

ANNUAL REPORT

2023-2024 FINANCIAL YEAR



FoodBev
Manufacturing SETA
EMPOWER • INNOVATE • ELEVATE



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



Dr Mimmy Gondwe
Deputy Minister
Department of Higher
Education and Training



Dr Nobuhle Nkabane
Minister
Department of Higher
Education and Training



Mr Buti Manamela
Deputy Minister
Department of Higher
Education and Training



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

FoodBev
Manufacturing SETA
EMPOWER • INNOVATE • ELEVATE

FoodBev SETA's function is:

To promote, facilitate and incentivise skills
development in the Food and Beverages
Manufacturing Sector.

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PART A GENERAL INFORMATION



FoodBev
Manufacturing SETA

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FoodBev

Manufacturing SETA



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

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Rivonia
2128

TELEPHONE NUMBER/S

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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
CBO	Community-Based Organisation
CEO	Chief Executive Officer
CET	Community Education and Training
CFO	Chief Financial Officer
COVID-19	Coronavirus Disease 2019
DHET	Department of Higher Education and Training
DPME	Department of Planning, Monitoring and Evaluation
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
ICAS	Independent Counselling and Advisory Services
IIA	Institute for Internal Auditors
MOU	Memorandum of Understanding
NEC	Not Elsewhere Classified
NED	Non-Executive Director
NGO	Non-Governmental Organisation
NPO	Non Profit Organisation
NSDS	National Skills Development Strategy
NT	National Treasury
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

TERM	DESCRIPTION
PSET	Post School Education and Training
QCTO	Quality Council for Trades and Occupations
RPL	Recognition of Prior Learning
SAQA	South African Qualification Authority
SCM	Supply Chain Management
SETA	Sector Education and Training Authority
SETA-FUNDED	Learning Programme and Projects supported and funded by FoodBev SETA
SECTOR-FUNDED	Learning Programme and Projects supported and funded by the industry
SETMIS	Sector Management Information System
SIC	Standard Industrial Classification
SLA	Service Level Agreement
SME	Small and Micro Enterprises
SP	Strategic Plan
SSP	Sector Skills Plan
TVET	Technical and Vocational Education Training
TR	Treasury Regulations
UIF	Unemployment Insurance Fund
VAT	Value-Added Tax
WBL	Workplace-Based Learning
WSP	Workplace Skills Plan



Foreword by the **CHAIRPERSON**

Mr Alan Campbell

Chairperson of the Accounting Authority

It is with great pride and pleasure that I present the FoodBev Manufacturing SETA's Annual Report for the financial year 2023/2024. This year, we achieved 100% target completion, a remarkable outcome as evidenced by our audited outcomes.

This year, we not only achieved our target but also maintained our clean audit status, a significant improvement from falling just two percentage points short last year. This dual achievement represents a remarkable milestone for FoodBev Manufacturing SETA. Our success in delivering these results for two consecutive years underscores the strength of our systems. From our governance structures to our executive team, employees and suppliers, the alignment and collaboration at every level of our organisation have been crucial to this accomplishment.

Governance and Risk Management

FoodBev Manufacturing SETA is governed by a highly capable Board, comprising individuals with exceptional backgrounds and diverse experiences. Each member brings a unique perspective and strong leadership qualities that significantly contribute to the organisation's overall governance and strategic direction. Our rigorous risk management processes and comprehensive procedures are reflected in the recent audit opinion, which demonstrates a 100% achievement of our targets. This outcome affirms that all our processes and policies were meticulously followed, highlighting our commitment to operational excellence.

Our internal controls are stringent, ensuring accountability across all departments and organisational layers. We maintain a strict policy against fruitless and wasteful expenditure, ensuring that all resources are utilised efficiently and responsibly. This approach has been validated by our flawless audit outcome, highlighting our dedication to maintaining the highest standards of financial integrity and operational discipline.

Internal Controls and Governance

Within FoodBev Manufacturing SETA, departments operate with a system of mutual accountability, with various organisational layers providing oversight to each other. Our intolerance of fruitless and wasteful expenditure is evident in our supply chain processes and is enforced by our internal audit component, which plays a critical role in governance and compliance. Although these functions are often rigorous, they are essential for upholding our high level of integrity and operational excellence. The foresight to incorporate these governance and compliance structures has been instrumental to our success. Accepting their guidance with humility is vital for enforcing the policies introduced and approved by the Board.

Governance and Compliance with Regulatory Frameworks

Our governance structures also oversee our relationship with the Department of Higher Education and Training, ensuring adherence to public sector regulations. Compliance with statutory frameworks such as the Public Finance Management Act (PFMA) and other relevant regulations has significantly contributed to our high-performance levels. These regulatory and compliance measures are integral to our operations, underpinning our commitment to transparency, accountability and operational excellence. They are key to maintaining the standards and performance that reflect our success as a public sector entity.

Implementation of Risk Management and SCM Controls

The implementation of risk management and supply chain management (SCM) controls was a key part of our strategic overhaul four years ago. When I assumed the role of Chair of the Board, we faced a significant challenge with only 35% of the required staffing in place. Over the subsequent three years, we undertook a comprehensive initiative to fill these vacancies, particularly focusing on compliance-related roles. Today, our team comprises approximately 85 individuals, including full-time, part-time, fixed-term appointees and interns, with about 65 of these being full-time employees. This represents a significant improvement from the staffing levels of four years ago. The increase in capacity has positively impacted our operations and compliance, reinforcing our ability to deliver high standards of performance and governance.

Challenges in Team Retention and Leadership

Maintaining team cohesion is an ongoing challenge as we achieve success and our talented staff become highly sought after. This external interest, while a testament to our success, poses a risk of increased staff turnover. Effective leadership is crucial in navigating these challenges, envisioning the future and guiding the team despite uncertainties. Leadership involves articulating a vision that may initially face scepticism and resistance. These challenges are part of refining our approach and strengthening our direction. Over time, our vision has improved, fostering a stronger collaboration with sector partners. Initially, there was a degree of separation between FoodBev SETA and private sector levy payers. However, this relationship has significantly strengthened, aligning more closely with our mission of enhanced collaboration.

Information Technology and Future Innovation

Information Technology (ICT) is now a pervasive force across all sectors. Despite its importance, there has been notable reluctance within the public sector to fully embrace IT. This hesitancy has been a barrier to achieving greater efficiency, productivity and transparency. Nevertheless, we are increasingly recognising IT's critical role in enhancing operations and service delivery. Artificial Intelligence (AI) represents a significant area for innovation, offering data-driven insights and solutions for more effective decision-making and process automation. Embracing AI and automation can address repetitive tasks and streamline processes, contributing to our efficiency and productivity.

Increased Visibility and Rebranding

Historically, FoodBev Manufacturing SETA operated somewhat insularly, primarily due to previous capacity constraints. This limited our outreach and engagement with the sector we serve. Recently, positive efforts have been made to enhance our visibility and assert a more prominent presence. The launch of our new logo in June this year marks a bold leap forward, infusing our SETA with a fresh, modern flair that truly embodies our forward-thinking vision. This rebranding is more than just a visual update; it aligns seamlessly with our stakeholders' expectations and propels us towards enhanced recognition and engagement. It is a vibrant, dynamic move that positions us for a future brimming with opportunity and impact.

Future Focus and Strategic Partnerships

As we look ahead, our mission emphasises the need for significant advances in innovation, particularly in technology. (AI) should be embraced for its potential to enhance decision-making and process efficiency. We must also continue strengthening our collaborations with key stakeholders, including vocational colleges,

the private sector, academic institutions and the international community. Over the past year, we established 33 new strategic partnerships to address key priorities. Strengthening our engagement with small businesses and TVET institutions is also essential for supporting economic growth and addressing skill gaps.

Service Provider Performance and Technological Integration

Improving the performance of our service providers is crucial. Observations indicate that larger levy payers often develop Workplace Skills Plans (WSPs) based on advice from skills facilitators and training providers who may have a limited understanding of current industry requirements. This misalignment can lead to ineffective training and employment outcomes. Enhancing the relevance and impact of training programs is essential. Integrating advanced technologies, such as virtual reality and online training solutions, can significantly improve vocational education and training. Transitioning to a fully digital platform aligns with our strategic goals and will enhance accessibility and efficiency.

Management Team and Board Development

Our management team is a key asset, characterised by a dynamic and diverse group of professionals. The team includes a balanced representation of female and male leaders, with a notable number of women in leadership roles. This diversity and youthful energy contribute to our strong leadership within FoodBev Manufacturing SETA. It is essential for our team to adapt to contemporary realities and not rely on outdated practices. Continuous learning and professional development are crucial to staying ahead of industry demands. The Board must also engage in its own development to make informed decisions on contemporary issues. By fostering a culture of continuous learning and adaptation, we aim to remain at the forefront of industry developments and maintain our leadership position.

Encouraging Stakeholder Engagement

We recognise the importance of constructive challenge from our stakeholders. We are confident in our potential to achieve more and believe that this potential can only be fully realised when stakeholders actively push us beyond our current boundaries. We encourage you to challenge us, as this will drive us to explore new and sometimes uncomfortable avenues. Your proactive engagement is essential for fostering innovation and ensuring we reach new heights in our performance and impact.

Research and Insights

Our commitment to research plays a pivotal role in shaping and guiding our work. Over the past year, we produced seven comprehensive research reports, including an impact study on unemployed learners and a report on skills supply and demand within the sector. These research efforts are crucial for maintaining an objective foundation for our work, ensuring that our strategies and decisions are well-informed and aligned with sector needs. Research remains an essential tool for guiding our activities and enhancing our impact, reinforcing our dedication to evidence-based decision-making.

Career Guidance

In the past year, our commitment to career guidance led to the successful staging of 77 events, surpassing our initial target of 70. These events reached 15 000 school learners, providing valuable insights to their future career paths. We also trained 94 career guidance practitioners to enhance the quality of advice given to students. Our focus on real-life impact means that we will continue to share personal stories and transformative outcomes to better convey the true impact of our initiatives.

Conclusion

As we reflect on the past year, it is evident that FoodBev Manufacturing SETA has made substantial strides in achieving its objectives and setting a benchmark for excellence. Our attainment of 100% target completion, alongside maintaining a clean audit for two consecutive years, underscores the strength and effectiveness of our governance and operational frameworks. These accomplishments are a testament to the dedication and hard work of our Board, executive team and all levels of staff.

Our commitment to rigorous risk management, compliance with regulatory frameworks and the effective implementation of internal controls are pivotal in our success. The strategic focus on enhancing our capacity, integrating advanced technologies and fostering strategic partnerships has positioned us as a leader in the sector.

Looking forward, we remain dedicated to innovation, continuous improvement and strengthening stakeholder engagement. We are enthusiastic about embracing new opportunities, including advancements in technologies such as AI and expanding our collaborations with industry partners and educational institutions. Our achievements this year are just the beginning.

We have established a high benchmark, and it is crucial that we maintain this level of excellence moving forward. Effective administration, including financial management and supply chain procurement, is essential to support our core business and ensure its success. The performance results reflect the robustness of our planning and our ability to adapt to changes, demonstrating that our strategies, revised four years ago, have been executed effectively. With a renewed focus on research, career guidance and technological integration, we are confident that FoodBev Manufacturing SETA will continue to lead with vision, integrity and excellence. Together, we will shape a brighter

future for the sector and the communities we serve.

Acknowledgements

We extend our sincere gratitude to Dr Blade Nzimande, Minister of Higher Education, Science and Innovation and his resolute team at the Department of Higher Education and Training (DHET). Their unwavering support and insightful guidance have been invaluable to our progress and success. We also appreciate the National Skills Authority for their critical external perspective, which continues to challenge and inspire us to maintain our exacting standards.

Our Executive Team, backed by hardworking teams, has once again demonstrated exceptional leadership and strategic foresight, steering FoodBev Manufacturing SETA with both precision and determination. Their efforts, coupled with the commitment and diligence of our operational team, have been instrumental in effectively executing our strategy, managing risks, achieving our Annual Performance Plan targets and securing another clean audit from the Auditor-General. It is essential that we sustain this elevated level of performance as we move forward.

I would like to express sincere gratitude to

the Auditor-General for her diligent work and comprehensive review. Your meticulous auditing has been crucial in ensuring our adherence to the highest standards of financial integrity and transparency. Your valuable insights and feedback have significantly contributed to our ongoing commitment to operational excellence and accountability.

Finally, I wish to express our deep appreciation to our diverse network of stakeholders. Your collaboration and support have been crucial to our achievements and reflect the strength of our partnerships. We value your contribution greatly and consider you an integral part of our journey and success as a SETA.



Mr Alan Campbell

Chairperson of the Accounting Authority

31 July 2024

CHIEF EXECUTIVE OFFICER'S Overview

Ms Nokuthula Selamolela

Chief Executive Officer

During the year under review, FoodBev SETA achieved significant progress by strategically prioritising People, Process, and Technology. This focused approach led to significant advancements across the food and beverage manufacturing sector, firmly positioning us for continued success. Our achievements are underscored by meeting 100% of our planned targets and securing a Clean Audit.

Strategic impact: Driving progress through effective partnerships

SETA has achieved remarkable progress by funding transformative initiatives. We have bolstered the artisanal development programme, placing a strong emphasis on cultivating entrepreneurial skills. Our rural career development services have played a crucial role in illuminating opportunities for underprivileged learners, empowering them with vital career pathways.

The STEM project in Maluti and Khayelitsha has delivered invaluable tutoring in Mathematics and Physical Science, significantly enhancing learners' prospects for higher education.

Additionally, our support for small businesses has facilitated their entry into global markets and streamlined their export processes, driving their success on an international scale.



Fostering collaborative partnerships for lasting success

Strengthening stakeholder relationships is central to our success. We have established a dedicated role for stakeholder relations and conducted comprehensive engagement surveys to better understand and address stakeholder needs. Our initiative-taking approach includes targeted capacity building workshops that foster a culture of performance excellence and collaborative partnerships.

Nurturing talent, building leaders

Our employees are the cornerstone of our success. We prioritise integrity and responsiveness, demonstrating our commitment to excellence. By investing significantly in education and training, we have strengthened accountability and responsibility within our team. As a result, we have cultivated a technically skilled and well-rounded workforce that drives our organisation forward. In our pursuit of attracting and retaining top talent, we have introduced innovative career development pathways, mentorship programmes, and leadership training. These initiatives are designed to prepare the next generation of industry leaders and ensure we continue to foster a high performing and motivated workforce.

Driving operational excellence: streamlined processes and enhanced efficiency

We have undertaken a thorough review of our internal processes to streamline operations and reduce redundancies. This has involved adopting lean management techniques and process optimisation strategies that have enhanced overall efficiency and effectiveness.

Upholding excellence: rigorous standards and compliance

Our commitment to industry standards and regulatory compliance has been reinforced through rigorous monitoring and evaluation. We have enhanced our certification programmes and supported businesses in exceeding quality standards.

Transformative progress: Improving efficiency through digitisation

Our Operation Digitisation initiative has been a game-changer, significantly enhancing efficiency and accessibility. By digitising manual processes, we have streamlined applications for discretionary and mandatory grants, improved stakeholder accessibility, and automated supply chain management. These advancements have boosted stakeholder experience, ensured data security, supported flexible working, and reduced our environmental footprint.

Driving innovation through research and advanced technologies

We have championed the adoption of cutting-edge technologies by funding research and development projects focused on enhancing production efficiency, quality control, and product innovation. In partnership with Wits University's REAL Centre as our Research Chair, we have strengthened our commitment to innovation. Leveraging data analytics, we have gained crucial insights into industry trends, empowering us to make informed decisions and provide targeted support to businesses in the sector.

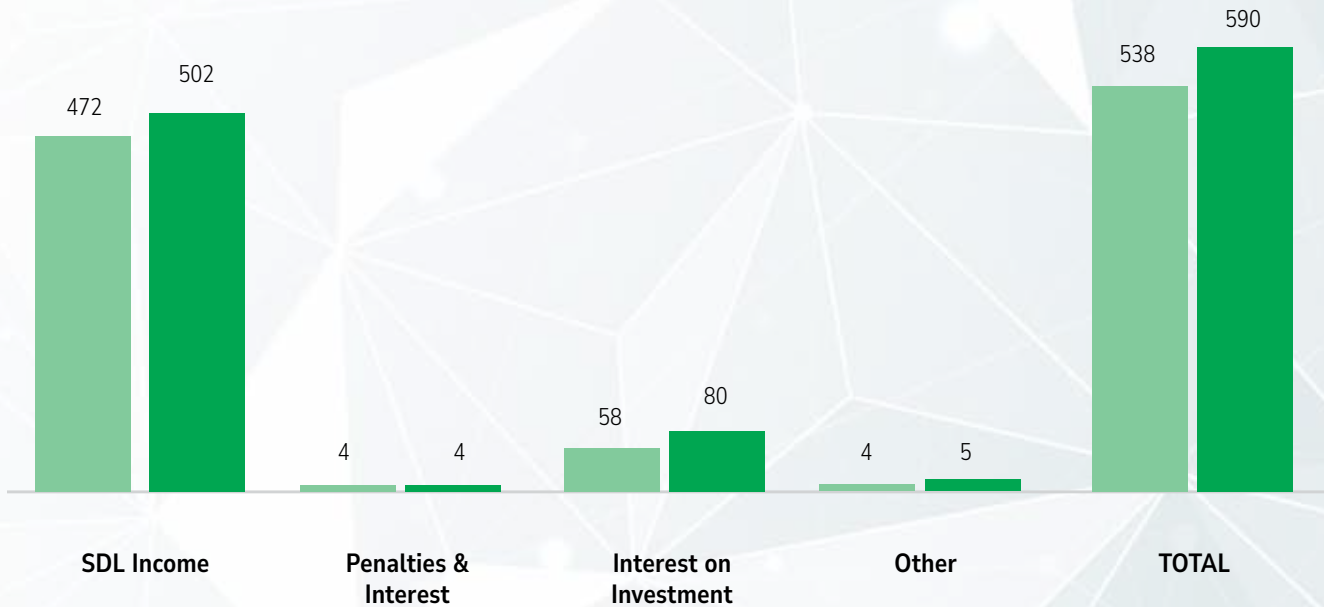
Through these strategic initiatives, FoodBev Seta has reinforced its commitment to excellence and innovation. Our focus on people, process, and technology has enhanced operational

effectiveness, fostered industry growth, and strengthened our position as a leader in the food and beverage sector.

Revenue, R millions

2022/23 -2023/24

Restated 2022/2023 2023/2024



FoodBev SETA's financial performance has shown consistent improvement, with notable progress in ensuring robust financial and administrative controls. This has enabled prudent financial management, with strict compliance to generally recognised accounting

practices and National Treasury regulations. Revenues increased from R538 million in the prior year to R590 million, due mainly to a R30 million increase in levy income and R22 million higher interest on investments.

General Finance Review of the Public Entity

Expenses increased from R521 million in the previous financial period to R587 million, driven by higher disbursements of grants, office relocations, new employee appointments, and IT system upgrades. Project expenses rose from R450 million to R511 million, reflecting increased expenditure over the previous period, which was low due to the pandemic's impact

on project rollouts.

As a result of the higher revenue and the increase in expenditure, the surplus for the year was R4 million. Total net assets of R933 million were R4 million higher than the previous year's close, due to a better cash position, partially offset by higher discretionary grant payables.

FoodBev Manufacturing SETA is in a strong and healthy position. While certain projects have placed pressure on our financial resources, the company remains a going concern in a robust financial position.

