



ANNUAL REPORT

FINANCIAL YEAR 2022/2023



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





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.**

TABLE OF CONTENTS



05

PART A
GENERAL INFORMATION



23

PART B
PERFORMANCE INFORMATION



59

PART C
GOVERNANCE



77

PART D
HUMAN RESOURCE MANAGEMENT



89

PART E
PFMA COMPLIANCE REPORT



93

PART F
FINANCIAL INFORMATION



PART A GENERAL INFORMATION

1.	General information.....	6
2.	List of abbreviations/acronyms.....	7
3.	Foreword by the Chairperson.....	10
4.	Chief Executive Officer's overview	13
5.	Statement of responsibility and confirmation of accuracy for the annual report.....	16
6.	Strategic overview	17
6.1	Vision	17
6.2	Mission.....	17
6.3	Values.....	17
7.	Legislative and other mandates.....	18
7.1	Legislative and policy mandates.....	18
7.2	Scope of coverage	19
8.	High-level organisational structure.....	21

1. 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 AUDITORS	Auditor-General South Africa 4 Daventry Street Lynwood Bridge Office Park Lynwood Manor Pretoria
BANKERS	First National Bank



2. LIST OF ABBREVIATIONS/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
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 Programmes and Projects supported and funded by FoodBev SETA

Term	Description
SECTOR-FUNDED	Learning Programmes 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 gives me great pleasure to report on the excellent performance of the Food and Beverages Manufacturing Sector Education and Training Authority (FoodBev SETA) during the 2022/23 financial year. Not only did the SETA achieve 98% of its Annual Performance Plan targets, but the Auditor-General of South Africa (AGSA) awarded FoodBev SETA a clean audit opinion for the review period. These results are a combination of numerous factors.

The Accounting Authority has completed three years of its five-year tenure and as a collective has grown and developed into a cohesive unit that is committed to guiding the SETA as it seeks to achieve its broad and demanding mandate. Extensive emphasis has been placed on adherence to policies and procedures within the FoodBev SETA and the Board has played a key role in guiding the organisation to increased compliance.

Where required, and in line with these policies and procedures, business processes have been revised. This, combined with a more disciplined approach to enforcement and adherence through the implementation of a variety of internal controls have contributed to the SETA functioning more efficiently and effectively, that in turn has contributed to the organisation's success during the period.

Effective management of risk continues to be a Board priority and with each subsequent year we have gained more experience in striking the right balance between protecting the organisation from risk, but at the same time developing an increased appetite for risk and adopting a bolder approach within the context of what is allowable.

The governance structures in place at FoodBev SETA are one of its greatest strengths and have assisted in guiding the entity that is responsible for almost half a billion rand in public funds. The Board has been guided by, and is grateful for, the wisdom and council of the Audit and Risk Committee, as well as the internal auditors.

The Board understands that nobody ever has a monopoly on wisdom and has embraced the training opportunities presented in the year under review. Training provided by the Institute of Directors South Africa (IODSA) has featured extensively on the training calendar and served

“

EXTENSIVE EMPHASIS HAS BEEN PLACED ON ADHERENCE TO POLICIES AND PROCEDURES WITHIN THE FOODBEB SETA AND THE BOARD HAS PLAYED A KEY ROLE IN GUIDING THE ORGANISATION TO INCREASED COMPLIANCE.

to further expand on the combined knowledge members of the Board and capacitate them to be more effective in their roles.

A variety of Board assessment processes employed during the period under review monitored the performance of the Board that is accountable to the Executive Authority for the way it executes its duties. The outcomes of these processes have been utilised for self-review and to assist the Board identify areas of improvement and development.

Our robust stakeholder engagement strategy has yielded excellent results and during the review period, we achieved a stakeholder satisfaction score of 82%. The organisation views this as an affirmation that we are on the right track. We are proud of the significant progress made in terms of stakeholder relationships during this period and have every intention of building and improving on this as we move forward.

The relationships we have with our stakeholders have not only contributed to our performance as an organisation but have yielded impact in the sector.

The discretionary grant (DG) process is a critical one, but at the same time, subject to risk and numerous challenges. This is one area in which our solid stakeholder relationships have played a key role and assisted in successful implementation of DG funded projects and programmes. We are grateful to our stakeholders for their co-operation and contribution to the success of the DG cycle in

the review period. Having said this, the DG process is one that the organisation consistently works to improve on.

An important reality about the world we live in is that one cannot avoid technology and the pace at which it is changing. FoodBev SETA recognises the important role that technology and the Fourth Industrial Revolution (4IR) play in the food and beverage manufacturing sector. During the review period we consulted widely with a range of local and international organisations that are doing groundbreaking work on the role we can play as a skills development authority in the effective implementation of 4IR in the sector we serve.

It is extremely important that our first foot forward in this regard is the right foot forward. We are developing plans and strategies to ensure that as we move forward, we do so in a manner that takes the sector forward, but at the same time is done in a responsible way. We anticipate that by the end of the 2023/24 financial year we will have more to say about this in terms of tangible inputs.

The role of entrepreneurship and SMMEs is critical to the country's growth and therefore a focus across the breadth and depth of government and public entities. Our role in this regard is to capacitate entrepreneurs, SMMEs, NGOs and CBOs with knowledge required to not only set up and run small businesses effectively, but to sustain what is created. We therefore seek out projects and programmes that are more than just training and provides beneficiaries with business incubation opportunities. Where possible, we focus on small business development in the rural reaches of our country.

This is an important area of growth for FoodBev SETA and we are excited at the numerous opportunities that exist in small business development that will impact the sector we serve and ultimately the growth prospects in the country. We are looking at the entire value chain from both the input and output aspects of the food and beverages manufacturing sector and we are confident that this approach will contribute to small business development generally within the sector.

We have also placed focus on partnering with other SETAs with which we share synergies to collectively address the skills development needs of small business. The task of supporting and capacitating

small businesses in our country is a massive one and it is key that we work smarter to achieve optimal impact.

Rest assured that we do not approach our responsibilities to develop small business interests in a haphazard manner. Ongoing sector research continues to underpin our strategic intent and the decisions we make as an organisation in terms of the projects and programmes we fund. Empirical evidence is key.

Capacitation and development of South Africa's TVET colleges is a key strategic focus for DHET and as a SETA we embrace the Minister's stance on the important role that TVET Colleges can and should play in responding to the skills needs of private and public organisations. FoodBev SETA has risen to this challenge and established strategic partnerships with 29 TVET colleges across the country to capacitate as many TVET colleges as possible to deliver occupational programmes.

Our TVET lecturer capacitation programme initiated during the reporting period has been well accepted by TVET colleges. What's more, employers in our sector have realised the role they need to play in ensuring that TVET college lecturers are better capacitated to deliver training that responds directly to their needs. Several successful activities have been implemented between TVET colleges and local employers and there are many more in the pipeline.

A common theme that characterises successful projects, programmes and activities is strategic relationships with any one or more of our sector stakeholders. This has been an important area of focus for us, not just in the period under review, but in the strategic period that commenced in 2020. The partnerships in place significantly enhance the work that we do and we anticipate that they will continue to yield impact in the coming financial years.

I commenced tenure as the Chairperson of FoodBev SETA in 2020 and noted at the time that the chambers in our sector were not operating optimally. There have, however, been substantial improvements in the way chambers are operating and I am excited at how much more effective they have become in terms of their role within the sector.

Reflecting on our performance as a SETA in regards the current five-year strategic period that ends on 31 March 2025, we are doing well and I am confident that we will realise the targets set at the beginning of the period. The COVID-19 pandemic impacted operations in numerous ways and whilst we have recovered from the impact of the pandemic, we have elected to view this as a learning opportunity to anticipate the unpredictable and remain vigilant. During the year under review we returned to pre-COVID operations and have been able to make up lost ground.

Looking to the future, we will continue to find ways to make our DG process more effective, focus even more on capacitating TVET colleges, as well as continue to support as many entrepreneurs and SMMEs as possible.

We extend our thanks and appreciation to the Minister of Higher Education, Science and Technology, Dr Blade Nzimande and his team at DHET for their support and guidance. The National Skills Authority has also provided an extremely valuable external view and keeps us on our toes for which we are grateful.

The Executive Team has once again proven their mettle and steered FoodBev SETA with confidence and clarity. A steadfast and dedicated approach by the operational team has resulted in successful implementation of the strategy, mitigation of risks, our achievement against Annual Performance Plan targets, and the clean audit awarded by the AG. The bar has been set high and what is important going forward is to maintain this momentum.

Last, but by no means least, a very big thank you to our many stakeholders who have worked closely with us during the review period. Your contribution to the success of the organisation is far reaching and we consider you an extremely important extension of the work we do as a SETA.



Mr Alan Campbell
Chairperson of the Accounting Authority
31 July 2023

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

Ms Nokuthula Selamolela
Chief Executive Officer



“
AFTER THE
DISRUPTION BROUGHT
ABOUT BY THE COVID-19
PANDEMIC, WE HAVE
RETURNED TO
PRE-PANDEMIC
OPERATIONS, ALBEIT
MORE EFFECTIVE DUE
TO THE FOCUS ON
CAPACITATING THE
ORGANISATION WITH THE
SKILLS IT REQUIRES TO
MEET THE NEEDS OF OUR
STAKEHOLDERS.”

The 2022/23 financial period has been a successful one for FoodBev SETA and it gives me great pleasure to present an overview of the organisation's performance during the period.

Having achieved **54** of **55** targets of our Annual Performance Plan translates into an overall achievement of **98%** that is an increase on the 95% achieved in the 2021/22 financial year, preceded by 80% in the 2020/21 period. This steady increase in performance is testament to the hard work and dedication by the entire organisation.

The award of a clean audit by the Auditor-General of South Africa (AGSA) confirms that our steadfast approach to governance and compliance, underpinned by the implementation of policies and processes, aggressive monitoring and evaluation, programme moderation, consistent communication with stakeholders, as well as increased resources have been the right decisions to improve on the performance of the SETA.

Our Sector Skills Plan (SSP) details what is required of FoodBev SETA to address the needs of the sector we serve, as well as the key priorities of the National Development Plan (NDP) and the National Skills Development Plan (NSDP) 2030. This report

showcases our accomplishments in addressing the strategic issues of transformation, artisan development, skills gaps in the sector and research as detailed in our SSP.

After the disruption brought about by the COVID-19 pandemic, we have returned to pre-pandemic operations, albeit more effective due to the focus on capacitating the organisation with the skills it requires to meet the needs of our stakeholders.

Partnerships and collaborations

In 2020, we embarked on a robust partnership strategy that is yielding the desired results and reflecting on our performance targets. During this period, we entered into six strategic employer partnerships and 16 with higher education institutions. The partnerships concluded during the reporting period supplemented the partnerships entered since 2020 and by the end of the financial year, 71 active partnerships have resulted in significant progress across our projects and programmes, including research.

A key objective of our partnership strategy is to drive more public private collaboration to assist the private sector with meeting its specific skills requirements. What this means is that we are training people for employability that is an important objective for the SETA.

New activities due to changes in legislation

In October 2021, the Minister gazetted the Occupational Qualifications Sub-Framework (OQSF) as a sub-framework within the National Qualifications Framework (NQF) Act. This co-incided with the implementation of the QCTO SLA that FoodBev SETA had signed with QCTO in 2020. What this means in terms of the period under review, is that we were required to re-align performance of functions such as Qualifications and accreditation of Skills Development Providers to ensure compliance with QCTO and OQSF requirements.

During this period, the following functions were added:

- Accreditation of assessment centres
- Implementation of external integrated summative assessments (EISA)

These changes required our quality assurance department to work closely with the team at the QCTO to ensure compliance.

Financial, audit and SCM matters

The increase in expenses from R418 million during the previous financial period to R520 million in the review period can be attributed to an office move as the space we were in previously was becoming too small, an increase in staff numbers to capacitate the organisation with the skills it requires, and the upgrading of IT systems for more efficient processes.

Project expenses increased from R355 million in the previous reporting period to R453 million in the current period. This increase can largely be attributed to lower expenditure in the previous period as a result of the pandemic's impact on the roll out of projects.

Our commitments schedule at the end of the financial period totalled R904 million, which is a marginal increase on the total commitments of R874 million in the previous period.

A submission for the retention of funds to the value of R6 million has been submitted to National Treasury for consideration.

There were no compliance issues by our supply chain management (SCM) department and none have been identified after the reporting date. Our SCM system is implemented within a strong internal control framework that is governed by consistently updated policies, processes, and procedures. Management and staff from FoodBev SETA, as well as internal and external auditors (internal and external), regularly examine and improve SCM internal control frameworks. FoodBev SETA did not receive or process any unsolicited bids, and no irregular or wasteful expenditure resulting from noncompliance with SCM rules were disclosed.

In the current financial year, payments of R499 000 were made to Accounting Authority members who were appointed in contravention of the Skill Development Act. These transactions have been reported as irregular expenditure and carried over from the prior fiscal year. The transaction is in the process of being removed from the financial statements of the SETA in accordance with the National Treasury Irregular Expenditure Framework.

Challenges

One of the key challenges that continues to impact the SETA and sector we serve is the low absorption of learners after the completion of learning programmes. This in turn continues to contribute to the country's stubbornly high unemployment rate. Whilst the SETAs exist to contribute in a meaningful way to reducing unemployment, we are only able to achieve so much as an individual entity and realise that addressing the country's unemployment burden requires concerted action by all organisations in the country, whether public or private.

Our role is to facilitate employability by providing skills development opportunities to the unemployed. We, sadly, have no control over what happens to recipient beneficiaries once they have been skilled. We will however continue to engage with employers in our sector to drive the importance of absorption of learners after training has been concluded.

Performance highlights

Section B of this Annual Report provides a detailed overview of our performance in the review period. We approved 760 of 804 WSP and ATR submissions during the period. This figure represents a 95% success rate with large employers, 97% of medium companies and 93% of small companies. This not only means that a large majority of our employers are able to access mandatory and discretionary grant funding, but also assists with providing valuable research that informs our sector skills planning processes.

Through a combination of our learnerships and internships, as well as work-based learning, candidacy and skills programmes, we provided support to 8 451 unemployed beneficiaries and a further 4 505 employed beneficiaries.

Eight permanent positions were recruited and filled and a further nine fixed-term employees were recruited to ensure an adequate supply of human capacity. A total of 11 graduate interns were employed. Six were placed externally in three TVET Colleges and five placed amongst various internal departments. The vacancy rate at the end of the financial period is recorded at 7% which is below the trend of 10%. 85% of staff attended at least seven training interventions to close identified skills gaps and 11 study bursaries were awarded to SETA employees during the reporting period.

Acknowledgements and appreciation

I would like to take a moment to express my deepest appreciation to all our stakeholders for their invaluable support and unwavering commitment to FoodBev Manufacturing SETA throughout the year. Your trust, engagement, and collaborative spirit have played a pivotal role in our success as a leading skills development organisation in the food and beverage manufacturing sector.

I extend my heartfelt gratitude to our industry partners who have consistently supported our mission and vision. Your collaboration and active involvement in our programmes, initiatives, and advisory committees have been crucial in ensuring the relevance and effectiveness of our training offerings. Together, we have cultivated a dynamic environment that promotes skills development, fosters innovation, and sustains the growth of our industry. Your continued partnership is a testament to our shared dedication to advancing the sector and creating a skilled workforce.

I would also like to express my sincere appreciation to our dedicated staff members whose unwavering commitment and hard work have been instrumental in our achievements this year. Their expertise, professionalism, and passion have been the driving force behind the seamless execution of our programmes and initiatives. Their relentless pursuit of excellence and their ability to adapt to evolving challenges have allowed us to effectively address the needs of our learners and industry stakeholders. I am truly grateful for their contributions and proud to lead such a talented team.

In conclusion, I extend my sincerest gratitude to the Board and all our stakeholders for their continued support and collaboration. Together, we have made significant strides in shaping the skills landscape of the food and beverage manufacturing sector. As we move forward, I am confident that our collective efforts will continue to drive positive change, empower individuals, and position our industry for a prosperous future.



Ms Nokuthula Selamolela
Chief Executive Officer
31 July 2023

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

To the best of our knowledge and belief, we confirm the following:

All information and amounts disclosed in the annual report are consistent with the Annual Financial Statements audited by the Auditor General.

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

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

The Annual Financial Statements (Part F) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the FoodBev SETA.

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

The Accounting Authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2023.

Yours faithfully



Ms Nokuthula Selamolela
Chief Executive Officer
31 July 2023



Mr Alan Campbell
Chairperson of the Accounting Authority
31 July 2023

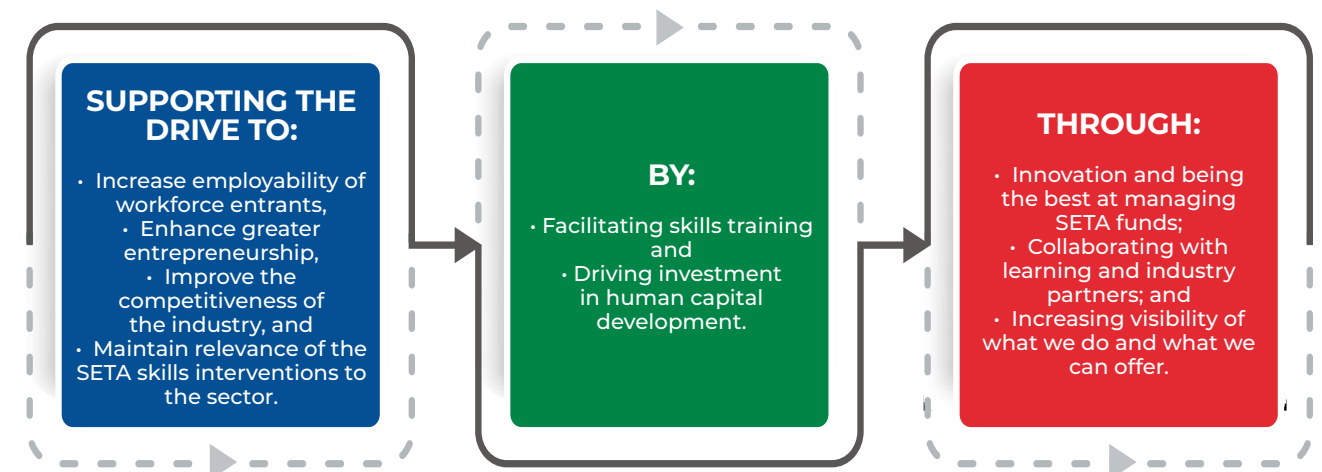


6. STRATEGIC OVERVIEW

6.1 Vision

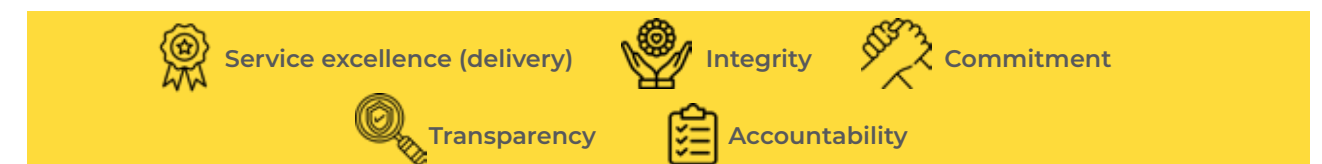
To be the accessible driver, enabler and innovator of developing quality skills through partnerships in the pursuance of a transformed and competitive food and beverage manufacturing sector.

