/2021

R'000	Basic	Travel allowance	Pension fund	Bonus	Total
N Selamolela -CEO	2 016	50	281	233	2 580
M Maphiwa - CFO	1 237	388	133	182	1 940
M Pule	1 062	180	101	135	1 478
P Ngwasheng	1 057	120	143	132	1 452
S Miya*	963	170	91	56	1 280
H Makhubele**	1 115	-	90	55	1 260
M Spencer***	869	-	99	45	1 013
	8 319	908	938	838	11 003

*Resigned in March 2021; **Fixed term ended in March 2021; ***Resigned in December 2020

25 Board and Management Remuneration (continued)

Non-executive 2021/22

	R'000	2021/22	Restated 2020/21
A Campbell - Chairperson		351	351
A Pholoana		140	140
A Nazo		192	192
E Ndwandwe		144	144
G Xaba		175	175
F Khumalo		137	137
S Mzizi		191	191
T Mashanda		129	129
M Oliver		230	230
M Ncanywa		111	111
N Tshabangu		102	102
N Zondo		197	197
R Hutton		166	166
T van Wyk		134	134
		2 399	2 399

No reimbursed travel costs were incurred by all board committees in the reported period due to Covid-19 restrictions.

Audit and Risk Committee - Independent members only	Members' fees	Total
T Randall (Chairperson)	150	150
T Tshitangano	91	91
F Mkwanaazi	72	72
	313	313

25 Board and Management Remuneration (continued)

Non-executive 2020/21

	R'000	Accounting Authority fees	Total
M Ncanywa (Acting Board Chairperson) *		317	317
A Pholoana		179	179
A Nazo		167	167
E Ndwandwe		172	172
G Xaba		194	194
F Khumalo		169	169
S Mzizi		162	162
T Mashanda		164	164
M Oliver		226	226
M Ncanywa		192	192
N Tshabangu		198	198
N Zondo		171	171
R Hutton		177	177
T Van Wyk		131	131
G Hamman		9	9
		2 628	2 628

Audit and Risk Committee - Independent members only	Members' fees	Total
T Randall (Chairperson)	207	207
T Tshitangano	109	109
F Mkwanazi	75	75
	391	391

26 Financial instruments

FoodBev SETA operations are exposed to interest rate, credit, and liquidity risk. The risk management process relating to each of these risks is discussed under the headings below. Financial instruments were not discounted as they will be settled or recovered within a short period. The effect of discounting was not considered material.

Interest rate risk

The FoodBev SETA manages its interest risk by effectively investing surplus funds in short-term deposits and call accounts with different accredited financial institutions according to the SETA's investment policy. Any movement in the interest rates will affect interest income. Interest income is utilised for additional discretionary grants and therefore will not affect the operations of the FoodBev SETA adversely. The SETA's exposure to interest rate risk and the effective interest rates on financial instruments at the balance sheet date are as follows:

26 Financial instruments (continued)

Cash flow interest rate risk

R'000 - Restated	Floating rate		Fixed rate			Non-interest bearing		
	Amount	Effective interest rate	Amount	Weighted average effective interest rate	Weighted average period for which the rate is fixed in years	Amount	Weighted average period until maturity in years	Total
Year ended 31 March 2022								
Assets								
Cash	977 932	4%	-	-	-	-	-	977 932
Loans and accounts receivable	-	-	-	-	-	2 176	-	2 176
Total financial assets	977 932		-	-	-	2 176	-	980 108
Liabilities								
Borrowings	-	-	-	-	-	-	-	-
Loans and accounts payable	-	-	-	-	-	56 456		56 456
Total financial liabilities	-	-	-	-	-	56 456	-	56 456
Year ended 31 March 2021								
Total financial assets	871 952	3%	-	-	487	487	-	872 439
Total financial liabilities	-	-	-	-	-	(6 134)	-	(6 134)

Credit Risk

Financial assets which would potentially subject FoodBev SETA to the risk of non-performance consist mainly of cash and cash equivalents and accounts receivable.

The ageing of Trade and Other Receivables

R'000	2021/22		2020/21	
	Gross	Impairment	Gross	Impairment
Past due >120 days *	2 845	(669)	5 659	(5 172)
Total	2 845	(669)	5 659	(5 172)

Cash and Cash equivalents

R'000	2021/22		2020/21	
	Gross	Impairment	Gross	Impairment
Not past due	977 932	-	871 952	-

* These amounts were reported on a net basis in the prior year which has now been split for a better presentation.

26 Financial instruments (continued)

Liquidity risk

The FoodBev SETA manages liquidity risk through proper management of working capital and capital expenditure. Adequate reserves and liquid resources are maintained.