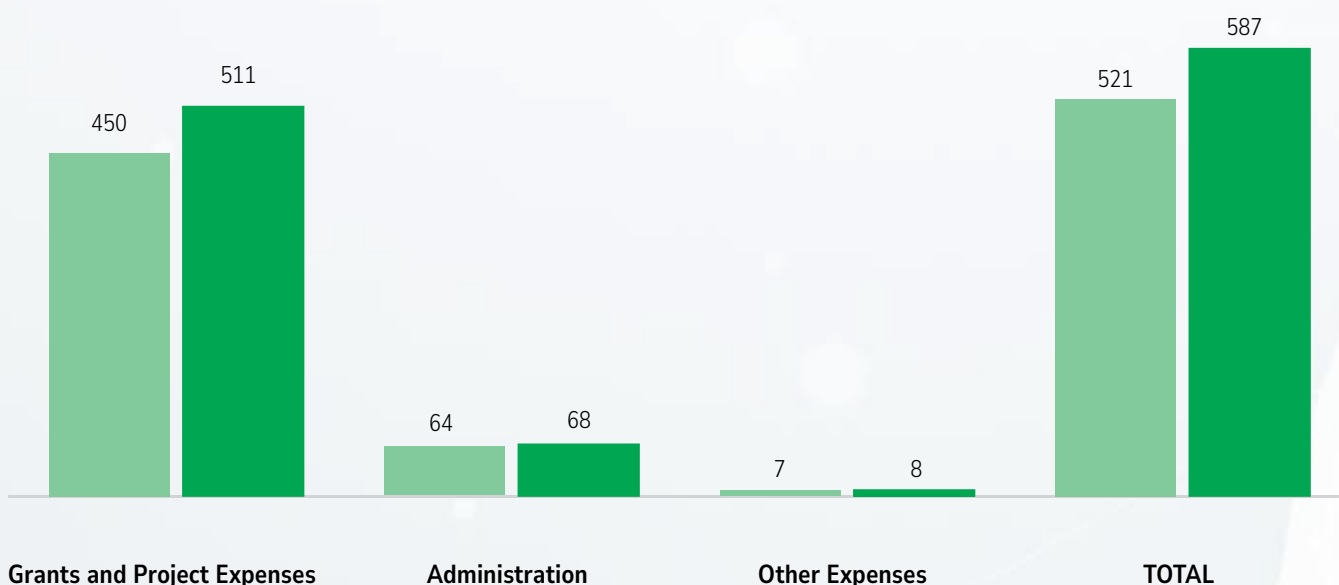
Sector revenue remains stable, supported by timely client payments and ongoing improvements in the management of finances.

Expenditure, R millions

2022/23 - 2023/24

■ Restated 2022/2023

■ 2023/2024

**New or Proposed Key Activities**

In October 2021, the Minister gazetted the implementation of the Occupational Qualifications Sub-Framework (OQSF) under the National Qualifications Framework (NQF) Act, marking the phasing out of pre-2009 qualifications. This coincided with the execution of the new QCTO SLA, which governs the QA functions delegated to FoodBev SETA. During the review period, we realigned our functions to comply with QCTO and OQSF standards, including accrediting assessment centres and skills development providers and rolling out external integrated summative assessments (EISA). These enhancements required close collaboration with the QCTO team to ensure compliance and effective service delivery.

Audit Report Matters from the Previous Year

All issues identified in last year's audit have been resolved. Although these matters did not indicate any significant issues, there were a few minor housekeeping points that have since been addressed. It is worth noting that the number of these housekeeping findings has significantly decreased from two to one.

Outlook and Plans for the Future

Our digitisation strategy is set to transform our operations, elevate stakeholder experiences, and drive data-driven decision-making. We plan to expand our digital platforms, leverage advanced data analytics, and enhance cybersecurity measures. Our goal of becoming a paperless organisation reflects our commitment to efficiency, remote work models, and sustainable practices, positioning us at the forefront.

A bold new identity: Embracing change, inspiring progress

Guided by stakeholder feedback, the launch of our new corporate identity on 4 June 2024, along with our new payoff line, **Empower. Innovate. Elevate.** marks a transformative moment for SETA. This rebranding reflects our renewed commitment to our mission and values, demonstrating our education to excellence,

innovation, and stakeholder engagement. Our modernised brand image aligns seamlessly with our strategic vision for the future.

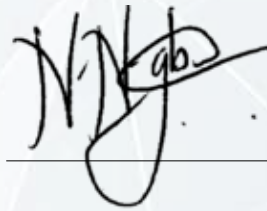
Acknowledgements

As we reflect on the past year, I extend my sincere thanks to our employees for their professionalism and commitment to excellence. Your adaptability and resilience have enabled us to exceed our goals and set new industry benchmarks.

To our management team, your strategic vision and leadership have been pivotal in navigating sector complexities, solidifying our leadership in the food and beverage sector.

I also wish to thank our stakeholders, including industry, PSET partners, and advisory committees. Your trust and collaboration have been essential to the effectiveness of our training programmes and the growth of the industry.

Finally, I express my deep gratitude to our Board for its invaluable guidance and support over the past year. Your endorsement of our new brand identity and slogan **Empower. Innovate. Elevate.** has been key to its successful launch. Your strategic insights and commitment have strengthened our organisation, enabling us to navigate challenges and seize opportunities. I look forward to our continued collaboration, confident that together we will shape the future of our industry.



Ms Nokuthula Selamolela
Chief Executive Officer
31 July 2024



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 free from any omissions.

The annual report has been prepared in accordance with the guidelines for annual reports 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.

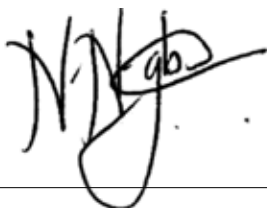
The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgements made therein.

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 2024.

Yours faithfully



Chief Executive Officer
Nokuthula Selamolela
31 July 2024



Chairperson of the Accounting Authority
Alan Campbell
31 July 2024

6. STRATEGIC OVERVIEW



OUR 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.



OUR MISSION

Supporting the drive to:

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

By:

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

Through:

- Innovation and being the best at managing SETA funds
- Collaborating with learning and industry partners and
- Increasing visibility of what we do and what we can offer



OUR VALUES

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

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

PAYOFF LINE: EMPOWER. INNOVATE. ELEVATE.

For the industry, **EMPOWER** means developing skilled professionals and leaders. For our employees, it means providing the resources, training and support they need to excel and advance their careers.

For the industry, **INNOVATE** involves encouraging creativity, fresh ideas and continuous improvement. For our employees, it represents our commitment to staying ahead of trends and fostering a culture of cutting-edge practices.

For the industry, **ELEVATE** means striving for excellence and pushing boundaries. For our employees, it reflects our dedication to raising standards and driving positive change through impactful work.

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	Other Policy Mandates and Frameworks
<ul style="list-style-type: none"> a) The Skills Development Act No. 97 of 1998 (as amended). b) The Standard Constitution of SETA regulations. c) The Skills Development Levies Act No. 9 of 1999. d) The Sector Education and Training Authorities. e) SETAs grant regulations regarding monies received by a SETA and related matters (grant regulations). f) The Regulations regarding the establishment of Sector Education and Training Authorities. g) The National Qualifications Framework Act No. 67 of 2008 (as amended). h) The Public Finance Management Act No. 1 of 1999 (as amended). i) The National Treasury Regulations governing public entities. j) The Promotion of Access to Information Act No. 2 of 2000. k) Preferential Procurement Regulations 2022. 	<ul style="list-style-type: none"> a) National Skills Development Plan. b) National Development Plan. c) Medium Term Expenditure Framework. d) Medium Term Strategic Framework. e) Human Resources Development Strategy of South Africa. f) National Skills Accord. g) Industrial Policy Action Plan. h) White Paper for Post-School Education and Training. i) Framework for Managing Programme Performance j) Information (NT). k) Framework for Government-wide Monitoring and Evaluation (DPME). l) Framework for Strategic and Annual Performance Plans (DPME). m) Generic National Artisan Workplace Data, Learner Grant Funding and Administration System Policy. n) National Artisan Moderation Body (NAMB) Guidelines o) National policy for an integrated career development system for South Africa. p) Economic Reconstruction and Recovery Plan and Skills Strategy (ERRP SS). q) 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>	
	30140	Manufacture of vegetables and animal oil and fats
	30141	Manufacture of crude oil and oilseed cake and meal
	30142	Manufacture of compound cooking fats, margarine and edible oils
302	Manufacture of dairy products	
	<i>Dairy industry</i>	
	30201	Processing of fresh milk (pasteurised, homogenous, sterilised and vitamin)
	30202	Manufacture of butter and cheese
	30203	Manufacture of ice cream and other edible ice, whether containing cream or chocolate
303	Manufacture of breakfast products	
	<i>Grain mill industry</i>	
	30312	Manufacture of breakfast products



7.2 Scope of coverage (continued)

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



8. HIGH-LEVEL ORGANISATIONAL STRUCTURE



MEMBERS OF THE MANAGEMENT TEAM

Back row:

Llewellyn van Zyl - Manager: Quality Assurance, Phumlani Dladla - Manager: Finance, Lerato Phaka - Manager: Risk and Compliance, Ntsako Mgweni - Manager: Records Management, Vuyolwethu Madyaka - Manager: Learning Programmes.

Middle row:

Zanele Sibanyoni - Acting Senior Manager: Learning Programmes and Special Projects, Nkgaugelo Kgasago - Manager: Research and Skills Planning, Samukelisiwe Phungula - Manager: Monitoring and Evaluation, Makatseng Mokome - Senior Manager: Stakeholder Relations, Nozibongo Socishe - Manager: Career Services Outreach and Education.



Front row:

Siyabonga Dyosiba - Senior Manager: Information and Communication Technology, Pretty Ngwasheng - Senior Manager: Corporate Services, Sinaye Mgidi - Acting General Manager Operations, Derrick Smith - Manager: Human Resources, Nokuthula Selamolela - Chief Executive Officer, Nokuthula Sibia - Senior Manager: Research, Planning, Monitoring and Evaluation, Mogopodi Pule - Senior Manager: Finance.

PART B

PERFORMANCE INFORMATION



FoodBev
Manufacturing SETA

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EMPOWERING FUTURE SCIENTISTS

From left: Mr Mavuso Dambuza, Mrs Nomakwezi Mayekiso, Mr Trevor Daniels, Siwaphiwe Mayapi (learner), Ms Makatseng Mokome, Ms Sarelda Koopman.

FoodBev Manufacturing SETA and WCED's Landmark Initiative Transforms Education in Khayelitsha, Achieving Stellar Results in Mathematics and Physical Sciences

In 2022, FoodBev Manufacturing SETA and the Western Cape Education Department (WCED) embarked on a transformative partnership to establish the Kutlwanong Centre at Luhlaza High School in Khayelitsha, Western Cape. This visionary initiative was designed to provide essential tutoring support in the critical subjects of Mathematics and Physical Science to economically disadvantaged learners from Grades 10 to 12, impacting 20 schools within the Khayelitsha area.

FoodBev Manufacturing SETA and the Western Cape Education Department recognised the challenges faced by students in underprivileged communities. The Kutlwanong Centre was then

brought in to bridge the educational gap and enhance learners' academic performance. The centre sought to empower learners with the knowledge and skills necessary to excel in these critical subjects by offering specialised tutoring in Mathematics and Physical Science.



The programme commenced with the selection of 20 high schools within Khayelitsha, each identified for its need for additional support in Mathematics and Physical Science. Learners from Grades 10 to 12 were invited to participate in the tutoring sessions, which were conducted after school hours and on weekends. Experienced tutors, including university students and retired teachers with expertise in these subjects, were recruited to provide high-quality instruction and mentorship.

The programme's impact was evident through the exceptional achievements of the Grade 12 cohort in the final results in 2023.

HIGHLIGHTS OF THE PROGRAMME

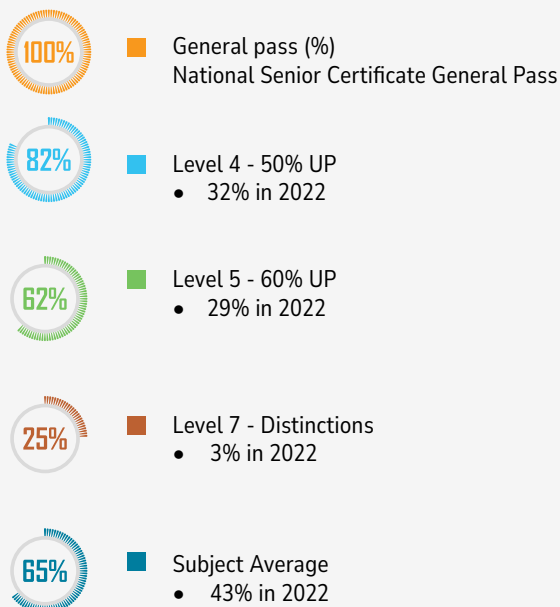
- **High Distinction Rates:** A total of **200** distinctions were achieved across all subjects by the Grade 12 learners who completed the programme. This remarkable accomplishment highlighted the effectiveness of the tutoring support provided and the programme at large.
- **Bachelor Pass Rates:** An impressive **94%** of the learners achieved bachelor passes,

qualifying them for entry into tertiary education, particularly Universities and Technikons. This significant milestone opened new doors for further academic and professional pursuits in STEM-related careers.

The learners collectively achieved 84 distinctions in Mathematics and Physical Sciences, demonstrating significant improvement and mastery of the subject matter. The Western Cape Education Department hosted an award ceremony to celebrate this achievement in Cape Town in February 2023 and in attendance was the FoodBev Manufacturing SETA CEO who gave a keynote address.

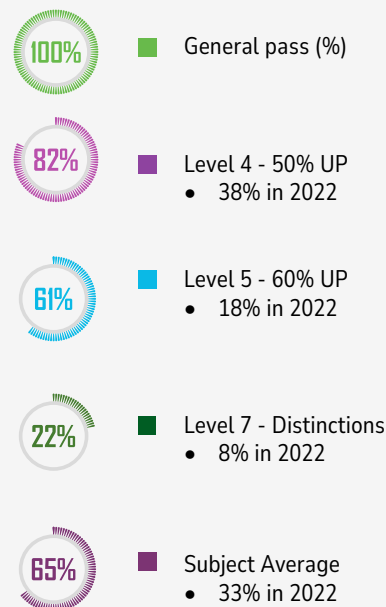
During her address, Ms Nokuthula Selamolela highlighted the significance of initiatives designed to promote science and technology education in South Africa's rural and township areas. "I am delighted to witness this remarkable project empowering young people in disadvantaged communities. No matter your background, whether from the dusty streets of Khayelitsha, you too can achieve and succeed in life," she said.

MATHEMATICS & PHYSICAL SCIENCES NSC RESULTS: KHAYELITSHA CENTRE NOVEMBER 2003



Mathematics Performance:

- 82% of the learners passed Mathematics with at least 50%.
- 62% of the learners achieved at least 60% in Mathematics.



Physical Sciences Performance:

- 82% of the learners passed Physical Sciences with at least 50%.
- 61% of the learners achieved at least 60% in Physical Sciences.

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General South Africa (AGSA) currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the report on other legal and regulatory requirements section of the auditor's report.

Refer to page 106 of the Report of the Auditor's Report, published as Part F: Financial Information.

2. OVERVIEW OF SETA PERFORMANCE

2.1 Service Delivery Environment

FoodBev SETA increased its performance from 98% reported in the previous year, to 100% having achieved 48 of 48 performance indicators. During the year under review, FoodBev SETA registered and funded a total of 8 886 learners (both employed and unemployed) in various learning programmes.

During the same period, a total of 5 681 SETA-funded learners completed their learning programmes. The improvement in performance by the SETA can be attributed to its additional workforce, improved working relationships fostered with stakeholders, through continuous capacity development and engagement and improved processes within the organisation.

Our ongoing TVET lecturer capacitation programme continues to receive positive reception from TVET colleges. Furthermore, employers within our sector have recognised the pivotal role they must undertake to enhance the capabilities of TVET college lecturers, enabling them to provide training that accurately addresses industry requirements. We have successfully executed various collaborative initiatives between TVET colleges and local employers, with numerous additional projects currently in progress.

2.2 Organisational Environment

Organisational structure

The Board approved an enhanced organisational structure for the SETA to augment its internal efficiencies and streamline processes.

The approved structure resulted in the maintenance of 80 approved permanent positions with 53% of positions allocated for projects and 47% for administration support. This indicates that the majority of SETA staff members are within the key SETA service delivery area and directly linked to the project implementation.

The review was triggered by the QCTO's new SLA which contains Assessments and Qualifications Development that FoodBev SETA must perform as an Assessment Quality Assurance Partner (AQP). This is over and above the current functions performed by the Quality Assurance Department.

Subsequently, DHET issued a government gazette on the phasing out of legacy qualifications and the implementation of new qualifications, as well as its associated model of assessments. This gazette further stipulated that the legacy qualifications registered on the NQF by SAQA will expire on 30 June 2023, with the end date for learner enrolment being 30 June 2024. This meant that new responsibilities within the Quality Assurance function have been added as a result of changes in the Quality Assurance model. These include the development of qualifications, part qualifications and skills programmes, the planning and conducting of assessments in the form of EISA as well as conducting workplace approvals which, according to the new SLA, is mandatory for all qualifications.

To address these gaps, the SETA introduced a new assessment unit specifically to manage the design of assessment instruments, the development and conducting of assessments (EISA), the management of assessment venues, invigilation, marking, QCTO external moderations of assessments and the handling of certification that now falls under QCTO. The AQP functions primarily entail the accreditation of Assessment Centres and the planning and conducting of EISA (External Integrated Summative Assessment) for all new occupational qualifications and part qualifications within the FoodBev SETA scope.

Furthermore, the SETA enhanced its ICT department to incorporate the Information and Records Management function that addresses legal and compliance requirements, including Personal Information Protection Act (POPIA) and the National Archives and Records Services Act (NARSA), among others. This will ensure that the SETA complies with legislative and regulatory requirements, ensures execution and adherence to the approved file plan and mitigate operational and regulatory risks associated with information management.

2.3 Key Policy Development and Legislative Challenges

In October 2021, the Minister officially gazetted the ministerial determination regarding the implementation of the Occupational Qualifications Sub-Framework (OQSF) as a sub-framework under the National Qualifications Framework (NQF) Act, along with the phasing out of the Pre-2009 qualifications. This development coincided with the execution of the new QCTO SLA, which creates a governance framework for the implementation of QA functions delegated by QCTO to FoodBev SETA. As a result of these improvements we underwent a necessary realignment of our functions such as qualifications and accreditation of skills development providers to adhere to QCTO and OQSF standards.

Noteworthy additions during this period included the accreditation of assessment centres and skills development providers against newly registered OQSF-aligned occupational qualifications and the rollout of external integrated summative assessments (EISA). These changes mandated close collaboration between our quality assurance department and the QCTO team to ensure full compliance and adequate service delivery mechanisms.