6.2 Mission



6.3 Values

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



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 vital pieces of legislation strengthen the constitutional mandate of the FoodBev SETA:

Table 1: Legislative and Policy Frameworks

Legislative and Policy Mandates	Description
a. The Skills Development Act No. 97 of 1998 (as amended)	a. National Skills Development Plan
b. The Standard Constitution of SETA regulations	b. National Development Plan
c. The Skills Development Levies Act No. 9 of 1999	c. Medium Term Expenditure Framework
d. The Sector Education and Training Authorities SETAs grant regulations regarding monies received by a SETA and related matters (grant regulations)	d. Medium Term Strategic Framework
e. The Regulations regarding the establishment of Sector Education and Training Authorities	e. Human Resources Development Strategy of South Africa
f. The National Qualifications Framework Act No. 67 of 2008 (as amended)	f. National Skills Accord
g. The Public Finance Management Act No. 1 of 1999 (as amended)	g. Industrial Policy Action Plan
h. The National Treasury Regulations governing public entities	h. White Paper for Post-School Education and Training
i. The Promotion of Access to Information Act 2 of 2000	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. Economic Reconstruction and Recovery Plan and Skills Strategy (ERRP SS)
	p. 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	
	<i>Meat Industry</i>	
	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
	<i>Fish industry</i>	
	30120	Processing and preserving of fish and fish products
	30121	Manufacture of canned, preserved, and processed fish
	<i>Fruits and vegetables industry</i>	
	30130	Processing and preserving of fruits and vegetables
	30131	Manufacture of canned, preserved, processed, and dehydrated fruits and vegetables and potato flour meals
	<i>Oils and Fats industry</i>	
	3014	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	
	<i>Dairy Industry</i>	
	30201	Processing of fresh milk (pasteurised, homogenous, sterilised, and vitamin)
	30202	Manufacture of butter and cheese
303	Manufacture of breakfast products	
	<i>Grain mill industry</i>	
304	30312	Manufacture of breakfast products
	Food preparation products	
	<i>Baking industry</i>	
	30401	Manufacture of bakery products
	<i>Confectionary industry</i>	
	30430	Manufacture of cocoa, chocolate, and sugar confectionary
304	30491	Manufacture of coffee, coffee substitutes and tea
	<i>Snacks industry</i>	

Category	SIC Code	Constituency
	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

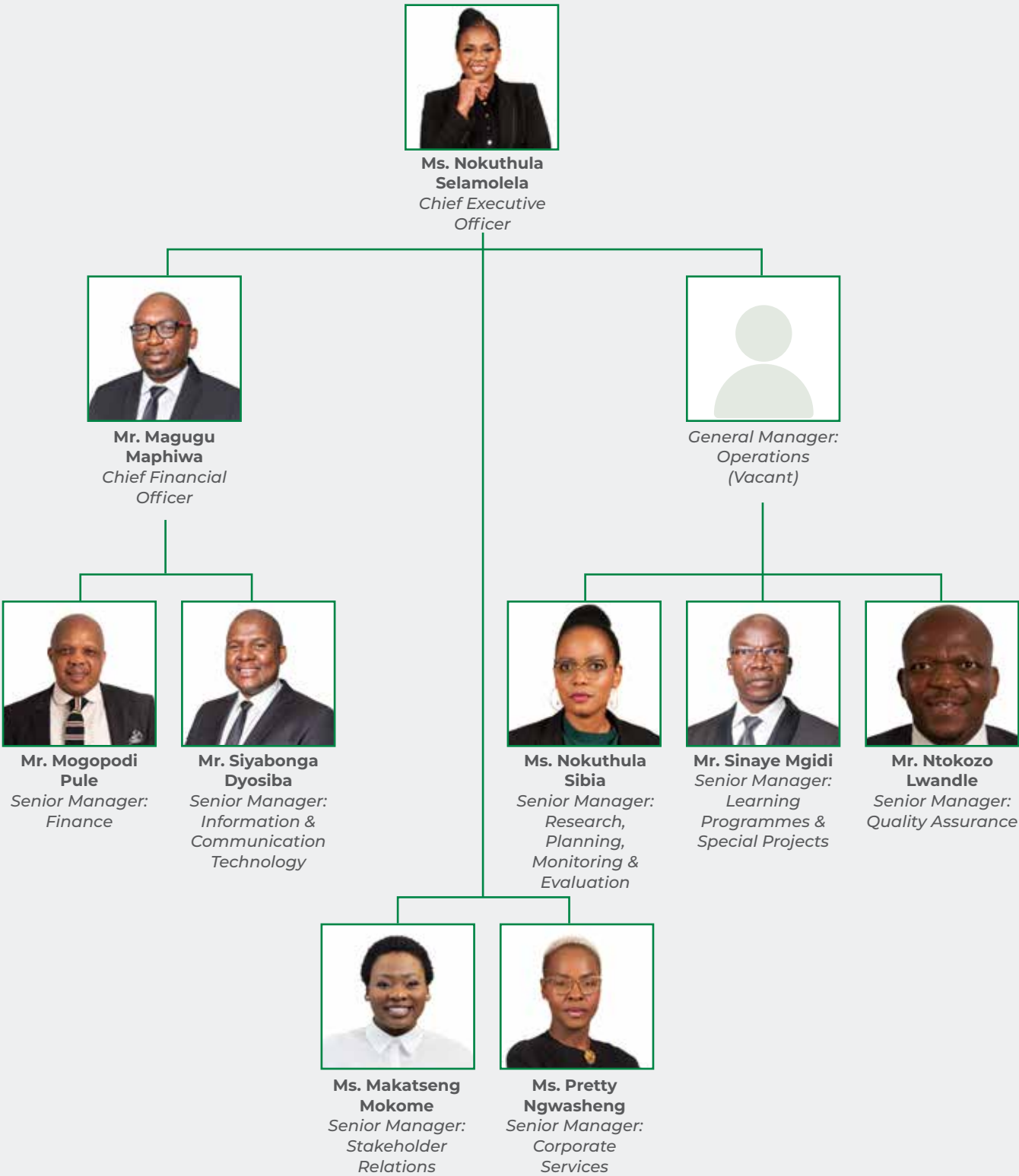


Figure 1: FoodBev SETA high-level organisational structure



PART B PERFORMANCE INFORMATION

1.	Predetermined objectives.....	24
2.	Overview of performance	24
2.1	Service delivery environment.....	24
2.2	Organisational environment.....	24
2.3	Progress towards achievement of institutional impact and outcomes.....	25
3.	Institutional programme performance information.....	34
4.	Linking performance with budgets.....	56
5.	Strategies to overcome areas of underperformance	56
6.	Revenue collection.....	56
5.	Capital investment.....	57

1. 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.

Refer to page 94 of the Auditor General's Report, published as Part F: Financial Information

2. OVERVIEW OF PERFORMANCE

2.1. Service delivery environment

FoodBev SETA has improved from 95% to 98% since last year, achieving 54 out of 55 performance indicators.

2.2. Organisational environment

The SETA embarked on the revision of its business processes to improve its operational procedures that

sought to streamline the organisation and enable timeous delivery of services at acceptable standards. The revised and improved business processes have resulted in staff carrying out duties diligently in line with approved policies and procedures and performance agreements. The SETA Board approved the enhanced organisational structure to improve the implementation of the SETA mandate.

The organisational structure enhancement process was implemented with 0% labour-related issues. The implementation of FoodBev SETA's new structure was staggered in three phases. The first phase was implemented in the previous financial year and the implementation of phase two was undertaken in the new financial year. As part of phase two, the organisation was required to recruit and fill 26 positions. Of the 26 positions, 20 were successfully recruited and filled. The remaining six positions will be rolled over to the phase three recruitment process.

FoodBev SETA has efficient governance structures in place to ensure good corporate governance, implementation of approved policies and procedures and sound financial management. The Board provides strategic direction to FoodBev SETA, and an independent Audit and Risk Committee plays an oversight role and provides assurance to the Board regarding the implementation of good internal controls and promotes a good control environment.

2.3. Progress towards Achievement of Institutional Impact and Outcomes

Table 3: FoodBev SETA Outcomes and progress

FoodBev SETA Outcomes	FoodBev SETA's considerable progress in delivering on the impact statement in the strategic plan (SP).
FoodBev SETA Outcome 1: Identified occupations in high demand and Sectoral Priority Occupation list (SPOL).	The SETA analysed the WSP/ATR and triangulated it with the secondary data, key informant interviews with stakeholders, chamber members and literature review to develop the Sectoral Priority Occupations List (SPOL). The SPOL was approved by the SETA Accounting Authority and incorporated into the SPP (2023/24) for implementation.
FoodBev SETA Outcome 2: Relevant Programmes that address hard-to-fill vacancies (through PSET).	An analysis of the WSP/ATR/PIVOTAL Plans was conducted, specifically extracting details on hard-to-fill vacancies (HTFV) and priority occupations. The vacancy analysis is limited to the top ten occupations that were in demand for 2021/22. There were 806 (WSP 2022/23) occupations with a total of 1 444 actual vacancies. The lack of relevant qualifications, lack of relevant experience, poor remuneration and unsuitable job locations were identified as the key reasons for vacancies being hard to fill. The SETA has supported relevant programmes to address hard-to-fill vacancies.
FoodBev SETA Outcome 3: Addressed national imperatives through FoodBev SETA offerings (i.e., support for job creation, ERRP and SMMEs).	FoodBev SETA supports the ERRP Skills Strategy through the provision of funding for interventions. The following have been listed as ERRP enablers: access to targeted skill development programmes; updating of current technical and vocational education programmes; availability of work-based experience; and responding to a list of identified hard-to-fill vacancies (HTFV). The SETA allocated approximately R100 million to support the ERRP intervention in the 2022/23 financial year. Over 78% of funds were spent on the apprenticeship programme and 16% was spent on partnerships. The SETA is currently identifying the small business that can be supported in the 2023/24 financial year.
FoodBev SETA Outcome 5: Increased awareness of FoodBev SETA offerings.	FBS participated in and hosted a total of 69 (33 urban and 36 rural) career events against an annual target of 65 and distributed a total of 14 833 career guides. In addition, a total of 82 career guidance practitioners were trained against a target of 60. The objective of hosting these career events was to educate the public about the SETA and its mandate, including service and products offerings such as: career counselling and advising prospective learners on career opportunities in the sector. Furthermore, the events also served as a platform to advise students on available study opportunities, bursaries, apprenticeships, internships, and learnerships from host employers.



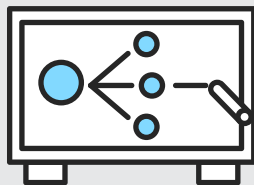
FoodBev SETA Outcomes	FoodBev SETA's considerable progress in delivering on the impact statement in the strategic plan (SP).
FoodBev SETA Outcome 6: Improved research reports	<p>In the year under review, the SETA produced six research reports, of which four were produced in-house:</p> <ul style="list-style-type: none"> a) Bridging the Digital Literacy Divide in Rural and Township Communities. b) Community Education and Training Colleges Needs Analysis Report. c) Effects of Kwa-Zulu Natal Floods on the Food and Beverages Manufacturing Sector Research Report. d) Effects of Ukraine-Russian Conflict on South Africa's Food and Beverages Manufacturing Sector Research Report <p>The following two reports were produced with research partners:</p> <ul style="list-style-type: none"> e) Exploring the Green in the Food and Beverages Manufacturing Sector. f) Atlas of Emerging Jobs in the South African Food and Beverages Manufacturing Sector Research Report <p>All the above reports were approved by the Accounting Authority.</p> <p>The SETA's partnership with the University of Johannesburg ended in September 2022.</p> <p>During the report period the SETA signed an MoU with Wits University as the Research Chair for the next three (3) year, ending 2025/26.</p>
FoodBev SETA Outcome 7: Established Partnerships with Stakeholders to address national imperatives (e.g., learning institutions, foundations, NGO's, Public Sector Institutions).	<p>The FoodBev SETA focuses on various strategic partnerships informed by national priorities and various research reports, chamber inputs, and other role players, as interpreted by senior management and the SETA Board. The NSDP recommends partnerships with organisations in the public and private sectors to support effective development of skills. In the year under review, the SETA had concluded four partnerships targeted to TVET support. As at 31 March 2023, 29 partnerships had been entered into and are still in progress.</p>

FoodBev SETA Outcomes	FoodBev SETA's considerable progress in delivering on the impact statement in the strategic plan (SP).
FoodBev SETA Outcome 8: Supported and transformed sector with a focus on: Youth/Women/People with Disability / TVET and Community Colleges/Rural / Townships	<p>The TVET Lecturer Capacitation Programme target was exceeded due to the partnership with FoodBev sector companies who provided support to TVET colleges Lecturers that need to understand the sector in order to best guide their students in accessing a career in the Food and Beverages Manufacturing Sector.</p> <p>The following companies participated and successfully completed the Lecturer Capacitation Programme.</p> <ul style="list-style-type: none"> a) Limpopo Dairies partnered with Vhembe TVET College and successfully capacitated Nyambeni Mufamadi on Manufacturing Management and Nthuthensi Siaga on Manufacturing Management within the world of work in the sector. b) United National Breweries partnered with Vuselela TVET College and successfully capacitated Johannes Sepotokele on Electrical Skills and Rosie Getjiese on Human Resources Management within the world of work in the sector. c) Clover partnered with Southwest Gauteng TVET College and successfully capacitated Jabulani Rodney Ngobeni on Human Resources Management and Ayanda Audrey Cele on Human Resources Management within the world of work in the sector. <p>FoodBev SETA looks forward to working with these companies again in future to continue with this positive relationship building that benefits TVET learners in the country.</p>
FoodBev SETA Outcome 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.	<p>Training and development of entrepreneurs, SMEs, NLPE and NPOs through the provision of Skills Programmes and learnerships. A total of 70 SMMEs, 11 NPOs, and 15 entrepreneurs were trained and capacitated.</p>
FoodBev SETA Outcome 10: Established and improved Customer Services.	<p>The SETA developed a stakeholder relations policy which was approved and implemented. In addition, the SETA conducted its second Stakeholder Satisfaction Survey and achieved a 7% increase from 75% to 82%.</p>
FoodBev SETA Outcome 11: Performing system support functions and managed budgets and expenditure that are linked to the SETA mandate.	<p>The SETA has established sound and effective governance and financial management of the affairs of the organisation through application of good internal control systems including risk, budget, and business processes. Several internal plans were developed and implemented.</p>

PERFORMANCE DASHBOARD

PROGRAMME 1:

Administration and Support



- Procurement Plan
- Strategic Risk Register
- Monitoring & Evaluation Plan
- Stakeholder Management Plan
- Human Resources Plan
- ICT Strategic Plan
- Chamber Management Plan



4/4

Governance Charter Reports

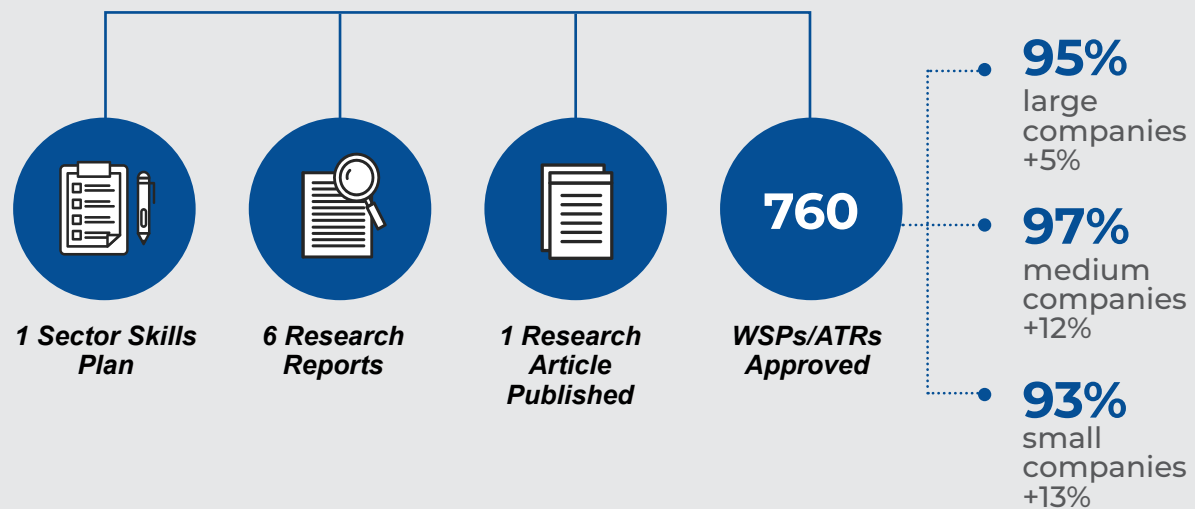


higher education
& training
Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

+23% Grants Payout Ratio

PROGRAMME 2:

Skills Planning



PROGRAMME 3:

Learning Programmes and Projects

Support for the Unemployed

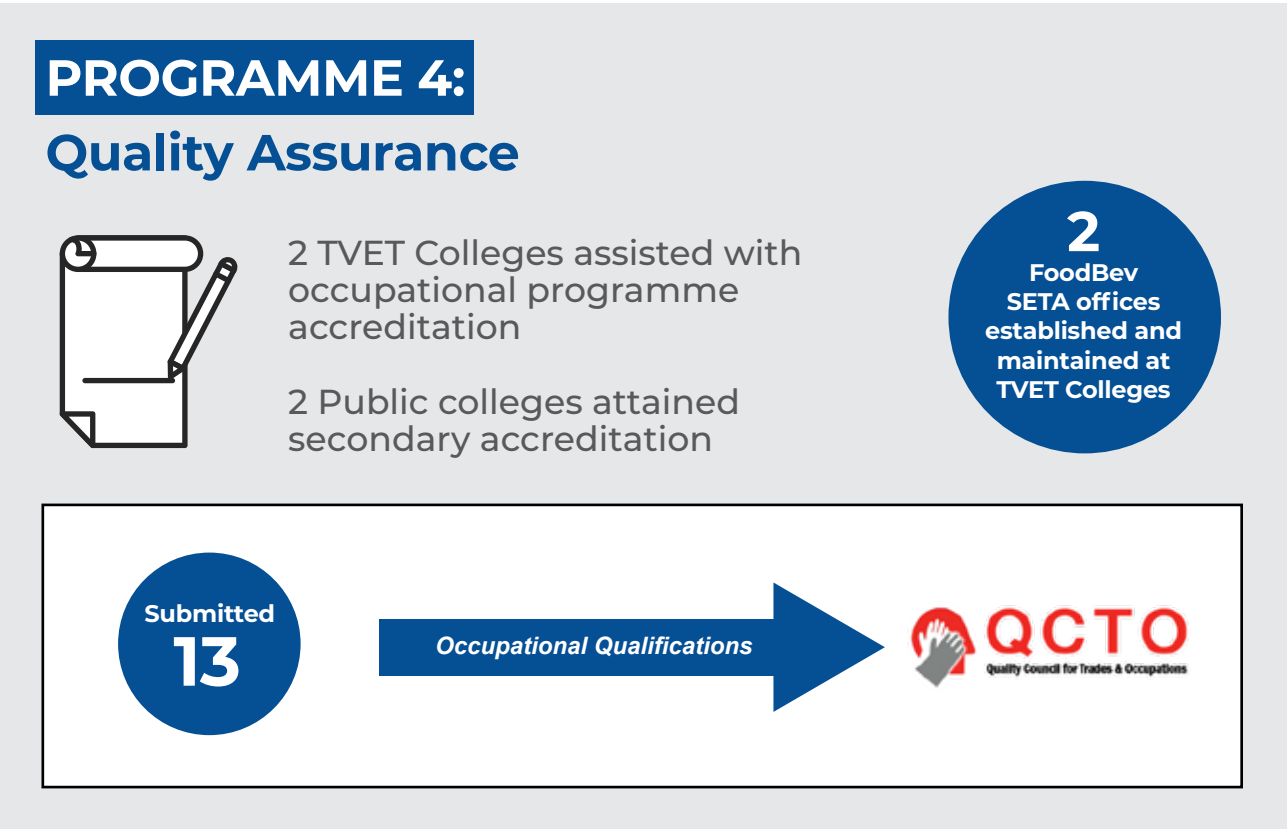
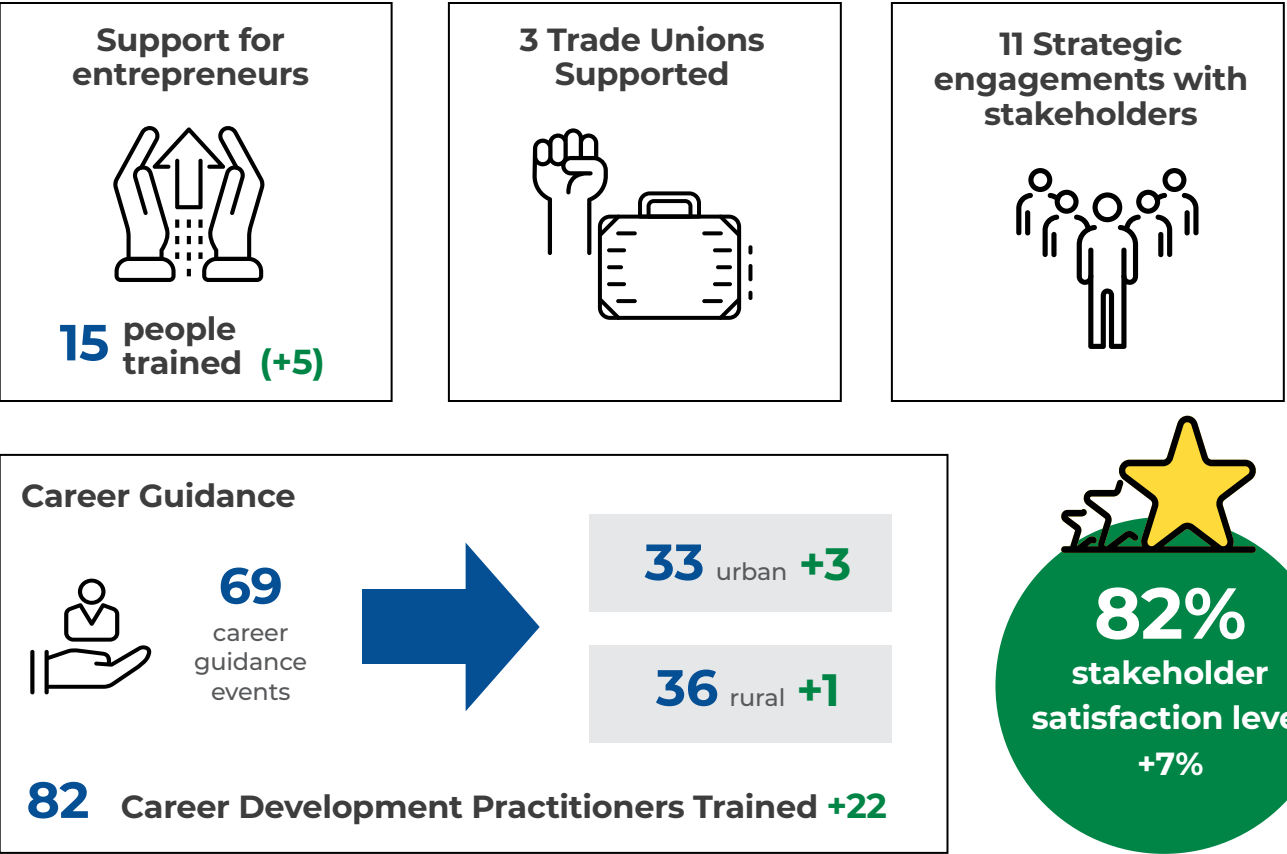
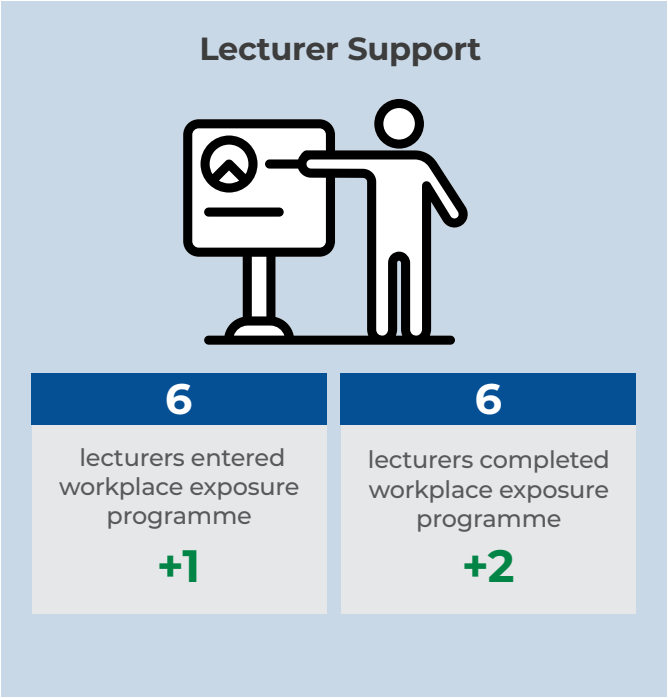
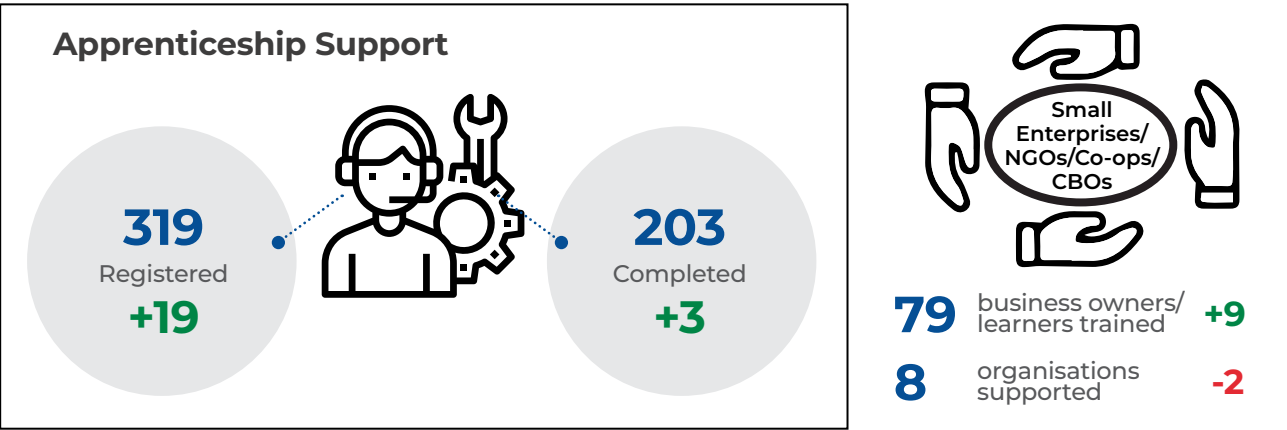
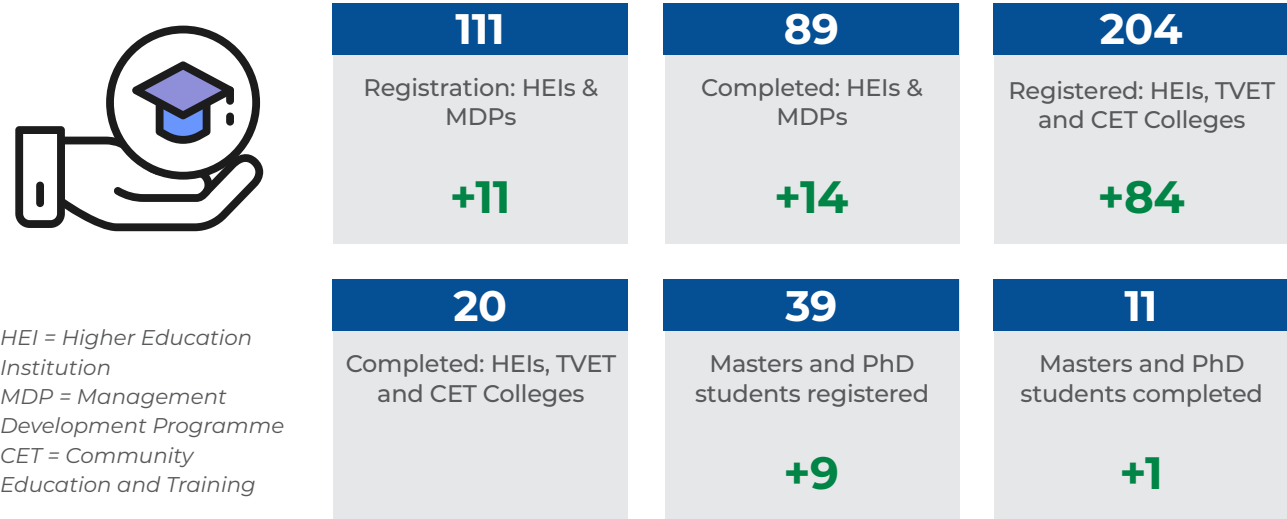
2 874 Registered on learnerships +1 074	1 777 Completed learnerships +377	526 Registered on internships +76	8 451 Beneficiaries	
562 HEI graduates placed in WBL programmes +112	259 HEI graduates completed WBL programmes +59	847 TVET students registered on WBL programmes +247		171 Completed internships +71
6 Unemployed learners registered on candidacy programmes +3	717 Registered on skills programmes +467	270 Completed skills programmes +145		442 TVET students completed WBL programmes +292

WBL = workplace based learning
HEI = higher education institutions

Support for the employed

1 700 Registered on learnerships +200	839 Completed learnerships +39	1 213 Registered on skills programmes +213	4 505 Beneficiaries
753 Completed skills programmes +253	243 Registered +18	239 Completed +129	

Bursary Support



CASE STUDY

RURAL WOMEN CAPACITATED WITH BAKING SKILLS TO EARN A LIVING AND SUPPLY BREAD IN RURAL AND TOWNSHIP AREAS

Statistics prove that 80% of all small businesses fail within the first five years and 95% of all co-operatives fail the moment donors withdraw from the project. Given the high failure rate of small businesses in the country, it is a government imperative to assist entrepreneurs with the tools and funding to realise success, which in turn drives economic growth and boosts employment.

The development of SMMEs and driving entrepreneurship are key strategic focus areas for FoodBev SETA.

“SETA’s are mandated to capacitate small businesses with skills and knowledge that can assist them with achieving success in their chosen endeavour,” emphasises Nokuthula Selamolela, CEO for the FoodBev SETA. “Skills development is not just about training people for employment, it must also empower people to create opportunities to make a living for themselves.”

During the period under review, FoodBev SETA entered into an agreement with the Bakery & Food Technology Incubator (BICSA) to train rural women in NC: Bread and Flour Confectionary Baking, a NQF Level 2 qualification that consists of six skills programmes and 124 Credits. BICSA is accredited

by FoodBev SETA to offer this training and has 15 years’ experience in training and supporting start-up and co-operative bakeries in the township and rural areas of the country.

“History has proved that training only will not ensure sustainable small businesses or jobs. Prolonged support and mentorship is essential for continued impact,” adds Selamolela “and it is for this reason that the training offered by BICSA appealed to FoodBev SETA as it provides incubation opportunities for beneficiaries, which is considered an important success factor for small businesses.”

In considering this programme for funding, FoodBev SETA viewed it as one that would create sustainable jobs, as well as empower a skilled work force through skills development training, to ensure successful SMME’s through a long-term mentoring and coaching programme to promote and stimulate the economy in rural and township areas.

Furthermore, the impact of this model could create sustainable small businesses by establishing bakeries in rural areas. The impact will be wider than just economic progress, or financial gain. It would create a ripple effect of money circulating in the community, the

availability of fresh bread to eat and it adds personal value and acknowledgement to rural woman and youth. It creates hope in communities.

“The programme has been a great success,” enthuses Ansie Potgieter, CEO for BICSA. “The 54 beneficiaries from Mpumalanga and Gauteng have been put through their paces and are now able to bake and supply bread and other products within their communities.”

“BICSA’s value proposition is to provide entrepreneurs and co-operatives with baking knowledge through skills development training.

In addition to the training and incubation that has been provided, BICSA has assisted a number of the beneficiaries with registration of their businesses, as well as facilitated applications to the Small Enterprise Development Agency (SEDA) for funding to purchase equipment.

“Through this programme with BICSA, beneficiaries have been provided with valuable access to business development, business linkages and mentorship to grow into viable and sustainable businesses that will contribute towards job creation and poverty alleviation,” concludes Selamolela.

More on the Programme

The programme implemented is a flexible combination of training, business development processes, infrastructure and people, designed to nurture and grow new and existing small businesses, develop products, innovations and

entrepreneurs by supporting them through the early stages of development and implementation.

The multi-level skills development programme provides physical baking training, numeracy and communication within the workplace. It also includes bakery management, record keeping, coaching and mentorship to establish profitable bakeries. Both theoretical and practical training, as well as the implementation of good manufacturing practices are addressed, that results in the beneficiaries being able to provide their communities with fresh healthy bread.

About BICSA

BICSA is the Bakery and Food Technology incubator that supports SMME’s and Co-operatives in the baking and food manufacturing sector. It was registered as a non-profit company in 2014 as a joint venture between SEDA (Small Enterprise Development Agency), DGRV (German Cooperative and Raiffeisen Confederation) and the SACB (South African Chamber of Baking).

It is a unique and flexible combination of business development processes, infrastructure and people designed to nurture and grow new and small businesses, products, innovations and entrepreneurs by supporting them through the early stages of development. BICSA has implemented food technology to focus on product development, preservation and packaging of food products to ensure good manufacturing practices and food safety.



3. INSTITUTIONAL PROGRAMME
PERFORMANCE INFORMATION

FoodBev SETA planned to deliver on four programmes during the year under review, namely:

- 3.1 Administration and Support
- 3.2 Skills Planning
- 3.3 Learning Programme and Projects
- 3.4 Quality Assurance

The assessment of programme performance is done against achievements of the planned annual targets. Achievement is categorised according to the performance ratings detailed below against all indicators for each of the four programmes.

Table 4: Performance ratings

COLOUR CODING	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 5: Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

NSDP Outcome	Outputs	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to actual achievement	Reasons for deviations
			2020/21	2021/22			2022/23	
Performing system support functions and managed budgets and expenditure linked to the SETA mandate	An established sound and effective financial management of the affairs of the organisation through application of good internal control systems that include risk, budget, financial, supply chain management and business processes.	1. Approved Procurement Plan	1	1	1	1	0	Annual Target Achieved. ACHIEVED



3.1.2 Sub-programme: Governance (Audit and Risk)

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

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

NSDP Outcome	Outputs	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to actual achievement	Reasons for deviations
			2020/21	2021/22			2022/23	
Performing system support functions and managed budgets and expenditure that are linked to the SETA mandate	An established sound and effective governance and financial management of the affairs of the organisation through application of good internal control systems include risk, budget, and business processes.	2. Approved Strategic Risk Register	1	1	1	1	0	Annual Target Achieved. ACHIEVED
		3. Governance Charter reports submitted to DHET	4	4	4	4	0	Annual Target Achieved. ACHIEVED
		4. Percentage of grants pay-out ratio	Not a reporting indicator	New Indicator	80%	103%	+23%	Annual Target Exceeded. This is due to more payments processed from the commitment register. EXCEEDED
		5. Approved Monitoring & Evaluation Plan	1	1	1	1	0	Annual Target Achieved. ACHIEVED
Well managed and coordinated FoodBev SETA Chambers		6. Approved Chamber Management Plan	New Indicator	1	1	1	0	Annual Target Achieved. ACHIEVED
		7. Approved Stakeholder Management Plan	New Indicator	1	1	1	0	Annual Target Achieved. ACHIEVED

3.1.3 Sub-programme: Human Resources

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

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

NSDP Outcome	Outputs	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to actual achievement	Reasons for deviations
			2020/21	2021/22			2022/23	
Performing system support functions and managed budgets and expenditure that are linked to the SETA mandate	An effective human resources management system	8. Approved Human Resources Plan	1	1	1	1	0	Annual Target Achieved. ACHIEVED

3.1.4 Sub-programme: Information Technology

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

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

NSDP Outcome	Outputs	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to actual achievement	Reasons for deviations
			2020/21	2021/22			2022/23	
Performing system support functions and managed budgets and expenditure that are linked to the SETA mandate.	Improved efficiency through the development of ICT policies, framework and/or standards	9. Approved ICT Strategic Plan	1	1	1	1	0	Annual target achieved. 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 9: Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

NSDP Outcome	Outputs	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to actual achievement	Reasons for deviations
			2020/21	2021/22			2022/23	
Identified and increased production of occupations in high demand	Evaluated and analysed Annexure 2: training plans and actual training reports complemented by labour market research to identify scarce, and critical skills needs in the sector	10. Number of Approved Sector Skills Plans (SSP)	1	1	1	1	0	Annual Target Achieved. ACHIEVED
	Evidence-based research to inform sector planning (SSP, SP and Business planning)	11. Number of research reports developed and approved	6	5	4	6	+2	Annual Target achieved and exceeded. This is due to additional research reports produced in the current financial year. EXCEEDED
		12. Number of research articles published	Not a reporting indicator	New Indicator	1	1	0	Annual Target Achieved. ACHIEVED

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

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

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

NSDP Outcome	Outputs	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to actual achievement	Reasons for deviations
			2020/21	2021/22			2022/23	
Identified and increased production of occupations in high demand	Employers participating in the workplace training	13. Percentage of compliant Annexure 2 applications evaluated and approved	665; levy-paying	741	90% of large companies	95% of large companies	+5% of large companies	Annual Target achieved and exceeded. This is due to capacity provided to stakeholders on the requirements of the WSP/ATR submission. EXCEEDED
			7; non-levy paying		85% of medium companies	97% of medium companies	+12% of medium companies	
					80% Small companies	93% Small companies	+13% Small companies	



3.3 Programme 3: learning programme 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 are addressing the sector needs.