2021/22

R'000 - Restated	Carrying amount	Contractual Cash Flows	6 months or less	6 - 12 months	1 - 2 years	More than 2 years
Trade and other payables	56 456	56 456	56 456	-	-	-

2020/21

R'000 - Restated	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	More than 2 years
Trade and other payables	6 134	6 134	6 134	-	-	-

27 Related parties

Related party balances

FoodBev SETA as a schedule 3A public entity is related to all entities in national government spheres. However, as per GRAP 20, we only disclose transactions and balances undertaken not at arm's length.

Related parties of FoodBev SETA are:

1. Accounting Authority (refer to note 25 for disclosure)
2. Audit and Risk Committee (refer to note 25 for disclosure)
3. Executive and senior managers (refer to note 25 for disclosure)
4. Relatives of the above (no transactions)
5. Employers of Accounting Authority members
6. Entities under common control are entities operating under the auspices of the Department of Higher Education and Training (DHET), which are QCTO, NSFAS, NSA, TVETs, Universities and other SETAs.

The related party transactions with these entities relate to FoodBev SETA-funded learning programmes which are consistent with normal grant funding processes (terms and conditions) as directed by the Grant Funding policy. This will include any transaction that may occur during the period under review recognised in the statement of financial performance, any balance outstanding at the reporting period recorded, the statement of financial position as well as any committed balance for learning programmes which are not completed at the end of the reporting date. Included in the Trade and other payables are related parties totalling R24m (2020/21: R553,780) and in the commitments totalling R294m (2020/21: R209m).

Transactions with employers of the members of the Board as at 31 March 2022

The transactions below arise due to the nature of the Board members' employment and the fact that the employers contribute Skills Development Levy to the FoodBev SETA. The transactions listed below are for the payment of mandatory and discretionary grants. These transactions are done at fair market value/arm's length.

27 Related parties (continued)

Employer: 2021/22 - R'000	Board Member	Mandatory Grants	Discretionary Grant	Total	Levies Received
Woodlands Dairy	R Hutton	706	4 255	4 960	2 844
Pioneer Foods	T van Wyk	3 517	1 800	5 317	14 178
National Union of Food Beverages Wine Spirits and Allied Workers	N Tshabangu	-	93	93	-
Federal Council of Retail and Allied Workers	Unallocated	-	33	33	-
		4 223	6 181	10 403	17 022

Employer: 2020/21 - R'000	Board Member	Mandatory Grants	Discretionary Grant	Total	Levies Received
Woodlands Dairy	R Hutton	412	1 655	2 066	1 697
Pioneer Foods	T van Wyk	2 722	8 065	10 787	10 915
		3 134	9 720	12 853	12 612

	R'000	2021/22	Restated 2020/21
Transactions with other national public entities			
Quality Council for Trades and Occupations (QCTO)		1 853	2 681

28 Going Concern

The annual financial statements have been prepared based on 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.

29 Budget differences

Material differences between budget and actual amounts

29.1 Other income

Other income is made up of bad debt recovered from grant recipients who did not implement learning programmes. FoodBev SETA does not budget for other income.

29.2 Fines and penalties

The SETA received more than anticipated revenues after revising the budgets in consideration of the impact of the four-month levy payment holiday and other impacts of the pandemic. Conservative budgeting has also contributed to the variance.

29 Budget differences (continued)

29.3 Skills Development levy: Income

The levies received to date are more than anticipated and this was due to conservative budgeting in anticipation of the Covid-19 impact on the sector. Bonuses paid by employers in quarter 4 were more than anticipated when budgeting.

29.4 Interest received - investments

The positive variance in investment revenue was due to conservative budgeting.

29.5 Administration expenses

The administration expenditure include special projects which were budgeted for under surplus funds and the implementation of these span over two years. Savings were noted in consulting fees, ministerial initiatives, depreciation, travel costs and legal fees. The administration expenditure is within the 10.5% legislated threshold.

29.6 Grants and project expenses

Grant payments were below budget due to the slow implementation of learning programmes and ultimately slow receipt of closeout reports. It is anticipated that most grant payments will be processed in the first quarter of the next financial year. Timeous submission of complete and accurate information from grant recipients remained a challenge throughout the financial year.

29.7 Retention of surplus funds

FoodBev SETA received approval by the National Treasury to retain the surplus funds amounting to R140m realised in the 2020/21 financial year. The retained surplus was allocated to admin expenditure (R10m), R118m for discretionary grants and R12m for project management costs. The spending of these funds is included in the actual admin and grants expenditure for the year.

30 New accounting pronouncements

Standards issued and effective

The following standard was issued and effective from 01 April 2021

- a) Directive 14: The application of Standards of GRAP by public entities that apply IFRS standards.
 - Impact: No impact - FoodBev SETA does not apply IFRS standards.

Standards issued but not effective

FoodBev SETA has not applied the changes on the following standards:

- a) GRAP 25: Employee benefits - Effective date has not yet been gazetted by the minister.
 - Impact: No impact.
- b) GRAP 104: Financial instruments - Effective date has not yet been gazetted by the minister.
 - Impact: No impact - FoodBev SETA has no transactions that are affected by the suggested changes to this standard.





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