2.4 Progress towards Achievement of Institutional Impact and Outcomes

Table 3: Achievement of Institutional Impact and Outcomes

FoodBev SETA Outcomes	Descriptor	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 Sectorial Priority Occupation Intervention List (SPOIL).	<p>I. The SETA analysed the WSP/ATR and supplemented the data with key informant interviews with stakeholders, chamber members and research literature review to develop the Sectorial Priority Occupations Intervention List (SPOIL).</p> <p>II. The SPOIL was approved by the SETA Accounting Authority and incorporated into the SPP (2024/25) for implementation.</p>
FoodBev SETA Outcome 2	Relevant programmes that address hard to fill vacancies (through PSET).	<p>I. An in-depth analysis was carried out to identify relevant qualifications on the submitted WSP/ATR plans with a focus on hard-to-fill vacancies (HTFV) and priority occupations.</p> <p>II. A total of 2 945 actual vacancies across 223 occupations as reported in the WSP/ATR for 2023/24.</p> <p>III. The lack of relevant qualifications, work experience, poor remuneration and unsuitable job locations were identified as the most key reasons for vacancies being recorded as hard to fill.</p>
FoodBev SETA Outcome 3	Addressed national imperatives through FoodBev SETA offerings (i.e. support for job creation, ERRP and SMMEs).	<p>I. FoodBev SETA supported the ERRP Skills Strategy through the provision of funding for interventions. The following have been listed as ERRP enablers:</p> <ol style="list-style-type: none"> Accessing 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). <p>II. The SETA allocated approximately R230 million to support the ERRP intervention in the 2023/24 financial year.</p> <p>III. Over 71% of funds were spent on partnerships and 26% on apprenticeship programmes.</p> <p>IV. A total of 91 SMMEs, 13 NPOs and 43 entrepreneurs were trained and capacitated through the provision of skills programmes and learnerships.</p>
FoodBev SETA Outcome 5	Increased awareness of FoodBev SETA offerings.	<p>I. FoodBev SETA participated and hosted a total of 77 (33 urban and 44 rural) career events against an annual target of 70 and a total of 15 293 career guides were distributed to high school learners attending the events.</p> <p>II. A total of 94 Career Guidance Practitioners were trained against a target of 75.</p>

FoodBev SETA Outcomes	Descriptor	FoodBev SETA's considerable progress in delivering on the impact statement in the strategic plan (SP)
FoodBev SETA Outcome 6	Improved research reports.	<p>I. FoodBev SETA produced seven (7) research reports during review period, of which four (4) were produced in partnership with Wits University-REAL Centre (Research Chair) and three (3) produced internally by the research department which were:</p> <ul style="list-style-type: none"> a. Employability of Apprenticeship Programme beneficiaries in the Food and Beverages Manufacturing Sector; b. Linking 4IR Skills and Technical and Vocational Education and Training (TVET) qualifications through an enabled system; c. Fostering SMME Skills Transformation in the Food and Beverages Manufacturing Sector; d. Key leverage points (energy hotspots) in the Food and Beverages Manufacturing Sector to enable a low-carbon transition; e. Supply and Demand of Skills in the Food and Beverages Manufacturing Sector; f. Skills ecosystems for a Just Energy Transition (JET) in the Food and Beverages Manufacturing Sector and g. Impact Study on unemployed learners supported by FoodBev from 2018/2019 to 2020/21 financial years.
FoodBev SETA Outcome 7	Established Partnerships with Stakeholders to address national imperatives (e.g., learning institutions, foundations, NGO's, Public Sector Institutions)	<p>I. A total of 33 new strategic partnerships were entered into amounting to R162,3 million. These strategic partnerships were informed by national priorities and various research reports, chamber inputs and other role players, as interpreted by senior management and the SETA Board.</p>
FoodBev SETA Outcome 8	Supported and transformed sector with a focus on: Youth/ Women/People with Disability/ TVET and Community Colleges/ Rural/Townships.	<p>I. The Food and Beverages Manufacturing Sector companies provided support to TVET colleges lecturers who needed to understand the sector in order to best guide their students in accessing a career in the Food and Beverages Manufacturing Sector. The following companies participated and successfully completed the Lecturer Capacitation Programme within the world of work in the sector:</p> <ul style="list-style-type: none"> a. Wafer King partnered with Southwest TVET College and b. Limpopo Dairies (PTY) LTD partnered with Vhembe TVET College . <p>II. Unique Dairy Products partnered with Tshwane North TVET College. To support and transform the sector the SETA also approved and entered 14 strategic projects targeted at training youth, PwD, women as well as people from disadvantaged communities on learnership, skills programmes, apprenticeship and short courses.</p>

2.4 Progress towards Achievement of Institutional Impact and Outcomes

Table 3: Achievement of Institutional Impact and Outcomes

FoodBev SETA Outcomes	Descriptor	FoodBev SETA's considerable progress in delivering on the impact statement in the strategic plan (SP)
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.	I. Additionally, the SETA also trained a total of 2 839 learners on skills programmes and learnership programmes aimed at alleviating unemployment by providing unemployed individuals with skills they can use to sustain themselves or to increase their employability.
FoodBev SETA Outcome 10	Established and improved Customer Services.	I. FoodBev SETA developed a Stakeholder Relations Policy and a Customer Relations Management System (CRM) in response to the recommendations made in the 2023 Stakeholder Satisfaction Survey to improve communication efforts. The CRM system was developed to further, assist in the measurement and monitoring of stakeholder satisfaction across the different SETA offerings.
FoodBev SETA Outcome 11	Performing system support functions and managed budgets and expenditure that are linked to the SETA mandate.	I. FoodBev SETA has an 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. II. Several internal plans relating to Monitoring and Evaluation, Stakeholder Management, Human Resources, ICT, Risk Management, Procurement and Chamber Management, were developed and implemented.





PERFORMANCE DASHBOARD

PROGRAMME 1

Administration and Support

- » Approved Annual Procurement Plan
- » Approved Annual Strategic Fraud Risk Registers
- » Approved Annual Monitoring & Evaluation Plan
- » Approved Annual Chamber Management Plan
- » Approved Annual Stakeholder Management Plan
- » Approved Annual Human Resources Plan
- » Approved Annual ICT Strategic Plan



4

**Governance Charter
Reports Submitted
to DHET**

PROGRAMME 2

Skills Planning



Approved
Sector Skills
Plan

1



7

Approved
Research
Reports

+3



Approved
employers
receiving
mandatory grants

683



WSPs/ATRs
Approved

797

Large companies +39%
Medium companies +34%
Small companies +19%

Large companies +195%
Medium companies +21%
Small companies +17%

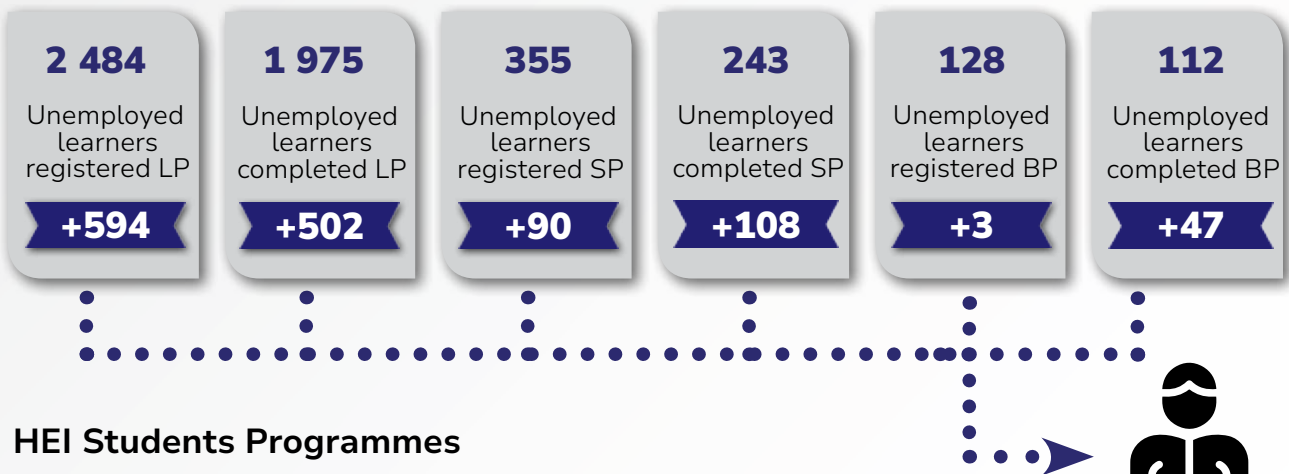
PROGRAMME 3

Learning Programmes and Projects

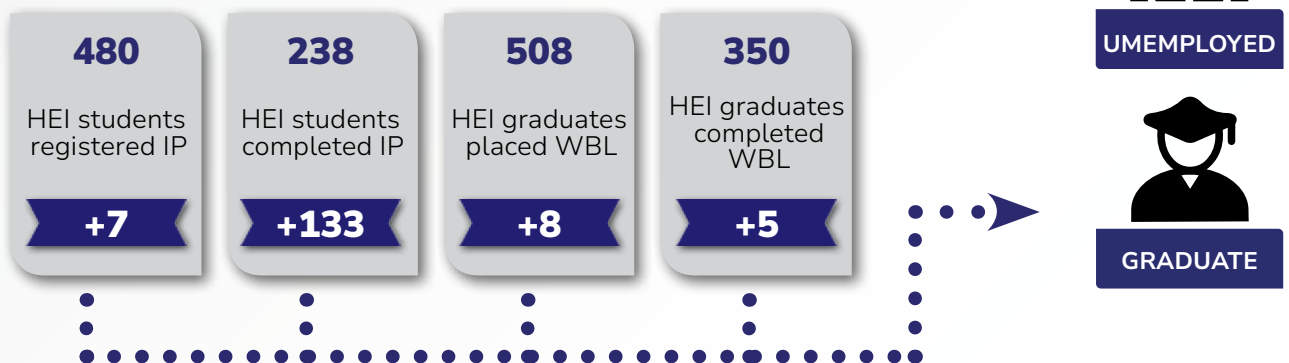
- WBL » Workplace Based Learning
 HEI » Higher Education Institutions
 LP » Learning Programme
 SP » Skills Programme
 BP » Bursary Programme
 MDP » Management Development Programme
 AET » Adult Education and Training
 CP » Candicy Programme
 ARPL » Artisan Recognition of Prior Learning



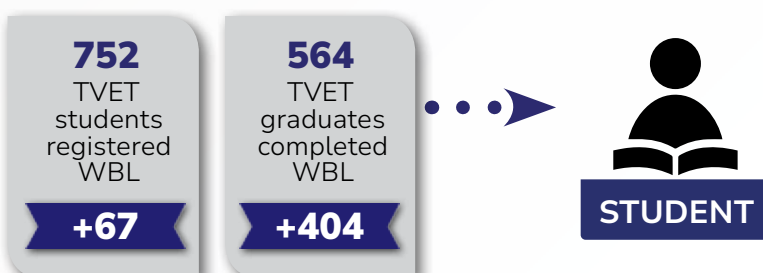
Unemployed Learners Programmes



HEI Students Programmes



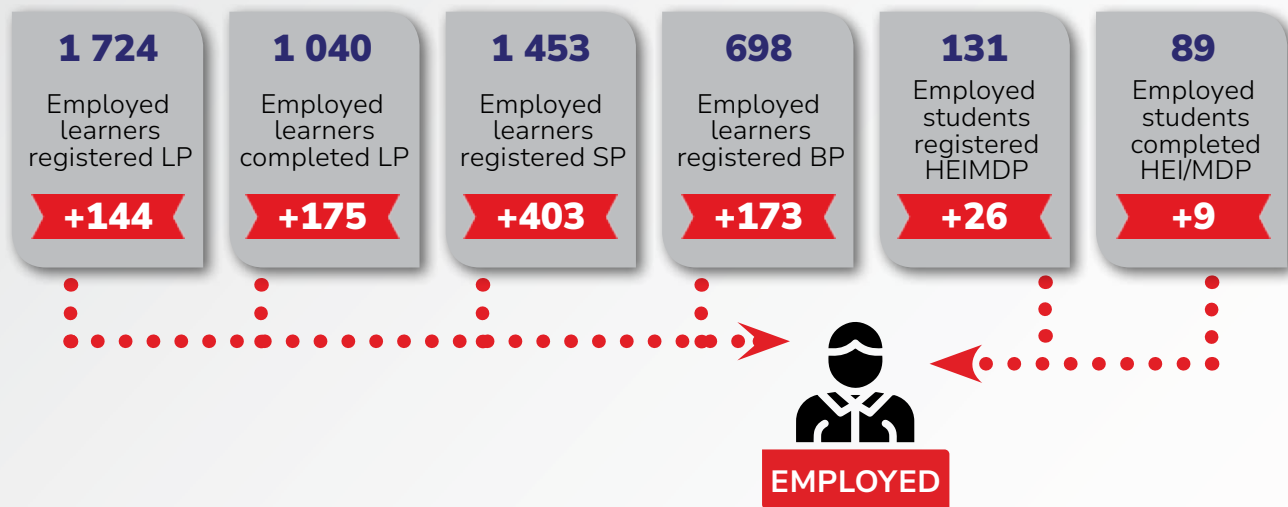
TVET learners registered on WBL



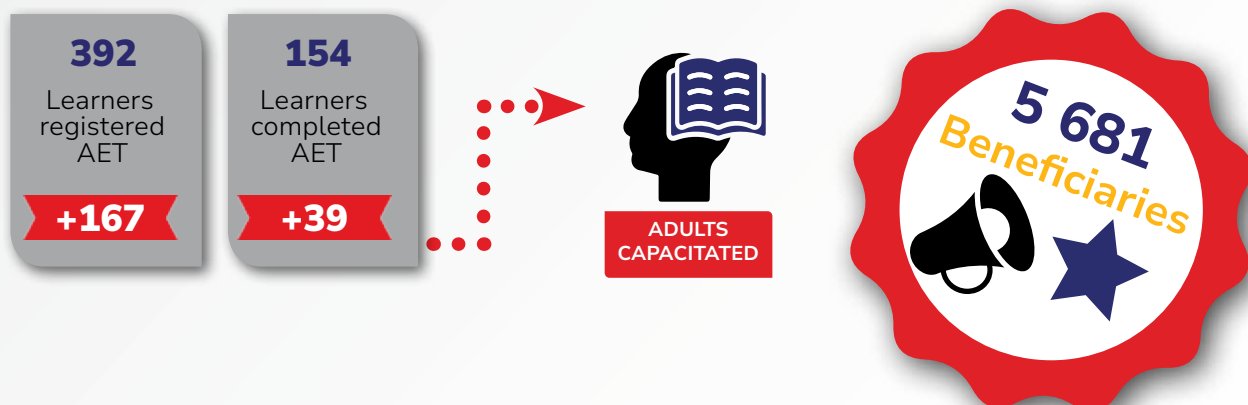
Candacy Programme



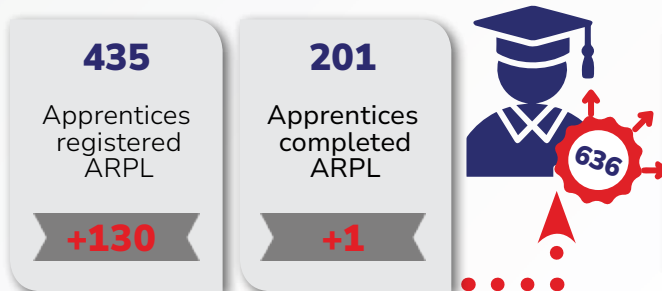
Employed Learners Programme



Capacitated Learners Programme



Apprenticeship Programme



Small Enterprises



Partnership Programme



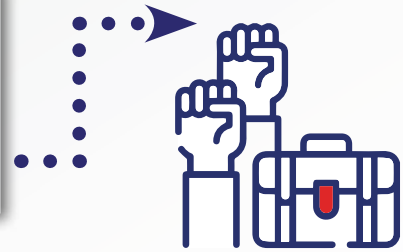
Lecturer Support Programme



Research bursary programme

39Masters and
PhD students
registered**+4****17**Masters and
PhD students
completed**+2**

Trade Unions Supported

3Trade Unions
Supported**+2**

Career Guidance

77**Career
guidance
events****33**Urban Career
guidance
events**+3****44**Rural Career
guidance events**+4****94**Career
Development
Practitioners
Trained**+19**

PROGRAMME 4

Quality Assurance

3TVET Colleges
assisted with
occupational
programme
accreditation**2**Public colleges
attained secondary
accreditation**2**Occupational
Qualifications
submitted to**+2**

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

FoodBev SETA planned to deliver on four (4) 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 was done against achievements of the planned annual targets. Achievement is categorised according to the below performance ratings against all indicators for each of the four programmes.

Table 4: Performance ratings

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



3.1 PROGRAMME 1: ADMINISTRATION AND SUPPORT

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

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

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

Programme 1: Administration and Support - Finance, Supply Chain Management and Assets								
Outcome	Outputs	Output Indicators	Audited Actual Performance	Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement	Reasons for revisions to the Outputs/ Output Indicators/ Annual Targets
			2021/22	2022/23	2023/24	2023/24	2023/24	
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 Annual Procurement Plan.	1	1	1	1	0	Annual target achieved.

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

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

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

Programme 1: Administration and Support - Governance (Audit and Risk)								
Outcome	Outputs	Output Indicators	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement	Reasons for revisions to the Outputs/Output Indicators/ Annual Targets
			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 that include risk, budget and business processes.	2. Approved Annual Strategic and Fraud Risk Registers.	1	1	2	2	0	Annual target achieved.
		3. Governance Charter reports submitted to DHET.	4	4	4	4	0	Annual target achieved.
		4. Approved Annual Monitoring and Evaluation Plan.	1	1	1	1	0	Annual target achieved.
		5. Approved Annual Chamber Management Plan.	1	1	1	1	0	Annual target achieved.
		6. Approved Annual Stakeholder Management Plan.	1	1	1	1	0	Annual target achieved.

3.1.2 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

Programme 1: Administration and Support - Human Resources								
Outcome	Outputs	Output Indicators	Audited Actual Performance	Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement	Reasons for revisions to the Outputs/Output Indicators/Annual Targets
Performing system support functions and managed budgets and expenditure that are linked to the SETA mandate.	An effective human resources management system.	7. Approved Annual Human Resources Plan.	1	1	2023/24	2023/24	2023/24	Annual target achieved.

3.1.3 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

Programme 1: Administration and Support - Information Technology								
Outcome	Outputs	Output Indicators	Audited Actual Performance	Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement	Reasons for revisions to the Outputs/Output Indicators/Annual Targets
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.	8. Approved Annual ICT Strategic Plan.	1	1	2023/24	2023/24	2023/24	Annual target achieved.

3.2 PROGRAMME 2: SKILLS PLANNING

3.2.1 Sub-programme: Sector Skills Plan and Research

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

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

Programme 2: Skills Planning - Sector Skills Plan and Research								
Outcome	Outputs	Output Indicators	Audited Actual Performance	Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement	Reasons for revisions to the Outputs/Output Indicators/Annual Targets
			2021/22	2022/23	2023/24	2023/24	2023/24	
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.	9. Number of Approved Sector Skills Plans (SSP).	1	1	1	1	0	Annual target achieved.
			6	6	4	7	+3	The annual target achieved and exceeded. This is due to additional research projects commissioned by the SETA in the current financial year. The additional reports were produced internally by SETA Research Team and Research Chair (Wits-Real).
	Evidence-based research to inform sector planning (SSP, SP and Business Planning).	10. Number of research reports developed and approved.						

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

Programme 2: Skills Planning - Workplace Skills Plans and Annual Training Reports									
Outcome	Outputs	Output Indicators	Audited Actual Performance	Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement	Reasons for revisions to the Outputs/Output Indicators/ Annual Targets	
Identified and increased production of occupations in high demand.	Employers participating in the workplace training.	11. Number of approved Annexure 2 (2022/23: Percentage of compliant Annexure 2 applications evaluated and approved).	741	2021/22	2022/23	2023/24	2023/24	Annual target achieved and exceeded. This is due to capacity building workshops provided to stakeholders on the requirements of the WSP/ATR submission.	
					95% of large companies	200	219		+19
					97% of medium companies	220	241		+21
				93% of small companies	320	337	+17		
					160 large companies 175 medium companies 256 small companies	199 large companies 209 medium companies 275 small companies	+39 large companies +34 medium companies +19 small companies		
			New Indicator	New Indicator					
		12. Number of approved employers who are paid mandatory grants.						Annual target achieved and exceeded. This is due to capacity building workshops provided to stakeholders on the requirements of the WSP/ATR submission resulting in more applications accepted and payments paid.	

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's needs.

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

Programme 3: Learning Programme and Projects							
Outcome	Outputs	Output Indicators	Audited Actual Performance	Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement
			2021/22	2022/23	2023/24	2023/24	2023/24
Linked education and the workplace.	Middle and high-level skills need addressed in the sector to address scarce and critical skills.	13. Number of unemployed learners registered on a Learnership programme.	1 844 SETA funded & 457 Sector-funded	2 874 SETA-funded	1 890	2 484	+594
		14. Number of unemployed learners who have completed a Learnership programme.	1 526 SETA funded & 76 Sector-funded	1 777 SETA-funded	1 473	1 975	+502
		15. Number of students from the Higher Education Institutions registered on Internship Programmes.	365	526	473	480	+7
					Reasons for revisions to the Outputs/ Output Indicators/ Annual Targets		
					Annual target achieved and exceeded. This is due to close monitoring of learner registrations and engagement with stakeholders, as well as partnerships linked to credit bearing programmes.		
					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.		
					Annual target achieved and exceeded. This is due to close monitoring of learner registrations and engagements with stakeholders to ensure the submission of compliant registration documents.		