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

NSDP Outcome	Outputs	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to actual achievement	Reasons for deviations
			2020/21	2021/22			2022/23	
Linked education and the workplace	Middle and high-level skills needs addressed in the sector to address scarce and critical skills	14. Number of unemployed learners registered on a learnership programme	2,402 SETA Funded & 418	1,526 SETA funded & 76 Sector funded	1,800 SETA Funded	2,874 SETA Funded	+1,074 SETA Funded	Annual Target achieved and exceeded. This is due to close monitoring of learner progress and engagement of stakeholders as well as partnerships linked to credit bearing learning programmes. EXCEEDED
		15. Number of unemployed learners who have completed a learnership programme	753 SETA Funded & 105 Sector Funded	1,844 SETA funded & 457 Sector funded	1,400 SETA Funded	1,777 SETA Funded	+377 SETA Funded	Annual target achieved and exceeded. This is due to the high number of learners registered for the financial year resulting in more learners being eligible for endorsement / certification. EXCEEDED
	Students obtain qualifications and work experience	16. Number of SETA funded students from Higher Education Institutions registered on internship programmes	414	365	450	526	+76	Annual target achieved and exceeded. This is due to close monitoring of learner registrations and engagements with stakeholders. EXCEEDED

NSDP Outcome	Outputs	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to actual achievement	Reasons for deviations
			2020/21	2021/22				
		17. Number of SETA funded students from Higher Education Institutions who have completed an internship programme	195	129	100	171	+71	Annual target achieved and exceeded. This is due to close monitoring of learner registrations and engagements with stakeholders. EXCEEDED
		18. Number of SETA funded Higher Education Institution graduates placed in companies for workplace-based learning programmes	512	397	450	562	+112	Annual target achieved and exceeded. This is due to close monitoring of learner registrations and engagements with stakeholders. EXCEEDED
		19. Number of graduates from Higher Education Institutions who have completed a workplace-based learning programme	195	203	250	259	+59	Annual target achieved and exceeded. This is due to direct follow-up with stakeholders on outstanding completion evidence that resulted in the target being achieved. EXCEEDED
		20. Number of SETA funded students from TVET Colleges registered on a workplace-based learning programme	1,061	628	600	847	+247	Annual Target achieved and exceeded. This is due to close monitoring and engagement of stakeholders, as well as partnerships identified through the presidential youth programme. EXCEEDED

NSDP Outcome	Outputs	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to actual achievement	Reasons for deviations
			2020/21	2021/22				
Improved skills level of skills in the South African workforce		21. Number of students from TVET colleges who have completed a work-based learning programme	526	297	150	442	+292	Annual Target achieved and exceeded. This is due to direct follow-up with stakeholders on outstanding documents. EXCEEDED
		22. Number of SETA funded unemployed learners registered on a candidacy programme with a registered professional body	0	2	3	6	+3	Annual target achieved and exceeded. This is due to direct follow-up with stakeholders on outstanding documents. EXCEEDED
		23. Number of employed learners registered on a learnership programme	453 SETA funded & 151	1,232 SETA funded & 155 Sector funded	1,500 SETA Funded	1,700 SETA Funded	+200 SETA Funded	Annual target achieved and exceeded. This is due to close monitoring and engagement of stakeholders. EXCEEDED
		24. Number of employed learners who have completed a learnership programme	755 SETA funded & 91 Sector Funded	697 SETA funded & 100 Sector funded	800 SETA Funded	839 SETA Funded	+39 SETA Funded	Annual target achieved and exceeded. This is due to the higher number of learners registered for the financial year resulting in more learners being eligible for endorsement / certification. EXCEEDED

NSDP Outcome	Outputs	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to actual achievement	Reasons for deviations
			2020/21	2021/22			2022/23	
		25. Number of unemployed learners registered on a skills programme	New Indicator	1,566 SETA funded & 118 Sector funded	250 SETA Funded	717 SETA Funded	+467 SETA Funded	Annual Target achieved and exceeded. This is due to close monitoring and engagement of stakeholders. EXCEEDED
		26. Number of unemployed learners who have completed a skills programme	New Indicator	801 SETA funded & 168 Sector funded	125	270	+145	Annual target achieved and exceeded. This is due to higher number of learners registered for the financial year resulting in more learners being eligible for endorsement/certification. EXCEEDED
		27. Number of employed learners registered on a skills programme	1,157 SETA funded & 85 Sector funded	1,500 SETA funded & 100 Sector funded	1,000 SETA Funded	1,213 SETA Funded	+213 SETA Funded	Annual target achieved and exceeded. This is due to close monitoring and engagement of stakeholders as well as Partnerships that were linked to credit bearing Learning Programmes. EXCEEDED

NSDP Outcome	Outputs	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to actual achievement	Reasons for deviations
			2020/21	2021/22			2022/23	
Employed and unemployed learners supported through provision of bursaries to address scarce and critical skills.		28. Number of employed learners who have completed a skills programme	541 SETA funded & 335 Sector funded	700 SETA funded & 50 Sector funded	500 SETA Funded	753 SETA Funded	+253 SETA Funded	Annual target achieved and exceeded. This is due to the higher number of learners registered for the financial year resulting in more learners being eligible for endorsement / certification. EXCEEDED
		29. Number of SETA funded employed students registered on bursaries in higher education institutions and management development programmes	17	164	100	111	+11	Annual target achieved and exceeded. This is due to close monitoring and engagement of stakeholders. EXCEEDED
		30. Number of SETA funded employed students who have completed their bursary studies in higher education institutions and management development programmes	69	115	75	89	+14	Annual target achieved and exceeded. This is due to close monitoring and engagement of stakeholders. EXCEEDED

NSDP Outcome	Outputs	Output Indicator	Audited Actual Performance	Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from planned target to actual achievement	Reasons for deviations
			2020/21	2021/22	2022/23	2022/23	2022/23	
Improved skills level in the South African workforce	Employed and unemployed learners capacitated with numeracy and literacy	31. Number of SETA funded learners registered on AET programmes	225	276	225	243	+18	Annual target achieved and exceeded. This is due to more than expected learners completing. EXCEEDED
		32. Number of SETA funded learners who have completed AET programmes	192	223	110	239	+129	Annual target achieved and exceeded. This is due to close monitoring and engagement of stakeholders. EXCEEDED
		33. Number of SETA funded unemployed students registered on the bursary programme (Higher Education Institutions, TVETs, Community Education and Training (CET) Colleges)	106	279	120	204	+84	Annual target achieved and exceeded. This is due to close monitoring and engagement of stakeholders. EXCEEDED
	Employed and unemployed learners supported through provision of bursaries to address the scarce and critical skills	34. Number of unemployed students who have completed their studies on the bursary programme (Higher Education Institutions, TVETs, Community Education and Training (CET) Colleges)	40	32	60	60	0	Annual Target Achieved. ACHIEVED

NSDP Outcome	Outputs	Output Indicator	Audited Actual Performance	Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from planned target to actual achievement	Reasons for deviations
			2020/21	2021/22	2022/23	2022/23	2022/23	
Increased access to occupationally directed programmes	Enhanced research and development in human capital for a growing body of knowledge economy	35. Number of SETA funded Masters' and PhD students registered on the research bursary programme	26	43	30	39	+09	Annual target achieved and exceeded. This is due to close monitoring and engagement of stakeholders. EXCEEDED
		36. Number of SETA funded Masters' and PhD students who have completed their studies through the research bursary programme	6	14	10	11	+01	Annual target achieved and exceeded. This is due to close monitoring and engagement of stakeholders. EXCEEDED
		37. Number of SETA funded apprentices registered on an apprenticeship programme	368	250	300	319	+19	Annual target achieved and exceeded. This is due to close monitoring and engagement of stakeholders. EXCEEDED
	Apprentices qualified to become Artisans	38. Number of SETA funded apprentices who have completed an apprenticeship programme	74	125	200	203	+03	Annual target achieved and exceeded. This is due to close monitoring and engagement of stakeholders. EXCEEDED
		39. Number of learners registered on recognition of prior learning (RPL) programmes	N/A	New indicator	50	53	+03	Annual target achieved and exceeded. This is due to additional budget availability, where entities provided ARPL for employed learners with less costs. EXCEEDED

NSDP Outcome	Outputs	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
Entrepreneurs and cooperatives supported with skills development needed for their growth	Small enterprises, NGOs, cooperatives and CBOs supported through the provision of accredited skills training programmes	40. Number of small businesses (business owner/s and/or learners) or co-operatives supported with training interventions (skills programme, learnership, internship, work experience, short courses and bursaries)	8	70	70	79	+09	Annual Target achieved and exceeded. This is due to engagement with stakeholders. This is due to increased engagements and capacitation of stakeholders. EXCEEDED
		41. Number of CPOs,NGOs or NPOs supported with training interventions (skills programme, learnership, internship, work experience, short courses, and bursary	Not a reporting target	New indicator	10	8	-2	Annual target almost achieved . This is due to fewer CPOs, NGOs or NPOs supported during the financial year. ALMOST ACHIEVED



3.3.2 Sub Programme: Special Projects and Partnerships

Purpose: To align TVET curriculum with industry needs and ensure the lectures and learners are equipped with the current industry trend and technology

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

NSDP Outcome	Outputs	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
The growth of the public college system supported Linked education and the workplace Increased access to occupationally directed programmes	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 disabilities.	42. Number of partnerships entered with employers to support the sector skills development interventions	10	10	4	6	+2	Annual Target achieved and exceeded. This is due to increased stakeholder capacitation and engagement. EXCEEDED

NSDP Outcome	Outputs	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
		43. Number of partnerships entered with post school education institutions to support skills development interventions	Not a reporting target	New indicator	4	16	+12	Annual Target achieved and exceeded. This is due to increased stakeholder capacitation and engagement. EXCEEDED
		44. Number of people trained in entrepreneurship with entrepreneurial skills to start their own business	Not a reporting target	New indicator	10	15	+05	Annual Target achieved and exceeded. This is due to increased stakeholder capacitation and engagement. EXCEEDED
		45. Number of lecturers who have entered the workplace exposure programme	Not a reporting target	6	5	6	+01	Annual Target achieved and exceeded. This is due to additional interest shown by companies for lecturers' placement resulted in the overachievement. EXCEEDED

NSDP Outcome	Outputs	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
		46. Number of lecturers who have completed workplace exposure programme	N/A	6	4	6	+02	Annual Target achieved and exceeded. This is due to close monitoring of the project. EXCEEDED
Encouraged and supported worker-initiated training	Trade unions supported through the provision of skills training programmes	47. Number of Trade-Unions supported with training interventions	3	3	3	3	0	Annual Target Achieved. ACHIEVED



NSDP Outcome	Outputs	Output Indicator	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from planned target to actual achievement	Reasons for deviations
			2020/21	2021/22				
8. Supported career development services	Capacitated career development practitioners and learners through provision of career development services	48. Number of career development events hosted in Rural/Urban areas and/or attended by FoodBev SETA	20	24 - Urban 36- Rural	30 - Urban 35- Rural	33 - Urban 36- Rural	+03 - Urban +01- Rural	Annual Target achieved and exceeded. This is due to high demand from different provinces and schools. EXCEEDED
		49. Number of career development practitioners trained	42	79	60	82	+22	Annual Target achieved and exceeded. This is due to more career development practitioners who attended and completed the training. EXCEEDED
		50. Number of strategic engagements facilitated with stakeholders	Not a reporting target	New indicator	6	11	+05	Annual Target achieved and exceeded. This is due to additional stakeholders that were engaged and identified in support of initiatives to encourage participation in the SETA. EXCEEDED
		51. Percentage increase of stakeholder satisfaction level	Not a reporting target	New indicator	75%	82%	+7%	Annual Target achieved and exceeded. This was due to past survey findings and recommendations being implemented and other increased efforts to drive efficiency and optimal levels in the organisation. EXCEEDED

3.4 Programme 4: quality assurance

3.4.1 Sub-programme: Provider accreditation

Purpose: Increase availability of accredited public skills development providers

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

NSDP Outcome	Outputs	Output Indicator	Audited Actual Performance	Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from planned target to actual achievement	Reasons for deviations
			2020/21	2021/22	2022/23	2022/23	2022/23	
Supported growth of the public college system	Public TVET Colleges capacitated to offer occupational programmes	52. Number of Public TVET Colleges assisted to apply for occupational programme accreditation	2	3	2	2	0	Annual Target Achieved. ACHIEVED
		53. Number of qualifications/ part qualifications/ skills programmes submitted to the QCTO for registration	Not a reporting target	New indicator	4	13	+09	Annual target achieved and exceeded. This is due to increased requests from industry to develop qualifications. EXCEEDED
		54. Number of Public TVET and CET Colleges attaining FoodBev SETA secondary accreditation	Not a reporting target	New indicator	2	2	0	Annual Target Achieved. ACHIEVED
		55. Number of FoodBev SETA offices established and maintained in TVET Colleges	4	4	2	2	0	Annual Target Achieved. ACHIEVED

FOODBEV SETA PARTNERSHIP WITH USAF SETTLES HISTORICAL DEBT FOR 761 STUDENTS

According to Universities South Africa (USAf), student debt from 2018–2020 increased from R11.3 billion to R13.162 billion, before skyrocketing to R16.5 billion in 2020–2021.

Typically, unfunded students have been found to bear the brunt of funding insecurity at universities as they battle to pay their tuition fees. Over time, the accumulating debt affects their mental wellbeing, their academic performance and potentially blocks them from graduating.

Often referred to as “missing-middle students”, these are students from working class families whose annual family income is above R350 000, which places them above the qualifying threshold for National Student Financial Aid Scheme (NSFAS) funding, yet also precludes them from qualifying for study loans from commercial banks.

In 2020, Universities South Africa (USAf) pledged to raise R1 billion in 24 months to assist students in need of support, are enrolled in undergraduate study programmes and are not supported by the NSFAS or by any other funding source. Some of the funds raised by USAf are also targeted at postgraduate students in specific programmes who cannot access grants from the National Research Foundation due to general budget limitations.

By February 2022, the USAf fund had reached R795 million, including new pledges and commitments for up to 2023. USAf’s main partners in this endeavour are six Sector Education and Training Authorities (SETAs) and FoodBev SETA is one of these SETAs.

During the period under review, FoodBev SETA committed R30 million to the USAf fund to allow students who have completed undergraduate and postgraduate studies, but unable to graduate due to funds owed to the study institution, an opportunity to graduate.

“As a SETA, we are mandated to provide the food and beverages manufacturing sector with skills it requires and it makes no sense that students who could be entering the sector and making a contribution are unable to do so because of student debt and the resultant inability to graduate,” comments Nokuthula Selamolela, CEO for the FoodBev SETA.

In terms of the agreement between USAf and FoodBev SETA, USAf was required to identify undergraduate and postgraduate students across South Africa’s 26 public universities who had completed studies relevant to the food and beverages manufacturing sector, but unable to graduate. Furthermore, the selection of the beneficiary students was required to be in line with FoodBev SETA’s grant funding policy.

This special project was funded from retained funds and has benefitted a total of 761 students.

To date, FoodBev SETA has received extensive communication in a variety of ways from students who have benefited from this project. They come from different parts of the country and have studied a variety of different courses, but the underlying message has been one of relief and gratitude.

“I am constantly mindful of the importance of the work we do as a SETA,” says Selamolela “but interacting with the feedback from these young people serves to remind me of the immense impact that a SETA is able to make on the lives of young people in the country and it makes what we do that much more fulfilling.”

About USAf

Universities South Africa (USAf) is an association of South Africa’s 26 public universities. The organisation’s primary mandate is to support its 26 members in the achievement of their core functions of teaching and learning, research and community engagement, and to create an environment where universities can thrive and prosper and contribute effectively to South Africa’s development.

Programme Statistics

University	Total Submission per University	
Cape Peninsula University of Technology	137	18%
Central University of Technology *	48	6%
Durban University of Technology	36	5%
Mangosuthu University of Technology*	133	17%
Tshwane University of Technology	24	3%
University of Fort Hare*	51	7%
University of Limpopo*	16	2%
University of the Western Cape	18	2%
University of Venda*	99	13%
University of Zululand*	96	13%
Vaal University of Technology	46	6%
Walter Sisulu University*	45	6%
University of Johannesburg	12	2%
	761	100%

*Represents rural universities



64% of beneficiaries from rural universities



55% female black Africans



13 Universities

4. LINKING PERFORMANCE WITH BUDGETS

Table 14: Linking performance with budgets

Programme/ activity/ objective	2021/2022			2022/2023		
	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	65,077	63,595	1,482	76,679	67,353	9,326
Employer Grants & Research	76,631	83,001	(6,369)	90,621	94,442	(3,821)
Learning Programmes and Projects	421,794	252,201	169,593	1,242,304	333,907	908 397
Project Administration	36,042	19,856	16,186	26,327	25,291	1,036
TOTAL	599,544	418,653	180,891	1,435,931	520,992	914,939

5. STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

One indicator was partially achieved relating to the support of CPO/NGO/NPOs. The SETA will ensure that the Annual Performance Plan TIDs are smart to be able to measure the implementation of this indicator.

6. REVENUE COLLECTION

Table 15: Sources of revenue and collections

Sources of revenue	2021/2022			2022/2023		
	Estimate	Actual amount collected	Over/(under) collection	Estimate	Actual amount collected	Over/(under) collection
	R'000	R'000	R'000	R'000	R'000	R'000
Fines and penalties	6,956	8,060	1,104	5,000	4,139	(861)
Skills Development Levy	420,854	432,466	11,612	470,759	472,158	1,399
Interest received – investment	31,998	33,559	1,561	54,000	57,510	3,510
Other income	-	2,394	2,394	-	345	345
Total revenue	459,808	476,479	16,671	529,759	534,151	4,393
Approved retained funds	139,736	-	-139,736	906,172	-	(906,172)
Total funds available for spending	599,544	476,479	-123,065	1,435,931	534,151	(901,779)

7. CAPITAL INVESTMENT

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

- Fixed assets acquired for the administration of FoodBev SETA, and
- 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. After assessment, they are then disposed and donated to different entities or auctioned to staff, subject to approval by the Accounting Authority/Board.

In addition, we regularly review and update the asset register, dispose, and write off stolen assets. The SETA acquired fixed assets worth R922 000 and intangible assets worth R834 000 in the year under review. Most of the assets acquired were laptops, docking stations and licenses.

“A DREAM BECOMES A GOAL WHEN ACTION IS TAKEN TOWARD ITS ACHIEVEMENT.”
— Bo Bennett





PART C GOVERNANCE

1. Introduction.....	60
2. Portfolio committees	60
3. Executive authority.....	60
4. The accounting authority / board	60
5. Risk management.....	68
6. Internal control unit	70
7. Internal audit and audit committees.....	70
8. Compliance with laws and regulations.....	72
9. Fraud and corruption.....	72
10. Minimising conflict of interest.....	73
11. Code of conduct.....	73
12. Health safety and environmental issues.....	73
13. Audit and risk committee report.....	74
14. B-BBEE compliance performance information	75

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 Innovation 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 2022/23 financial year.

3. EXECUTIVE AUTHORITY

In the SETA environment, the Minister of Higher Education, Science and Innovation is the Executive Authority and 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 applicable policies. The Executive Authority must apply its power in executing its responsibility and accountability with regards to the Act, PFMA, the SETA Constitution, and other relevant legislation.

The 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 convened with the Executive Authority, and implementation plans were executed where required.

4. THE ACCOUNTING AUTHORITY / BOARD

4.1 Introduction

The Board is the highest decision-making body of the SETA. It assumes a vital role in leading and exercising 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 each Sub-Committee of the Board are set out in the charters / terms of reference for each Committee, and these are aligned to 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:

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

4.3 Board Charter

The FoodBev SETA Board Charter was developed in line with the SETA's Constitution and governance best practice as recommended by the King IV report. It forms the basis of the Board's modus operandi and addresses the composition, roles, responsibilities, and power of the Board as well as the delegation of functions. The Board has a Board Member Handbook which is an orientation guide for members of the Board to provide a guide on basic board governance information and other resources.

The FoodBev SETA Board further has a remuneration policy that is aligned to the National Treasury regulations for cost-containment. The Delegation of Authority policy is in place to ensure efficiency of the Board in executing its functions and in holding management accountable for the day-to-day running of the organisation. The members of the Board understand that they stand in a fiduciary relationship to the SETA and have committed to perform their duties ethically, conscientiously and in the best interest of the SETA. The Board has complied to the Charter and applicable policies of the SETA.

4.4 Composition of the Board




Board members were appointed on 01 April 2020 to serve for five 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:



- Independent Chairperson – one appointed by the Minister
- Levy Paying Employers / Organised Employer – six representatives
- Representative Trade Unions / Organised Labour – six representatives
- Small Business or Community Organisations – two 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 when the Board was appointed in 2020. A nomination from Federal Council for Retail and Allied Workers (FEDCRAW) was received and submitted to the Executive Authority for a final decision.