3.3.1 Sub-programme: Implementation of Learning Programmes (continued)

Purpose: To disburse grants through regular (PIVOTAL and NON-PIVOTAL) and special projects that are addressing the sector's needs.

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

Programme 3: Learning Programme and Projects								
Outcome	Outputs	Output Indicators	Audited Actual Performance		Planned Annual Target		Actual Achievement	
			2021/22	2022/23	2023/24	2023/24	Deviation from Planned Target to Actual Achievement	Reasons for revisions to the Outputs/ Output Indicators/Annual Targets
Linked education and the workplace.	Students obtain qualifications and work experience.	16. Number of students from the Higher Education Institutions who have completed an Internship Programme.	129	171	105	238	+133	Annual target achieved and exceeded. This is due to direct follow-up with stakeholders on completion evidence that resulted in the target being achieved.
		17. Number of Higher Education Institution graduates placed in companies for workplace-based learning programmes.	397	562	500	508	+8	Annual target achieved and exceeded. This is due to close monitoring of learner registrations and engagements with stakeholders to ensure the submission of compliant registration documents.
		18. Number of Higher Education Institutions graduates who have completed a workplace-based learning programme.	203	259	345	350	+5	Annual target achieved and exceeded. This is due direct follow-up with stakeholders on completion evidence that resulted in the target being achieved.

3.3.1 Sub-programme: Implementation of Learning Programmes (continued)
Purpose: To disburse grants through regular (PIVOTAL and NON-PIVOTAL) and special projects that are addressing the sector's needs.

Programme 3: Learning Programme and Projects								
Outcome	Outputs	Output Indicators	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement	Reasons for revisions to the Outputs/ Output Indicators/Annual Targets
			2021/22	2022/23				
Improved skills level of skills in the South African workforce.	Middle and high-level skills need addressed in the sector to address scarce and critical skills.	19. Number of students from TVET Colleges registered on a workplace-based learning programme.	628	847	685	752	+67	Annual target achieved and exceeded. This is due to FoodBev targeting TVET Colleges to place learners on the programme as well as close monitoring of the TVET Colleges to ensure the submission of compliant registration documents.
		20. Number of students from TVET Colleges who have completed a workplace-based learning programme.	297	442	160	564	+404	Annual target achieved and exceeded. This is due to direct follow-up with stakeholders to submit completion evidence that resulted in the target being achieved.
		21. Number of employed and/or unemployed candidates supported to register on a candidacy programme with a registered professional body.	2	6	5	5	0	Annual target achieved.
		22. Number of employed learners registered on a learnership programme.	1 234 SETA-funded & 155 Sector-funded	1 500 SETA-funded	1 580	1 724	+144	Annual target achieved and exceeded. This is due to close monitoring of learner registrations and engagements with stakeholders to ensure the submission of compliant registration documents.
		23. Number of employed learners who have completed a learnership programme.	697 SETA-funded & 100 Sector-funded	839 SETA-funded	865	1 040	+175	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.
		24. Number of unemployed learners registered on a skills programme.	200	250	265	355	+90	Annual target achieved and exceeded. This is due to close monitoring of learner registrations and engagement with stakeholders as well as partnerships linked to credit bearing programmes.

3.3.1 Sub-programme: Implementation of Learning Programmes (continued)

Purpose: To disburse grants through regular (PIVOTAL and NON-PIVOTAL) and special projects that are addressing the sector's needs.

Programme 3: Learning Programme and Projects								
Outcome	Outputs	Output Indicators	Audited Actual Performance	Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement	Reasons for revisions to the Outputs/Output Indicators/Annual Targets
			2021/22	2022/23	2023/24	2023/24	2023/24	
		25. Number of unemployed learners who have completed a skills programme.	New indicator	125	135	243	+108	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.
		26. Number of employed learners registered on a skills programme.	1,566 SETA-funded & 118 sector-funded	1 000 SETA-funded	1 050 SETA-funded	1 453	+403	Annual target achieved and exceeded. This is due to close monitoring of learner registrations and engagements with stakeholders to ensure the submission of compliant registration documents.
		27. Number of employed learners who have completed a skills programme.	801 SETA-funded & 168 sector-funded	500 SETA-funded	525 SETA-funded	698	+173	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.
	Employed and unemployed learners supported through provision of bursaries to address the scarce and critical skills.	28. Number of employed students registered on bursaries in higher education institutions and Management Development programmes.	164	111	105	131	+26	Annual target achieved and exceeded. This is due to close monitoring of learner registrations and engagements with stakeholders to ensure the submission of compliant registration documents.
		29. Number of employed students who have completed their bursary studies in higher education institutions and management development programmes.	115	89	80	89	+9	Annual target achieved and exceeded. This is due to direct follow-up with stakeholders to submit completion evidence that resulted in the target being achieved.

3.3.1 Sub-programme: Implementation of Learning Programmes (continued)
Purpose: To disburse grants through regular (PIVOTAL and NON-PIVOTAL) and special projects that are addressing the sector's needs.

Programme 3: Learning Programme and Projects									
Outcome	Outputs	Output Indicators	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Reasons for revisions to the Outputs/Output Indicators/Annual Targets	
Improved skills level in the South African work-force.	Employed and unemployed learners capacitated with numeracy and literacy.	30. Number of learners registered on AET programmes.	276	243	225	392	+167	Annual target achieved and exceeded. This is due to close monitoring of learner registrations and engagements with stakeholders to ensure the submission of compliant registration documents.	
		31. Number of learners who have completed AET programmes.	223	239	115	154	+39	Annual target achieved and exceeded. This is due to direct follow-up with stakeholders to submit completion evidence that resulted in the target being achieved.	
		32. Number of unemployed students registered on the bursary programme (Higher Education Institutions, TVETs, Community Education and Training (CET) Colleges).	279	204	125	128	+3	Annual target achieved and exceeded. This is due to close monitoring of learner registrations and engagements with stakeholders to ensure the submission of compliant registration documents.	
		33. Number of unemployed students who have completed their studies on the bursary programme (Higher Education Institutions, TVETs, Community Education and Training (CET) Colleges.	32	60	65	112	+47	Annual target achieved and exceeded. This is due to direct follow-up with stakeholders to submit completion evidence that resulted in the target being achieved.	
		34. Number of Masters and PhD students registered on the research bursary programme.	43	39	35	39	+4	Annual target achieved and exceeded. This is due to close monitoring of learner registrations and engagements with stakeholders to ensure the submission of compliant registration documents.	
Increased access to occupationally directed programmes.	Enhanced research and development in human capital for a growing body of knowledge economy.	35. Number of Masters and PhD students who have completed their studies through the research bursary programme.	14	11	15	17	+2	Annual target achieved and exceeded. This is due to direct follow-up with stakeholders to submit completion evidence that resulted in the target being achieved.	

3.3.1 Sub-programme: Implementation of Learning Programmes (continued)

Purpose: To disburse grants through regular (PIVOTAL and NON-PIVOTAL) and special projects that are addressing the sector's needs.

Programme 3: Learning Programme and Projects								
Outcome	Outputs	Output Indicators	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement	Reasons for revisions to the Outputs/Output Indicators/Annual Targets
			2021/22	2022/23				
Entrepreneurs and cooperatives supported with skills development needed for their growth.	Apprentices qualified to become artisans.	36. Number of apprentices registered on an apprenticeship programme or Artisan Recognition of Prior Learning.	New indicator	New indicator	305	435	+130	Annual target achieved and exceeded. This is due to close monitoring of learner registrations and engagements with stakeholders to ensure the submission of compliant registration documents.
		37. Number of apprentices who have completed an apprenticeship programme or Artisan Recognition of Prior Learning.	125	203	200	201	+1	Annual target achieved and exceeded. This is due to direct follow-up with stakeholders to submit completion evidence that resulted in the target being achieved.
		38. Number of small businesses or co-operatives (business owner/s and/or learners) supported with training interventions (skills programme, learnership, internship, work experience, short courses and bursaries).	70	79	75	91	+16	Annual target achieved and exceeded. This is due to various partnerships entered into with various entities aimed at capacitating SMEs.
		39. Number of CPOs or NGOs or NPOs supported with training interventions (skills programme, learnership, internship, work experience, short courses and bursaries).	New Indicator	8	10	13	+3	Annual target achieved and exceeded. This is due to targeted training of NGOs.

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

Programme 3: Learning Programme and Projects - Special Projects and Partnerships									
Outcome	Outputs	Output Indicators	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement	Reasons for revisions to the Outputs/Output Indicators/ Annual Targets	
			2021/22	2022/23					
The growth of the public college system supported. Linked education and the workplace. Increased access to occupationally directed programmes.	Partnerships entered with Higher Education institutions, Colleges, Public and Private institutions.	40. Number of partnerships established with TVET, HEI, CET, Public and Private Sector to support the sector skills development interventions.	New Indicator	16	15	22	+7	Annual target achieved and exceeded. This is due to DG allocations and partnerships with various entities that resulted in the target being achieved.	
		41. Number of lecturers who have entered the workplace exposure programme.	6	6	6	8	+2	Annual target achieved and exceeded. This is due to the six (6) MOUs entered with the Industry and TVET Colleges aimed at exposing lecturers to work placed industry knowledge.	
		42. Number of lecturers who have completed workplace exposure programme.	6	5	5	6	+1	Annual target achieved and exceeded. This is due to close monitoring of the project.	
Encouraged and supported worker-initiated training.	Trade unions supported through the provision of skills training programmes.	43. Number of trade unions supported with training interventions.	3	3	3	3	0	Annual target achieved.	

3.3.3 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 13: APP Outcomes, Outputs, Output Indicators, Targets and Actual Achievement before adjustment

Programme 3: Learning Programme and Projects - Career Guidance and Stakeholder Engagement								
Outcome	Outputs	Output Indicators	Audited Actual Performance		Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement
			2021/22	2022/23				
8. Supported career development services.	Capacitated career development practitioners and learners through provision of career development services.	44. Number of career development events hosted in rural and/or urban areas and/or attended by FoodBev SETA.	24 Urban 36 Rural	33 Urban 36 Rural	30 Urban 40 Rural	33 Urban 44 Rural	+7	Annual target achieved and exceeded. This is due to high demand of career guidance and interest in the food and beverage manufacturing sector, especially in rural communities.
		45. Number of career development practitioners trained.	79	82	75	94	+ 19	

3.4 PROGRAMME 4: QUALITY ASSURANCE

3.4.1 Sub-programme: Provider accreditation:

Purpose: Increase availability of accredited public skills development providers.

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

Programme 4: Quality Assurance - Provider Accreditation									
Outcome	Outputs	Output Indicators	Audited Actual Performance		Planned Annual Target	Actual Achievement	Deviation from Planned Target to Actual Achievement	Reasons for revisions to the Outputs/Output Indicators/Annual Targets	
			2021/22	2022/23					
Supported growth of the public college system.	Public TVET Colleges capacitated to offer occupational programmes.	46. Number of Public TVET Colleges assisted to apply for occupational programme accreditation.	3	2	2	2	0	Annual target achieved.	
		47. Number of qualifications or skills programme submitted to the QCTO for registration.	New Indicator	13	2	4	+2	Annual target achieved and exceeded. This is due to increased requests from industry to develop qualifications.	
		48. Number of Public TVET and CET Colleges attaining FoodBev SETA secondary accreditation.	New Indicator	2	3	3	0	Annual target achieved.	

4. LINKING PERFORMANCE WITH BUDGETS

Table 15: Linking performance with budgets:

Programme/activity/ objective	2022/2023			2023/2024		
	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	76 679	67 353	9 326	83 953	75 973	7 980
Employer Grants & Research	90 621	94 442	(3 821)	106 050	99 933	6 117
Learning Programmes and Projects	1 242 304	333 907	908 397	1 285 978	381 476	904 502
Project Administration	26 327	25 291	1 036	30 422	29 485	938
TOTAL	1 435 931	520 992	914 939	1 506 404	586 867	919 537

5. STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

No areas of under-performance for the reporting period.

6. REVENUE COLLECTION

Table 16: Sources of revenue and collections

Sources of revenue	2022/2023			2023/2024		
	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	5 000	4 139	(861)	2 000	3 801	1 801
Skills Development Levy	47 759	472 158	1 399	501 358	502 058	700
Interest received – investment	54 000	57 510	3 510	78 460	79 798	1 338
Other income	-	4 234	4 234	1 000	4 772	3 772
Total revenue	529 759	538 041	8 282	582 818	590 429	7 611
Approved retained funds	906 172	-	(906 172)	923 586	-	(923 586)
Total funds available for spending	1 435 931	538 041	(897 890)	1 506 404	590 429	(915 975)

7. CAPITAL INVESTMENT

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

- 7.1 Fixed assets acquired for the administration of FoodBev SETA and
- 7.2 All excess funds not immediately required for operations were transferred to the CPD (Corporation for Public Deposits) account held with the Reserve Bank. The acquisition, implementation and management of the above was 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 of 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 and dispose of and write off stolen assets. The SETA acquired fixed assets worth R1 109 000 and intangible assets worth R2 097 000 in the year under review. Most of the assets acquired were laptops, docking stations and licences.





FOOD AND BEVERAGES SETA TRANSFORM INFORMAL TRADERS



The Delicious Festival Trader Academy (DFTA), powered by FoodBev SETA, is a cutting-edge training hub focused on empowering individuals and small to medium-sized enterprises (SMMEs) in the food, beverage and hospitality sectors. Our mission is to nurture talent, support entrepreneurship and drive economic growth by providing SMMEs with essential tools, insights, and networks needed to succeed in a competitive market.

- "My business has greatly benefited from the modules we completed in the course. I now understand how to make a profit, manage stock and effectively run my business overall." - **Ellen Chunga, Grace Group Holdings**
- "We realised that we had significantly under-costed our services. We have developed a spreadsheet to help us apply costing formulas. This module has been crucial for us. We suggest improvements in developing a costing method for recipes that can be easily applied to new ones." - **Nonkululeko Maminza, Ndimeni Catering and Supply**
- "We operate from a home kitchen while serving food from a separate industrial kitchen (club/restaurant). This programme has helped us implement proper cleaning procedures for our staff, which we previously struggled with. The quality of the food has improved, and proper storage practices have reduced wastage. We would benefit from developing Standard Operating Procedures (SOPs) to implement HACCP principles and educate our staff about them." - **Landela Mashalaba - "The Mashss"**
- "The costing modules were extremely useful, especially since I was previously losing a lot of money. They have helped us significantly." - **Mpho Modutoane, Izinkanyezi Group of Companies**
- "It made us aware of potential risks in the kitchen that we had previously overlooked." - **Amukelani Baloyi, Mookies Munchiies**

In August 2023, FoodBev Manufacturing SETA embarked on a landmark initiative by partnering with the DStv Delicious Festival Trader Academy. This collaboration marked the beginning of a transformative journey for 50 small, medium and micro enterprises (SMMEs) as they participated in a FoodBev Manufacturing SETA-accredited course. This innovative programme offered the inaugural cohort a unique opportunity to gain hands-on experience at the prestigious 2023 DStv Delicious International Food & Music Festival held in Kyalami, Johannesburg.

Programme Overview

The Delicious Festival Trader Academy programme was meticulously designed to

equip SMME entrepreneurs with essential skills and practical knowledge crucial for success in the food and hospitality industry. The course featured a comprehensive blend of accredited and non-accredited modules, encompassing a wide range of topics, including Costing & Business Calculations, Safety Practices in Food Handling, First Aid & Fire Safety, Business Compliance & Licensing, Food Safety & Compliance, Entrepreneurship & Design Thinking, Workplace Standards & Professional Development, Business Communication, Emotional Intelligence and Environmental Awareness & Sustainability.

Participants engaged in a hybrid learning model that combined theoretical knowledge with practical application. This approach



CASE STUDY 2

provided valuable insights through practical modules that tackled real-world challenges, such as safety practices, business compliance and the complexities of food safety and entrepreneurship. A notable component of the programme was the unique DStv Delicious Festival work experience, which offered participants the opportunity to apply their skills in a high-profile, dynamic environment. This hands-on experience not only enhanced their learning but also provided significant exposure to industry practices, thereby complementing the theoretical aspects of the course.

Graduation Ceremony

The successful completion of the programme was celebrated with a formal graduation ceremony held at the Johannesburg Culinary & Pastry School on 19 March 2024. The event was graced by distinguished guests, including FoodBev Manufacturing SETA Board Chairperson Mr. Alan Campbell, Gauteng MEC for Economic Development Ms Tasneem Motara and Deputy Minister of Higher Education and Training Mr. Buti Manamela.

Deputy Minister Manamela commended the SETA's efforts in upskilling young entrepreneurs and empowering them to start their own businesses. His presence underscored the significance of such initiatives in fostering economic development and creating opportunities for emerging entrepreneurs.

FoodBev Manufacturing SETA CEO Ms Nokuthula Selamolela also addressed the gathering, highlighting the pivotal role of skills development in driving economic growth. She emphasised the substantial benefits that the South African economy reaps from such initiatives and reiterated the SETA's commitment to supporting the food and beverages sector's sustainability and expansion. "Play your part and help us grow the food & beverages sector," she urged, reinforcing the collective responsibility in advancing the industry.

The launch of the Delicious Festival Trader Academy represents a significant milestone for FoodBev Manufacturing SETA's ongoing efforts to nurture and develop talent within the food and hospitality sector.



From left: FoodBev Manufacturing SETA CEO, Ms Nokuthula Selamolela, Gauteng Tourism Authority CEO, Ms Sthembiso Dlamini, FoodBev Manufacturing SETA Board Chairperson, Mr Alan Campbell, Deputy Minister of Higher Education and Training, Mr Buti Manamela, Gauteng MEC for Economic Development, Ms Tasneem Motara and FoodBev Manufacturing SETA Board Member, Ms Nthabe Zondo.

Through strategic partnerships and innovative programmes, the SETA continues to play a vital role in equipping entrepreneurs with the skills needed to succeed and contribute to the industry's growth. This programme not only provided essential training but also offered a platform for practical application, thereby contributing to the broader goal of economic development and sector sustainability.

OUTCOMES:

Operational and Sales Improvements:

- Enhanced efficiency and better stock and income management.
- Sales increased for several, including a 20% rise due to improved costing and price adjustments.
- One participant used the training to confidently open a new restaurant.

Workshop Benefits:

- Effective in streamlining processes, reducing costs and boosting productivity.
- Valuable costing module helped with cost implications, menu adjustments and waste reduction.

Networking Opportunities:

- Facilitated connections with classmates and stakeholders, aiding in certifications and planning.

- Access to experts in marketing, finance, and product development led to informed decisions.
- One participant utilised their network to teach employees first aid and fire training.

Social Media Class Impact:

- Improved content strategy and led to increased marketing opportunities.
- Successful strategies included consistent posting, enhanced content with reels and hashtag campaigns like #EatLocalThinkGlobal.
- Others struggled with social media and outsourced efforts due to funding challenges.

Overall Experience:

- The academy provided extensive knowledge and practical advice, particularly through the costing module.
- Food costing and safety training refined business practices and improved efficiency.
- Hands-on experience at the DSTV Festival offered valuable insights into event management.
- Implementation of infrastructure changes varied, with some making progress while others faced financial and logistical obstacles.



Pamella Mzila - Pam's Freelance Food Studio



Lerato Nonhlanhla Molaba Kasisoul Trading



Elliot Khoza - Whipped Couture

PART C GOVERNANCE



FoodBev
Manufacturing SETA

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

2. PORTFOLIO COMMITTEES

The Portfolio Committee on Higher Education, Science and Technology exercises oversight over all SETAs and may occasionally require any SETA to appear before the Committee to account for performance. The FoodBev SETA was not requested to meet with the Portfolio Committee in the 2023/24 financial year.

3. EXECUTIVE AUTHORITY

In the SETA environment, the Minister of Higher Education, Science and Technology 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 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.

4. THE ACCOUNTING AUTHORITY / BOARD

4.1 Introduction

The Board is the highest decision-making body of the SETA. It assumes the vital role of 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 (4) sub-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 are set out in their respective charters/terms of reference and 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:

- a) Govern and manage the SETA in accordance with the PFMA, the Act and any other applicable legislation;
- b) Ensure the SETA achieves the objectives stated in section 5 of the Constitution and performs the functions in section 6 of the Constitution;
- c) Provide effective leadership and ensure that the SETA implements the goals of the NSDS and the Performance Agreement with the Minister;
- d) Provide strategic direction for the SETA;
- e) Liaise with stakeholders;
- f) Ensure that the SETA complies with the relevant statutory and constitutional requirements;
- g) Manage institutional risk and
- h) 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 its delegation of functions. The Board has a Board Member Handbook – an orientation guide for members of the Board – that provides direction on basic board governance information and other resources.

The FoodBev SETA Board's remuneration policy is aligned to the National Treasury regulations for cost-containment. The Delegation of Authority policy ensures 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 with the Charter and applicable policies of the SETA.

4.4 Composition of the Board

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

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

There was a vacancy on the Board during the year under review due to one trade union not submitting a nomination according to the criteria set by the Minister 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 during the 2021/22 financial year. The Minister's decision was still pending at the end of 2023/24.

Table 17: Board Composition





Name of members	Designation	Date appointed	Date resigned	Highest qualifications	Area of expertise	Board directorships	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. 	<ul style="list-style-type: none"> Corporate Governance. Strategic Leadership. Organisational Design & Development. 	<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"> National Senior Certificate / Matric. 	<ul style="list-style-type: none"> Labour Relations. Customer Relationship Management. 	<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"> Labour Relations. Skills Development Mediation. 	<ul style="list-style-type: none"> Transvaal Region of FAWU (Food and Allied Workers Union). Tiger Brands Workers. Provident Fund and National Trustee of Tiger Brands National Educational Fund. AgriSETA. 	<ul style="list-style-type: none"> FoodBev SETA EXCO. 	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"> Change Management. Strategic Business Turnaround. Organisational Design & Development. 	<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

Table 17: Board Composition




Name of members	Designation	Date appointed	Date resigned	Highest qualifications	Area of expertise	Board directorships	Other committees or task teams	No. of Board meetings attended (*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. Batchelor of Science: Chemistry. Certified Director (IoDSA). Project Management Professional (PMI). 	<ul style="list-style-type: none"> Operations Management. Project Management. Corporate Governance. 	<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. 	8
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"> Entrepreneurship and New Venture Creation. Strategic Business Turnaround. Social Development and Investment. 	<ul style="list-style-type: none"> Corwil Ltd (JSE). Adamo Holdings (Pty) Ltd. Adamopix (Pty) Ltd. Lighthouse Economic Development Institution. Global Business Confederation. 	<ul style="list-style-type: none"> FoodBev SETA EXCO. 	9
Mapule Ncanywa 	Board member	01.04.2020	n/a	<ul style="list-style-type: none"> Bachelor of Arts. 	<ul style="list-style-type: none"> Corporate Affairs Management. Operations Management. Business Analysis. 	<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. BRICS Business Council Skills Development Working Group. 	<ul style="list-style-type: none"> FoodBev SETA Governance and Strategy Committee. FoodBev SETA EXCO. FoodBev SETA Finance and Remuneration Committee. SARS Beverage Industry Committee BEVSA EXCO Transformation and Technical Committee. 	7

Table 17: Board Composition








Name of members	Designation	Date appointed	Date resigned	Highest qualifications	Area of expertise	Board directorships	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"> Labour Relations. Employment Equity. Occupational Health and Safety. 	<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 Resource Management. National Diploma: Human Resources Management. 	<ul style="list-style-type: none"> Human Resources and Development. FMCG Skills Development. Corporate Governance. 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> FoodBev SETA Finance and Remuneration Committee. Milk South Africa Advisory Committee - Skills and Knowledge Development. Milk South Africa Sub-Committee: Skills Development Secondary Industry Sector. 	6
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"> Labour Relations. Mediation. Skills Development. 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> FoodBev SETA Governance and Strategy. FoodBev SETA Finance and Remuneration Committee. 	6
Nthabe Zondo 	Board member	01.04.2020	n/a	<ul style="list-style-type: none"> Master of Science: International Marketing Management. Bachelor of Business Administration: International Tourism & Hospitality Management and International Relations & Diplomacy. International Leadership Development (ILDA). 	<ul style="list-style-type: none"> International Marketing & Communication. Brand Development & Management. Corporate & Country Strategy. International Relations & Diplomacy. 	<ul style="list-style-type: none"> Bumbles Babies (Pty) Ltd: Director. Msebe Foods (Pty) Ltd: Director. Nthabe Maqache Holdings: Director. Power Process Systems Ltd: Non-Executive Director. 	<ul style="list-style-type: none"> FoodBev SETA Audit and Risk Committee. FoodBev SETA Finance and Remuneration Committee. 	8

Table 17: Board Composition

Name of members	Designation	Date appointed	Date resigned	Highest qualifications	Area of expertise	Board directorships	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"> National Senior Certificate/Matric. 	<ul style="list-style-type: none"> Labour Relations. Mediation. 	<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). Bachelor of Arts Honours: Accounting Studies. Certified Director (IoDSA). 	<ul style="list-style-type: none"> Turnaround Strategy Implementation. Financial reporting. Forensic accounting. 	<ul style="list-style-type: none"> Land Bank. National Energy Regulator of South Africa (NERSA). Ithuba. South African Council for Natural Scientific Professions (SACNASP). Metal Industries Benefit Funds Administrators (MIBFA.) MerSETA. 	<ul style="list-style-type: none"> FoodBev SETA Audit and Risk Committee. Audit Committee Member of the Presidency. 	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"> Human Resources and Development . FMCG Skills Development. Corporate Governance. 	<ul style="list-style-type: none"> IPM Board. 	<ul style="list-style-type: none"> FoodBev SETA Governance and Strategy Committee 	9

The Board convened nine (9) meetings coonsisting of:

- a) Four (4) quarterly meetings;
- b) Two (2) focused meetings;
- c) One (1) strategic session;
- d) One (1) annual general meeting and
- e) One (1) annual risk assessment workshop.

4.5 Board Sub-Committees

Table 18: Board sub-committees

Committee	No. of meetings held	No. of meetings attended	Name of members
Executive Committee (EXCO).	9	8	Alan Campbell
		9	Anna Pholoana
		9	Atwell Nazo
		9	Gugulethu Xaba
		8	Mapule Ncanywa
Governance and Strategy Committee (GSC).	5	5	Trevor van Wyk
		4	Ezra Ndwandwe
		5	Funeka Khumalo
		5	Mark Oliver
		5	Nqobile Tshabangu
Finance and Remuneration Committee (FRC).	7	7	Richard Hutton
		6	Nqobile Tshabangu
		6	Nthabe Zondo
		7	Sthembile Mzizi
		n/a	Vacant

Audit and Risk Committee: Refer to 7.2 Key activities and objectives for the details on the Audit and Risk Committee members and meeting attendance.

The meetings listed above are as follows:

- a) EXCO held four (4) quarterly meetings, four (4) special meetings and one consultation with the National Skills Authority (NSA);
- b) GSC held four (4) quarterly meetings and one (1) focused meeting and
- c) FRC held four (4) quarterly meetings, one (1) special meeting and two (2) combined meetings with ARC.

4.6 Board Training

The FoodBev SETA Constitution stipulates that it is vital for members to receive ongoing training 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.

Technology Governance COBIT: The Board and Audit and Risk Committee (ARC) attended a Technology Governance COBIT (Control Objectives for Information and Related Technology) Programme in February 2024 which was facilitated by the IoDSA.

Personal Development: Several Board members and ARC members attended personal development training through the Institute of Directors of South Africa (IoDSA) in the following programmes:

- a) Being a director Part 1-4;
- b) Certified Directorship;
- c) Digital Transformation for Executives;
- d) Effective Audit Committees;
- e) Effective Remuneration Committee;
- f) Finance for Non-Financial Directors;
- g) Future Focused Leadership;
- h) Governance of Ethics;
- i) Improving Governance in the Public Sector: Identifying Pitfalls and Solutions;
- j) Social and Ethics Committees;
- k) Technology Governance COBIT and
- l) Women on Boards.

4.7 Board Performance Evaluation

In line with the FoodBev SETA's Board Charter and as recommended by the King IV report, the Board schedules an opportunity for consideration, reflection and discussion of its performance every alternate year. It is appropriate for the Board to evaluate the extent to which it exercises oversight, retains effective and full control of the organisation and ensures management accountability.

The biennial performance evaluation of the Board and its sub-committees was carried out by an independent service provider, Dikeyla Holdings during 2023/24. The evaluation summarily concluded that the FoodBev SETA Board and its committees are operating effectively.

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 not, however, exceed the compulsory VAT registration threshold of R1m in any consecutive 12-month period. All fees to NEDs were below the threshold.

Table 19: Board Members' remuneration in (R'000)

No.	Board Member Name	Remuneration	Total
1.	Alan Campbell	548	548
2.	Anna Pholoana	157	157
3.	Atwell Nazo	218	218
4.	Ezra Ndwandwe	131	131
5.	Gugulethu Xaba	186	186
6.	Funeka Khumalo	148	148
7.	Sthembile Mzizi	150	150
8.	Thuli Njapa Mashanda	170	170
9.	Mark Oliver	175	175
10.	Mapule Ncanywa	154	154
11.	Nqobile Tshabangu	199	199
12.	Nthabe Zondo	128	128
13.	Richard Hutton	198	198
14.	Trevor Van Wyk	207	207
Total		2 769	2 769

Table 20: Audit and Risk Committee remuneration in (R'000)

No.	Board Member Name	Remuneration	Total
1.	Phuti Semenya	126	126
2.	Mzikayise Dondolo	64	64
3.	Lwazi Kubheka	105	105
Total		295	295
Grand total		3 064	3 064

5. Risk Management

5.1 Risk Management Approach

The FoodBev SETA's Risk Management strategy, policy and framework in place 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 integrated 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 which 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 operates within a low overall risk range with the lowest risk appetite relating to performance information reporting, regulatory compliance objectives, finance, SCM and ICT. This means that our priority over other organisational objectives is to reduce risks originating from compliance with legislation, policies and procedures, 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 2023/24 Strategic Risk Register, which identified seven (7) strategic risks with 45 control improvement plans (CIP) to manage the organisation's strategic risks. As of 31 March 2024, 98% of the control improvement plans were fully implemented and 2% were partially implemented. Risk mitigation plans were developed and are at an advanced stage of execution for those CIPs which were not fully implemented. We will monitor their progress in the operational risk register in the next financial year.

Table 21: SETA strategic risks identified in 2023/24

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

5.3 Business Continuity Management

FoodBev SETA implements a comprehensive Business Continuity Management (BCM) policy to ensure the resilience and continuous operation of its critical functions during significant crisis events. This policy includes the development, implementation and maintenance of strategies, plans, resources and actions. Key components of this policy are the Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP), which are regularly evaluated and tested annually. This rigorous evaluation process ensures that the plans remain adequate and evolve to meet the organisation's expectations, intentions and competencies for effective response and recovery.

Due to the increased staff complement, FoodBev SETA has implemented enhanced capabilities to support the growth in remote work, e-commerce, cybersecurity and cloud computing. These enhancements are integrated while maintaining robust processes for Occupational Health and Safety, as well as employee succession plans, among other critical areas. Given the organisation's heavy reliance on technology for its day-to-day operations, it faces increased exposure to threats and cyber-attacks. To address this FoodBev SETA has significantly bolstered its cybersecurity capacity, risk mitigation measures, and controls. These efforts ensure that the organisation is well-prepared to respond to and recover effectively from any disaster 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 with the Internal Audit function being a standing invitee to committee meetings. In addition to reporting on overall risk management, the Committee accounts 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.

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 2023/24, approved by FoodBev SETA's Audit and Risk Committee, OMA conducted an internal audit for the year ended 31 March 2024. 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 conducts its work according to the International Standards for the Professional Practice of Internal Auditing (Standards/ISPPIA) established by the Institute for Internal Auditors (IIA). The IIA's Practice Advisories, Practice Guides and Position Papers are adhered to in guiding operations.

Internal audit undertakes a continuous function in measuring, evaluating and reporting on the effectiveness of systems and processes, their economy of application as well as their efficiency in meeting the organisation's objectives. The internal auditors 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 that:

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

7.1.1 The Objectives of Internal Control are to Ensure:

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

7.2. Key Activities and Objectives of the Audit and Risk Committee

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

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

Table 22: Audit and Risk Committee members

Member name	Highest qualifications	Internal or external	If the internal, position in the public entity	Date appointed	Date resigned	No. of meetings attended (*7)
Phuti Semenya	I. Chartered Accountant (SA). II. Master of Commerce – International Accounting.	External	n/a	13.09.2022	n/a	7
Lwazi Kubheka	I. Post Graduate Diploma in Business Administration. II. National Diploma in Financial Information Systems.	External	n/a	13.09.2022	n/a	7
Mzikayise Dondolo	I. Master of Business Administration: General Internal Auditor, GIA (SA).	External	n/a	13.09.2022	n/a	6
Mark Oliver	I. Diploma: Warehouse Management.	Board Member	n/a	01.04.2020	n/a	6
Thulisile Njapa Mashanda	I. Chartered Accountant (SA). II. Certified Director. III. Bachelor of Arts Honours: Accounting Studies.	Board Member	n/a	01.04.2020	n/a	5

- a) Phuti Semenya is the ARC Chairperson;
- b) The ARC held four (4) quarterly meetings, one (1) focused meeting, and two (2) combined meetings with FRC; The ARC Chairperson was invited to present at some Board meetings and to attend other applicable Board meetings;
- c) Independent ARC members all attended the Annual General Meeting (AGM) and
- d) The ARC ICT expert Chairs the internal management ICT Steering Committee.

8. Compliance with Laws and Regulations

All FoodBev SETA decision-making processes are guided by strict compliance with applicable laws and governance prescripts. This commitment to regulatory adherence is a fundamental consideration in all organisational decisions, ensuring that the SETA operates within the legal and governance frameworks at all times. To achieve effective Regulatory Compliance Management, FoodBev SETA has developed a consolidated compliance universe that offers a comprehensive overview of the organisation's compliance landscape. The Fraud, Risk and Compliance Management Committee is responsible for monitoring this compliance universe, ensuring that all regulatory and compliance requirements are consistently met and managed effectively.

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 maintains a zero-tolerance policy towards fraud, corruption, facilitation payments or any other related activity to foster good corporate governance and embed a culture of honesty and integrity. The FoodBev SETA Fraud and Corruption Prevention Strategy promotes ethical conduct and combats fraud, corruption, theft, maladministration and other acts of misconduct. This policy clearly 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 implemented an annual Fraud and Corruption Prevention Plan which is monitored by the Fraud Prevention, Risk and Compliance Management Committee. The 2023/24 Fraud and Corruption Prevention Plan has ten (10) key plans with 28 sub-activities. As at 31 March 2024, 27 (93%) of the 28 activities were implemented. The remaining activity – conducting an ethics assessment – was partially implemented.

The Ethics Institute (TEI) was appointed to conduct an ethics risk and opportunity assessment which was deferred to Q1 of 2024/25. TEI successfully facilitated an Ethics Awareness training for all staff which was well received. 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 is managed by Deloitte. 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 employees to declare their interests at the start of each financial year by completing the declaration of interest forms. Newly appointed members and employees must declare their interests at the beginning of their service. The Code of Conduct policy provides guidance on managing gifts received from third parties. The Human Resources (HR) department maintains a Gift Register, where employees are required to disclose gifts from stakeholders and service providers. FoodBev SETA continuously monitors compliance with the Code of Conduct policy and tracks trends regarding declared gifts.

Additionally, 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. 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. When a conflict of interest is declared, the affected member is required to recuse themselves when the relevant matter is discussed. As of 31 March 2024, 100% of all declaration of interest forms have been submitted.

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

11. Code of Conduct

FoodBev SETA's Code of Conduct policy and procedure requires the Board, Audit and Risk Committee members and employees to comply with its provisions. The Code of Conduct reflects FoodBev SETA's zero-tolerance policy towards fraud and corruption. According to the Code, all members and employees must declare their interests annually to promote accountability and transparency. The Human Resources department ensures that new employees are informed about and well acquainted with the Code of Conduct during the induction programme. Training and awareness of the Code are also continuously promoted among existing employees. During the year, FoodBev SETA employees completed the Employee Conduct Pledge, committing to serve 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 during their induction.

12. Health Safety and Environmental Issues

FoodBev SETA recognises that employee well-being is a prerequisite for the organisation's performance and success. The primary objective of the Occupational Health and Safety Act, 1993 (Act 85, 1993) is to safeguard the health and safety of employees within the workplace. This encompasses key functions such as employee training and dissemination of safety protocols, ensuring a secure work environment, crafting a comprehensive health and safety policy and conducting thorough risk assessments. In pursuit of this goal, FoodBev SETA conducted a comprehensive risk assessment on the FoodBev SETA's office to ensure that the building was safe and conducive for day-to-day operations. An Occupational Health and Safety implementation plan was subsequently formulated, and this plan is subject to regular monitoring to ensure its effectiveness. Moreover, the Occupational Health and Safety committee actively participated in various training sessions throughout the 2023/24 financial year to enhance their knowledge and skills in this domain.

13. Audit and Risk Committee Report

The Audit and Risk Committee (ARC) ("the Committee") presents its report in terms of the requirements of Section 51 (1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 27.1 for the financial year ended 31 March 2024.

Mandate and terms of reference

The role of the committee is defined in its mandate. It covers, among others, its statutory duties and assistance to the board with the oversight of financial and non-financial reporting and disclosure, internal control systems, risk management, internal and external audit functions and combined assurance, including technology and information governance.

The Committee has adopted appropriate formal terms of reference as its audit and risk committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities contained therein.

The Committee oversees the assurance activities and the establishment of effective systems of internal control to provide reasonable assurance that the organisation's financial and non-financial objectives are achieved.

Effectiveness of Internal Control systems

The PFMA requires the Accounting Authority to ensure that Food and Beverages SETA has, and maintains effective, efficient and transparent systems of financial, risk management and internal control. The Committee reviewed the effectiveness of internal controls and provided oversight over Risk Management and compliance.

Internal Audit evaluated internal controls in order to determine their effectiveness and efficiency, and developed recommendations for enhancement and improvement. The Committee reviewed the findings of the Internal Audit. Through the analysis of the audit reports and engagement with the organisation, the Committee reports that the system of internal controls for the year under review were adequate and effectively implemented in improving the control environment to an acceptable level.

The quality of the in-year Management and Monthly/Quarterly Reports

The Committee had:

- I. Reviewed the quarterly financial Management and Performance Reports submitted to National Treasury (NT) in terms of the PFMA and Treasury Regulations and
- II. Reviewed the policies and procedures to ensure compliance with applicable laws and regulations.

The Committee was satisfied with the quality of the in-year reports that were presented at the Committee meetings.

Internal Audit

Internal Audit provided the Committee and Management with assurance that the Internal Controls were appropriate and effective. This was achieved through a Risk Management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

The Internal auditors included the following areas in the Internal Audit Coverage Plan:

- I. Performance Information review.
- II. Financial Control review.
- III. Supply Chain Management review.
- IV. Information Technology review.
- V. Annual Financial Statement review.

The Committee was satisfied that internal Audit had discharged its functions objectively and with independence.

Risk Management

The Committee was responsible for the oversight of the Entity's Risk Management activities. Strategic and operational Risk Assessments were conducted by Management for the year under review.

The Committee had reviewed the Risk Management process on a quarterly basis, had made recommendations for the improvements thereof, and was satisfied with the progress made. The Committee is largely satisfied with the Risk Management process.

Evaluation of Annual Financial Statements

The Committee has:

- I. Reviewed and discussed the annual financial statements to be included in the Annual Report (AR), with the AGSA and the Accounting Authority.
- II. Reviewed the AGSA's Management Report and Management's response thereto.
- III. Reviewed changes in accounting policies and practices and
- IV. Reviewed the Entity's compliance with legal and regulatory provisions.

Auditor-General South Africa (External Auditors)

The Committee has reviewed the Entity's implementation plan for audit issues raised in the prior year and is satisfied that the matters previously identified had been adequately resolved.