Table 16: Board member profiles

Name of members	Designation	Date appointed	Date resigned	Qualifications	Board directorships (Past and Present)	Other committees or task teams	No. of Board meetings attended (*9)
 Alan Campbell	Board Chairperson	01.04.2020	n/a	<ul style="list-style-type: none"> Executive Development Programme Bachelor of Arts Diploma in Education Management Fundraising Certificate 	<ul style="list-style-type: none"> Bread Baking Association of SA Cape Malting House Homegrown Investment Holdings Yfm eTV Veritech Communications Shisaka Development Management iVote Solutions FABCOS Trust 	<ul style="list-style-type: none"> FoodBev SETA EXCO 	9
 Anna Pholoana	Board member	01.04.2020	n/a	<ul style="list-style-type: none"> Matric 	<ul style="list-style-type: none"> AgriSETA 	<ul style="list-style-type: none"> FoodBev SETA EXCO 	9
 Atwell Nazo	Board member	01.04.2020	n/a	<ul style="list-style-type: none"> National Certificate: Public Service Management 	<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 	<ul style="list-style-type: none"> FoodBev SETA EXCO 	7

Name of members	Designation	Date appointed	Date resigned	Qualifications	Board directorships (Past and Present)	Other committees or task teams	No. of Board meetings attended (*9)
 Ezra Ndwandwe	Board member	01.04.2020	n/a	<ul style="list-style-type: none"> Master of Business Leadership Management Development Programmes Bachelor of Science: Chemistry and Microbiology 	<ul style="list-style-type: none"> The Downtown Music Hub (DTMH), The DaVinci Business School South African Retailers Association 	<ul style="list-style-type: none"> FoodBev SETA Governance and Strategy Committee 	9
 Funeka Khumalo	Board member	01.04.2020	n/a	<ul style="list-style-type: none"> Master of Business Administration International Executive Development Program Bachelor of Technology: Analytical Chemistry 	<ul style="list-style-type: none"> National Advisory Council on Innovation Kevali Chemical Group Historic Schools Restoration Project Yenzani Children's Home 	<ul style="list-style-type: none"> FoodBev SETA Governance and Strategy Committee 	9
 Gugulethu Xaba	Board member	01.04.2020	n/a	<ul style="list-style-type: none"> Master of Management Bachelor of Technology: Quality National Diploma: Electrical Engineering Diploma: Project Management 	<ul style="list-style-type: none"> Adamo Holdings (Pty) Ltd Adamopix (Pty) Limited Lighthouse Economic Development Institution Global Business Confederation 	<ul style="list-style-type: none"> FoodBev SETA EXCO 	9
 Mapule Nanywa	Board member	01.04.2020	n/a	<ul style="list-style-type: none"> Bachelor of Arts 	<ul style="list-style-type: none"> SEDA 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 	<ul style="list-style-type: none"> FoodBev SETA Governance and Strategy Committee FoodBev SETA EXCO FoodBev SETA Finance and Remuneration Committee 	8

Name of members	Designation	Date appointed	Date resigned	Qualifications	Board directorships (Past and Present)	Other committees or task teams	No. of Board meetings attended (*9)
 Mark Oliver	Board member	01.04.2020	n/a	<ul style="list-style-type: none"> Diploma: Warehouse Management 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> FoodBev SETA Governance and Strategy Committee FoodBev SETA Audit and Risk Committee 	8
 Richard Hutton	Board member	01.04.2020	n/a	<ul style="list-style-type: none"> Bachelor of Commerce Honours: Labour Relations and Human Resource Bachelor of Technology: Human Resources Management National Diploma: Human Resources Management 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> FoodBev SETA Finance and Remuneration Committee 	9
 Nqobile Tshabangu	Board member	01.04.2020	n/a	<ul style="list-style-type: none"> Master of Arts: Industrial Sociology Advanced Labour Law Programme Diploma: Human Resources Management 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> FoodBev SETA Governance and Strategy FoodBev SETA Finance and Remuneration Committee 	7
 Nthabe Zondo	Board member	01.04.2020	n/a	<ul style="list-style-type: none"> Master of Science: International Marketing Bachelor of Business Administration: International Tourism & Hospitality Management and International Relations & Diplomacy 	<ul style="list-style-type: none"> Gauteng Film Commission: Board Gauteng Film Commission: HR & Ethics Committee Bumbles Babies (Pty) Ltd: Director Msebe Foods (Pty) Ltd: Director Nthabe Maqache Holdings: Director 	<ul style="list-style-type: none"> FoodBev SETA Audit and Risk Committee FoodBev SETA Finance and Remuneration Committee 	9

Name of members	Designation	Date appointed	Date resigned	Qualifications	Board directorships (Past and Present)	Other committees or task teams	No. of Board meetings attended (*9)
 Sthembile Mzizi	Board member	01.04.2020	n/a	<ul style="list-style-type: none"> Matric 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> FoodBev SETA Finance and Remuneration Committee 	9
 Thulisile Njapa Mashanda	Board member	01.04.2020	n/a	<ul style="list-style-type: none"> Chartered Accountant (SA) Certificate in Theory Accounting Bachelor of Arts Honours: Accounting Studies 	<ul style="list-style-type: none"> Landbank National Energy Regulator of South Africa (NERSA) Ithuba South African Council for Natural Scientific Professions (SACNASP) Metal Industries Benefit Funds Administrators (MIBFA) Audit Committee Member of the Presidency MERSETA 	<ul style="list-style-type: none"> FoodBev SETA Audit and Risk Committee 	9
 Trevor Van Wyk	Board member	01.04.2020	n/a	<ul style="list-style-type: none"> Bachelor of Commerce Honours Business Management Bachelor of Commerce 	<ul style="list-style-type: none"> IPM Board 	<ul style="list-style-type: none"> FoodBev SETA Governance and Strategy Committee 	7

The Board convened nine meetings comprising of:

- Four Quarterly meetings
- Two focused meetings
- One board performance review meeting
- One Annual General Meeting
- One annual risk assessment workshop

4.5 Board Sub-Committees

Table 17: Board sub-committees

Committee	No. of members	No. of meetings held	No. of meetings attended	Name of members
Executive Committee (EXCO)	5	8	7	Alan Campbell*
			8	Anna Pholoana
			7	Atwell Nazo
			8	Mapule Ncanywa
			8	Gugulethu Xaba
Governance and Strategy Committee (GSC)	5	7	7	Trevor Van Wyk*
			7	Ezra Ndwandwe
			7	Funeka Khumalo
			6	Mark Oliver
			6	Nqobile Tshabangu
Finance and Remuneration Committee (FRC)	4	7	5	Richard Hutton*
			6	Nqobile Tshabangu
			7	Nthabe Zondo
			7	Sthembile Mzizi
			n/a	Vacant

*Indicates a committee chairperson

The meetings listed above are as follows:

- EXCO held four quarterly meetings; one meeting continuation; and three special meetings
- GSC held four quarterly meetings; two focused meetings; and one special meeting
- FRC held four quarterly meetings, one meeting continuation; one special meeting, and two combined meetings with ARC

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.

Material Irregularity Training - The Board and ARC attended a Material Irregularity training in March 2023 which was facilitated by the AGSA.

Personal Development – Several Board members and Audit and Risk Committee members attended personal development training through the Institute of Directors of South Africa (IoDSA) in the following modules:

- A crucial collaboration the relationship between the Board, chair and CEO – Leading in a VUCA world
- Being a Director series
- Digital Transformation
- Director Certification
- Financial Insights for non-financial Directors
- Governance of Ethics
- Mastering Board Leadership
- Technology governance
- The Balance Sheet unpacked
- The Income Statement & Cash Flow Statement unpacked
- The Income statement and cashflow statement unpacked
- Unpacking Liquidity, Solvency and Going Concern

4.7 Board Performance Evaluation

A biennial performance evaluation of FoodBev SETA's Board and committees was carried out by the IoDSA in 2021. The Board also conducted a self-evaluation performance assessment during 2022/23. To allow for sufficient time to appropriately respond to the results of the performance evaluations, the Board dedicated time for consideration, reflection and discussion of its performance during the 2022/23 financial year to implement and monitor the implementation progress of the planned actions emanating from the last performance review.

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 18: Board Members' remuneration in (R'000)

No	Board Member Name	Gross Amount
1.	Alan Campbell*	292
2.	Anna Pholoana	150
3.	Atwell Nazo*	93
4.	Ezra Ndwandwe	192
5.	Gugulethu Xaba*	142
6.	Funeka Khumalo	155
7.	Sthembile Mzizi*	125
8.	Thuli Njapa Mashanda	153
9.	Mark Oliver	179
10.	Mapule Ncanywa*	155
11.	Nqobile Tshabangu	182
12.	Nthabe Zondo*	141
13.	Richard Hutton	139
14.	Trevor Van Wyk	145
Total *		2 243
No	Audit Committee Independent Member	Gross Amount
1.	Tracy Randall	94
2.	Tom Tshitangano	44
3.	Fana Mkwanazi	32
4.	Phuti Semenya	76
5.	Mzikayise Dondolo	41
6.	Lwazi Khubeka	58
Total		345
Grand total *		2 588

*In addition to the above Board remuneration, these members received additional fees amounting to R390 944 for other activities (attendance of events) of the board other than scheduled meetings.



5. RISK MANAGEMENT

5.1. Risk Management Approach

The FoodBev SETA has a Risk Management strategy, policy, and framework in place. The risk management strategy provides a high-level plan on how FoodBev SETA will implement its overall risk management process. The 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 framework supports FoodBev SETA's risk management philosophy and practices.

The Board approved a risk appetite and tolerance statement in May 2022 that is essential to guide the appropriate responses to individual risks, including the acceptance of certain risks at their currently assessed levels to determine whether the level falls within the acceptable tolerance level. The FoodBev SETA generally operates within a low overall risk range and the lowest risk appetite relates to performance information reporting, regulatory compliance objectives, finance, SCM and IT. This means that our priority over other organisational objectives is to reduce the risks originating from compliance with legislation, policies and procedures, and compliance monitoring, and meeting our legal obligations to reasonably practicable levels.

5.2. Risk Registers

The FoodBev SETA conducts an annual risk assessment to determine the material risks to which the SETA may be exposed and to evaluate the strategy for managing those risks. The strategy is used to direct audit effort and priority, and to determine the skills required to manage these risks.

FoodBev SETA developed its 2022/23 Strategic Risk Register, that identified seven strategic risks with 57 control improvement plans (CIP) to manage the organisation's strategic risks. As of 31 March 2023, 81% of the control improvement plans were fully implemented, 12% were partially implemented, and 7% were not implemented. Risk mitigation plans were developed and are at an advanced stage of execution for those CIPs which were not fully implemented and we will monitor their progress in the operational risk register in the next year.

Table 19: SETA strategic risks identified in 2022/23

Strategic Risk No.	Risk Description (High level definition)	Inherent Risk		Residual Risk Q1		Revised Residual Risk Q4	
		Rating	Level	Rating	Level	Rating	Level
SR1	Inability to provide adequate support functions to FoodBev SETA's core mandate	20	VERY HIGH	7	MEDIUM	6	MEDIUM
SR2	FoodBev SETA not meeting sector skills requirements	25	VERY HIGH	9	MEDIUM	6	MEDIUM
SR3	Failure to achieve APP targets resulting in large cash reserves surplus to requirements	25	VERY HIGH	20	VERY HIGH	16	HIGH
SR4	Inability to grow public college system & TVET Colleges not delivering occupational programmes	20	VERY HIGH	13	HIGH	13	HIGH
SR5	Inability of the SETA to support and contribute to the growth of entrepreneurs and cooperatives	25	VERY HIGH	15	HIGH	15	HIGH
SR6	Insufficient Worker initiated training	12	MEDIUM	6	MEDIUM	6	MEDIUM
SR7	Limited access to the target market	6	MEDIUM	1	LOW	1	LOW

5.3. Business Continuity Management

FoodBev SETA has a Business Continuity Management policy in place that essentially addresses the development, implementation and maintenance of strategies, plans, resources, and actions to ensure the continued achievement of critical objectives in the event of a significant, untoward, crisis event. Our Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) are regularly evaluated, and are tested annually against appropriate criteria, to maintain and evolve the adequacy of expectations, intentions and competencies for response and recovery. Due to the increased staff compliment, the SETA has implemented capabilities to support the increase of remote work, e-commerce, cybersecurity, and cloud computing, while maintaining the processes for Occupational Health and Safety and employee succession plans among others. The organisation now significantly relies on technology for day-to-day operations, making it more exposed to threats and cyber-attacks. Consequently, the organisation has enhanced its cybersecurity capacity, risk mitigation measures and controls to ensure it can respond and recover effectively from any disaster and/or cyber-attack incidents.

5.4. Fraud Prevention, Risk and Compliance Management Committee

The Fraud Prevention, 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 Committee reports on the progress of control improvement plans to mitigate the identified risks to the Audit and Risk Committee.

The Committee convenes quarterly and is responsible for assessing the organisation's strategic, fraud and operational risks as well as compliance risks. Emerging risks are identified and closely monitored. The Committee is responsible for interrogating the effectiveness in implementing the risk management strategy and policy.

5.5. Risk Maturity Assessment

The FoodBev SETA conducted a Risk Maturity Assessment in January 2023 through a risk maturity assessment tool, developed by the Chartered Institute of Management Accountants (CIMA) to

determine the degree to which the organisation was experienced and advanced in executing risk management. The assessment determined that FoodBev SETA's Enterprise Risk Management (ERM) has improved from level 3 and a score of 84% in the prior year, to level 4 (Robust ERM in Place) with a score of 94% in 2022/23. This is indicative that the organisation has considerably improved its risk management systems and has established a positive risk culture. Moreover, the report confirms FoodBev SETA's effectiveness in managing enterprise risks.

6. INTERNAL CONTROL UNIT

6.1. Internal Controls

Internal controls were reviewed and managed through strong preventative and detective measures. The combined assurance model was functional and effective through the assistance of the internal auditors, as well as the oversight role of the Board through the audit and risk committee.

6.2. Internal Audit

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 2022/23, approved by FoodBev SETA's Audit and Risk Committee, OMA conducted an internal audit for the year ended 31 March 2023. The Internal Audit Plan was developed after considering the SETA's top strategic risks identified by management and the Board.

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/ISPPA) 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:

- Risks are appropriately identified and managed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employees' actions comply with policies, standards, procedures and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and are adequately protected.
- Programmes, plans and objectives are achieved.
- Quality and continuous improvement are fostered in FoodBev SETA's control processes.
- Significant legislative and regulatory issues impacting FoodBev SETA are recognised and addressed appropriately.

7.1.1 The objectives of internal control are to ensure:

- Reliability and integrity of information.
- Compliance with policies, plans, procedures, laws, and regulations.
- Safeguarding of assets.
- Economic and efficient use of resources; and
- 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:

- Foster and improve open communication and contact with relevant stakeholders in FoodBev SETA (monitor management process).

- Ensure all stakeholder interests are considered in the management of the operations.
- Ensure adequate processes to assess FoodBev SETA's risks and control environment (assess the risk and control environment).
- Ensure management has implemented policies and procedures to identify and appropriately manage these risks through an effective internal control system.
- Ensure oversight of the financial reporting process.
- Review financial statements and appropriateness of accounting policies and significant transactions/estimates.
- Ensure the evaluation of the internal and external audit process.
- 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.
- Ensure the review of the quarterly performance of the table includes relevant information on the Audit and Risk Committee members.

Table 20: 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 (*7)
Phuti Semenya*	Chartered Accountant (SA) / Master of Commerce – International Accounting	External	n/a	13.09.2022	n/a	3
Lwazi Kubheka	Post Graduate Diploma in Business Administration; NDip Financial Information Systems	External	n/a	13.09.2022	n/a	3
Mzikayise Dondolo	Master of Business Administration; General Internal Auditor, GIA (SA)	External	n/a	13.09.2022	n/a	3
Mark Oliver	Diploma: Warehouse Management	Board Member	n/a	01.04.2020	n/a	7
Thulisile Njapa Mashanda	Chartered Accountant (SA)	Board Member	n/a	01.04.2020	n/a	7
Tracy Randall	Bachelor of Accounting Science	External	n/a	01.09.2016	30.09.2022	4
Fana Mkwanazi	Chartered Accountant (SA)	External	n/a	11.12.2018	31.08.2022	4
Tom Tshitangano	Master of Commerce in Development Finance	External	n/a	01.09.2016	31.08.2022	4

*Refer to 7.3 Key activities and objectives of the Audit and Risk Committee for the details on the Audit and Risk Committee members and meeting attendance.

7.3 Audit and Risk Committee meeting attendance

- Phuti Semenya is the ARC Chairperson (preceded by Tracy Randall).
- The ARC held four quarterly meetings, one special meeting, and two combined meetings with FRC.
- None of the members missed any meetings during the year. The three members whose term ended in Q2 of 2022/23 attended all meetings that were scheduled up to that point, whereafter the three members who commenced their term on 13 September 2023 attended all scheduled meetings thereafter.
- The three members appointed on 13 September 2022 underwent a comprehensive induction programme and received a detailed handover from the former Chairperson of the Committee.
- The ARC Chairperson was invited to present at some Board meetings and to attend other applicable Board meetings.
- Independent ARC members were invited to the AGM.
- The internal management ICT Steering Committee is Chaired by the ARC ICT expert, Lwazi Kubheka.

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 as well as other applicable governance prescripts such as its Constitution.

9. FRAUD AND CORRUPTION

The FoodBev SETA has a zero tolerance for fraud, corruption, facilitation payments or any other related activity in order to foster good corporate governance and embed a culture of honesty and integrity. The FoodBev SETA Fraud and Corruption Prevention 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 the strategy, FoodBev SETA has an annual Fraud and Corruption Prevention Plan monitored by the Fraud Prevention, Risk and Compliance Management Committee. The 2022/23 Fraud and Corruption Prevention Plan has eight key plans with 28 sub-activities for implementation. As of 31 March 2023, 27 (97%) of the 28 activities were implemented. The remaining activity to outsource the training on Ethics in the Public Service for all staff was not implemented due to budgetary constraints. This was mitigated through the facilitation of a refresher training and awareness for employees. All employees are trained and socialised annually on corruption, fraud prevention and ethics to foster FoodBev SETA's commitment to integrity and ethical behaviour.

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. In addition to the hotline, the Whistleblowing Policy outlines how FoodBev SETA can be contacted for disclosures or other incidents.

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.

10. MINIMISING CONFLICT OF INTEREST

FoodBev SETA requires all Board members, Audit and Risk Committee members and all employees to declare their interests at the beginning of each financial year, by completing the declaration of interest forms. Newly appointed members and employees are required to declare their interests at the beginning of their service. The Human Resources department maintains a gift register where employees are required to 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 adhere to the same principle and fill out declaration of interest forms for each interview candidate prior to the commencement of the interview process. Where a conflict of interest is declared, the affected member is prompted to recuse themselves when the applicable matter is discussed. As of 31 March 2023, 100% of all declaration of interest forms have been submitted.

FoodBev SETA also conducts risk-based probity checks for all officials that serve on Bid Committees and Grant Committees, as well as a verification of declaration of interests of employees on a risk-based sample.

11. CODE OF CONDUCT

FoodBev SETA has a Code of Conduct policy and procedure. The Board, Audit and Risk Committee members and 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, all members and employees must declare interest annually to promote accountability and transparency.

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 employees completed the Employee Conduct Pledge, where they 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' wellbeing is a prerequisite for the organisation's performance and success. The Occupational Health and Safety Committee was established and the Committee members received extensive training to ensure that FoodBev SETA adheres to the OHS Act and other relevant regulations.

During the financial year, the committee conducted a walk-about where it inspected FoodBev SETA's 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.

13. AUDIT AND RISK COMMITTEE REPORT



We are pleased to present our report for the financial year ended 31 March 2023.

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 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 2022/23 financial year, the Audit and Risk Committee:

- Reviewed the effectiveness of internal control systems by approving the Internal Audit Plan and Internal Audit Charter and reviewed internal audit reports every quarter
- Assessed the adequacy, reliability, and accuracy of financial information provided by management.
- Reviewed the internal audit function's effectiveness and thoroughly assessed the quality of reports submitted to the committee.
- Reviewed the SETA's processes for compliance and legal and regulatory provisions.

- Reviewed the SETA's processes for risk management and ethics management.
- Reviewed the organisation's finance function's expertise, resources, and experience.
- Reviewed and, where appropriate, recommended changes to the Annual Financial Statements as presented by the SETA for the year ended 31 March 2023.
- Reviewed the accounting policies and practices reported in the Annual Financial Statements and confirmed that these were appropriate.
- Reviewed the information of the predetermined objectives as reported in the Annual Report.
- Reviewed the AGSA's Management Report and management's response thereto.
- Reviewed adjustments resulting from the audit of the SETA.
- Provided a communication channel between the Accounting Authority and management, internal auditors, and external auditors.
- 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:

- The internal controls of the organisation were effective in most material aspects throughout the period under review.
- Appropriate policies supported by reasonable and prudent judgement and statements were applied.
- Adequate and effective controls are in place to safeguard assets.

- The financial statements comply, in all material respects, with the relevant provisions of the PFMA of 1999 and GRAP.
- The skills, independence, audit plan, reporting, and overall performance of the external auditors were acceptable.
- 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.

Phuti Semanya

Mr Phuti Semanya, CA (SA)

Chairperson of the Audit and Risk Committee
31 July 2023

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 21: B-BBEE compliance

Member Name	Qualifications	Internal or external
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 RESOURCE MANAGEMENT

1.	Human resource introduction.....	78
2.	Human resource oversight statistics.....	83
2.1	Personnel cost by salary band.....	83
2.2	Performance rewards.....	84
2.3	Training costs.....	84
2.4	Employment and vacancies.....	84
2.5	Employment changes.....	85
2.6	Reasons for staff leaving.....	85
2.7	Labour relations: misconduct and disciplinary action.....	85
2.8	Equity target and employment equity status.....	86
2.9	Persons with disability.....	86

1. HUMAN RESOURCE INTRODUCTION

1.1 Overview of HR matters at the public entity

The primary objective of the Human Resources Department (HR) is to assist FoodBev SETA to achieve its strategic objectives and ensure that the employees of the organisation 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.

The HR department has carried out several HR activities as per the approved HR plan. The plan aims to address 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 pillars identified in the HR Plan centred on providing an overall employee value chain and proposition towards the attainment of the SETA strategic objectives. These pillars are briefly summarised below:



Table 22: HR Plan four (4) pillars

Pillars	Objective	Status and Comments
One	Talent Sourcing and Retention is aimed at creating a pool of suitably competent and high-performing employees that can be eligible to fill vacant positions which may require specific scarce, critical, and high-risk skills including leadership positions.	<ol style="list-style-type: none">1. A total of 15 positions are currently being profiled and graded to determine the relative value.2. A total of eight permanent positions were recruited and filled to ensure an adequate supply of human capacity. Over and above this, nine fixed-term employees were recruited.3. FoodBev SETA had a total of 11 graduate interns this financial year of which, six are placed externally in three TVET Colleges and five placed amongst various internal departments.4. The vacancy rate at the end of the financial period is recorded at 7% which is below the trend of 10%.5. The SETAs employment profile is largely represented by Africans at 91%, Whites and Coloureds at 3%. The remaining 6% comprises foreign nationals. People with disabilities make up more than 4% of the FBS workforce. The 50/50 target for gender representation of males and females has not been achieved as males are under-represented by 5% in the reporting quarter.6. To ensure that the SETA is fully compliant with relevant labour prescripts, the following 14 Human Resources policies and procedures were reviewed, developed, and approved in line with the policy register:<ol style="list-style-type: none">a. Bereavement Policy and Procedureb. Performance Management and Development Policy and Procedure.c. Code of Conduct Policy and Procedure.d. Job Evaluation Policy and Procedure.e. Bursary for employee's dependents Policy and Procedure.f. Disciplinary and Grievance Policy and Procedure.g. Sexual Harassment Policy and Procedure.h. Internship and Learnership Policy and Procedure.i. Job Evaluation Policy and Procedure.j. Occupational Health and Safety Policy and Procedure.k. Substance Use and Abuse Policy and Procedure.l. Remuneration Policy and Procedure.m. Substance Use and Abuse Policy and Procedure.n. Recruitment and Selection Policy and Procedure.
Two	Building staff capacity - to develop and foster a talent pool through attracting high skilled employees, on-boarding/ Induction, and developing and retaining current employees through	<ol style="list-style-type: none">1. Various training and development interventions took place in this financial year in line with the approved training plan. 85% of staff attended at least seven training interventions to close identified skills gaps.2. A total of five study bursaries were awarded to SETA employees during the reporting period.3. In the reporting period, a new bursary policy for employee dependents was developed and approved. A total number of four employees' dependents are currently benefiting from this initiative.4. All newly appointed employees successfully underwent an Induction and On-boarding Programme.5. An automated performance management system was developed and rolled out in the reporting year.

Pillars	Objective	Status and Comments
Three	Constructive workplace relationship management focussed on promoting and fostering a healthy, conducive employee relations climate.	<ol style="list-style-type: none"> Seven staff engagement sessions and three union meetings were held. These engagements are aimed at: <ol style="list-style-type: none"> Enabling an open culture and an environment that fosters trust, respect and inclusion of diverse ideas. Ensuring that management interacts equally with employees to avoid favouritism and distortion. Providing employees with timeous information and feedback through internal communication channels. Encouraging feedback and exchange of ideas with the employees. Resolving labour disputes and issues at the lowest possible level which promotes a healthy employee relations climate. Staff engagement initiative helps to boost morale and foster a sense of accomplishment among employees
Four	Employee health and wellbeing focussed on Employee Work-Life Balance and Occupational Health and Safety	<ol style="list-style-type: none"> Human Resources facilitated the appointment of the Occupational Health and Safety Committee. The OHS committee ensured that the organisation is compliant with its OHS Policy and the Act and furthermore a fire drill was conducted in the reporting year. The SETA is committed to motivating its employees, and we believe in providing holistic care for our employees so that they work in a healthy and productive atmosphere. Employees and their immediate family members have access to financial assistance, mental health services, lifestyle management counselling, and all wellness-related information through ICAS, our official employee wellness service provider. A total of 23 cases were reported to ICAS by employees and six awareness sessions were held with staff. No high-risk cases were reported. Internal communication activities such as email updates, posters, information seminars, staff training, and induction for newly recruited employees all greatly increase program 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 Set HR priorities for the year under review and the impact of these priorities

In the year under review, FoodBev SETA has set several HR priorities to improve its workforce and overall organisational performance. These priorities include:

- Talent management and development:** FoodBev SETA aims to attract, retain, and develop top talent by implementing various talent management strategies such as employee training and development programmes, succession planning, and career development opportunities. The impact of this priority is

expected to be increased employee engagement, retention, and improved performance.

- Employee engagement:** FoodBev SETA recognises the importance of employee engagement in achieving organisational success. The organisation aims to enhance employee engagement by promoting a positive workplace culture, offering flexible work arrangements, and implementing initiatives that foster employee wellbeing. The impact of this priority is expected to be increased employee satisfaction, motivation, and productivity.
- Employment Equity:** FoodBev SETA is committed to fostering a diverse and inclusive workplace by promoting equal opportunities for all employees regardless of their background, race, gender, or sexual orientation. The impact of

this priority is expected to be increased employee morale, improved creativity, and innovation, and enhanced organisational reputation.

- HR Technology:** FoodBev SETA recognises the importance of leveraging HR technology to streamline HR processes, increase efficiency, and enhance the employee experience. The organisation aims to implement new HR technologies such as an electronic performance management system (EPMS) to improve performance management, talent management, and employee engagement. The impact of this priority is expected to be improved HR efficiency, accuracy, and data analytics.

1.3 Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce.

For FoodBev SETA, developing a robust workforce planning framework and effective recruitment strategies are essential to attract and retain a skilled and capable workforce. In the 2022/23 financial period, the organisation has implemented several key strategies to attract and retain talent.

One of these strategies involves leveraging technology and social media to reach a wider pool of candidates through the implementation of an e-recruitment system that was developed and rolled out. This system has enabled FoodBev SETA to streamline the recruitment process, reduce costs and increase efficiency, while also reaching a broader and more diverse candidate pool.

Another strategy is the development and approval of an employee-dependent bursary policy. This policy aims to support the education and development of employees' dependents, which not only benefits the employees but also helps to attract and retain talent by providing opportunities for career growth and development.

Finally, FoodBev SETA has conducted a benchmark exercise to ensure that its salaries are market-related, which helps to retain and attract talent by providing competitive compensation packages. By implementing these strategies, FoodBev SETA is positioning itself as an attractive employer that values its employees' growth and development while ensuring that it has the talent and skills needed to achieve its strategic objectives.

1.4 Employee Performance Management Framework

An effective employee performance management framework is crucial for FoodBev SETA, to achieve its goals and objectives. Such a framework provides a structured approach for setting performance expectations, measuring progress, and providing feedback to employees. FoodBev SETA has developed and rolled out an electronic performance management system in this financial year that there is improved efficiency and accuracy, real-time monitoring and reporting, increased transparency, streamlined goal setting and tracking and Enhanced data analytics and insights.

1.5 Employee Wellness Programmes

The FoodBev SETA supports and is committed to its employees' overall wellbeing. The Employee Wellness Programme (EWP) at FoodBev is a programme that is specifically developed to increase and sustain the productivity and health of all FoodBev employees. The EWP is a resource geared at detecting and resolving personal, work-related, and/or health difficulties and obstacles that are impeding an employee's optimal performance in a timely and discreet manner. Consultation, crisis intervention, short-term therapy, referrals, instructional courses, and lifestyle management programs are all available.

Work is essential to people's wellbeing because, in addition to providing a source of income, it can pave the way for broader social and economic growth, improving individuals, their families, and communities. FoodBev aspires to contribute to the Decent Work Agenda in order to promote people-centred sustainable development. Decent Work is a critical component in constructing fair, equitable, and inclusive societies based on the concepts of job creation, workers' rights, gender equality, social protection, and social dialogue. The following tables provide an overview of the activities and ICAS utilisation rate:

- Biggest Loser Competition
- Motivational Monday initiatives
- Youth Day celebration
- Woman Day celebration
- Heritage Day event
- Wellness day event
- Executive wellness day initiative
- Team building
- In my feelings wellness initiative

Table 23: Annual EWP Utilisation Rate

Services	Number of cases
Professional Counselling	16
eCare Services	8
Health@hand	1
Life Management	3
Exec care coaching	7
Clinical: Face-to-Face Session	2
Virtual Clinical: Face-to-Face Session	2

The overall engagement rate, that includes uptake of all services provided, amounted to 22.6% during the period under review, which compares to 14.8% during the comparable previous period. Annualised individual usage of the core counselling and advisory services of 22.6% was recorded during the most recent period, which compares to 14.8% during the previous period and 9.1% across all ICAS client companies during the most recent review period.

During the period under review and the preceding period, the most commonly utilised service was Professional Counselling, which constitutes 58.8% of total engagement in the most recent period and 54.5% during the previous period.

1.6 Challenges Faced by the Public Entity

The following are the challenges encountered during the reporting period:

1.6.1 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. FBS has not been successful in ensuring that it has a well-presented profile during the last fiscal years. However, current initiatives and actions have put the SETA in a better position compared to prior years. The ongoing measure will be adopted since HR is dedicated to tackling racial under-representation in the workforce.

1.6.2 Implementation of employee recognition incentives and rewards

Human Resources has started implementing employee recognition incentives and rewards, which include Long Service Awards and celebrating employee birthdays. Additionally, an "Employee of the Month" programme was introduced during the previous financial year. However, there was a challenge in obtaining staff buy-in. To address this, various interactions with staff and the management team will be carried out in the upcoming financial year to ensure successful rollout of this initiative.

1.6.3 Talent Acquisition

The organisation had to take the difficult decision of putting a hold on all recruitment activities following the bi-annual reporting period, due to budgetary constraints. This decision was made after careful consideration of the financial situation of the organisation, in order to ensure the sustainability of the business operations.

1.7 Future HR plans /goals

Human Resources has identified the following future goals in line with its HR Plan as follows:

- HR will complete the remaining phase two roles and roll out the 'Yes for Youth' initiative.
- Implementing an employee incentive and recognition programme will help to enhance corporate values, improve team efforts, increase customer satisfaction, and encourage particular employee behaviours.

- Upscale learning and development programmes that include career development plan, leadership and management development programmes, executive coaching etc.
- Create a positive experience and support employee work-life balance through engagement and wellness; and will continue to innovate and continuously improve employee engagement platforms.
- Continuing promoting flexible work schedules and a blended hybrid working system can enhance work-life balance, job satisfaction, and productivity. It allows employees to have more control over their work schedules, enabling them to manage personal responsibilities while meeting work obligations. Additionally, a hybrid working system provides the option to work from home, reducing commuting time and expenses. It can also promote inclusivity by accommodating diverse needs and preferences. Overall, promoting a flexible work schedule and hybrid working system can benefit both employees and the organisation.
- Improve company performance, it is important to create a wellness programme aimed at increasing employee engagement. Employee engagement is a crucial aspect of company success, as it helps retain employees, foster consumer loyalty, and enhance overall organisational performance. By implementing a strategic wellness programme that promotes employee well-being, reduces stress, and encourages healthy habits, companies can cultivate a positive work environment that boosts employee satisfaction, motivation, and productivity. Prioritising employee wellness and engagement can help build a strong organisational culture that supports both employee and company growth.
- Conduct assessments based on methods for retaining talent in the pipeline by identifying important job skills, knowledge, social ties, and organisational practices and passing them on 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, and the results form part of the into the Annual Training Report.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

2.1 Personnel cost by salary band

Table 24: Salary bands and expenditure

Occupational level	No. of employees	Personnel expenditure in (R'000)	% of total personnel cost	Average cost per employee (R'000)
Top Management	2	4 877	10%	2 349
Senior Management	7	9 800	20%	1 400
Professionally Qualified	13	13 419	27%	1 032
Skilled Technical	18	10 295	21%	573
Semi-skilled	20	8 490	17%	425
Unskilled	2	401	1%	201
Total	62	47 282	95%	727
Graduate Interns	5	461	1%	92
Fixed term contract	4	1 918	4%	480
Grand Total	71	49 661	100%	699

2.2 Performance rewards

Table 25: Performance rewards per occupational level

Occupational level	No. of employees	Performance rewards (R'000)	% of total performance rewards	Average performance rewards per employee (R'000)
Top Management	2	447	13%	224
Senior Management	7	706	21%	101
Professional qualified	12	876	26%	73
Skilled	16	903	27%	56
Semi-skilled	14	425	13%	30
Unskilled	2	37	0%	19
Total	53	3 395	100%	64

2.3 Training costs

Table 26: Training costs per occupational level

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 (R'000)
Top Management	4 924	22	0%	2	11
Senior Management	9 729	27	0%	3	9
Professional qualified	13 419	183	1%	8	23
Skilled	10 319	285	3%	18	16
Semi-skilled*	8 490	241	3%	23	10
Unskilled	401	1	0%	2	1
Interns	461	22	5%	5	4
Total	47 743	781	12%	61	13

*includes 3 fixed-term employees

2.4 Employment and vacancies

Table 27: Employees, posts and vacancies per occupational level

Occupational level	No. of Employees as at 31 March 2022	Approved posts as at 1 April 2023	No. of Employees as at 31 March 2023	No. of Vacancies as at 31 March 2023
Top Management	2	2	2	0
Senior Management	7	7	7	0
Professional qualified	13	16	13	2
Skilled	18	19	18	1
Semi-skilled	15	21	20	1
Unskilled	2	2	2	0
Total	57	67	62	4
Temporary Employees	11	4	4	0
Grand total	68	71	66	4

*excludes Graduate Interns as employees

2.5 Employment changes

Table 28: Changes in employment

Salary band	Employment as at 31 March 2022	External appointments	Internal appointments	Terminations / End of contract	Employment as at 31 March 2023
Top Management	2	0	0	0	2
Senior Management	7	0	0	0	7
Professional qualified	13	4	0	4	13
Skilled	18	1	0	1	18
Semi-skilled	15	5	0	0	20
Unskilled	2	0	0	0	2
Total	57	10	0	5	62
Fixed term contract	11	4	0	7	4
Grand Total	68	14	0	12	66

2.6 Reasons for staff leaving

Table 29: Staff leaving and reasons

Reason	Number	% of total no. of staff leaving
Death	0	0
Resignation	6	54.5%
Dismissal	0	0
Retirement	0	0
Ill health	0	0
Expiry of contract	5	45.5%
Other	0	0
Total	11	100%

2.7 Labour Relations: Misconduct and disciplinary action

Table 30: Incidence of disciplinary action

Nature of disciplinary action	Number
Verbal recorded warning	0
Written warning	2
Final written warning	0
Dismissal	0
Grievances	1
TOTAL	3

During the financial year, two (2) written warnings were recorded and they are in relation to misconduct, as well as one (1) grievance.

2.8 Equity target and Employment Equity status

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

Table 31: Employment equity profile

Top Management	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	4	1	0	1	7	0	0	0	0	0	13
Skilled Technically	10	0	0	0	7	0	0	0	0	1	18
Semi-Skilled	9	0	0	0	9	0	0	0	0	0	18
Unskilled	0	0	0	0	1	0	0	0	0	1	2
Total	27	1	0	1	28	0	0	0	1	2	62
Fixed term	0	0	0	0	3	0	0	0	1	0	4
Graduate Interns	0	0	0	0	4	0	0	0	0	0	4
Grand Total	26	1	0	1	35	0	0	0	2	2	70

2.9 Persons with Disability

Table 32: Profile of persons with disability

Top Management	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	1	0	0	0	0	0	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	1	0	0	0	0	0	2
Fixed term	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	1	0	0	0	0	0	2





PART E PFMA COMPLIANCE REPORT

1. Irregular, fruitless and wasteful expenditure and material losses90
2. Late and/or non-payment of suppliers91
3. Supply chain management.....91



1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1. Irregular expenditure

a. Reconciliation of irregular expenditure

Description	2021/2022	2022/2023
	R'000	R'000
Opening balance	4,251	2,102
Add: Irregular expenditure confirmed	1,157	499
Less: Irregular expenditure condoned		-
Less: Irregular expenditure not condoned and removed	(3 306)	(1 776)
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	2,102	825

*Reconciling notes to the AFS: The detailed disclosure was done in the prior year's Annual Financial Statement (2021/22). Refer to disclosure note 24 in Part E of Annual Report 2021/22.

Description	2021/2022	2022/2023
	R'000	R'000
Irregular expenditure that was under assessment in 2021/22	-	-
Irregular expenditure that relates to 2021/22 and identified in 2022/23	1 157	499
Irregular expenditure for the current year	-	-
Total	1 157	499

b. Details of current and previous year irregular expenditure removed - (not condoned)

Description	2021/2022	2022/2023
	R'000	R'000
Irregular expenditure NOT condoned and removed	3 306	1 776
Total	3 306*	1 776*

*Accounting Authority approved removal based on paragraph 5845 of Irregular Expenditure framework.

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
Valid invoices received	1 282	32 624
Invoices paid within 30 days or agreed period	1 282	32 624
Invoices paid after 30 days or agreed period	-	-
Invoices older than 30 days or agreed period (unpaid and without dispute)	-	-
Invoices older than 30 days or agreed period (unpaid and in dispute)	-	-

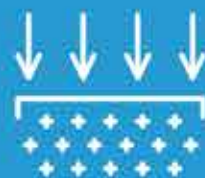
3. SUPPLY CHAIN MANAGEMENT

3.1. Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Economic Impact and Data Analysis Subscription Services	Quantec Enterprises (Pty) Ltd	Sole Source Supplier	N/a	R309 122,30
Accounting Authority (AA) Training	Institute of Directors South Africa (IoDSA)	Single Source Supplier	N/a	R260 000,00
Total				R569 122,30

3.2. Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Cleaning Services	Naledzi Cleaning Services (Pty) Ltd	Variation	N/a	R225 973,89	N/a	R28 536,60
Total				R225 973,89	N/a	R28 536,60



PART F FINANCIAL INFORMATION

Report of the Auditor-General to Parliament	94
Annexure: Auditor-General's responsibility for the audit	98
Accounting Authority's responsibility and approval	100
Statement of financial performance for the year ended 31 March 2023.....	102
Statement of financial position as at 31 March 2023	103
Statement of changes in net assets for the year ended 31 March 2023	104
Cash flow statement for the year ended 31 March 2023	105
Statement of comparison of budget and actual amounts	106
Accounting policies	107
Notes to the annual financial statements	119

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 102 to 141, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
- 2. In my opinion, 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 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

Basis for 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 responsibilities of the auditor-general 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.

Other matters

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

Retention of 2021-22 surplus

- 7. There are current deliberations with the National Treasury and the Department of Higher Education and Training regarding the appropriate approval processes for the retained surplus of R906 169 000, for the financial year 2021-22, disclosed in note 20. The ultimate outcome of the matter could not be determined and no provision for any liability was disclosed in the financial statements.

National Treasury Instruction
Note No. 4: PFMA Compliance and
Reporting Framework of 2022-23

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

and prior year figures are disclosed in note 24 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of Food and Beverages Manufacturing Sector Education and Training Authority. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting
authority for the financial statements

- 9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the standards of GRAP and the requirements of the PFMA and the SDA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- 10. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the Auditor-
General for the audit of the financial
statements

- 11. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will

always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

REPORT ON THE AUDIT OF THE
ANNUAL PERFORMANCE REPORT

- 13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
- 14. I selected the following programme presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected a programme that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page number	Purpose
Learning programmes and projects	41	To disburse grants through regular (pivotal and non-pivotal) and special projects that are addressing the sector needs

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

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

16. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
 - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner
 - there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
17. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.
18. I did not identify any material findings on the reported performance information of learning programmes and projects.

Other matter

19. I draw attention to the matter below.

Achievement of planned targets

20. The annual performance report includes information on reported achievements against planned targets and provides explanations for over and under achievements.
21. The public entity plays a key role in delivering services to South Africans. The annual performance report includes the following service delivery achievements against planned targets:

Key service delivery indicators not achieved	Planned target	Reported achievement
Learning programmes and projects Targets achieved: 98% Budget spent: 36%		
Indicator 41: Number of CPOs or NGOs or NPOs supported with training interventions (skills programme, learnership, internship, work experience, short courses and bursaries)	10	8

22. Reasons for the over- and under-achievement of targets are included in the annual performance report on pages (34 to 53).

Material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of learning programmes and projects. Management subsequently corrected all the misstatements and I did not include any material findings in this report.

REPORT ON COMPLIANCE WITH LEGISLATION

24. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
25. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

- Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
26. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
27. I did not identify any material non-compliance with the selected legislative requirements.

OTHER INFORMATION IN THE ANNUAL REPORT

28. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
29. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
30. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

31. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.
32. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
33. I did not identify any significant deficiencies in internal control.

INTERNAL CONTROL DEFICIENCIES

Auditor - General
Pretoria
31 July 2023



ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

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

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

Professional judgement and professional scepticism

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

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a 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

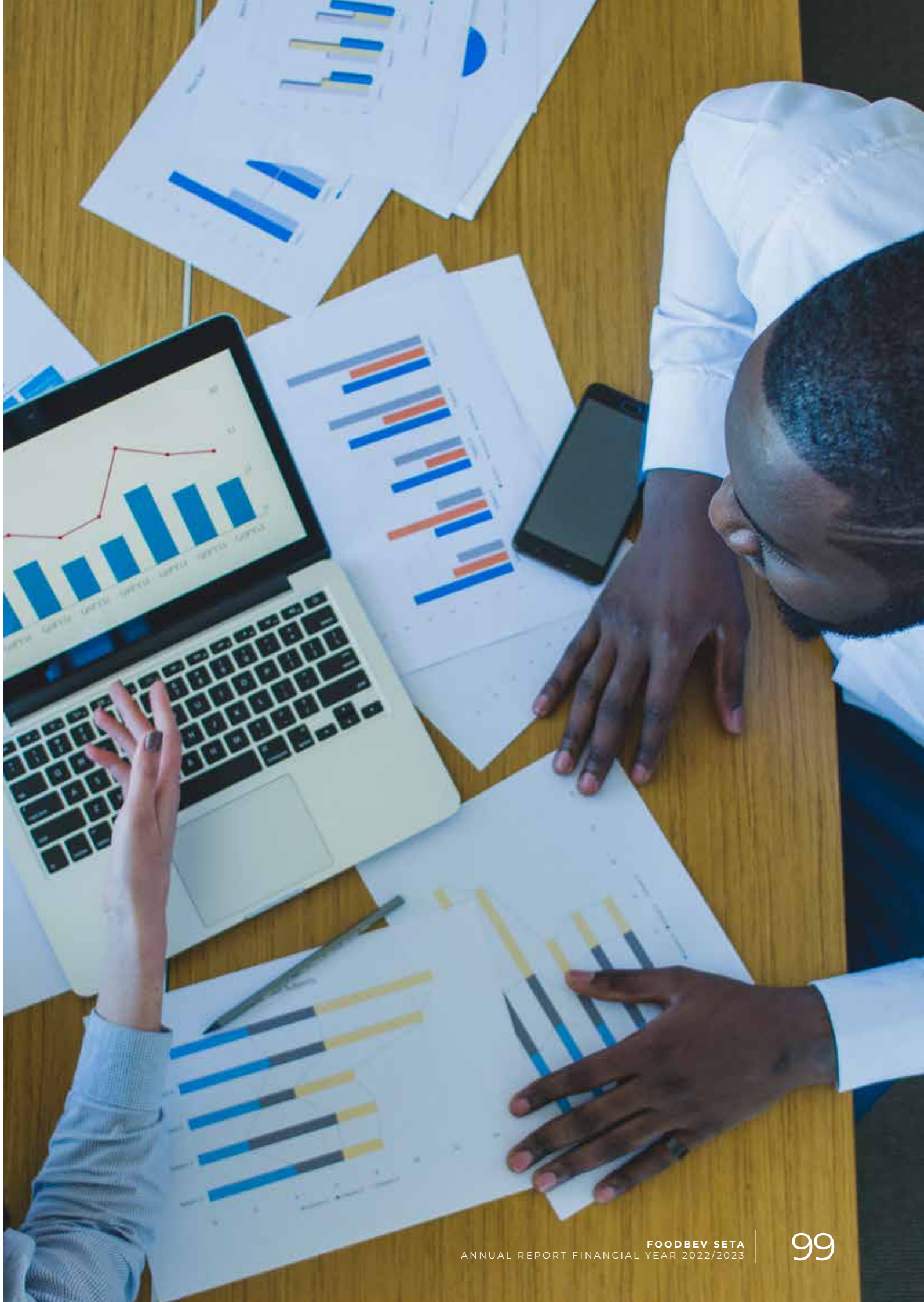
accounting estimates and related disclosures made

- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and 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.



ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The Accounting Authority (Board) is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the annual financial statements fairly present the state of affairs of FoodBev SETA as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

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

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

The Accounting Authority has reviewed the SETA's cash flow forecast for the financial year to 31 March 2024 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The SETA is wholly dependent on the skills development levies income for continued funding of operations. The annual financial statements are prepared on the basis that the SETA is a going concern and that the SETA has neither the intention nor the need to liquidate or curtail materially the scale of the SETA.

Although the Accounting Authority is primarily responsible for the financial affairs of the SETA, it is supported by the SETA's external auditors.

The external auditors are responsible for independently reviewing and reporting on the SETA's annual financial statements. The annual financial statements have been examined by the SETA's external auditors.

The annual financial statements set out on page 102 to 141, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 May 2023 and were signed on its behalf by:



Mr. A Campbell
Accounting Authority Chairperson



Ms. N Selamolela
Chief Executive Officer



STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2023

	Note(s)	2022/23 R'000	2021/22 R'000
Revenue			
Non-Exchange Revenue			
Skills Development Levy: Income	3	472 158	432 466
Skills Development Levy: Interest and penalties	4	4 139	8 060
Other income	6	4 123	2 394
Total revenue from non-exchange transactions		480 420	442 920
Exchange Revenue			
Other income	6	111	-
Interest received - investment	5	57 510	33 559
Total revenue from exchange transactions		57 621	33 559
Total revenue		538 041	476 479
Expenditure			
Administrative employee related costs	8	(32 045)	(25 929)
Depreciation and amortisation	10&11	(2 080)	(1 328)
Lease rentals on operating lease	9	(5 046)	(4 803)
Grant and project expenses	7	(453 639)	(355 058)
Other administration expenses	8	(28 183)	(31 535)
Total expenditure		(520 992)	(418 653)
Surplus for the year		17 048	57 826

STATEMENT OF FINANCIAL POSITION as at 31 March 2023

	Note(s)	2022/23 R'000	2021/22 R'000
Assets			
Current Assets			
Trade and other receivables from non-exchange transactions	12	4 412	2 284
Trade and other receivables from exchange transactions	13	-	280
Inventory	14	182	91
Cash and cash equivalents	15	953 110	977 932
		957 704	980 587
Non-Current Assets			
Property, plant and equipment	10	4 510	4 966
Intangible assets	11	683	684
		5 193	5 650
Total Assets		962 897	986 237
Liabilities			
Current Liabilities			
Trade and other payables from non-exchange transactions	16	14 113	56 998
Trade and other payables from exchange transactions	17	7 469	6 355
Provisions	18	12 355	10 971
		33 937	74 324
Total Liabilities		33 937	74 324
Net Assets		928 961	911 913
Reserves			
Administration reserve		5 375	5 741
Discretionary grant reserve		923 581	906 012
Mandatory grant reserve		5	160
Total Net Assets		928 961	911 913

STATEMENT OF CHANGES IN NET ASSETS for the year ended 31 March 2023

	Administration reserve	Discretionary grant reserve	Mandatory grant reserve	Accumulated surplus	Total net assets
Opening balance at 01 April 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
Surplus for the year	-	-	-	17 048	17 048
Allocation of unappropriated surplus	(5 310)	(1 043)	23 401	(17 048)	-
Excess reserves transferred to Discretionary reserve	4 944	18 612	(23 556)	-	-
Balance at 31 March 2023	5 375	923 581	5	-	928 961
Note(s)	2				

CASH FLOW STATEMENT for the period ended 31 March

	Note(s)	2022/23 R'000	2021/22 R'000
Cash flows from operating activities			
Cash receipts from stakeholders			
Levies, interest and penalties received		478 571	440 922
Interest income		57 510	33 559
Other cash item		111	-
		536 192	474 481
Cash paid to stakeholders, suppliers and employees			
Grants and project payments		(478 532)	(290 367)
Compensation of employees		(48 613)	(38 836)
Payments to suppliers and other		(32 147)	(34 586)
		(559 292)	(363 790)
Net cash flows from operating activities	19	(23 100)	110 691
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(922)	(4 257)
Proceeds from disposal of assets		34	262
Purchase of intangible assets	11	(834)	(717)
Net cash flows from investing activities		(1 722)	(4 712)
Net (decrease)/increase in cash and cash equivalents		(24 822)	105 980
Cash and cash equivalents at the beginning of the year		977 932	871 952
Cash and cash equivalents at the end of the year	15	953 110	977 932

STATEMENT OF COMPARISON OF
BUDGET AND ACTUAL AMOUNTS

Budget on Accrual Basis

Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
-----------------	-------------	--------------	------------------------------------	--	-----------

Statement of Financial Performance - 2022/23

Revenue					
Other income	-	-	-	4 234	4 234 29.1
Fines and penalties	-	5 000	5 000	4 139	(861) 29.2
Skills development levies - income	444 006	26 753	470 759	472 158	1 399 29.3
Interest received - investment	34 217	19 783	54 000	57 510	3 510 29.4
Retained funds	-	906 172	906 172	-	(906 172) 29.7
Total revenue including retained funds	478 223	957 708	1 435 931	538 041	(897 890)
Expenses					
Administration expenses	(58 276)	(18 403)	(76 679)	(67 353)	9 326 29.5
Grant and project expenses	(419 947)	(939 305)	(1 359 252)	(453 639)	905 613 29.6
Total expenditure	(478 223)	(957 708)	(1 435 931)	(520 992)	914 939
Surplus for the year	-	-	-	17 048	17 048

Statement of Financial Performance - 2021/22

Revenue					
Other income	-	-	-	2 394	2 394
Fines and penalties	-	6 956	6 956	8 060	1 104
Skills development levies - income	356 964	63 890	420 854	432 466	11 612
Interest received - investment	25 261	6 737	31 998	33 559	1 561
Retained funds	-	139 736	139 736	-	(139 736)
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
Grant and project expenses	(335 373)	(190 913)	(526 286)	(355 058)	171 228
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 in accordance with Section 91 (1) of the Public Finance Management Act, Act 1 of 1999. The implementation of the new GRAP standards has not resulted in any change in accounting policy. Accounting policies are also aligned with the Skills Development Act, Act 97 of 1998, as amended and the Skills Development Levies Act, Act 9 of 1999.

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 considered to be relevant. Actual results may differ from these estimates.

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

Key sources estimation uncertainty

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

Estimation of useful lives and residual value

Management considers the impact of technology, 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 at what condition the assets will be at the time. Management are of the opinion that all other assets of the SETA that will not be disposed, 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.

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

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

department do not undertake activities that generate economic benefits or services potential separately from the SETA as a whole. Management have assessed that FoodBev SETA operates as one segment both from a service and geographical point of view. Management have 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 or 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 time lines 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.

Expired discretionary grants commitments

The SETA considers discretionary grant contracts that are over three years (5 years in case of Artisans) to have expired unless written approval for contract extension was issued by the SETA. Expired contracts are removed from the commitment register however should employer companies provide proof that their learning programme was completed within the agreed time frames, the SETA will honour the request for payment by reinstating the commitment for payment purposes.

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:

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

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 SETA's. Such adjustments are separately disclosed as Inter-SETA transfers. The amount of the inter-SETA adjustment is calculated according to the Standard Operating Procedure issued by 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 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:

	2022/23	2021/22
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%
	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 approximately

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

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, taking into account 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 payable is recognised when the employer has submitted an application within the stipulated deadline, and is approved by the Board after evaluation process. FoodBev SETA accrues for mandatory grants on a monthly basis and payments are made on a quarterly basis. A mandatory grant payable is recognised when quarterly payments to employers fail to go through due to 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 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 grant and projects that are approved by the Board but not contracted are disclosed as commitments approved but not contracted.

Projects

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

An accrual is made when the employer has submitted the grant claim form within the stipulated deadline with incomplete documents at the end of the reporting period.

1.8 Irregular, fruitless and wasteful expenditure

Irregular expenditure means the incurrance 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.

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

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

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 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	10-11 years
Office equipment	Straight line	5-11 years
Computer equipment	Straight line	3-9 years
Leasehold improvements	Straight line	Over the lease term

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 derecognises its item of property, plant equipment and/or significant part of an asset upon disposal 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 that they are available for use. The estimated useful life for the current and comparative periods is 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 on the basis of the SETA's objective of using the asset.

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

FoodBev SETA assess if there is any indication that an asset may be impaired. If any such indication exists, the SETA estimates the recoverable service

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

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 of the asset. The depreciation replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of 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 may no longer exist, the FoodBev 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

substantially 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 as a result of 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 annual financial statements, 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 as a result of

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

unused leave days owing to employees at the end of the period.

Medical benefits

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

Provident fund benefits

The FoodBev SETA provides for a Provident Fund for all its employees through a defined contribution plan. Payments to the fund are charged as part of salary expense 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 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 FoodBev 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 that are directly attributable to the acquisition or issue of financial instrument.

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 of 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 that are held with registered banking institutions with a period maturity of three months or less and that are subject to insignificant risk of change.

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 of 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, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

SETA derecognises the asset, and recognise separately 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 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 not available, fair values 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 normal course of business. The carrying amounts of financial assets and financial liabilities with a maturity of less than one year are based on cost at fair value due to the short-term trading cycle of these items.

Offsetting financial instruments

Financial assets and financial liabilities are offset if there is any intention to either settle on a net basis, or realise the asset and settle the liability simultaneously and a legally enforceable right to set off 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 in accordance with the Skills Development Act, 1998 (Act No. 97 of 1998). FoodBev SETA measures reserves using accrual basis accounting, and 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 in order 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 (that is 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 reporting date. Inventories are initially measured at cost, and subsequently measured at the lower of cost and net replacement value. Cost is determined on a first-in first-out basis. The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

Current replacement cost is the cost that the entity would incur to acquire the asset at reporting date.

Inventories are measured at the lower of 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 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 for its own benefit.

Recognition

FoodBev SETA, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with 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 in accordance with the requirements of the relevant Standards of GRAP.

FoodBev SETA recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements 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 so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the 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 control 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 considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the SETA.

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

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

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 effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

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

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the FoodBev. As a result of the adoption of 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 on line items. Variances of 10% and above are considered material and are explained.

The approved budget covers the fiscal period from 1 April 2022 to 31 March 2023.

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 requires 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.

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

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

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 subsequent to 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 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 through the use of an allowance account. The amount of the losses is recognised in 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.

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

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

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:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the FoodBev SETA transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- 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 on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP.

Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.24 Inter-SETA transfers - Receivables/Payables

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

Inter-SETA receivables

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

- SARS has made the transfer and DHET portal confirming the transfer;
- FoodBev SETA submitting a claim to the previous SETA (requesting transfer of current year levies);
- The previous SETA has not yet made payment but confirms their obligation to transfer to FoodBev SETA; and
- The previous SETA has approved a WSP for past scheme year and sent 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 transfer from FoodBev SETA to another SETA. A payable is recognised against a reduction in revenue when the following criteria has been met:

- SARS has effected the transfer and DHET portal confirming the transfer;
- Submission of claim to FoodBev SETA by the new SETA;
- FoodBev SETA has not yet made a payment but confirms their obligation to transfer to new SETA; and
- FoodBev SETA has approved a WSP in relation for 2022/23 and sent 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 would meet the definition of a contingent liability.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

2. ALLOCATION OF SURPLUS FOR THE YEAR TO RESERVES (R'000)

2022/23

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%)	61 932	-	-
Grant levy income (69.5%)	-	117 843	292 383
Skills development levy: penalties and interest	-	-	4 139
Investment income	-	-	57 510
Other income	111	-	4 123
Total revenue	62 043	117 843	358 155
Administration expenses	(67 353)	-	-
Grants and project expenses	-	(94 442)	(359 197)
Total expenses	(67 353)	(94 442)	(359 197)
Net surplus per Statement of Financial Performance (allocated)	(5 310)	23 401	(1 043)

2021/22

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	-	-
Grant levy income (69.5%)	-	107 835	268 009
Skills development levy: penalties and interest	-	-	8 060
investment income	-	-	33 559
Other income	-	-	2 394
Total revenue	56 621	107 835	312 022
Administration expenses	(63 595)	-	-
Grants and project expenses	-	(83 001)	(272 057)
Total expenses	(63 595)	(83 001)	(272 057)
Net surplus per Statement of Financial Performance (allocated)	(6 974)	24 835	39 965

3. SKILLS DEVELOPMENT LEVY INCOME

	2022/23 R'000	2021/22 R'000
The total levy income per the Statement of Financial Performance is as follows:		
Levy income: Administration	61 932	56 621
Levies received		
Levy income transfer: Mandatory grants	117 843	107 835
Levies received		
Levy income transfer: Discretionary grants	292 760	268 932
Levies received		
Exempt employer: Transfer to/(from) discretionary	(377)	(923)
Total Levy income transfer: Discretionary grants	292 383	268 009
	472 158	432 466

4. SKILLS DEVELOPMENT LEVY: INTEREST AND PENALTIES

Interest - current	1 417	3 399
Penalties	2 721	4 661
	4 139	8 060

5. INTEREST RECEIVED - INVESTMENT

Interest revenue		
Interest received - Investment	57 510	33 559

6. OTHER INCOME

Discretionary grant recoveries - (non-exchange)	4 123	2 394
Study fees recovered - (exchange)*	111	-
	4 234	2 394

*Other income from study fees is a recovery from employees who were funded for their studies but they subsequently left the organisation.

7. GRANT AND PROJECT EXPENSES

	2022/23 R'000	2021/22 R'000
Mandatory grants	94 442	83 001
Discretionary grants	333 907	252 201
Project administration expenditure	25 291	19 856
	453 639	355 058
Project administration expenditure consists of:		
Direct salaries and wages	17 616	13 769
Direct project administration expenses:		
SSP research	319	297
Scarce skills guide	61	612
Advertising, promotions & publicity material	155	229
Catering & event hosting	47	44
Consulting Fees	-	578
External moderation	3 706	2 845
Travel & accommodation	1 955	671
Legal fees***	224	-
TVET offices*	-	358
Courier and postage	167	182
TVET capacity building*	-	260
Project related AA fees**	391	-
Ministerial Initiatives**	414	-
Printing	37	11
Stakeholders satisfaction survey	199	-
	25 291	19 856

* TVET offices and TVET capacity building costs were allocated to DG since they were reported as APP targets
 ** Project related board fees and ministerial initiatives were not incurred in the previous financial year.
 *** All legal fees related to discretionary grants and projects. These were not incurred in the previous financial year

8. OTHER ADMINISTRATION EXPENSES

	2022/23 R'000	2021/22 R'000
Advertising	-	187
Assessment rates & municipal charges	483	551
External audit fees	3 276	3 289
Bank charges	87	59
Cleaning	538	185
Catering and refreshments	122	43
Consulting and professional fees	279	100
Consumables	299	221
Special Projects: administration*	2 546	8 811
Conferences and seminars****	1 382	638
IT expenses*****	6 735	4 950
Insurance	190	200
Legal fees	-	394
Marketing and publications**	89	1 373
Postage and courier	5	4
Printing and stationery	423	268
Repairs and maintenance	45	23
License fees	-	263
Security	574	546
Staff welfare	539	49
Telephone and fax	273	364
Training	1 045	1 120
Travel - local	432	318
Loss on disposal of fixed assets	98	609
Electricity & water	899	477
Uniforms	24	-
Other payroll related costs (COIDA)***	577	-
Board remuneration	2 205	2 424
Audit committee remuneration	345	313
Internal audit fees	1 478	1 172
Quality control for trade and occupation mandatory expense	2 801	1 853
Recruitment costs	355	695
Whistleblowing	38	33
	28 183	31 535

* Movement in special projects: administration costs is due to once off transactions for prior year relating to deployment of new MIS & ERP systems and office move.

** A bulk of marketing and publications costs in the current year are part of the special administration projects costs.

*** COIDA payment was a once-off payment made for compliance

**** Increase in conference and seminars costs was due to the stakeholders gala dinner held in the current year.

***** Increase in IT expenses was due to increase in IT requirements after office move and increase in staff complement.

	2022/23 R'000	2021/22 R'000
Cost of employment		
Basic salaries	46 530	37 161
Pension contributions: defined contribution plans	3 131	2 537
	49 661	39 698
Allocation of cost of employment		
Administrative salaries*	32 045	25 929
Project admin salaries	17 616	13 769
	49 661	39 698

The increase in cost of employment was due to the filling of vacant positions in the last two quarters of the previous financial year, grading of some positions, annual salary adjustments and payment of bonuses. There were four resignations in the current year.

Average number of employees	72	74
------------------------------------	----	----

9. LEASE RENTALS ON OPERATING LEASE

Leases		
Operating lease - building	4 671	4 226
Operating lease - equipment	375	577
	5 046	4 803

10. PROPERTY, PLANT AND EQUIPMENT - R'000

	2022/23			2021/22		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Office furniture and fixtures	3 391	(1 030)	2 361	3 455	(721)	2 734
Office equipment	1 378	(550)	828	1 475	(294)	1 180
Computer equipment	2 775	(1 626)	1 149	2 243	(1 384)	860
Leasehold improvements	203	(31)	172	203	(10)	192
Total	7 747	(3 237)	4 510	7 376	(2 410)	4 966

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2023

Reconciliation of property, plant and equipment 2022/23 (R'000)

	Opening balance	Additions	Disposals	Depreciation	Total
Office furniture and fixtures	2 734	-	(32)	(341)	2 361
Office equipment	1 180	-	(72)	(280)	828
Computer equipment	860	922	(30)	(603)	1 149
Leasehold improvements	192	-	-	(21)	171
	4 966	922	(133)	(1 245)	4 510

Additions relate to acquisition of tools of trade for employees (for new employees and to replace disposed assets).

Reconciliation of property, plant and equipment 2021/22 - 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. As a result, no useful life and residual value assessment was done in the current financial year since most assets are fairly new and are still within the acceptable range.

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2023

11. INTANGIBLE ASSETS R'000

	2022/23			2021/22		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Licenses	1 904	(1 221)	683	1 070	(388)	681
Computer software	14	(14)	-	14	(11)	3
Total	1 918	(1 235)	683	1 084	(399)	684

Reconciliation of intangible assets: 2022/23 - R'000

	Opening balance	Additions	Amortisation	Total
Licenses	681	834	(832)	683
Computer software	3	-	(3)	-
	684	834	(835)	683

Reconciliation of intangible assets 2021/22 - R'000

	2022/23 R'000	2021/22 R'000	2022/23 R'000	2021/22 R'000
Licenses	327	717	(363)	681
Computer Software	9	-	(6)	3
	337	717	(370)	684

12. TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2022/23 R'000	2021/22 R'000
Other receivables	523	615
Mandatory Grant receivables (levies)	-	-
Contractual receivables	-	-
Discretionary Grant recoveries - gross	4 198	2 565
Less Debt impairment	(309)	(896)
	4 412	2 284
Debt impairment reconciliation	896	5 399
Opening balance	-	-
Bad debt provision reversed	(14)	(2 366)
Bad debt written off	(573)	(2 137)
	309	896

13. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Prepaid rent expense	-	277
Staff loan - study assistance	-	3
	-	280

14. INVENTORIES

Consumable stores	182	91
-------------------	-----	----

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:		
Cash on hand	-	1
Short-term deposits	2 912	19 925
Investments	950 198	958 006
	953 110	977 932

The weighted average interest rate on short-term bank deposits was 7% (2021/22: 3%)The weighted average interest rate on funds held at South African Reserve Bank, Corporation for Public Deposit was 7.4% (2021/22: 3.75%).

16. TRADE AND OTHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS

	2022/23 R'000	2021/22 R'000
Accrued expenses - Discretionary	-	1 148
Skills Development Grants: Discretionary payable*	6 515	48 953
Skills Development Grants: Mandatory payable	161	325
Skills Development Grants: Mandatory accruals	7 437	6 572
	14 113	56 998

*Discretionary grants balance is lower than the prior financial year due to payments done in the current financial year.

17. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Accrued expenses	-	939
Trade creditors	3 249	2 475
Leave pay	1 713	1 665
Operating lease payables	2 168	1 075
Accounting Authority fees and PAYE	166	199
External Moderators Staff claims payable	172	-
	7 469	6 355

18. PROVISIONS

Exempt employers provision	6 549	6 171
Bonus provision	5 807	4 799
	12 355	10 971

Exempt Employer's Provision

The amount of R7m (2021/22:R6m) relates to levies contributed by employers who are exempt from contributing skills development levies. The determination is done annually. Therefore the exempt employer's provision is adjusted at year end.

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 lapsed, 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.

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
-----------------	-----------	--------------------------	--------------------------	-------

Reconciliation of provisions - 2022/23 - R'000

Exempt employers Provision	6 171	1 226	-	(848)	6 549
Bonus provision	4 799	5 807	(3 395)	(1 404)	5 807
	10 970	7 033	(3 395)	(2 252)	12 355

Reconciliation of provisions 2021/22 - R'000

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

19. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET SURPLUS:

	2022/23 R'000	2021/22 R'000
Surplus	17 048	57 826
Adjustments for:		
Depreciation	1 245	959
Amortisation	835	370
Profit/loss on disposal of assets and debt impairment	98	609
Movements in provisions	1 385	1 586
Changes in working capital:		
Decrease/ (Increase) in inventories	(91)	(45)
Decrease/ (Increase) in receivables from exchange transactions	280	207
Decrease/ (Increase) in trade and other receivables from non-exchange transactions	(2 129)	(2 204)
(Decrease)/ Increase in payables from exchange transactions	1 113	1 387
(Decrease)/ Increase in payable from non-exchange transactions	(42 886)	49 998
	(23 100)	110 691

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

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 has submitted an application 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 as from 1 October 2022 to 31 March 2023. Consequently, the total potential mandatory grant pay-out is R4 665 (2021/22: R160 224)
- 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. During 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 as at 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.

As of 31 March 2023, the calculated accumulated surplus funds as per National Treasury Instruction No. 12 of 2020/2021 is as follows:

Description	2022/23 R'000	2021/22 R'000
Cash and cash equivalents	953 110	977 932
Add: Receivables*	4 412	2 284
Less: Current liabilities	(33 937)	(74 047)
Calculated surplus funds for the period*	923 585	906 169

*Immaterial prior year error was corrected. 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:

Calculated retained surplus as above	923 585	906 169
Approved and contracted - project commitments	(904 117)	(874 995)
Approved and contracted - admin commitments	(12 808)	(8 392)
Net surplus after considering commitments	6 660	22 782

- 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.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

The litigation between the parties begun in 2015 and was finally settled by the Labour Appeal Court (LAC) during 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 as to what percentage of mandatory grants should be paid or accrued by the SETA during the reported year.

The minister has issued draft SETA Grant Regulations for comment, where mandatory grant was maintained at 20%. To date no further communication has been received regarding gazetting of these regulations.

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 2022/23 financial year which is aligned to 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.

20.4 **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 2022/23 amounting to R105m, 2021/22 (R86m). The SETA honors 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. 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 as 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 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 over R300 000. The taxed bill for the urgent application amounts to R47 617. In order 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 parties are now waiting to receive 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 as yet. A receivable will be raised once confirmation has been received from the liable SETA.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

21. EVENTS AFTER THE REPORTING DATE

There were no subsequent events to report on.

22. COMMITMENTS GRANT COMMITMENTS 2022/23- R'000

	Opening balance 2021/22	Terminations / Adjustments / Cancellations	Approved by Accounting Authority and contracted 2022/23	Utilised prior years projects	Utilised current year projects 2022/23	Closing balance 2022/23
Unemployed Learnerships	212 331	(60 605)	132 106	(60 788)	(29 262)	193 774
Employed Learnerships	55 894	(22 897)	44 450	(13 984)	(6 776)	56 696
Learnership for PwD	-	182	-	(122)	-	61
Skills Programme	18 011	(4 562)	7 903	(4 428)	(1 945)	14 979
Internship	59 616	(16 092)	30 180	(16 044)	(3 048)	54 612
Work Experience	70 046	(20 688)	42 000	(16 044)	(3 984)	71 330
Candidacy Programme	540	(720)	2 160	-	-	1 980
Unemployed Bursaries	-	-	1 500	-	(718)	782
Research & Development	7 523	(1 233)	6 420	(3 178)	-	9 531
Employed & MDP Bursaries	14 907	(5 718)	7 050	(4 234)	(244)	11 762
Adult Education Training	3 495	(992)	3 670	(582)	(33)	5 559
Artisans	130 106	(30 068)	78 173	(15 343)	(4 955)	157 914
Centre of Specialisation	866	-	-	(248)	-	619
SME's (LP,NLP,NGOs,CBOs)	722	(674)	-	-	-	47
TVET Placements	65 604	(18 589)	32 778	(25 722)	(9 482)	44 589
TVET Bursary	4 827	(1 296)	216	(24)	-	3 723
Maluti, Tshwane South and Ekurhuleni SETA offices	-	186	-	(186)	-	-
Special Project 2019/20	3 744	-	-	(3 096)	-	648
Special Project 2020/21	5 386	-	-	(722)	-	4 665
Special Project 2021/2022	18 167	(500)	-	(5 266)	-	12 401
Special Project 2022/23	-	-	15 732	-	(173)	15 559
TVET Lecture Capacity	352	(312)	264	(40)	(144)	120
Career Development Practitioners	-	-	798	-	(798)	-
Partnerships	202 857	(15 166)	157 370	(88 565)	(13 730)	242 766
TOTAL	874 995	(199 742)	562 772	(258 614)	(75 293)	904 117

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

	2022/23 R'000	2021/22 R'000
Total discretionary grants approved and contracted	904 117	874 995
Operating commitments		
Approved and contracted	12 808	8 392
Total commitments	916 925	883 387
Percentage of reserves	99%	98%

FoodBev SETA have committed 99% (2021/22: 98%) of the available discretionary funds R924m, (2021/22 :R906m). FoodBev SETA terminated prior year programmes to the value of R200m due to programmes not commencing or learners not completing the contracted programmes.

Included in the partnership balance of R157m is amount of R107m that was committed using offer letters due to insufficient time to conclude memorandum of agreement (MOA). The MOA's were subsequently concluded post year end.

23. OPERATING LEASE LIABILITY ROLL FORWARD

Opening balance	(1 075)	-
Actual rent expense	(4 671)	(3 892)
Amortised rental over lease period	3 578	2 817
	(2 168)	(1 075)
23.1 Total future minimum rental payments due (buildings)		
Not later than one year	3 828	3 578
Later than one year and not later than five years	18 187	16 997
Later than five years	18 298	23 316
	40 313	43 891
23.2 Total future minimum rental payments due (equipment)		
Not later than one year	196	261
Later than one year and not later than five years	-	196
	196	457

FoodBev SETA's lease for office printers/photocopiers is expiring on 31 December 2023.

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

24. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Irregular expenditure and Fruitless and wasteful expenditure

	2022/23 R'000	2021/22 R'000
Irregular expenditure	499	1 157
Fruitless and wasteful expenditure	-	-
	499	1 157

Comparative disclosure have been restated to reflect irregular expenditure relating to current year only in adherence with changes brought about the National Treasury Instruction Note 4 of 2022/23. Consequently, the changes have been applied for both current year and comparative figures for fair presentation purposes.

25. BOARD AND MANAGEMENT REMUNERATION IN R'000S

Executive and Management - 2022/23

	Basic	Travel allowance	Acting Allowance	Pension fund	Bonus	Total
N Selamolela - CEO	2 249	-	-	270	257	2 776
M Maphiwa - CFO	1 319	405	49	138	190	2 101
M Pule	1 131	188	16	142	149	1 626
P Ngwasheng	1 152	125	-	154	146	1 577
S Mgidi	1 185	-	-	94	119	1 398
S Dyosiba	1 164	-	-	92	107	1 363
N Lwandle	1 102	-	13	73	70	1 258
T Sibia	1 200	-	-	89	65	1 354
M Mokome	1 088	-	-	86	50	1 224
	11 590	718	78	1 138	1 153	14 677

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

Executive and Management - 2021/22

	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

Non-executive - 2022/23

	Accounting Authority fees	Total
A Campbell - Chairperson	292	292
A Pholoana	150	150
A Nazo	93	93
E Ndwandwe	192	192
G Xaba	142	142
F Khumalo	155	155
S Mzizi	125	125
T Mashanda	153	153
M Oliver	179	179
M Ncanywa	155	155
N Tshabangu	182	182
N Zondo	141	141
R Hutton	139	139
T van Wyk	145	145
	2 243	2 243

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

Audit and Risk Committee - Independent members only

Incoming committee

P Semenya (Chairperson)
 M Dondolo
 L Kubheka

Outgoing committee

T Randall (Chairperson)
 T Tshitangano
 F Mkwanazi

Member's fees	Total
76	76
41	41
58	58
94	94
44	44
32	32
345	345

There was a change of Audit and Risk Committee membership in August 2022.

Non-executive - 2021/22

	Accounting Authority fees	Total
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

Audit and Risk Committee - Independent members only

T Randall (Chairperson)
 T TShitangano
 F Mkwanazi

Members' fees	Total
150	150
91	91
72	72
313	313

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 of time. 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 account with different accredited financial institutions according to the FoodBev SETA 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. Interest rate risk is measured by an analysis of the different interest rates the assets and liabilities are exposed to. The FoodBev SETA exposure to interest rate risk and the effective interest rates on financial instruments at balance sheet date are as follows:

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 2023								
Assets								
Cash	953 110	6%	-	-	-	-	-	953 110
Loans and accounts receivable	-	-	-	-	-	3 889	-	3 889
Total financial assets	953 110	-	-	-	-	3 889	-	956 999
Liabilities								
Borrowings	-	-	-	-	-	-	-	-
Loans and accounts payable*	-	-	-	-	-	13 984	-	13 984
Total financial liabilities	-	-	-	-	-	13 984	-	13 984
Year ended 31 March 2022								
	-	-	-	-	-	-	-	-
Total financial assets*	977 932	4%	-	-	-	2 176	-	980 108
Total financial liabilities*	-	-	-	-	-	(56 456)	-	(56 456)

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Essentially credit risk means that the SETA may not receive the owed principal and interest, which results in an interruption of cash flows and increased costs for collection. Financial assets which would potentially subject FoodBev SETA to the risk of non performance consist mainly of cash and cash equivalents and accounts receivable. FoodBev limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury and investing only in capital guaranteed investments. The SETA's exposure is continuously monitored on a monthly basis and long outstanding amounts are referred to legal for recovery.

The ageing of Trade and Other Receivables - R'000

	2022/23		2021/22	
	Gross	Impairment	Gross	Impairment
Past due >120 days*	4 198	(309)	2 845	(669)
Total	4 198	(309)	2 845	(669)

The SETA assesses outstanding debt for recoverability on a monthly basis and makes provision for impairment when there is objective evidence that FoodBev SETA will not be able to collect all amounts due according to the original terms and the debts are past due over by 180 days.

Cash and Cash equivalents

	2022/23		2021/22	
	Gross	Impairment	Gross	Impairment
Not past due	953 110	-	977 932	-

Liquidity risk

Liquidity risk is the risk encountered by the SETA in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The FoodBev SETA manages liquidity risk through proper management of working capital and capital expenditure. Adequate reserves and liquid resources are maintained.

	Carrying amount	Contractual Cash Flows	6 months or less	6 - 12 months	1 - 2 years	More than 2 years
2022/23 Trade and other payables*	13 984	13 984	13 984	-	-	-
2021/22 Trade and other payables*	56 456	56 456	56 456	-	-	-

*All assets and liabilities in this note exclude mandatory grants as these are considered statutory in nature and are therefore not financial instruments

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, however the SETA is only affected by interest rate risk. Financial instruments affected by market risk include cash deposits, below is the sensitivity analysis to how surplus or deficit would have been affected by changes in interest rate risk variable:

Sensitivity analysis on interest rate risk

	Increase/ (decrease) in interest rates	Effect on surplus or (deficit)
Increase	10%	5 751
Decrease	-10%	(5 751)

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 Department of Higher Education and Training (DHET), which are QCTO, NSFAS, NSA, TVET’s, CET’s, Universities and other SETAs.

The related party transactions with the various universities, TVET’s, CET’s and NSFAS 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. Transactions with these related parties include trade and other payables totalling R3m (2021/22: R24m), commitments totalling R318m (2021/22:R294m), and payments totalling R105m (2021/22:R116m).

Transactions with employers of the members of Board as at 31 March 2023

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.

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023

Employer : 2022/23- R’000

	Board Member	Mandatory Grants	Discretionary Grant	Total	Levies Received
Woodlands Dairy	R Hutton	738	3 701	4 439	2 983
Pioneer Foods	T van Wyk	7 504	4 493	11 997	30 133
Da Vinci Institute for Technology Management	E Ndwandwe	-	4 919	4 919	-
National Union of Food Beverages Wine Spirits and Allied Workers	N Tshabangu	-	475	475	-
		8 242	13 588	21 830	33 116

Employer : 2021/22 - R’000

	Board Member	Mandatory Grants	Discretionary Grant	Total	Levies Received
Woodlands Dairy	R Hutton	706	4 255	4 961	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	-
		4 223	6 148	10 371	17 022

Excluded from the above are payments to FEDCRAW of R900 000 (2021/22: R33 000) who have not allocated a board member throughout the year.

Transactions with other national public entities

	2022/23	2021/22
Quality Council for Trades and Occupations (QCTO)	2 801	1 853

28. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future 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 recoveries of grants. FoodBev SETA does not budget for other income.

29.2 Fines and penalties

The levies from fines and penalties were below the budget due to more employers complying to SARS regulations than anticipated.

29.4 Interest received - investments

The positive variance in investment revenue was due to more cash in the bank and the increase in the repo rate.

29.5 Administration expenses

The administration expenditure was below the budget due to the delays in the implementation of some admin projects that were budgeted for in the surplus funds.

29.6 Grants and project expenses

Discretionary grant payments were below budget due to slow implementation of learning programmes, and non-submission of grant claim forms by employers and partners. The mandatory grant expenditure exceeded the budget due to higher levies received.

29.7 Retention of surplus funds

The amount consists of special projects of R23m and commitments of R883m (due to the exclusion of commitments in the calculation of retention of surplus funds by the National Treasury as per National Treasury Instruction No. 12 of 2020/2021) The SETA committed 97% of the special projects by year end.

30. NEW ACCOUNTING PRONOUNCEMENTS

Standards issued and effective
No standards were issued and effective from 01 April 2022.

Standards issued but not effective

FoodBev has not applied the changes on the following standards:

GRAP 1	Presentation of annual financial statements - Assessing going concern with emphasis on transfer of functions or liquidation/cessation Impact: The SETA discloses, in the notes to the financial statements, significant judgements and assumptions made as part of management's assessment of whether the going concern assumption is appropriate. Furthermore the SETA discloses any material uncertainties related to events or conditions that may cast significant doubt upon the SETA's ability to continue as a going concern.
GRAP 25	Employee benefits - Effective date is 1 April 2023 Impact: No impact .
GRAP 104	Financial instruments - Effective date is 1 April 2025 Impact: No impact -FoodBev SETA has no transactions that are affected by the suggested changes to this standard.
IGRAP 7	The limit on a defined benefit asset, minimum funding requirements and their interaction - The effective date is 1 April 2023. Impact: No impact
IGRAP 21	The effect of past decisions on materiality - Effective date is 1 April 2023 Impact: No impact