The Committee also monitored the implementation of the action plans to address matters arising from the Management Report issued by the AGSA for the 2023/24 financial year. The Committee has reviewed the Entity's Implementation Plan for audit issues raised in the previous year and notes that the findings were adequately resolved.

The Committee is satisfied with the Independence and objectivity of the AGSA. The Committee has met with the External Auditors separately to ensure that there were no unresolved issues.

Conclusion

The committee concluded, based on the information and explanations provided by Management and the Internal Auditors and discussions with the independent external auditors, that:

- I. the expertise, resources and experience of the finance functions are adequate.
- II. the system and process of risk management is adequate and effective.
- III. the internal accounting controls with compensating measures are adequate to ensure that the financial records may be relied upon for preparing the financial statements and accountability for assets and liabilities is maintained.
- IV. the combined assurance model is adequate.

The committee is satisfied, that nothing significant has come to the attention of the Committee to indicate any material breakdown in the functioning of the controls, procedures and systems during the year under review and that the controls are appropriate with compensating measures to ensure compliance with the requirements of the PFMA and Treasury Regulations.

Recommendation of the annual financial statements

The committee has evaluated the annual financial statements of Food and Beverages SETA for the year ended 31 March 2024, based on the information provided to it, considers that they comply, in all material respects with the requirements of the PFMA and Treasury Regulations. The committee concurs that the adoption of the going-concern premise in the preparation of the annual financial statements is appropriate

The committee has therefore, at its meeting held on 22 July 2024, recommended the adoption of the financial statements by the Board.



Mr Phuti Semanya, CA (SA)

Chairperson of the Audit and Risk Committee

31 July 2024



14. B-BBEE Compliance Performance Information

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

Table 23: B-BBEE compliance

Has the SETA applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) regarding the following?		
Criteria	Response Yes/No	What measures have been taken to comply?
Determining qualification criteria for issuing licences, 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, B-BBEE strategy and a preferential procurement policy that guides the 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.

The FoodBev SETA has made progressive efforts to enhance its B-BBEE compliance as demonstrated by its improvement from level eight (8) attained and reported in 2021/22 to a level six (6) in 2022/23. As a schedule 3A public entity, the SETA is measured on the specialised generic scorecard excluding the ownership element.

There are four (4) elements measured with this scorecard: Management Control, Skills Development, Enterprise & Supplier Development and Socio-Economic Development. The SETA excelled in the Management Development and the Socio-Economic Development elements but has identified the Skills Development and Enterprise & Supplier Development elements as requiring improvement in terms of the specific BBBEE requirements. The SETA will continue to advance efforts to improve performance of these elements.

A BOLD STEP TOWARDS INNOVATION AND EXCELLENCE

On 4 June 2024, the Board and Management of FoodBev SETA fulfilled its 2022 AGM promise by launching its new corporate identity, a modern brand inspired by sector feedback. This milestone aligns with the SETA vision, enhancing agility and positioning us for

growth. Our payoff line, **Empower. Innovate. Elevate.** reflects our mission to support career growth, foster innovation and raise industry standards. The branding is now integrated across our website and intranet for guidance.



PART D

HUMAN RESOURCE MANAGEMENT



FoodBev
Manufacturing SETA

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1. HUMAN RESOURCE MANAGEMENT

1.1 Overview of HR matters at the public entity

The Human Resources Department (HR) at FoodBev SETA is committed to advancing the organisation's strategic goals and ensuring our employees deliver exceptional service to stakeholders. Dedicated to cultivating a dynamic work environment and responsive to the diverse needs of our workforce, HR plays a pivotal role in our business achievements.

Throughout the reporting period, HR has implemented a series of initiatives outlined in our meticulously crafted HR plan. This plan functions not just as a roadmap but as a holistic strategy incorporating innovative processes, policies, methodologies, systems, and procedures designed to attract, develop, and empower our talent pool. Our HR Plan represents more than mere task execution; it is a paradigm shift in our approach to managing our employee value chain, as outlined below:

Pillars	Objective	Status and Comments
One (1)	<i>Talent Sourcing and Retention</i> 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.	I. A service provider was appointed to conduct a comprehensive salary benchmarking exercise to evaluate FoodBev's position in the market relative to its existing remuneration structures. II. A total of seven (7) positions were recruited and filled to ensure an adequate supply of human capacity. III. A total of 11 graduate interns were appointed, of which six (6) are placed externally in three (3) TVET Colleges. IV. Seven (7) Human Resources policies and procedures were approved namely: <ol style="list-style-type: none"> Talent, Succession Management, and Employee Retention policy; Telephone Cell-phone Usage policy; Performance Management and Development policy; Remuneration, Reward and Recognition policy; Leave and Regulation of Hours policy; Training and Development policy and Uniform and Dress Code policy.

Pillars	Objective	Status and Comments
Two (2)	<i>Employee Management and Development to develop and foster a talent pool through attracting high skilled employees.</i>	<ul style="list-style-type: none"> I. 90% of staff attended at least nine (9) training interventions to close identified skills gaps. II. 19 bursaries were approved for staff to obtain formal qualifications. III. Performance management system fully implemented and 100% performance plans and midterm reviews conducted.
Three (3)	<i>Constructive workplace relationship management focused on promoting and fostering a healthy, conducive employee relations climate.</i>	<ul style="list-style-type: none"> I. The SETA conducted an employee satisfaction survey and achieved a 70% positive rating. II. Two (2) staff engagement sessions and five (5) union meetings were held during the period under review. These engagements are aimed at: <ul style="list-style-type: none"> a. Creating and enabling an open culture and an environment that fosters trust, respect and inclusion of diverse ideas; b. Ensuring that management interacts equally with employees to avoid favouritism and distortion; c. Providing employees with timeous information and feedback through internal communication channels; d. Encouraging feedback and exchange of ideas with employees and e. Resolving labour disputes and issues at the lowest possible level which promotes a healthy employee relations climate.
Four (4)	<i>Employee health and well-being focussed on Employee Work-Life Balance and Occupational Health and Safety</i>	<ul style="list-style-type: none"> I. 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. II. The comprehensive engagement rate, encompassing the utilization of all provided services, stood at 15.0% for the reviewed period, in contrast to 14.0% in the preceding comparable period. III. FoodBev SETA, in collaboration with several Sector Education and Training Authorities (SETAs), spearheaded and hosted the inaugural InterSETA Employee Wellness Day on November 24, 2023. The event garnered participation from eight SETAs, showcasing a collective commitment to employee well-being. The array of activities included eight (8) male soccer teams, eight (8) Netball teams, three (3) volleyball teams, and three (3) relay teams. The list below demonstrates the activities of the Employee Wellness Programme (EWP) and the organisation's commitment to promoting employee well-being and fostering a supportive work environment. <ul style="list-style-type: none"> a. Motivational Monday initiatives; b. Youth Day celebration; c. Women's Day celebration; d. Heritage Day event and e. Sports Day initiative.

1.2 Set HR priorities for the year under review and the impact of these priorities

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

- a) **Talent management and development:** FoodBev SETA aims to attract, retain, and develop top talent by implementing various talent management strategies, including robust employee training initiatives, succession planning and ample career development prospects. The anticipated outcomes of these efforts are heightened employee engagement and improved staff retention
- b) **Employee engagement:** FoodBev SETA recognises the importance of employee engagement in achieving organisational success and fosters a supportive and inclusive workplace culture where employees feel valued, respected, and empowered to contribute their best. The organisation also implements flexible work arrangements tailored to meet the diverse needs of its workforce and demonstrates its recognition of work-life balance to improve performance. Moreover, it prioritises initiatives that focus on employee wellbeing, encompassing physical, mental, and emotional health support. This includes offering wellness programmes, access to counselling services and resources to promote healthy lifestyles. By investing in these initiatives, FoodBev SETA aims to create an environment where employees feel cared for, are motivated and can thrive both personally and professionally.
- c) **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 increase employee morale, improve creativity, and innovation, and enhance organisational reputation.

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

The establishment of a robust workforce planning framework and effective recruitment strategies is paramount in securing and retaining a skilled and proficient workforce. In the fiscal period of 2023/24, FoodBev SETA proactively updated its remuneration and benefits policy to align with evolving industry standards and employee expectations. This forward-thinking policy is designed to not only attract top talent but also retain and motivate existing employees. It includes a comprehensive review of salary structures, bonuses, incentives, and benefits to ensure the organisation remains competitive and appealing in the current market landscape. By benchmarking against industry peers and conducting thorough compensation analyses, FoodBev SETA ensures that its remuneration packages are aligned with prevailing market rates and industry trends. The SETA solidifies its position as an employer of choice by prioritising the growth and development of its workforce while fortifying its talent pool to effectively pursue 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. In the year under review FoodBev SETA introduced an electronic performance management system to enhance its performance evaluation processes. This system improves efficiency and accuracy, provides real-time monitoring and reporting, increases transparency, streamlines goal setting and tracking and offers enhanced data analytics. Overall, it enables the organisation to optimise workforce productivity, foster accountability, and align individual and organisational goals more effectively.

1.5 Policy development

Policy development serves as the cornerstone of our Human Resources framework. It not only outlines our commitment to compliance but also reflects our dedication to fostering an inclusive and supportive workplace culture. Throughout the reporting period, the HR team diligently reviewed, refined and implemented policies that align with our organisational goals and values. The following policies were reviewed during the reporting period:

- 1.5.1 Talent, Succession Management, and Employee Retention policy.
- 1.5.2 Telephone Cellphone Usage policy.
- 1.5.3 Performance Management and Development policy.
- 1.5.4 Remuneration, Reward, and Recognition policy.
- 1.5.5 Leave and Regulation of Hours policy.
- 1.5.6 Training and Development policy.
- 1.5.7 Uniform and Dress Code policy.

1.6 Highlight achievements

The following achievements were recorded against the planned targets in the reporting period:

<i>Implementation of the organisational structure re-alignment process</i>	a) The organisational structure enhancement process phases 2 and 3 are currently being implemented with 0% labour-related issues.
<i>Automation of the HR Processes</i>	a) Human Resources prioritised the fully automated high-risk processes which includes performance management, and training and development.
<i>Implementation of the training plans</i>	a) Human Resources implemented 95% of the personal development plans.
<i>Implementation of the performance management system</i>	a) The electronic performance management system is fully automated and rolled out. b) All employees have completed their Performance Management Plans and their bi-annual performance reviews.



<p>Successful implementation of the employee wellness plan.</p>	<ul style="list-style-type: none"> a) HR successfully implemented its Employee Wellness Plan during the reporting period. b) Our commitment to employee wellbeing was evident through three key following interventions. Several soccer and netball games were organised, providing valuable opportunities for physical activity and social interaction beyond office hours. Simultaneously, staff engagement programmes were executed, aligning with national observances such as National Youth Day and National Heritage Day. These initiatives not only contributed to holistic wellbeing but also played a crucial role in boosting morale and fostering a sense of accomplishment among employees. c) The annual ICAS 2022/23 report underscored the success of our comprehensive wellness efforts. Commendably, the engagement rate increased by 15.0% and a total of 50 identified issues were effectively addressed, reflecting the positive impact on our workforce. d) A pinnacle achievement was our collaboration with SETAs to host the inaugural InterSETA Employee Wellness Day on 24 November 2023. Eight (8) SETAs participated in this groundbreaking event, highlighting a collective commitment to prioritise employee wellbeing. The day featured diverse activities, including soccer, netball, volleyball and relay teams, fostering not only physical fitness but also teamwork and camaraderie. The enthusiastic response from participating teams, with the FoodBev SETA soccer team claiming the championship title, highlighted the resounding success and positive impact of our holistic wellness programs.
<p>Implementation of the Yes4Youth programme</p>	<ul style="list-style-type: none"> a) HR is delighted to announce the continuous and successful implementation of the Yes4Youth programme underscoring our unwavering dedication to youth development. This accomplishment signifies the seamless integration of the programme into our organisational framework, marked by robust mentorship initiatives, targeted skill development programmes and the establishment of impactful Yes4Youth opportunities. b) Our commitment to fostering an inclusive workplace culture, coupled with continuous feedback mechanisms, has positioned us as a significant contributor to the Yes4Youth programme. Through these efforts, FoodBev SETA is actively making a positive impact on the lives and careers of young individuals.

1.7 Challenges faced by the public entity

The following are the challenges encountered during the reporting period:

<p>Change Management</p>	<p>A change management programme is required post the structure review and enhancement process across the organisation. Managing change programmes involves managing the staffing and communications implications very carefully to ensure that employees are treated fairly, and organisational objectives are met while retaining sound employee relations reputation both internally and externally.</p>
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1.7 Challenges faced by the public entity

Employment Equity (EE)	Over the past two financial years, FoodBev SETA has not met its planned EE targets. Efforts have been made to ensure adequate representation of other racial groups, and HR is dedicated to addressing this under-representation through the implementation of a revised/targeted employment equity plan and recruitment processes.
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1.8 Future HR plans/goals

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

- Implementation of the newly approved organisational structure and Human Resources Plan;
- Implementation of the Talent, Succession Management and Employee Retention policy by identifying a talent pool comprising of high performing employees who will be developed to meet the skill and competency requirements of critical and strategic positions in the organisation;
- Implementation of the employee recognition incentives and rewards. The introduction of a non-financial and personal recognition reward system;
- The upscaling of learning and development programmes that include career development plans, leadership and management development programmes, executive coaching, etc and
- The creation of a positive experience and support of employee work-life balance through engagement and wellness. HR will continue to innovate and continuously improve employee engagement platforms.

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	5 234	10%	2 617
Senior Management	7	10 848	21%	1 550
Middle Management	16	14 604	28%	913
Skilled Technical	18	11 744	23%	652
Semi-skilled	25	8 309	16%	332
Unskilled	3	536	1%	179
Total	71	51 276	99%	722
Graduate Interns	16	500	1%	31
Fixed term contract/ Temporary Employees	1	111	0%	111
Grand total	88	51	100	864

2.2 Performance rewards

Table 25: Performance per occupational level

Occupational level	No. of employees	Personnel expenditure in (R'000)	% of total personnel cost	Average cost per employee (R'000)
Top Management	2	476	10%	238
Senior Management	7	1 020	22%	146
Middle Management	13	1 269	28%	98
Skilled Technical	18	1 129	25%	63
Semi-skilled	20	670	15%	34
Unskilled	2	40	1%	20
Total	62	4 605	100%	74

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	5 234	96	2%	2	48
Senior Management	10 848	201	2%	7	29
Professional qualified	14 604	268	2%	14	17
Skilled	11 744	220	2%	18	12
Semi-skilled	8 309	153	2%	21	6
Unskilled	536	10	2%	3	3
Graduate Interns	611	10	2%	16	1
Total	51 887	956	14%	81	11



2.4 Employment and vacancies

Table 27: Employees, posts, and vacancies per occupational level

Occupational level	No. of Employees as at 31 March 2023	Approved posts as at 1 April 2023	No. of Employees as at 31 March 2024	No. of Vacancies as at 31 March 2024
Top Management	2	3	2	1
Senior Management	7	7	7	0
Professional qualified	13	19	14	5
Skilled	18	22	18	4
Semi-skilled	20	26	23	3
Unskilled	2	3	3	0
Total	62	80	67	13
Fixed term contract / Temporary Employees	4	1	1	0
Grand total*	66	82	68	14**

* Excludes Graduate Interns that are not accounted for as employees.

** It should be noted that the high vacancy rate is due to the newly created structure approved by the board on 26 March 2024 which will be implemented in the new financial year.

Note: There were no fixed term contracts as of 31 March 2024.

2.5 Employment changes

Table 28: Changes in employment

Salary band	Employment as at 31 March 2023	External appointments	Internal appointments	Terminations / End of contract	Employment as at 31 March 2024
Top Management	2	0	0	0	2
Senior Management	7	0	0	0	7
Professional qualified	13	3	0	2	14
Skilled	18	0	0	0	18
Semi-skilled	20	1	2	0	23
Unskilled	2	1	0	0	3
Total	62	5	2	2	67
Fixed term contract/ Temporary Employees	4	1	0	2	1
Grand Total	66	6	2	4	68

2.6 Reasons for staff leaving

Table 29: Staff leaving and reasons

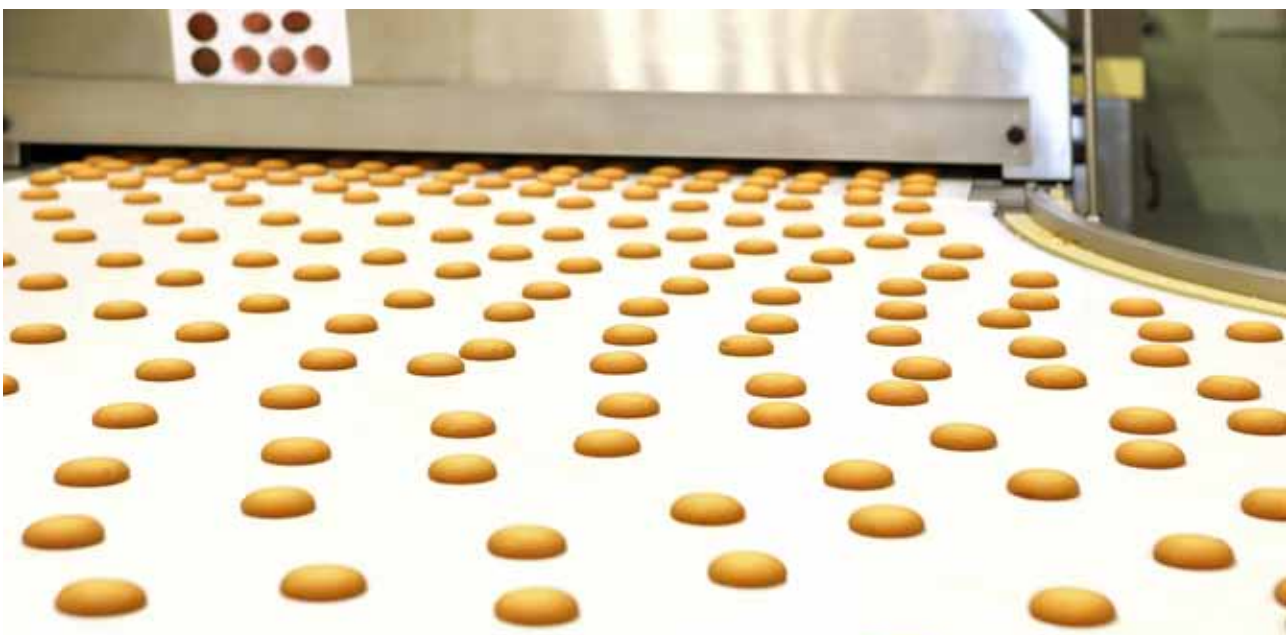
Reason	Number	% of total no. of staff leaving
Death	0	0
Resignation	2	50%
Dismissal	0	0
Retirement	0	0
Ill health	0	0
Expiry of contract	2	50%
Other	0	0
Total	4	100%

2.7 Labour Relations: Misconduct and disciplinary action

Table 30: Incidence of disciplinary action

Nature of disciplinary action	Number
Verbal recorded warning	2
Written warning	1
Final written warning	2
Dismissal	0
Grievances	1
Disciplinary Hearing	1*
Total	7

*The hearing was ongoing and not concluded as at 31 March 2024.



2.8 Equity target and Employment Equity status

Table 31: Employment equity profile

Occupational Level	Male				Female				Foreign National		Grand Total
	A	C	I	W	A	C	I	W	M	F	
Top Management	0	0	0	0	1	0	0	0	1	0	2
Senior Management	4	0	0	0	3	0	0	0	0	0	7
Professionally Qualified	3	1	0	1	9	0	0	0	0	0	14
Skilled Technically	10	0	0	0	7	0	0	0	0	1	18
Semi-Skilled	9	0	0	0	11	1	0	0	0	0	21
Unskilled	0	0	0	0	2	0	0	0	0	1	3
Total	26	1	0	1	33	1	0	0	1	2	65
Fixed term contract/ Temporary Employees	1	0	0	0	2	0	0	0	1	0	4
Graduate Interns	7	0	0	0	9	0	0	0	0	0	16
Grand Total	34	1	0	1	44	1	0	0	2	2	85

2.9 Persons with Disability

Table 32: Profile of persons with disability

Occupational level	Male				Female				Foreign national		Grand total
	A	C	I	W	A	C	I	W	M	F	
Top Management	0	0	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0	0	0
Professionally Qualified	0	0	0	0	0	0	0	0	0	0	0
Skilled Technically	0	0	0	0	0	0	0	0	0	1	1
Semi-skilled	1	0	0	0	0	0	0	0	0	0	1
Unskilled	0	0	0	0	0	0	0	0	0	0	0
Total	1	0	0	0	0	0	0	0	0	1	2
Fixed term contract/ Temporary Employees	0	0	0	0	0	0	0	0	0	0	0
Graduate Interns	0	0	0	0	0	0	0	0	0	0	0
Grand Total	1	0	0	0	0	0	0	0	0	1	2

PART E

PFMA COMPLIANCE

REPORT



FoodBev
Manufacturing SETA

- 
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2. Late and/or non-payment of suppliers **102**
3. Supply chain management **103**

1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1 Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2022/2023	2023/2024
	R'000	R'000
Opening balance	2 102	825
Add: Irregular expenditure confirmed	499	-
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	(1776)	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	825	825

*Following a due process as outlined in the Irregular Expenditure Framework, the SETA applied to National Treasury for condonation of R825 000. To date no response has been received.

Reconciling notes to the AFS

Description	2022/2023	2023/2024
	R'000	R'000
Irregular expenditure that was under assessment in 2022/23	-	-
Irregular expenditure that relates to 2022/23 and identified in 2021/22	499	-
Irregular expenditure for the current year	-	-
Total	499	-

b) Details of current and previously irregular expenditure (under assessment, determination and investigation).

Not applicable.

c) Details of current and previous year irregular expenditure condoned.

Not applicable.

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

Description	2022/2023	2023/2024
	R'000	R'000
Irregular expenditure NOT condoned and removed	1 776	
Total	1 776	
<i>The Accounting Authority approved removal of the irregular expenditure in accordance with paragraph 57 – 59 of the Irregular Expenditure Framework</i>		

e) Details of current and previous year irregular expenditure recovered.

Not applicable.

f) Details of current and previous year irregular expenditure written off (irrecoverable).

Not applicable.

Additional disclosure relating to Inter-Institutional Arrangements

g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance).

None.

h) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance).

Not applicable.

i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure.

Not applicable.

1.2. Fruitless and wasteful expenditure

a) Details of current and previous year fruitless and wasteful expenditure (under assessment, determination and investigation).

Not applicable.

b) Details of current and previous year irregular expenditure recovered.

Not applicable.

c) Details of current and previous year irregular expenditure not recovered and written off.

Not applicable.

d) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure.

1.3. Additional disclosure relating to material losses in terms of PFMA Section 55(2) (b)(i) & (iii).

a) Details of current and previous year material losses through criminal conduct.

Not applicable.

b) Details of other material losses.

Not applicable.

c) Other material losses recovered.

Not applicable.

d) Other material losses written off.

Not applicable.

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
Valid invoices received	1 991	45 303
Invoices paid within 30 days or agreed period	1 991	45 303
Invoices paid after 30 days or agreed period		
Invoices older than 30 days or agreed period (unpaid and without dispute)	-	49
Invoices older than 30 days or agreed period (unpaid and in dispute)	2	49

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 supplier		328
Board and ARC training.	Institute of Directors in Southern Africa (IODSA).	Sole supplier		200
Total				328

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
Printing Services	Sizwe Africa IT Group	Variation		784		109
Security Services	Selkirk Security Services	Variation		1 722		50
Total						159

PART F

FINANCIAL INFORMATION



FoodBev
Manufacturing SETA

FOOD AND BEVERAGES MANUFACTURING SECTOR EDUCATION AND TRAINING AUTHORITY
Annual Financial Statements for the year ended 31 March 2024

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FOOD AND BEVERAGES MANUFACTURING SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

AUDITOR'S REPORT

Food and Beverages Manufacturing Sector Education and Training Authority: 31 July 2024

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 116 to 160, which comprise the statement of financial position as at 31 March 2024, 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 2024 and its financial performance and cash flows for the year then ended in accordance with the South African 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.

Responsibilities of the accounting authority for the financial statements

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

Responsibilities of the auditor-general for the audit of the financial statements

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

FOOD AND BEVERAGES MANUFACTURING SECTOR EDUCATION AND TRAINING AUTHORITY
Annual Financial Statements for the year ended 31 March 2024

9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located on page 110, forms part of my auditor's report.

Report on the audit of the annual performance report

10. 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 the selected programme presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
11. I selected the following programme presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected a programme that measures the public entity's performance on its primary mandated functions and that is of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 3: Learning programmes and projects	48-55	To disburse grants through regular (pivotal and non-pivotal) and special projects that are addressing the sector's needs.

12. 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.
13. 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
 - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so 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 those 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 and is comparable and understandable.
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
14. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
15. I did not identify any material findings on the reported performance information for the selected programme.

FOOD AND BEVERAGES MANUFACTURING SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Other matter

16. I draw attention to the matter below.

Material misstatements

17. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Programme 3: 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

18. 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.

19. 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 Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

20. 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.

21. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

22. 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.

23. 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.

24. 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.

25. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.

FOOD AND BEVERAGES MANUFACTURING SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

26. I have nothing to report in this regard.

Internal control deficiencies

27. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

28. I did not identify any significant deficiencies in internal control.

Auditor General
Pretoria

31 July 2024



FOOD AND BEVERAGES MANUFACTURING SECTOR EDUCATION AND TRAINING AUTHORITY
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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'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.

FOOD AND BEVERAGES MANUFACTURING SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Compliance with legislation - selected requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b); 66(3)(c)
Treasury regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a); 16A6.2(b); Regulation 16A6.3(a); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; Regulation 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A 9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); Regulation 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; Regulation 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); Regulation 32.1.1(c); 33.1.1; 33.1.3
SETAs Grant Regulations of 2012	Section 2(1), (2), (3); 3(3) & (4); 4(3), (8); 6(9)(iii)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Instruction No. 1 of 2021/22	Paragraph 4.1
National Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 92021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1 (b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4

FOOD AND BEVERAGES MANUFACTURING SECTOR EDUCATION AND TRAINING AUTHORITY
Annual Financial Statements for the year ended 31 March 2024

Compliance with legislation - selected requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulation 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

FOOD AND BEVERAGES MANUFACTURING SECTOR EDUCATION AND TRAINING AUTHORITY
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FOOD AND BEVERAGES MANUFACTURING SECTOR EDUCATION AND TRAINING AUTHORITY
Annual Financial Statements for the year ended 31 March 2024**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.

FOOD AND BEVERAGES MANUFACTURING SECTOR EDUCATION AND TRAINING AUTHORITY
Annual Financial Statements for the year ended 31 March 2024

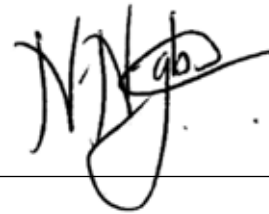
Although the Accounting Authority is primarily responsible for the financial affairs of the SETA, it is supported by the SETA's external auditors.

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 3, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 July 2024 and were signed on its behalf by:



Mr. A Campbell
Accounting Authority Chairperson



Ms. N Selamolela
Chief Executive Officer



FOOD AND BEVERAGES MANUFACTURING SECTOR EDUCATION AND TRAINING AUTHORITY
Annual Financial Statements for the year ended 31 March 2024

Statement of Financial Performance for the year ended 31 March 2024

		2023/24	Restated 2022/23
	Note(s)	R'000	R'000
Revenue			
Non-Exchange Revenue			
Skills Development Levy: Income	3	502 058	472 158
Skills Development Levy: Interest and penalties	4	3 801	4 139
Other income	6	4 663	4 123
Total revenue from non-exchange transactions		510 522	480 420
Exchange Revenue			
Other income	6	145	111
Interest received-investment	5	79 798	57 510
Total revenue from exchange transactions		79 943	57 621
Total revenue		590 465	538 041
Expenditure			
Administrative employee related costs	8	(33 896)	(32 045)
Depreciation and amortisation	10&11	(2 938)	(2 080)
Lease rentals on operating lease	9	(4 961)	(5 046)
Bad debts written off		(1)	-
Grant and project expenses	7	(510 930)	(450 135)
Other administration expenses	8	(34 176)	(31 687)
Total expenditure		(586 903)	(520 992)
Surplus for the year		3 562	17 048

FOOD AND BEVERAGES MANUFACTURING SECTOR EDUCATION AND TRAINING AUTHORITY
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Statement of Financial Position as at 31 March 2024

		2023/24	Restated 2022/23
	Note(s)	R'000	R'000
Assets			
Current Assets			
Trade and other receivables from non-exchange transactions	12	3 162	4 412
Inventory	13	111	182
Cash and cash equivalents	14	995 299	953 110
		998 572	957 704
Non-Current Assets			
Property, plant and equipment	10	4 203	4 510
Intangible assets	11	1 245	683
		5 448	5 193
Total Assets		1 004 020	962 897
Liabilities			
Current Liabilities			
Trade and other payables from non-exchange transactions	15	48 714	14 113
Trade and other payables from exchange transactions	16	9 926	7 469
Provisions	17	12 856	12 355
		71 496	33 937
Total Liabilities		71 496	33 937
Net Assets		932 524	928 961
Reserves			
Administration reserve		5 559	5 375
Discretionary grant reserve		926 902	923 581
Mandatory grant reserve		63	5
Total Net Assets		932 524	928 961

FOOD AND BEVERAGES MANUFACTURING SECTOR EDUCATION AND TRAINING AUTHORITY
Annual Financial Statements for the year ended 31 March 2024

Statement of Changes in Net Assets for the year ended 31 March 2024

	Administration reserve	Discretionary grant reserve	Mandatory grant reserve	Accumulated surplus	Total net assets
	R'000	R'000	R'000	R'000	R'000
Opening balance at 01 April 2022	5 741	906 012	160	-	911 913
Surplus for the year	-	-	-	17 048	17 048
Prior year adjustment (Note 29)	(3 504)	3 504	-	-	-
Allocation of unappropriated surplus	(5 310)	(1 043)	23 401	(17 048)	-
Excess reserves transferred to Discretionary reserve	8 448	15 108	(23 556)	-	-
Balance at 31 March 2023	5 375	923 581	5	-	928 961
Surplus for the year	-	-	-	3 562	3 562
Allocation of unappropriated surplus (Refer to note2)	(9 871)	(11 868)	25 301	(3 562)	-
Excess reserves transferred to Discretionary reserve	10 055	15 188	(25 243)	-	-
Balance at 31 March 2024	5 559	926 902	63	-	932 524

FOOD AND BEVERAGES MANUFACTURING SECTOR EDUCATION AND TRAINING AUTHORITY
Annual Financial Statements for the year ended 31 March 2024

Cash Flow Statement for the period ended 31 March 2024

	Note(s)	2023/24 R'000	Restated 2022/23 R'000
Cash flows from operating activities			
Cash receipts from stakeholders			
Levies, interest and penalties received		511 773	47 8571
Interest income		79 798	57 510
Other cash item		145	111
		591 716	536 192
Cash paid to stakeholders, suppliers and employees			
Grants and project payments		(457 109)	(475 028)
Compensation of employees		(52 658)	(48 613)
Payments to suppliers and other		(36 553)	(35 651)
		(546 320)	(559 292)
Net cash flows from operating activities	18	45 396	(23 100)
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(1 109)	(922)
Proceeds from disposal of assets		-	34
Purchase of intangible assets	11	(2 097)	(834)
Net cash flows from investing activities		(3 206)	(1 722)
Net (decrease)/increase in cash and cash equivalents		42 189	(24 822)
Cash and cash equivalents at the beginning of the year		953 110	977 932
Cash and cash equivalents at the end of the year	14	995 299	953 110

FOOD AND BEVERAGES MANUFACTURING SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Midterm budget adjustments (Note 30.8)	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Refer- ence
	R'000	R'000	R'000	R'000	R'000	
Statement of Financial Performance - 2023/242						
Revenue	-	-	-	145	145	
Other income						
Grant recovery	-	1 000	1 000	4 663	3 663	30.1
Fines and penalties	-	2 000	2 000	3 801	1 801	30.2
Skills development levies - income	501 358	-	501 358	502 058	700	30.3
Interest received - investment	57 510	20 950	78 460	79 798	1 338	30.4
Retained funds	-	923 586	923 586	-	(923 586)	30.7
Total revenue including retained funds	558 868	947 536	1 506 404	590 465	(915 939)	
Expenses						
Administration expenses	(65 803)	(18 150)	(83 953)	(75 973)	7 980	30.5
Grant and project expenses	(493 065)	(929 386)	(1 422 451)	(510 930)	911 521	30.6
Total expenditure	(558 868)	(947 536)	(1 506 404)	(586 903)	919 501	
Surplus for the year	-	-	-	3 562	3 562	

FOOD AND BEVERAGES MANUFACTURING SECTOR EDUCATION AND TRAINING AUTHORITY
Annual Financial Statements for the year ended 31 March 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Midterm budget adjustments (Note 30.8)	Final Budget	Actual amounts on compara- ble basis	Difference between final budget and actual Reference
	R'000	R'000	R'000	R'000	R'000
Statement of Financial Performance - 2022/23					
Revenue					
Other income	-	-	-	4 234	4 234
Fines and penalties	-	5 000	5 000	4 139	(861)
Skills development levies - income	444 006	26 753	470 759	472 158	1 399
Interest received - investment	34 217	19 783	54 000	57 510	3 510
Retained funds	-	906 172	906 172	-	(906 172)
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)	(70 857)	5 822
Grant and project expenses	(419 947)	(939 305)	(1 359 252)	(450 135)	909 117
Total expenditure	(478 223)	(957 708)	(1 435 931)	(520 992)	914 939
Surplus for the year	-	-	-	17 048	17 048

FOOD AND BEVERAGES MANUFACTURING SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

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 have 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 preparations

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.

FOOD AND BEVERAGES MANUFACTURING SECTOR EDUCATION AND TRAINING AUTHORITY

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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 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:

FOOD AND BEVERAGES MANUFACTURING SECTOR EDUCATION AND TRAINING AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

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

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

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 using reinstatement letters.

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:

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.

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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:

	2023/24	2022/23
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 19.3 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.

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Annual Financial Statements for the year ended 31 March 2024

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 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.

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1.8 Irregular, fruitless and wasteful expenditure

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

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

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

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

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

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

Treasury Instruction Note No.2 of 2019/2020: Irregular expenditure.

1.9 Property, plant and equipment

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

Depreciation is calculated on a straight line method of each item for property, plant and equipment, to allocate the cost of each item of 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	Straightline	10-11 years
Office equipment	Straightline	5-11 years
Compute requirement	Straightline	3-9 years
Leasehold improvements	Straightline	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.

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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 insurplus 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	Straightline	12 months
Computer software	Straightline	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 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 insurplus 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

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

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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 cashflows discounted at the effective interest rate. Movement in the provision is recognised in the statement of financial performance.

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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 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.

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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 comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

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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 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.

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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.

The approved budget covers the fiscal period from 1 April 2023 to 31 March 2024.

1.23 Inter-SETA transfers - Receivables/Payables

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

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Inter-SETA receivables

Inter-SETA 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;

- (a) FoodBev SETA submitting a claim to the previous SETA (requesting transfer of current year levies);
- (b) The previous SETA has not yet made payment but confirms their obligation to transfer to FoodBev SETA; and
- (c) 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:

- (a) SARS has effected the transfer and DHET portal confirming the transfer;
- (b) Submission of claim to FoodBev SETA by the new SETA;
- (c) FoodBev SETA has not yet made a payment but confirms their obligation to transfer to new SETA; and
- (d) FoodBev SETA has approved a WSP in relation for 2023/24 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.

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Notes to the Annual Financial Statements for the year ended 31 March 2024

Figures in Rand thousand

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

2023/24

	Total per Statement of Financial Performance	Administration reserve	Mandatoy grants reserce	Discretionary grants reserve
				Total discretionary
Skills development levy: income				
Admin levy income (10.5%)	65 956	65 956	-	-
Grant levy income (69.5%)	436 102	-	125 235	310 867
Skills development levy: penalties and interest	3 801	-	-	3 801
Investment income	79 798	-	-	79 798
Other income	4 772	145	-	4 627
Total revenue	590 429	66 102	125 235	399 093
Administration expenses	(75 973)	(75 973)	-	-
Grants and project expenses	(510 893)	-	(99 933)	(410 960)
Total expenses	(250 147)	(75 973)	(99 933)	(410 960)
Net surplus/ (deficit) per Statement of Financial Performance (allocated)*	3 562	(9 871)	25 301	(11 868)

*The administrative reserves net deficit of R9.8m includes a once off operational expenditure of R9.5m and depreciation of R2.9m.

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Figures in Rand thousand

2022/23

	Total per Statement of Financial Performance	Administration reserve	Mandatoy grants reserce	Discretionary grants reserve Total discretionary
Skills development levy: income				
Admin levy income (10.5%)	61 932	61 932	-	-
Grant levy income (69.5%)	410 226	-	117 843	292 383
Skills development levy: penalties and interest	4 139	-	-	4 139
investment income	57 510	-	-	57 510
Other income	4 234	111	-	4 123
Total revenue	538 041	62 043	117 843	358 155
Administration expenses	(67 353)	(67 353)	-	-
Prior period error (Note 29)	-	(3 504)	-	3 504
Grants and project expenses	(453 639)	-	(94 442)	(359 197)
Total expenses	(520 992)	(70 857)	(94 442)	(355 693)
Net surplus per Statement of Financial Performance (allocated)	17 048	(8 814)	23 401	2 462

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	2023/24	Restated 2022/23
Figures in Rand thousand	R'000	R'000

3. SKILLS DEVELOPMENT LEVY INCOME

Levy income: Administration

Levies received

65 956

61 932

Levy income transfer: Mandatory grants

Levies received

125 235

117 843

Levy income transfer: Discretionary grants

Levies received

311 053

292 760

Exempt employer: Transfer to/(from) discretionary

(186)

(377)

Total Levy income transfer: Discretionary grants

310 867

292 383

502 058

472 158

4. SKILLS DEVELOPMENT LEVY: INTEREST AND PENALTIES

Interest

1 623

1 417

Penalties

2 178

2 721

3 801

4 139

5. INTEREST RECEIVED - INVESTMENT

Interest revenue

Interest received - Investment

79 798

57 510

6. OTHER INCOME

6.1 Other Income-non-exchange

Discretionary grant recoveries

4 663

4 123

4 663

4 123

6.2 Other Income - Exchange

Study fees recovered*

141

111

Profit on sale of fixed assets

4

-

145

111

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

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	2023/24	Restated 2022/23
Figures in Rand thousand	R'000	R'000

7. GRANT AND PROJECT EXPENSES

Mandatory grants	99 933	94 442
Discretionary grants*	381 512	330 403
Project administration expenditure	29 485	25 291
	510 930	450 135

*A contract relating to evaluation of grants has been transferred to operational commitments. Refer to note 29 for prior period error note.

Project administration expenditure consists of:

Direct salaries and wages	19 406	17 616
Direct project administration expenses:		
SSP research	450	319
Scarces kills guide	1 771	61
Advertising, promotions & publicity material	142	155
Catering & event hosting	44	47
External moderation	4 118	3 706
Travel & accommodation	2 716	1 955
Legal fees	102	224
Courier and postage	4	167
Assessments & EISA developments	72	-
Project related AA fees	330	391
Ministerial Initiatives	-	414
Printing	42	37
Stakeholders satisfaction survey	9	199
Chambers	278	-
	29 485	25 291

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Figures in Rand thousand	2023/24 R'000	Restated 2022/23 R'000
8. OTHER ADMINISTRATION EXPENSES		
Assessment rates & municipal charges	546	483
External audit fees	3 386	3 276
Bank charges	87	87
Cleaning	263	538
Catering and refreshments	195	122
Consulting and professional fees***	441	279
Consumables	326	299
Special Projects: administration*	9 531	6 050
Conferences and seminars	1 667	1 382
IT expenses**	5 968	6 735
Insurance	184	190
Legal fees	182	-
Marketing and publications	3	89
Postage and courier	1	5
Printing and stationery	349	423
Repairs and maintenance	12	45
License fees	1	-
Security	602	574
Staff welfare	349	539
Telephone and fax	-	273
Training	1 321	1 045
Travel - local	151	432
Loss on disposal of fixed assets	13	98
Electricity & water	960	899
Uniforms	10	24
Board & Audit Committee SDL****	33	32
Other payroll related costs (COIDA)	147	577
Board remuneration	2 286	2 173
Audit committee remuneration	295	345
Internal audit fees	1 363	1 478
Quality control for trade and occupation mandatory expense	3 238	2 801
Recruitment costs	227	355
Whistleblowing	39	38
	34 176	31 687

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Figures in Rand thousand	2023/24	Restated 2022/23
	R'000	R'000

*Increase in special projects: administration costs is due to once off transactions relating to MIS & ERP systems, Cyber security consultants, public relations services, office renovations and costs for evaluation of grants that were transferred from discretionary grants commitments to operational commitments (refer to note 29 for prior period error).

**A decrease in IT expenses was due to an optimisation process of ICT hosted services to eliminate the need for higher usage.

***Consulting and professional fees include quality assurance review (QAR) that was performed on the internal audit function in the current year.

****Board and audit committee SDL was mapped to the board remuneration in the prior year.

Cost of employment

Basic salaries	49 854	46 530
Pension contributions: defined contribution plans	3 448	3 131
	53 302	49 661

Allocation of cost of employment

Administrative salaries	33 896	32 045
Project admin salaries	19 406	17 616
	53 302	49 661

Average number of employees (the number includes YES program interns)	85	72
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9. LEASE RENTALS ON OPERATING LEASE

Leases

Operating lease-building	4 671	4 671
Operating lease-equipment	290	375
	4 961	5 046

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Figures in Rand thousand	2023/24	Restated 2022/23
	R'000	R'000

10. PROPERTY, PLANT AND EQUIPMENT

	2023/24			2022/23		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Office furniture and fixtures	3 391	(1 368)	2 023	3 391	(1 030)	2 361
Office equipment	1 634	(821)	812	1 378	(550)	828
Computer equipment	3 154	(1 936)	1 218	2 775	(1 626)	1 149
Leasehold improvements	203	(52)	150	203	(31)	172
Total	8 381	(4 178)	4 203	7 747	(3 237)	4 510

The current useful lives and residual values of the SETA assets have not changed from previous period. The SETA management believes that the current useful lives and residual values are still appropriate.

Reconciliation of property, plant and equipment 2023/24 (R'000)

	Opening balance	Additions	Disposals	Depreciation	Total
Office furniture and fixtures	2 361	-	-	(338)	2 023
Office equipment	828	267	-	(282)	812
Computer equipment	1 149	842	(13)	(761)	1 218
Leasehold improvements	171	-	-	(21)	150
	4 510	1 109	(13)	(1 402)	4 203

Additions relate to acquisition of tools of trade for employees (including laptops and UPS).

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Figures in Rand thousand	2023/24 R'000	Restated 2022/23 R'000
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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)	172
	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)

11. INTANGIBLE ASSETS R'000

	2023/24			2022/23		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Licences	4 001	(2 756)	1 245	1 904	(1 221)	683
Computer software	14	(14)	-	14	(14)	-
Total	4 015	(2 770)	1 245	1 918	(1 235)	683

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11. INTANGIBLE ASSETS R'000 (CONTINUED)

Reconciliation of intangible assets: 2023/24 - R'000

	Opening balance	Additions	Amortisation	Total
Licences	684	2 097	(1 536)	1 245

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

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

12. TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Other receivables

Mandatory Grant receivables (levies)	20	523
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Contractual receivables

Discretionary Grant recoveries - gross	3 142	4 198
Less Debt impairment	-	(309)
	3 162	4 412

Debt impairment reconciliation

Opening balance	309	896
Bad debt provision reversed	-	(14)
Bad debt written off*	(309)	(573)
	-	309

The bad debt was written off after all attempts to recover the funds failed.

13. INVENTORIES

Consumable stores	111	182
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Figures in Rand thousand	2023/24 R'000	Restated 2022/23 R'000
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14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	4	-
Short-term deposits	3 273	2 912
Investments	992 022	950 198
	995 299	953 110

15. TRADE AND OTHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Skills Development Grants: Discretionary payable*	40 470	6 515
Skills Development Grants: Mandatory payable	21	161
Skills Development Grants: Mandatory accruals	8 223	7 437
	48 714	14 113

*Discretionary grants payable balance consists mainly of discretionary grants accruals raised at year end.

16. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Accrued expenses	1 160	-
Trade creditors	3 759	3 249
Leave pay	1 670	1 713
Operating lease payables (refer to note 22)	3 011	2 168
Accounting Authority fees and PAYE	265	166
External Moderators	60	172
Staff claims payable	4	-
	9 926	7 469

17. PROVISIONS

Exempt employers provision	6 363	6 549
Bonus provision	6 493	5 807
	12 856	12 355

Exempt Employer's Provision

The amount of R6m (2022/23: R7m) 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.

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Figures in Rand thousand	2023/24	Restated 2022/23
	R'000	R'000

17. PROVISIONS (CONTINUED)

Bonus Provision

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

Reconciliation of provisions - 2023/24 - R'000

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Exempt Employers Provision	6 549	1 214	-	(1 400)	6 363
Bonus Provision	5 807	6 493	(4 605)	(1 202)	6 493
	12 355	7 707	(4 605)	(2 602)	12 856

Reconciliation of provisions 2022/23 - R'000

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

18. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET SURPLUS

Surplus	3 562	1 7048
Adjustments for:		
Depreciation	1 402	1 245
Amortisation	1 536	835
Profit/loss on disposal of assets and debt impairment	13	98
Movements in provisions	501	1385
Changes in working capital:		
Decrease/(Increase) in inventories	72	(91)
Decrease/(Increase) in receivables from exchange transactions	-	280
Decrease/(Increase) in trade and other receivables from non-exchange transactions	1 251	(2 129)
(Decrease)/Increase in payables from exchange transactions	2 458	1 113
(Decrease)/Increase in payable from non-exchange transactions	34 601	(42 886)
	45 396	(23 100)

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19. CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities

19.1 First time levy paying employers

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 2023 to 31 March 2024. Consequently, the total potential mandatory grant pay-out is R62 772 (2022/23: R4 665)

19.2 Retention of surplus funds for the year 2023/24

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 2024, the calculated accumulated surplus funds as per National Treasury Instruction No. 12 of 2020/2021 is as follows:

Description

	<u>2023/24</u>	<u>2022/23</u>
Cash and cash equivalents	995 299	953 110
Add: Receivables	3 162	4 412
Less: Current liabilities	(71 496)	(33 937)
Calculated surplus funds for the period	926 965	923 585

Notwithstanding the accumulated surplus funds calculated above, the SETA has at year end approved and contracted commitments as disclosed in note 21, the below reflects the accumulated surplus funds after considering the impact of these commitments.

	<u>2023/24</u>	<u>2022/23</u>
Calculated retained surplus as above	926 965	923 585
Approved and contracted - project commitments	(918 892)	(895 882)
Approved and contracted - admin commitments	(12 486)	(21 044)
Net surplus after considering commitments	(4 413)	6 660

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Annual Financial Statements for the year ended 31 March 2024**19. CONTINGENT ASSETS AND LIABILITIES (CONTINUED)****19.3 Mandatory grant rate allocation (BUSA case)**

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

The litigation between the parties 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 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. DHET is currently negotiating with BUSA on the percentage increase that will be implemented for mandatory grants. The discussions are still underway and not finalised. At this stage, no agreement has been reached by the parties.

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 allocate 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 2023/24 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.

19.4 Expired discretionary grants commitments

Included in the terminations in note 21 are the discretionary grants that were approved but are out of contract as of 2023/24 amounting to R69m, 2022/23 (R105m). 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.

19.5 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.

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Contingent assets

19.6 Staff legal matter

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 in so far 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.

19.7 Inter-SETA receivables

19.7.1 Grant Receivable from Fasset

The SETA received a grant approval letter from FASSET, awarding FoodBev SETA funding of R23 480 000 in relation to the Digital Literary Skills to Capacitate Unemployed Youth and Graduates programme for Rural Development for 600 learners.

19.7.2 Other 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.

20. EVENTS AFTER THE REPORTING DATE

There were no subsequent events to report on.

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21. COMMITMENTS

Grant Commitments 2023/24- R'000

	Opening balance 2022/23 Restated	Terminations/ Adjustments/ Cancellations	Approved by Accounting Authority and contracted 2023/24	Utilised prior years projects	Utilised current year projects 2023/24	Closing balance 2023/24
Unemployed Learnerships	193 774	(42 884)	144 287	(47 426)	(48 184)	199 567
Employed Learnerships	56 696	(5 552)	46 645	(22 557)	(14 294)	60 939
Learnership for PwD	61	(61)	-	-	-	-
Skills Programme	14 979	(3 048)	10 172	(2 297)	(2 916)	16 890
Internship	54 612	(14 292)	34 380	(18 132)	(9 486)	47 082
Work Experience	71 330	(18 914)	36 612	(17 004)	(7 470)	64 554
Candidacy Programme	1 980	(450)	1260	(540)	-	2 250
Unemployed Bursaries	782	(351)	14 280	(277)	(1804)	12 630
Research & Development	9 531	(446)	5 850	(5 431)	(3 422)	6 082
Employed & MDP Bursaries	11 762	(3 750)	5 900	(1 640)	(1076)	11 196
Adult Education Training	5 559	(1 424)	1 685	(1 887)	(276)	3 658
Artisans	157 914	(30 789)	59 892	(29 537)	(7420)	150 060
Centre of Specialisation	619	(619)	-	-	-	-
SME's (LP, NLP, NGOs, CBOs)	47	(47)	-	-	-	-
TVET Placements	44 589	(13 899)	54 075	(16 722)	(16 464)	51 579
TVET Bursary	3 723	(3 507)	1 020	(127)	(174)	935
Maluti, Tshwane South and Ekurhuleni SETA of- fices	-	210	-	(210)	-	-
Special Project 2019/20	648	(648)	-	-	-	-
Special Project 2020/21	4 665	(2 532)	-	(2 013)	-	120
Special Project 2021/2022*	4 166	(1 360)	-	(141)	-	2 665
Special Project 2022/23	15 559	(1 100)	-	(4 728)	-	9 731
Special Project 2023/2024	-	-	4 421	-	(793)	3 628
TVET Lecture Capacity	120	-	378	-	(159)	339
Partnerships	242 766	(34 433)	16 3560	(92 790)	(4 116)	274 987
TOTAL	895 882	(179 896)	584 418	(263 459)	(118 053)	918 892

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Figures in Rand thousand	2023/24	Restated 2022/23
	R'000	R'000
Total discretionary grants approved and contracted	918 892	895 882
Operating commitments		
Approved and contracted	12 486	21 044
Total commitments	931 378	916 925

*A contract relating to evaluation of grants has been transferred to operational commitments.
Refer to notes 7,8 and 29.

Percentage of reserves**99%****97%**

FoodBev SETA have committed 99% (2022/23: 97%) of the available discretionary funds R927m, (2022/23: R924m). FoodBev SETA terminated prior year programmes to the value of R180m (2022/23: R200m) due to programmes not commencing or learners not completing the contracted programmes.

Included in the partnership balance of R162m is an amount of R59m that was committed using award/commitment letters due to insufficient time to conclude memorandum of agreements (MOA).

22. OPERATING LEASE LIABILITY ROLL FORWARD

Opening balance	(2 168)	(1 075)
Actual rent expense	(4 671)	(4 671)
Amortised rental over lease period	3 828	3 578
	(3 011)	(2 168)
22.1 Total future minimum rental payments due (buildings)		
Not later than one year	4 096	3 828
Later than one year and not later than five years	19 460	18 187
Later than five years	12 929	18 298
	36 485	40 313
22.2 Total future minimum rental payments due(equipment)		
Not later than one year	-	196

FoodBev SETA's lease for office printers/photocopiers has expired on 31 December 2023. The lease agreement was extended to 31 March 2024.

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Figures in Rand thousand	2023/24	Restated 2022/23
	R'000	R'000

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

Irregular expenditure and Fruitless and wasteful expenditure

Irregular expenditure	-	499
Fruitless and wasteful expenditure	-	-
	-	499

24. BOARD AND MANAGEMENT REMUNERATION IN R'000S

Executive and Management - 2023/24

	Basic	Travel allowance	Acting Allowance	Pension fund	Bonus	Total
N Selamolela - CEO	2 408	-	-	292	274	2 974
M Maphiwa - CFO	1 432	413	64	150	202	2 260
M Pule	1 260	192	24	170	159	1 804
P Ngwasheng	1 240	128	-	166	156	1 690
S Mgidi	1 268	-	32	102	164	1 566
S Dyosiba	1 247	-	-	100	136	1 483
N Lwandle	1 179	-	-	79	139	1 396
T Sibia	1 281	-	-	97	139	1 516
M Mokome	1 165	-	-	93	127	1 385
	12 480	733	120	1 249	1 496	16 075

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

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Figures in Rand thousand	2023/24	Restated 2022/23
	R'000	R'000

Non-executive - 2023/24

	Accounting Authority fees	Total
A Campbell - Chairperson	548	548
A Pholoana	157	157
A Nazo	218	218
E Ndwandwe	131	131
G Xaba	186	186
F Khumalo	148	148
S Mzizi	150	150
T Mashanda	170	170
M Oliver	175	175
M Ncanywa	154	154
N Tshabangu	199	199
N Zondo	128	128
R Hutton	198	198
T van Wyk	207	207
	2 769	2 769

Audit and Risk Committee - Independent members only

	Members' fees	Total
P Semanya (Chairperson)	126	126
M Dondolo	64	64
L Kubheka	105	105
	295	295

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24. BOARD AND MANAGEMENT REMUNERATION IN R'000S (CONTINUED)

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

Audit and Risk Committee - Independent members only

	Members' fees	Total
Incoming committee	-	-
P Semenya (Chairperson)	76	76
M Dondolo	41	41
L Kubheka	58	58
Outgoing committee	-	-
T Randall	94	94
T Tshitangano	44	44
FM kwanazi	32	32
	345	345

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

25. 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.

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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. 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			Non-interest bearing		Total
	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	
Year ended 31 March 2024 Assets								
Cash	995 299	8%	-	-	-	-	-	995 299
Loans and accounts receivable	-	-	-	-	-	3 142	-	3 142
Total financial assets	995 299		-	-	-	3 142	-	998 441
Liabilities								
Borrowings	-	-	-	-	-	-	-	-
Loans and accounts payable	-	-	-	-	-	58 640	-	58 640
	-	-	-	-	-	-	-	-
Total financial liabilities	-	-	-	-	-	58 640	-	58 640
Year ended 31 March 2023								
Total financial assets	953 110	6%	-	-	-	3 889	-	956 999
Total financial liabilities	-		-	-	-	(21 582)	-	(21 582)
	953 110		-	-	-	(17 693)	-	935 417

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25. FINANCIAL INSTRUMENTS (CONTINUED)

Credit Risk

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

The ageing of Trade and Other Receivables - R'000

	2023/24		2022/23	
	Gross	Impairment	Gross	Impairment
Pastdue >120 days	3 142	-	4 198	(309)
Total	3 142	-	4 198	(309)

Cash and Cash equivalents

	2023/24		2022/23	
	Gross	Impairment	Gross	Impairment
Not past due	995 299	-	953 110	-

Liquidity risk

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

2023/24	Carrying amount	Contractual Cash Flows	6 months or less	6-12 months	1 - 2 years	More than 2 years
Trade and other payables	58 640	58 640	58 640	-	-	-

2022/23	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1 - 2 years	More than 2 years
Trade and other payables	21 582	21 582	21 582	-	-	-

Market risk

Market risk is the risk that the fair value or future cashflows 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 variables:

Sensitivity analysis on interest rate risk

	Increase/ (decrease) in interest rates	Effect on surplus or (deficit)
Increase	10 %	7 980
Decrease	(10) %	(7 980)

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26. 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 R14m (2022/23: R3m), commitments totalling R306m (2022/23:R318m), and payments totalling R135m (2022/23:R105m).The SETA has disclosed a contingent asset of R23m relating to a grant received from FASSET. Refer to note 19.7.

Transactions with employers of the members of Board as at 31 March 2024

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.

Employer: 2023/24 - R'000	Board Member	Mandatory Grants	Discretionary Grant	Total	Levies Received
Woodlands Dairy	R Hutton	804	4 701	5 506	3 241
Pioneer Foods	T van Wyk	7 966	4 907	12 873	31 811
National Union of Food Beverages Wine Spirits and Allied Workers	N Tshabangu	-	123	123	-
		8 770	9 731	18 502	35 052

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Employer: 2022/23 - R'000	Board Member	Mandatory Grants	Discretionary Grants	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

Excluded from the above are payments to Federal Council of Retail and Allied Workers union (FEDCRAW) of R900 000 (2022/23: R900 000) who have not allocated a board member.

Transactions with other national public entities - R'000

Quality Council for Trades and Occupations (QCTO)

2023/24	2022/23
3 238	801

27. 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.

28. NEW STANDARDS AND INTERPRETATIONS**28.1 Standards and interpretations issued, but not yet effective**

FoodBev SETA has not applied the following standards and interpretations, which have been published and are mandatory for the SETA's accounting periods beginning on or after 1 April 2024 or later periods:

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Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 2023: Improvements to the Standards of GRAP 2023	01 April 2024	Unlikely there will be a material impact
• GRAP 105: Transfer of functions between entities under common control	01 April 2024	Unlikely there will be a material impact
• GRAP 106: Transfer of functions between entities not under common control	01 April 2024	Unlikely there will be a material impact
• GRAP 107: Mergers	01 April 2024	Unlikely there will be a material impact
• IGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	To be determined	Unlikely there will be a material impact
• IGRAP 22 on Foreign Currency transactions and Advance considerations	01 April 2025	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• GRAP 103: Heritage Assets	To be determined	Unlikely there will be a material impact
• GRAP 25: Employee benefits (revised)	To be determined	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	To be determined	Unlikely there will be a material impact

29. PRIOR PERIOD ERRORS

A contract relating to evaluation of discretionary grants has been transferred from discretionary grants commitments to operational commitments. Refer to notes 7, 8 and 21.

The correction of the error(s) results in adjustments as follows:

	R'000
Commitments	
Discretionary grants	- (8 236)
Operational commitments	- 8 236
Statement of financial performance	
Discretionary grants expenditure	- (3 504)
Special Projects administration expenditure	- 3 504

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	2023/24	Restated 2022/23
Figures in Rand thousand		
	R'000	R'000

30. BUDGET DIFFERENCES

Material differences between budget and actual amounts

30.1 Other income

Other income is made up of grant recoveries. More grant recovery invoices were raised than what was anticipated.

30.2 Fines and penalties

More fines and penalties were charged by SARS to employers which is more than the previous run rates as anticipated during budgeting process.

30.3 Skills Development levy: Income

The variance is immaterial as it is below zero percent.

30.4 Interest received - investments

The positive variance is due to more cash in the bank and the increase in the repo rate.

30.5 Administration expenses

The administration expenditure was below the budget due to the delays in the implementation of some special admin projects that were budgeted for in the surplus funds. Through cost containment efforts, savings were achieved in cost of employment, computer expenses, legal fees, staff training, promotional items and staff travel and accommodation.

30.6 Grants and project expenses

The grant expenditure is below the revised budget due to the low implementation of historical grants as the budget figure largely consist of prior year commitments.

30.7 Retention of surplus funds

The amount consists of Board approved special projects of R7m and commitments of R917m (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).

30.8 Budget adjustment

The SETA is required by DHET to submit the updated budget after the request for retention of surplus is approved. Midterm review is prepared in order to accommodate approved surplus funds.



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higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA