

ANNUAL REPORT

2015/16



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



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Presentation of the Annual Report to the Minister of Higher Education and Training



Dr Blade Nzimande

Minister of Higher Education and Training

It is my privilege and honour to present - in terms of Section 65 of the Public Finance Management Act, 1999 - the 2015/16 Annual Report of the Services Sector Education and Training Authority (SSETA) to the Minister of Higher Education and Training, Dr Blade Nzimande.

A handwritten signature in black ink, consisting of a stylized 'T' followed by a large, sweeping loop.

Mr Themba Mhambi
Chairperson of the Accounting Authority
Services SETA



TAKE YOUR FIRST STEP

"Every accomplishment starts with the decision to try"

Part A

Strategic Overview

Abbreviations/Acronyms

AA	Accounting Authority
ABVA	Association of BEE Verification Agencies
AET	Adult Education & Training
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
ANASA	Allied Nursing Association of South Africa
APP	Annual Performance Plan
APSO	Federation of African Professional Staffing Organisations
APR	Annual Performance Report
ATR	Annual Training Report
AQP	Assessment Quality Partner
BCEA	Basic Conditions of Employment Act
BBBEE	Broad-Based Black Economic Empowerment
CBO	Community Based Organisation
CCMG	Contact Centre Management Group
CEO	Chief Executive Officer
CFO	Chief Financial Officer
DHET	Department of Higher Education and Training
DMASA	Direct Marketing Association of South Africa
EAAB	Estate Agency Affairs Board
EOHCB	Employers Organisation for Hairdressing, Cosmetology and Beauty
ETQA	Education and Training Quality Assurance
EXCO	Executive Committee
GAAP	Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
HET	Higher Education and Training
HOTELLICA	Hotel, Liquor, Catering, Commercial and Allied Workers Union
ICT	Information Communication and Technology
IEASA	Institute of Estate Agents of South Africa
IFEA	International Festivals & Events Association Africa
IPAD	Industrial Policy Action Plan
MOU	Memorandum of Understanding
MTSF	Medium Term Strategic Framework
NGO	Non-Governmental Organisation
NGP	New Growth Path
NSDS	National Skills Development Strategy
NSF	National Skills Fund
OFO	Organising Framework for Occupations
OPSA	Association for Office Professionals of South Africa
PFMA	Public Finance Management Act
QCTO	Quality Council for Trades and Occupations
RPL	Recognition of Prior Learning
SAIA	South African Institute of Auctioneers
SAQA	South African Qualifications Authority
SATAWU	South African Transport and Allied Workers Union
SATSA	South African Textile Services Association
SARS	South African Revenue Service
SCM	Supply Chain Management
SDL	Skills Development Levy

Abbreviations/Acronyms (Continued)

SDP	Skills Development Provider
SETA	Sector Education and Training Authority
SIC	Standard Industrial Classification
SIP	Strategic Integrated Projects
SLA	Service Level Agreement
SMME	Small, Medium, and Micro Enterprise
SP	Strategic Plan
SSP	Sector Skills Plan
TID	Technical Indicator Description
TVET	Technical and Vocational Education and Training
UASA	United Association of South Africa
WSP	Workplace Skills Plan

01

Mission, Vision and Values

Mission

Facilitation of quality skills development for employment and entrepreneurship in the Services Sector for national economic growth

Vision

To serve, to deliver, for renewal, for prosperity

Values

- Accountability
- Innovation
- Integrity
- Professionalism
- Responsiveness

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Legislative and other Mandates

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

The work of the SETA is further guided by the South African Qualifications Act of 1995. This Act provided for the Services SETA to apply to become an Education and Training Quality Assurance (ETQA) body in 2000. This legislation was subsequently adjusted by the National Qualifications Framework Act of 2008 and the 2008 amendments to the Skills Development Act (2008) establishing the Quality Council for Trades and Occupations (QCTO).

The Services SETA is a public entity accountable to the Minister of Higher Education and Training. As a public entity the SETA must produce a Strategic Plan and an Annual Performance Plan (APP) in accordance with Treasury Regulations emanating from the PFMA. As an entity accounting to the Minister it is incumbent on the Services SETA to respond to the broader government policy and strategy framework.

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

OTHER MANDATES:

- National Skills Development Strategy III (NSDS III)
- Medium Term Strategic Framework (MTSF)
- National Human Resource Development Strategy
- Youth Development Strategy
- Rural Growth and Development Strategy



Foreword by the Chairperson of the Accounting Authority

The year under review was a capacitation and growth period following the previous year's achievement of a clean audit opinion. Focused attention was turned to strengthening provider, stakeholder and core business capacity to enhance performance and service delivery. Continued good governance and accountability were also paramount in pursuit, once again, of a favourable audit outcome.

As a result of the said focus the Services SETA has again achieved a clean audit opinion, now for two consecutive years. The Auditor-General (AG) has found the Services SETA's financial statements to be free of material misstatements; and with no material audit findings on compliance with key applicable legislation. The performance information was also found to be free of material findings on usefulness and reliability.

Even, however, as we celebrate this achievement we are mindful of matters, based on the AG's report, which require our attention. Our management has been directed to re-inforce areas of achievement and address those lapses identified by the AG.

Continued good governance

The Services SETA Accounting Authority and its Committees continued to achieve high levels of participation in executing their fiduciary responsibilities, governing and managing the entity in accordance with applicable legislation and providing strategic direction and effective leadership.

The Services SETA's commitment to the socio-economic transformation of the country resulted in it embarking on a process of reviewing its alignment to Broad-Based Black Economic Empowerment practices. A Transformation Committee was established, primarily for this purpose, under the auspices of the Accounting Authority during this reporting period. The Accounting Authority adopted the recommended strategy and implementation plan which progressively seeks to achieve a level 2 rating by the end of the 2017/18 financial year in terms of the Codes of Good Practice on Broad-Based Black Economic Empowerment effective May 2015. Specific attention is given to enterprise and supplier development and socio-economic development to enable meaningful participation by black entrepreneurs. Preferential procurement practices will include subcontracting a percentage of substantial tenders to Black Owned Exempted Micro Enterprises.

The Services SETA bid farewell to Samantha Brown, then CEO of the Association for Office Professionals of South Africa (OPSA), at the end of September 2015. Ms Brown emigrated to be closer to her family in the UK. Ms Brown made a valuable contribution to the Services SETA and its stakeholders during her term of office.

It was with deep sadness that the Services SETA mourned the sudden passing of a great leader and dear colleague, Mr Leon Pieter Grobler (28 September 1954 – 26 December 2015). Mr Grobler made an enormous contribution to the transformation of the country in the interests of every citizen. His passing is a massive loss to the Services SETA, the United Association of South Africa (UASA), the labour movement and South Africa, but his contribution and impact will live on through the people he met and worked with.

Strengthening provider capacity

The Services SETA conducted training sessions for Skills Development Providers across all provinces during the year under review. The Services SETA increased specialist capacity to provide technical assistance and remediation to Skills Development Providers, Assessors and Moderators to finalise pending applications for accreditation and registration.

The Services SETA concluded a partnership with the University of Limpopo to develop new qualifications for the funeral services sector and engaged with funeral services skills development providers and subsector stakeholders to identify strategies for increasing supply-side resources. The Services SETA also initiated a special project to train assessors and moderators to increase the pool of supply across all Services Sector qualifications.

Stakeholder support

Recognising that stakeholders implement skills development, the Services SETA facilitated and improved the provision of technical assistance and capacity development through provincial offices to Discretionary Grant recipients. A series of provincial workshops was conducted during this reporting period and implementation handbooks were disseminated. The Discretionary Grants application tool was expanded to include reporting, enhancing data and information reliability.

The Special Projects Unit provides more intensified support to government departments, public entities and nonprofit organisations that the Services SETA partners with to achieve transformational imperatives.

Continued improvement in performance

As a result of the said focus the Services SETA increased funded learner enrolments by 147% from 12,480 to 30,780 learners; strengthened alignment to scarce and critical skills by 46% and improved the achievement of performance targets by 22%.

Discretionary Grant Commitments were retained at R1.8 billion, of which 36% were new allocations compared to 98% new allocations in the previous financial year. Employer grant and project expenses increased by 117% from R397m in the 2014/15 financial year to R865m in the year under review. This is further split between Mandatory Grants and Discretionary Grants at 17% and 83% respectively, indicative of progress in implementation.

The Services SETA celebrated the opening of its only outstanding provincial office in the North West Province during March 2016.

Responding to broader, national skills development imperatives

Special Infrastructure Projects aimed at expanding access to Skills Development in rural areas in partnership with TVET Colleges and or municipalities are progressing well. These include the national artisan development academy at Motheo TVET College and seven other Skills Development Centres. The Services SETA has established a solid partnership with the CETA (Construction Education and Training Authority) to support all of the above projects and has further supported the Decade of the Artisan through the inclusion of 12 trades in its Pivotal List and funding in support of this important Ministerial campaign in the forthcoming financial year.

The Services SETA initiated a special project on Cooperative Development through which 177 new or existing Cooperatives have been supported.

The Services SETA is also continuing engaging with the Department of Higher Education and Training to support the establishment of community colleges.

Challenges moving forward

Key challenges include strengthening impact on employment and entrepreneurship through partnerships, improving learner completion rates through work readiness interventions and continuous project coordination, implementation of systems developed during the year under review and further strengthening of alignment to scarce and critical skills.

Dialogue and debate on the proposed new SETA landscape did not detract the SETA and its stakeholders from achieving on its mandate. The re-establishment of SETAs and the extension of the Accounting Authority's term provided the continuity in leadership and stability necessary to continue improvement in service delivery.

Conclusion

Our gratitude, as the Accounting Authority of the Services SETA, for yet another progressive year goes to our Executive Authority the Minister of Higher Education and Training; our line department the Department of Higher Education and Training; the Auditor-General; our Audit Committee; our Executive and other levels of Management; our stakeholders; the unions at the Services SETA; and our valued staff members.



Themba Mhambi
Accounting Authority Chairperson
Services SETA

Chief Executive Officer's Overview



Liesel Köstlich
Acting Chief Executive Officer

The 2015/16 financial year has been characterised by a mix of consolidating and integrating fundamental changes from the previous financial year, and growing performance achievements to new heights. Continuity in the Accounting Authority and management team provided the necessary synergy and stability to further improve on business processes and manage skills transfer.

Investment in overall Human Resources Development included the implementation of Executive and Management Development Programmes through the University of Pretoria. Performance Management was introduced and recommendations for improvement were effected for the forthcoming financial year. The implementation of an employee wellness programme was welcomed. The much needed renovation of the Services SETA offices in Parktown caused some inconvenience to our stakeholders and staff members but the results are well worth it. The opening of an office in the North West Province closed the final gap in our provincial presence.

Systems Strengthening

Significant progress in ICT Governance was achieved during the year under review. ICT assessments informed the scope of work for the development of core business systems, and infrastructure and software requirements. Internal controls were strengthened through the implementation of audit, risk and compliance action plans and a review of performance technical indicator descriptions.

Much critical thinking and debate on strategies to improve communication and stakeholder relations management took place, the outcomes and benefits of which will only become visible during the forthcoming financial year. Stronger guidance from the Department of Higher Education and Training in the form of standardised frameworks and feedback from expert review panels contributed to the objective of establishing a credible mechanism for skills planning.

Mandatory Grants

The number of employers that made Mandatory Grant submissions increased by 17% from 3,109 to 3,639. This represents 10% more than the previous financial year's increase. The Services SETA commissioned an independent audit during this reporting period to reconcile Mandatory Grant reimbursements and enable retrieval and verification of requisite supporting documentation for the processing of outstanding balances.

Discretionary Grants

Three rounds of public invitations for Discretionary Grant Applications were conducted during 2015/16.

The first invitation was issued prior to the start of the financial year and the second and third in September 2015 and January 2016 respectively. The provision of technical assistance and systems improvements expanded access to a wider number of entities, with targeted approaches in underserved provinces. Together with Special Project allocations, the consolidated (prior and current year) number of Services SETA funded learner enrolments increased by 18,300 to 30,780. This represents an increase of 129% more than the 18% increase achieved in the previous financial year. When comparing the consolidated results for transformational imperatives, notable improvements were achieved for unemployed learners, which increased from 71% to 82%, learners with disability, which increased from 1.1% to 3.2%, and rural learners, which increased from 19% to 44% across the two financial years.

Continuous improvement in the management of Discretionary Grant funding allocations enabled a more proactive approach in resolving blockages. Solutions to process change requests, extension requests and part payment of invoices according to verified supporting documentation were introduced to prevent disruption and delays in project implementation.

Exciting progress was reported in relation to the programme of establishing rural skills development centres. Over and above site visits to a number of new and existing Special Projects, two highlights include the Dambuza and Mooi River Youth Skills Development launches in partnership with the KwaZulu Natal Department of Social Development and the Mpofana Local Municipality held on 04 December 2015 and the North West Skills Development Centre launch in Klerksdorp in partnership with the North West Provincial Government (through the Department of Public Works and Roads) held on 04 March 2016.

Unfunded Learning Interventions

The Services SETA continued to accept unfunded applications for learning interventions all-year round. Efficiency improvements resulted in a total of

638 employer applications being processed within the targeted 60 day turnaround time.

Quality Management

The Services SETA held several engagements with the QCTO over and above routine monitoring and oversight visits to strengthen relationships and collaboration in resolving stakeholder queries.

The separation of current and prior year service delivery requests was the key to success in preventing a cumulative backlog. Prior year achievements included processing 315 Skills Development Provider applications, evaluating 875 Constituent Assessor and Moderator applications and exiting 15,702 learners. Current year results are reflected in the performance information report on pre-determined objectives.

Conclusion

The Services SETA is ideally positioned to play a key role in entrepreneurial and enterprise development aligned to BBBEE. The processing of InterSETA transfers resumed towards the end of the financial year under review, with a more structured and strategic approach adopted. Research planned for the forthcoming financial year will enable enhanced accountability reporting on outcomes and impact.

A clean audit opinion for the second consecutive year is not taken for granted but warrants celebration in the context of significant improvement in overall organisational performance. This is a reflection of a collective effort and ownership under the visionary leadership of our Accounting Authority that inspired the team to strive for greatness.



Liesel Köstlich
Acting Chief Executive Officer

Sector Profile

In accordance with the Skills Development Act 97 of 1998 Section 12 (1 - 4) SETAs may, with the approval of the Minister, establish Chambers in their sectors. The Chambers must perform those functions of the SETA delegated to them by the Accounting Authority as per the constitution of the SETAs. The following are some of the functions of the Chambers:

1. Identify skills shortages in their sub-sectors
2. Liaise with employers and support the agenda of up skilling the workforce in the sector
3. Support, facilitate and promote the quality of occupational learning in the sector
4. Promote effective communication between and participation by bodies involved in skills development
5. Promote the development of skills aimed at self-employment
6. Support skills development in the informal sector, cooperatives and other income generating initiatives for the unemployed

The mandate of the Services SETA is organised under seventy (70) Standard Industrial Classification (SIC) codes that are clustered into sixteen (16) sub-sectors which are further grouped into the following six (6) Chambers:

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

Table 1: Sector and Sub Sector breakdown

SERVICES SETA SECTOR CHAMBERS AND SUB-SECTORS			
Sub-sector	Sub-sector title	SIC code	Gazetted industry descriptor
Chamber 1: Cleaning and Hiring Services			
1	Hiring Services	86025	Office machinery, equipment and rental leasing
		50500	Renting of construction or demolition equipment with operators
		85000	Renting of machinery and equipment, without operator and of personal and household
		85200	Renting of other machinery and equipment
		85300	Renting of personal and household goods n.e.c.
		99029	Function and catering equipment hire
		99035	Miscellaneous item hire
		99037	Video hire
		99047	Pet care
		99052	Truck and plant hire
2	Household Services	99026	Garden maintenance services
3	Domestic Services	99027	Domestic services
4	Cleaning	99002	General cleaning
		99018	Cleaning of carpet and upholstery
		99019	Cleaning equipment and consumable supply
		99025	Dry cleaning and laundering
Chamber 2: Communications and Marketing Services			
5	Marketing	9001	Marketing services
		9002	Marketing communications (Incl Public relations)
		9008	Direct Marketing

5	Marketing	88130	Market research and public opinion polling
		99038	Brand marketers
6	Call Centres	99055	Call centre management of people
7	Postal Services	75110	National postal activities
		75111	Banking via post office
		75121	Mail handling
Chamber 3: Labour and Collective Services			
8	Labour Recruitment Services	88918	Permanent employment agencies
		88910	Labour recruitment and provision of staff
		88916	Private employment agencies and temporary employment services
		88917	Temporary employment services
9	Collective Services	95120	Activities of professional organisations
		95155	Professional bodies
		95991	Bargaining councils and dispute resolution
		95992	Associations, federations and umbrella bodies
Chamber 4: Management and Business Services			
10	Business Services	61421	Import and export of various metals
		88000	Other business activities
		88141	General consulting services
		88900	Business activities n.e.c.
		96490	Other recreational activities
		99000	Other service activities
		99014	Quality management and related services
		99016	NGO management and services
		99015	Non financial business management and management consulting

		99090	Other service activities n.e.c.
11	Project Management	99039	Generic project management
		99055	Event and conference management excluding the operation of convention centres
		99056	Event Management
Chamber 5: Personal Care Services			
12	Hair Care	99022	Ladies hairdressing
		99023	Men's and ladies hairdressing
13	Beauty Treatment	99024	Beauty treatment
		99041	Nail technology including nail technologist, nail technicians and distributors and agencies of nail products
		99042	Non allied registered perfumery including aromatic oils and related products, perfumery consultants, sales people and agencies of nail products
		99043	Health and skin care incl. health and skin care therapists, stress therapists and somatologists, slimming salons and distributors of slimming products including slimming machines
		99044	Make up artistry
		99045	Personnel services agencies
		99050	Distributors of slimming products including slimming machines
		99051	Distributors of makeup products and related merchandise
14	Funeral Services	34260	Cutting, shaping and finishing of stone
		99030	Funeral and related activities
		99033	Coffin making by funeral enterprises
15	Fashion	99046	Modelling agencies
		99054	Fashion design not related to clothing

Chamber 6: Real Estate and Related Services

16	Real Estate Services	50411	Decorators/interior designers and decorators
		84000	Real estate activities
		84100	Real estate activities with own or leased properties
		84200	Real estate duties on a fee or contract basis
		84201	Real estate valuation services
		84202	Property management services
		84203	Estate agencies
		99053	Valuers, including auctioneers

Highlights

During the year under review the Chambers overachieved in relation to the set Annual Performance Plan (APP) targets. Six (6) Chamber Committees, which are advisory bodies to the Accounting Authority, met on a quarterly basis to discuss industry skills development matters. Sub-sector growth and development plans were developed, and some of their activities commenced in the 2015/16 financial year. Various sub-sector key stakeholder engagements occurred whereby Services SETA offerings were communicated in order to encourage participation across sectors.

The Cleaning and Hiring Chamber participated in the launch of the new South African Textile Services Association (SATSA). There was excellent participation which went a long way towards solidifying the relationship between the Services SETA and the Dry Cleaning and Laundry industry.

The Services SETA and the Quality Council for Trades and Occupations (QCTO) sought nominations for the role of Assessment Quality Partner (AQP) for the Contact Centre Work Force Manager Qualification. The Contact Centre Management Group (CCMG) and Business Process enabling South Africa (BPesa) signed a memorandum of understanding (MoU) that will see the two organisations partnering to become a joint AQP for the benefit of the industry.

The One Learner One Estate Agency project was introduced to support transformation in the Real Estate Industry. The project is a joint initiative by the Services SETA and the Estate Agents Affairs Board (EAAB), with the SETA as funder and the EAAB as implementation manager of the project.

The first occupational qualification of the Services SETA to be registered with the QCTO is the Hairdresser qualification, OFO code 514101 and curriculum code 514101000.

Challenges

Some sub-sectors do not exclusively fit within the Services SETA's scope. This leads to non-participation by these sub-sectors on the Services SETA offerings. The Management and Business Services Chamber is too diverse and fragmented. This poses a challenge in engaging with smaller organisations/stakeholders in order for them to participate in SSETA initiatives. This has implications on how the Services SETA services and interacts with these sub-sectors. The Services SETA has taken a decision to introduce a targeted approach to overcome this challenge.

Not all sub-sectors have Services SETA registered qualifications. This poses a challenge in implementing skills development. The Services SETA, working together with the QCTO and various industries, is in the process of developing, reviewing and re-aligning qualifications to the new occupationally directed model of the QCTO.

Areas of improvement

The Chamber Committees were not fully constituted due to the under-representation of labour, professional bodies and government departments. This therefore led to the Services SETA engaging different strategies to mobilise stakeholder participation. The Services SETA is working on a new communication strategy in order to effectively communicate with its stakeholders.

Way forward and future plans:

- Suitable skills development interventions in the sub-sectors will be identified and implemented through a targeted approach. This will assist and improve participation by undersubscribed sub-sectors.
- Re-alignment of legacy qualifications to the new QCTO occupationally-directed qualifications.
- Development of new occupational qualifications for various industries to ensure continuity in training and development beyond 2018.
- Enhancement of the supply of skills development for various sub-sectors through training and registration of assessors and moderators; and the accreditation of skills development providers.
- Reduction of the informal sector through focused training interventions that will ensure compliance and the growth of small businesses.

Special Projects

Introduction

Since its establishment in 2014, the Special Projects Department has registered significant progress in its objective of addressing skills development through strategic partnerships with public institutions and non-profit making entities.

Numerous partnerships established led to various skills development interventions funded with a focus on women, the youth and people with disability. The objective of such funding is to maximise the participation of those who are critical for the growth of the South African economy and the inclusion of people previously excluded from significant economic participation.

Funded projects have seen the Services SETA reach the most rural areas in the country where not only learning programmes have been initiated but much focus has been given to entrepreneurial activities.

The table below is representative of notable special projects initiated during the year under review:

Name of Entity and Learning Pathways	Number of Learners	Province
Internships		
National Youth Development Agency (NYDA)	200	National
Estate Agency Affairs Board (EAAB)	92	National
Greater Kokstad Municipality	65	KZN
	357	
Learnerships		
Johannesburg Prison	55	Gauteng
KZN Department of Social Development	950	KZN
Estate Agency Affairs Board (EAAB)	705	National
Kliptown Youth Programme (KYP)	15	Gauteng
Umfolozi TVET College	1000	KZN
Beaufort West Local Municipality	597	Western Cape
	3322	
Bursaries		
Hotel, Liquor, Catering, Commercial and Allied Workers Union (Hotellica)	14	National
South African Transport and Allied Workers Union (SATAWU)	8	National
African National Congress (ANC)	21	National
South African Property Owners Association (SAPOA)	37	National
Nkangala TVET College	18	MP
United Association of South Africa (UASA)	21	National
South Cape TVET College	322	Western Cape
Prison Care and Support Network	11	Western Cape
Kliptown Youth Programme (KYP)	9	Gauteng
	461	
Total	4140	

Skills Development Centres

- In the previous financial year the Services SETA had approved the establishment of 5 skills development centres. During the year under review an additional 4 new skills development centers were approved. All skills development are attached to local TVET colleges, the aim being to grow the centers into either community colleges or fully fledged campuses of the TVET colleges.
- These centers are also used as workplaces for learners in construction-related programmes while they are being built. It is estimated that at least 200 hundred learners will be trained during the construction of each center.

The North West Skills Development Centre was launched on 4 March 2016. The launch of the centre was accompanied by the introduction of funded programmes directed at 477 young people across four districts in the province, and the initiation of an entrepreneurial development project for the youth.

Co-operative Development Initiatives

Through special interventions, the Services SETA supported the establishment and support of existing Co-operatives countrywide. The initiative has seen 177 Co-ops benefit as a result. These are spread throughout the nine provinces as follows:

25 in KwaZulu Natal
20 in the North West Province
20 in the Northern Cape Province
20 in Mpumalanga
20 in Limpopo
13 in the Western Cape
20 in Gauteng
23 in the Eastern Cape
16 in the Free State

Trade Union Capacitation Programmes

Recognised Trade Unions received massive support from the Services SETA through the Special Projects Department. The support was aimed at growing and strengthening the capacity of trade unions through bursaries, credit bearing and non-credit bearing programmes in line with identified needs. Unions which have benefited from this intervention include the Hotel, Liquor, Catering, Commercial and Allied Workers Union (HOTELLICA); the South African Transport and Allied Workers Union (SATAWU); and the United Association of South Africa (UASA).

Partnerships with TVET and HET institutions

Such partnerships are key to the Post School Education of our country and the attainment of the objective of the White Paper, where articulation is emphasised for progression purposes. A number of partnerships with such institutions are geared towards mapping occupational and academic programmes which will ultimately address the gap existing between academia and the world of work.

The list below represents the various institutions referred to above:

TVET Colleges:

Lovedale
Nkangala
South Cape
Umfolosi
Motheo
West Coast
False Bay

HET Institutions:

University of Fort Hare
University of Limpopo
Mpumalanga University
University of Venda
University of Johannesburg
University of the Western Cape
University of Cape Town

Working with Municipalities

The Services SETA understands the role of skills development in driving service delivery. A number of projects were initiated in rural municipalities so as to grow capacity within the municipalities and address service delivery. Municipalities falling under this group include:

Umgungundlovu
Umngeni
Beaufort West
Greater Kokstad
Mpofana
Mangaung
Nkonkobe
Sakhisizwe
eThekweni
Namaqua
Inxuba Yethemba

Inter-SETA Collaboration

As part of its Inter-SETA collaborative efforts, the Services SETA has undertaken a number of joint projects with the Construction Education and Training Authority (CETA). The two SETAs entered into a Memorandum of Understanding (MOU) to collaborate in the implementation of various skills development initiatives with the aim of ensuring that both SETAs are able to deliver on their respective mandates.

The two SETAs have focused their efforts in communities that have been neglected as well as designated groups such as women, people with disability, the youth and military veterans.

In October 2015 the Minister of Higher Education and Training tabled a proposed new SETA landscape post 2018, setting out a vision for the post-school sector till 2030. The partnership between the two SETAs already encapsulates the vision of the Department as set out in some elements of the proposal.

In particular, the following elements in the Minister's discussion document resonate well with the current joint project management approach between the two SETAs:

- Better co-ordination of skills funding through a central mechanism which can optimise spending and the impact of delivery
- Alignment with research and evaluation of the SETA system which has proposed a more focused mandate for SETAs (moving quality assurance to the QCTO, and skills planning to the DHET)

- Recognition that many occupations are cross-sectoral and are not optimally served by the current sectoral focus of SETAs
- Recognition that institutional learning (generally funded by the fiscus, or voted funds) and workplace learning (generally funded through the Skills Development Levy), are complementary to occupational learning and therefore need to be funded in a complementary manner and from a cross-sectoral perspective

The Department of Higher Education and Training has further declared this as the “Decade of the Artisan”. It is against this background that the two SETAs have adopted the skills pipeline approach towards the production of artisans to ultimately contribute to the country achieving the National Development Plan targets in the area of artisanal training. In line with this approach, the SETAs continued to fund learners who successfully completed learnership programmes onto apprenticeship programmes both in Inxuba Yethemba Municipality in the Eastern Cape and Beaufort West Municipality in the Western Cape.

Table: List of Joint Projects

Entity	Projects	Number of learners	Province
1. Beaufort West Local Municipality	Learnerships	508	Western Cape
	Apprenticeships	103	
	Skills Centre		
2. Inxuba Yethemba Local Municipality	Apprenticeships	87	Eastern Cape
	Learnerships	497	
3. South African Military Veterans Association (SANMVA)	Learnerships	833	National
4. Mining Development Agency (MDA)	RPL	1000	National
	Short Skills	111	
	Learnerships	82	
	Apprenticeships	58	
	Bursaries	170	
5. Disabled People South Africa (DPSA)	Short Skills	1500	National
	Learnerships	700	
6. Don Bosco Educational Project	Learnerships	175	Gauteng
	Apprenticeships	200	
	Internships	10	
	Bursaries	50	
	Establishment of cooperatives	10	
	RPL	50	
7. Motheo TVET College	Learnerships	30	Free State
8. Mangaung Local Municipality	Learnerships	332	
	Apprenticeships	260	
9. Sakhisizwe Local Municipality (Cala)	Learnerships	200	Eastern Cape

Table: List of Joint Projects (Continued)

Entity	Projects	Number of learners	Province
10. South African Homeless Peoples Federation	Short Skills	111	Eastern Cape
	Learnerships	165	
	Bursaries	10	
11. Namaqua District Municipality	Learnerships	120	Northern Cape
12. Prieska	Learnerships	200	
13. Alexander Bay	Apprenticeships	100	

Future Plans

Moving forward the Special Projects Department of the Services SETA plans to strengthen its participation in the youth entrepreneurial space so as to build capacity for small businesses, allowing them to create employment opportunities for their peers. Such a contour will maximize youth participation in the mainstream economy.

It is the mandate of the department to also empower people with disability to kill the stigma attached to the sector. Work in this regard has already started through a joint project with the Construction SETA and will continue through the ring-fencing of some resources specifically for this sector of our community.



INVEST IN YOUR PEOPLE AND ENJOY THE BENEFITS

An investment in knowledge pays the best interest

Part B

Performance against
Predetermined Objectives
for the Financial Year
2015/16

Overview of Organisational Performance

Structure of results reporting

The 2015/16 Strategic Plan and Annual Performance Plan structured the Services SETA's predetermined objectives into four programmes. Each programme has one strategic goal and purpose, several strategic objectives and activities, each setting out performance indicators and corresponding annual and quarterly targets.

The results achieved between 1 April 2015 and 31 March 2016, or as at the end of this reporting period, together with result and variance explanations, are tabulated by programme and performance indicator. Continued improvements were effected to strengthen the specific, measurable, achievable, relevant and time-bound criteria for predetermined objectives.

Performance indicator rating scale



Target achieved or exceeded
100% and above



Target partially achieved
40% and above



Target not achieved
Below 40%

Summary of performance Indicator Ratings by Programme

Programme	Performance Indicators Achieved	Performance Indicators Partially Achieved	Performance Indicators Not Achieved
1	9/15	3/15	3/15
2	11/17	5/17	1/17
3	4/5	0/5	1/5
4	21/39	7/39	11/39
ALL	45/76	15/76	16/76

The partially achieved rating recognises substantial progress achieved towards certain performance targets differentiating these from targets with low or no achievement. This rating will be dropped in the forthcoming financial year as is it derived from circumstances.

Comparative Indicator Rating between 2014/15 and 2015/16

A significant improvement has been achieved in overall organisational performance against performance indicators and targets between the previous and current financial years. This comparative rating is presented in the table below and shows an increase from 50% to 59% of performance indicators achieved.

Rating	2014/15		2015/16	
	#	%	#	%
Performance Indicator Achieved	53/105	50%	45/76	59%
Performance Indicators Partially Achieved	41/105	39%	15/76	20%
Performance Indicator Not Achieved	11/105	10%	16/76	21%

2015/16 Annual Performance Plan changes

The Services SETA notes that the National Treasury framework does not permit in-year changes to performance targets. Changes to performance targets resulting from human error are therefore noted in this Annual Report. The nature of errors includes quarterly targets not being aligned to annual targets and annual targets not being aligned across sections.

Programme 1: Administration

This programme comprises of three sub-programmes, namely Finance, Human Resources and Facilities Management, and Corporate Services. A total of 61% (9/15) performance targets were achieved. On the financial scorecard the Services SETA obtained a clean audit opinion for the 2014/15 financial year. Despite the vacancy rate being above the target, a total of 58 external candidates were recruited during this reporting period, 64% of which were into key positions, including the management of core business functions. System improvements to speed up Mandatory Grant reimbursements have been effected. Plans to improve Occupational Health and Safety and Business Disaster Recovery management are in place. Organisational culture change is evident in a 40% improvement in employee satisfaction, a significant contributing factor to the overall organisational performance improvement and enhanced public service delivery.

Programme 2: Governance

This programme comprises of seven sub-programmes, namely special projects, board services, legal services, organisational compliance, risk management, internal audit and the Office of the Chief Executive Officer. A total of 65% (11/17) performance targets were achieved under this programme. The Services SETA committed funding for skills development to 11 public entities to enhance public sector service delivery and commenced the establishment of an additional 4 rural skills development centres

in collaboration with local TVET colleges in the following municipalities: Nkonkobe, Edumbe and Beaufort West. These partnerships aim to continue the achievement of transformational imperatives and national priorities, enabling access to skills development opportunities in rural areas. Underachievement in the percentage of Services SETA funded learner enrolments aligned to SIPS scarce occupations motivated the inclusion of trades on the Services SETA 2016/17 pivotal skills list which will direct increased funding in a more structured manner during the forthcoming financial year.

Programme 3: Planning

This programme encompasses research and planning, performance information monitoring and reporting, and evaluation. It is responsible for researching skills needs within the services sector, developing strategic and annual performance plans of the Services SETA, compilation of the annual performance report, and building organisational capability to use strategic performance information in executing the strategy. The Services SETA Sector Skills Plan, the Strategic Plan and the Annual Performance Plan were submitted to the Department of Higher Education and Training as prescribed. The Auditor-General found no material findings on usefulness and reliability of performance information for the 2015/16 reporting year. Primary demand research and impact assessments commenced before the end of this reporting period and will continue into the forthcoming year.

Programme 4: Skills Development

This programme consists of six core business units, namely quality management; learning intervention facilitation; mandatory grants; learning intervention project coordination; chambers and provincial operations. A total of 54% (21/39) performance targets were achieved. Four new qualifications were submitted to the QCTO for registration aligned to scarce and critical skills, namely Hairdressing, Recruitment Manager, Postal Front Line Worker and Garden Worker.

A total of 30,780 Services SETA funded learners were reported as enrolled during this reporting period, of which 8% (2,357/30,780) were for prior year targets. Delays in enrolment were due to change requests or remediation of supporting evidence. The proportion of funded learner enrolments for the 2015/16 target was 92% (28,423/30,780), representing a 146% achievement of the annual target across various learning interventions. 64% (7/11) of the targets not achieved under this programme are for certification results across learning interventions. Enrolled learners may have completed the learning programme and been deemed competent by the skills development provider assessor but these learner achievements require external moderation and certification prior to reporting. Increased capacity and improved systems in the quality management department should show significant improvements in reported completion rates in the forthcoming financial year. The implementation of a Learner Management Information System will enable tracking of completion, competency and certification rates. The current year enrolment results are disaggregated across transformational imperatives in the table below.

Achievement against Transformational Imperatives of SETA Funded Learning Interventions

	2014/15	2015/16	Unemployed	Female	Black	Disability	Youth	Rural
Learnerships	3,663	19,226	17,457 91%	13,397 70%	18,651 97%	817 4.2%	16,573 86%	8,248 43%
Bursaries	306	758	345 46%	447 59%	718 95%	6 0.8%	620 82%	429 57%
Skills Programmes	789	3,695	2,957 80%	2,812 76%	3,669 99%	11 0.3%	2,422 66%	2,321 63%
Internships	2,483	2,815	2,815 100%	1,923 68%	2,804 100%	26 0.9%	2,730 97%	776 28%
Artisans	643	476	0 0%	327 69%	476 100%	0 0.0%	400 84%	0 0%
Recognition of Prior Learning	0	174	0 0%	140 80%	101 58%	0 0.0%	113 65%	4 2%
Adult Education and Training	85	1,279	0 0%	1,069 84%	1,277 100%	40 3.1%	850 66%	1,279 100%
Totals	7,969¹	28,423²	23,574 83%	20,115 71%	27,696 97%	900 3.2%	23,708 83%	13,058 46%

¹ Results for 2014/15 targets only. Total enrolments, including 4,511 for prior year targets, totals 12,480

² Results for 2015/16 targets only. Total enrolments, including 2,357 for prior year targets, totals 30,780

Alignment between SETA Funded Learner Enrolments and Scarce and Critical Skills

The increased focus on the impact of SETA funded skills development resulted in an undertaking to analyse and report on Services SETA funded enrolments against scarce and critical skills identified in the Sector Skills Plan. The 2015/16 Annual Performance Plan was informed by the Sector Skills Plan submitted on 30 September 2014. The enrolled learner qualifications were mapped to the 2013 OFO (Organising Framework for Occupations) codes for both reporting periods. For purposes of this analysis, the seven learning interventions were analysed against applicable scarce and/or critical skills lists for total enrolments that is current and prior year. The PIVOTAL skills list amended in September 2015 formed part of the 2015/16 analysis. The outcomes are summarised in the table below, showing an improvement in the overall correlation from 28% to 41% for the current year:

Financial Year	2014/15				2015/16			
Learning Interventions	Learners Enrolled	OFO codes	Scarce/ Critical/ Pivotal	% correlation to Scarce / Critical / Pivotal	Learners Enrolled	OFO codes	Scarce/ Critical/ Pivotal	% correlation to Scarce / Critical / Pivotal
Learnerships	3,693	3,693	1,423	39%	20,029	19,832	9,634	49%
Bursaries	3,671	1,965	763	39%	1,409	750	255	34%
Skills Programmes	789	395	42	11%	3,871	3,726	336	9%
Internships	3,599	3,337	216	6%	3,087	3,061	974	32%
Artisans	643	643	356	55%	476	476	416	87%
Recognition of Prior Learning	0	0	0	0%	174	174	30	17%
Adult Education and Training	85	85	0	0%	1,734	1,297	329	25%
Total	12,480	10,118	2,800	28%	30,780	29,316	11,974	41%

Services SETA funded learner enrolments for the NSDS III 5-year period






Significant improvement can be seen in learner enrolments from year 3 onwards, achieving 118% and 247% year-on-year growth in years 4 and 5 respectively.

NSDS III Financial and Reporting Years	Year 1 2011/12	Year 2 2012/13	Year 3 2013/14	Year 4 2014/15	Year 5 2015/16 ³	TOTALS
Learnerships entered	1,276	314	5,682	3,693	20,029	30,994
Employed	491	297	2,595	1,335	1,871	6,589
Unemployed	785	17	3,087	2,358	18,158	24,405
Bursaries entered	128	0	744	3,671	1,409	5,952
Employed	128	0	646	1,424	478	2,676
Unemployed	0	0	98	2,247	931	3,276
Skills Programmes entered	493	200	1,032	789	3,871	6,385
Employed	237	0	1,002	789	914	2,942
Unemployed	256	200	30	0	2,957	3,443
Internships entered	615	1,026	1,172	3,599	3,087	9,499
Artisans entered	1,800	0	100	643	476	3,019
Recognition of Prior Learning entered	0	0	1,314	0	174	1,488
Adult Education and Training entered	0	0	578	85	1,734	2,397
TOTALS	4,312	1,540	10,622	12,480	30,780	59,734

³ Results consolidated for prior year and current year targets







A performance information analysis on completion and certification rates across learning interventions and a learner tracer study are being conducted to identify trends, challenges and opportunities for programme and service delivery improvement.

Performance against Predetermined Objectives for the Financial Year 2015/16

Strategic Objective 1.1.1 Financial affairs of the Services SETA are managed in a transparent, efficient and effective manner						
Strategic Activity	Number	Performance Indicator	Annual Target	Annual Result	Rating	Results and Variance Explanation
Comply with SCM regulations	1.1.1.1	Percentage of compliance with statutory submissions	100%	100%		Annual procurement plan submitted as prescribed
	1.1.1.2	Percentage implementation of the procurement plan	100%	95%		95% (19/20) of the procurement plan processes were implemented as at the end of this reporting period. The outstanding process was deferred to the forthcoming financial period and included in the 2016/17 procurement plan
Strategic Objective 1.1.2 Financial policies and practices continually improved and corrective actions implemented reinforcing compliance to achieve a clean audit						
Strategic Activity	Number	Performance Indicator	Annual Target	Annual Result	Rating	Results and Variance Explanation
Comply with financial performance requirements	1.1.2.1	Positive AG-SA Audit opinion on financial audit outcome	Unqualified	Clean		The Auditor-General of South Africa issued a clean audit opinion for the 2014/15 financial year
Strategic Objective 1.1.3 All valid and legitimate claims and payments must be timely executed						
Strategic Activity	Number	Performance Indicator	Annual Target	Annual Result	Rating	Results and Variance Explanation
Comply with Services SETA grants payment	1.1.3.1	Percentage of compliant mandatory grant reimbursements paid within 90 days of submission	95% ⁴	0%		A total of 3,639 mandatory grant submissions for the 2015 scheme year were compliant and qualified for reimbursement. Despite none being reimbursed within the 90 day period 66% were reimbursed as at the end of this reporting period ⁵
	1.1.3.2	Percentage of compliant discretionary grants invoices paid within 30 days of submission	80%	99%		A total of 1,878 out of 1,892 compliant invoices were received and paid within the required 30 days turnaround time due to efficiency improvements effected








⁴ Target only applicable in quarter 2

⁵ Cross-reference performance indicator 4.1.2.2

Strategic Objective 1.2.1	People with the required knowledge, competencies and behaviours are recruited, retained and supported to improve individual productivity and organisational performance And facilities and records managed and administered to build a safe and secure work environment that enables productivity					
Strategic Activity	Number	Performance Indicator	Annual Target	Annual Result	Rating	Results and Variance Explanation
Create an environment that enables performance	1.2.1.1	Rate of employee vacancy	8%	28%		There were 76 vacancies out of 270 funded positions on the organogram as at the end of this reporting period. A total of 58 external candidates were recruited during the same period
	1.2.1.2	Rate of employee turnover	8%	11.3%		22 employees resigned compared to a closing balance of 194 funded employees. This represents an improvement of 2% from the previous financial year
	1.2.1.3	Percentage of achievement of employees skills development plans	100%	100%		A total number of 150 employees developed personal development plans which were implemented during this reporting period
	1.2.1.4	Percentage of employees with disability	1%	1%		2 of 194 funded employees as at the end of this reporting period were classified as disabled
	1.2.1.5	Percentage of improvement in employee satisfaction	30%	40%		An employee satisfaction survey was conducted. The result was derived from a 53% participation rate showing significant improvement from the previous financial year
	1.2.1.6	Percentage of compliance with OHS Act	85%	55%		An independent Occupational Health and Safety audit was conducted for 8 out of 9 office complexes. The low achievement resulted from incomplete office refurbishments

Strategic Objective 1.3.1	ICT services are integrated, efficient and innovative enabling improved organisational efficiency and performance					
Strategic Activity	Number	Performance Indicator	Annual Target	Annual Result	Rating	Results and Variance Explanation
Ensure system availability	1.3.1.1	Percentage of achievement of business disaster recovery plan	100%	90%	👎	A Disaster Recovery Policy was develop and is pending approval. The recovery plan is a component of the ICT Governance Framework
	1.3.1.2	Percentage of uptime of data lines	99.99%	99%	😊	IT systems were active for 99% of operating hours during the current reporting period
Strategic Objective 1.3.2	Improved stakeholder awareness and recognised as a leading Sector Education and Training Authority					
Strategic Activity	Number	Performance Indicator	Annual Target	Annual Result	Rating	Results and Variance Explanation
Increase stakeholder awareness	1.3.2.1	Number of stakeholder engagements	12	21	😊	Stakeholder engagements were convened for special projects, targeted provinces, business associations, non-profit organisations, subsectors including funeral services and hairdressing
Promote Sector Qualifications	1.3.2.2	Number of individuals reached with career guidance	2,000	3,980	😊	A total number of 3,980 individuals were reached through various career guidance expositions hosted and supported by the Services SETA




Programme 2: Governance

Strategic Objective 2.1.1	Transformational imperatives and national priorities promoted through partnerships development and strategic integration resulting in the contracting in respect of learners across learning interventions					
Strategic Activity	Number	Performance Indicator	Annual Target	Annual Result	Rating	Results and Variance Explanation
Achieve special project milestones	2.1.1.1	Percentage of special projects milestones completed on target	80%	94%		Special projects include the establishment of skills development centres and targeted learning projects supported and monitored throughout identified stages from conception, implementation to completion
	2.1.1.2	Number of partnerships developed with public entities	3	11		The result reflects discretionary grant commitments made to public entities indicative of increased prioritisation for improved public service delivery
	2.1.1.3	Number of rural skills development centres	4	4		Allocations were offered for 4 new Skills Development Centres namely: 1. Edumbe in collaboration with Mthashane TVET College 2. Beaufort West in collaboration with South Cape TVET College 3. Nkonkobe in collaboration with Lovedale TVET College 4. Lovedale TVET College
	2.1.1.4 ⁶	Number of SMMEs supported	90	139		The result reflects a number of capacity building workshops convened by the different provinces to capacitate stakeholders
	2.1.1.5	Number of cooperatives supported	90	181		The result reflects new and existing cooperatives recruited and supported through a special project. This overachievement is indicative of excessive demand
	2.1.1.6	Number of non-profit organisations supported	120	70		The result reflects discretionary grant commitments made to non-profit organisations, non-profit organisations that attended capacity building workshops and non-profit organisations hosting interns
	2.1.1.7	Percentage of learners aligned to SIPs scarce occupations	15%	2%		This underachievement motivated inclusion of 12 trades on the 2016/17 pivotal skills list which will direct increased funding in a more structure manner






⁶ The Technical Indicator Description for the following Performance Indicator was updated to reflect the true nature of performance and align the performance results to the operations of the relevant department

Strategic Objective 2.1.2 Governance structures and processes established, capacitated and maintained in accordance with all relevant legislation as per the legal register						
Strategic Activity	Number	Performance Indicator	Annual Target	Annual Result	Rating	Results and Variance Explanation
Number of functional structures	2.1.2.1	Number of functional structures	6	5	☹️	Functional Committees include: 1. Accounting Authority 2. Executive Committee 3. Remuneration Committee 4. Finance Committee 5. Governance Risk and Strategy Committee The quarter 4 scheduled Audit Committee meeting did not take place
	2.1.2.2	Percentage of Accounting Authority's Resolutions implemented	100%	100%	😊	All resolutions of the Accounting Authority were minuted and implemented accordingly
Strategic Objective 2.1.3 Provide effective legal service to the Board and all departments						
Strategic Activity	Number	Performance Indicator	Annual Target	Annual Result	Rating	Results and Variance Explanation
Provide effective and efficient legal service	2.1.3.1	Percentage of legal costs minimised	5%	70%	😊	Legal costs were reduced through the use of alternative dispute resolution mechanisms
	2.1.3.2 ⁷	Percentage of contracts completed within 21 days	80%	96%	😊	The target was exceeded due to increased capacity recruited
	2.1.3.3	Percentage of legal advice requests responded to within 14 days indicating resolution time	100%	100%	😊	All legal advice requests were responded to within 14 days indicating resolution time. The results were achieved due to increased capacity in the legal department
Strategic Objective 2.1.4 Compliance with statutory and regulatory provisions and, internal policies and procedures monitored and strengthened to mitigate risk and improve organisational performance						
Strategic Activity	Number	Performance Indicator	Annual Target	Annual Result	Rating	Results and Variance Explanation
Ensure compliance with relevant legislations, policies, rules and regulations	2.1.4.1	Percentage of compliance plans implemented	70%	62%	☹️	Compliance assessments were conducted for 13 pieces of legislation identified as core to the SETAs mandate. Action plans for these assessment were developed and partially implemented
	2.1.4.2	Percentage of compliance with applicable laws and regulations	100%	100%	😊	The result reflects the timeliness of statutory submissions including the following: - 2014/15 Annual Report (comprising Annual Financial Statements and Annual Performance Report) submissions - 2016/17 Sector Skills Plan submissions - 2016/17 Strategic Plan and Annual Performance Plan submissions - 2015/16 Quarterly Management Accounts and Performance Reports







⁷ The Technical Indicator Description for the following Performance Indicator was updated to reflect the true nature of performance, and align the performance results to the operations of the relevant department

Strategic Objective 2.1.5	Enterprise-wide risk management strategy developed to strengthen organisational effectiveness					
Strategic Activity	Number	Performance Indicator	Annual Target	Annual Result	Rating	Results and Variance Explanation
Minimise the impact of risk	2.1.5.1	Percentage of mitigation plans implemented	70%	83%		24 out of 29 risks were mitigated ahead of their due dates for this reporting period, as a result of an increased focus on risk management across the organisation
Strategic Objective 2.1.6	Ensure that AG findings are actioned to ensure organisation's compliance					
Strategic Activity	Number	Performance Indicator	Annual Target	Annual Result	Rating	Results and Variance Explanation
Resolve audit findings within agreed times	2.1.6.1	Percentage audit findings resolved within due date	100%	65%		15 out of 23 findings from the 2015/16 reporting period were resolved within the due date. Unresolved findings related mostly to ICT action plans which were long-term in nature
Strategic Objective 2.1.7	Organisation wide achievement of the strategy objectives					
Strategic Activity	Number	Performance Indicator	Annual Target	Annual Result	Rating	Results and Variance Explanation
Achieve Services SETA predetermined strategy objectives	2.1.7.1	Percentage of predetermined strategic objectives achieved	80%	59%		59% (45/76) of predetermined objectives were achieved in the current reporting period. As reported in the introduction, this represents an improvement of 9% from the previous financial year

Programme 3: Planning

Strategic Objective 3.1.1 Transformational imperatives and national priorities promoted through partnerships development and strategic integration resulting in the contracting in respect of learners across learning interventions						
Strategic Activity	Number	Performance Indicator	Annual Target	Annual Result	Rating	Results and Variance Explanation
Produce a well-informed SSP, SP and APP as prescribed	3.1.1.1	Quality rating of research conducted	3/5	4/5		An assessment panel comprising internal and external evaluators rated 2 studies across 5 components including relevance, methodology, usefulness, appropriateness and value-add. The result reflects the average rating
	3.1.1.2	On time submission of Sector Skills Plan	As prescribed	As prescribed		The 2016/17 Sector Skills Plan was submitted on 03 August 2015 as prescribed
	3.1.1.3	On time submission of Strategic and Annual Performance Plans	As prescribed	As prescribed		The 2016/17 Strategic and Annual Performance Plans were submitted as prescribed as follows: <ul style="list-style-type: none"> - First draft submitted on 30 August 2015 - Second draft submitted on 13 November 2015 - Final submitted on 29 January 2016
Strategic Objective 3.1.2 All reporting requirements are met within prescribed time						
Strategic Activity	Number	Performance Indicator	Annual Target	Annual Result	Rating	Results and Variance Explanation
Monitor Services SETA's performance against predetermined objectives as prescribed	3.1.2.1	Number of performance reports submitted on time	5	5		Performance reports were submitted on time as follows: <ul style="list-style-type: none"> - 2014/15 Quarter 4 submitted on 15 April 2015 - 2014/15 Annual Performance Report submitted on 29 May 2015 - 2015/16 Quarter 1 submitted on 15 July 2015 - 2015/16 Quarter 2 submitted on 15 October 2015 - 2015/16 Quarter 3 submitted on 18 January 2016
Strategic Objective 3.1.3 All performance baseline, outcome and impact evaluations result in programme improvements contributing towards continuous learning and knowledge creation						
Strategic Activity	Number	Performance Indicator	Annual Target	Annual Result	Rating	Results and Variance Explanation
Improve the impact assessment within Services SETA	3.1.3.1	Number of impact assessment studies conducted	2	0		Procurement and recruitment processes to support the achievement of this target commenced in quarter 4. Hence studies will only be conducted in the forthcoming reporting period

Programme 4: Skills Development






Strategic Objective 4.1.1	Quality assurance of occupational learners according to the QCTO assessment policy and certification process					
Strategic Activity	Number	Performance Indicator	Annual Target	Annual Result	Rating	Results and Variance Explanation
Ensure effective quality assurance in response to the skills needs of the services sector	4.1.1.1 ⁸	Percentage of qualifications developed for priority skills	75%	100%		Four new qualifications were submitted to the QCTO and are pending registration. All of these are aligned to scarce and priority skills namely: 1. Hairdresser 2. Recruitment Manager 3. Postal Front Line Worker 4. Garden Worker
	4.1.1.2	Percentage of registered qualifications which have learners enrolled	50% (37/74)	100%		57 out of 57 active Services SETA registered qualifications had learner update due to 17 dormant qualifications being deregistered
	4.1.1.3	Percentage of moderators and assessors applications processed within 90 days	80%	78%		993 out of 1,254 applications processed within the targeted turnaround time disaggregated as follows: - Assessor applications 78% (689/871) - Moderator applications 80% (304/383)
	4.1.1.4	Percentage of SDP applications processed within 90 days	80%	92%		1,062 out of 1,149 SDP applications were processed within the targeted turnaround time
	4.1.1.5	Percentage of competent learners certificated within 90 days	80%	65%		5,271 out of 8,076 competent learners were certificated within the targeted turnaround time
	4.1.1.6	Percentage of SDP monitored within established timeframes	80%	73%		74 out of 101 SDPs were monitored within established timeframes

⁸ The Technical Indicator Description for the following Performance Indicator was updated to reflect the true nature of performance, and align the performance results to the operations of the relevant department

Strategic Objective 4.1.2		Annual increase in the number of companies that submit plans for investment in workplace-based skills development and report on achievements				
Strategic Activity	Number	Performance Indicator	Annual Target	Annual Result	Rating	Results and Variance Explanation
Encourage levy-paying employers to apply for Mandatory Grant	4.1.2.1	Percentage of levy paying employers submitting Mandatory Grants applications	15%	12%	☹️	3,639 out of 31,185 levy-paying employers as a 31 March 2015 submitted Mandatory Grant applications for the 2015 scheme year
	4.1.2.2	Percentage of levy-paying employers reimbursed for mandatory grants	50%	66%	😊	2,419 out of 3,639 compliant levy-paying employers were reimbursed as at the end of this reporting period
	4.1.2.3	Percentage of employers applications for inter-SETA transfer processed within 60 days	50%	0%	😡	In-year processing of interSETA transfer applications was reconsidered due to the possible negative impact on planned activities
Increase learner participation and completion in funded and unfunded learning interventions	4.1.2.4	Percentage of unfunded employer applications processed within 60 days	90%	93%	😊	638 out of 683 unfunded employer applications were processed within the targeted turnaround time
	4.1.2.5	Number of funded learners enrolled	19,476	Current year: 28,423 ⁹ Prior year: 2,357	😊 ¹⁰	The total number of learners enrolled is 30,780 of which 2,357 related to prior year targets. Current year results represent a 146% achievement. The exceeding of targets is indicative of higher demand
		Employed	8,069	4,849		
		Unemployed	11, 407	23,574		
	4.1.2.5.1	Number of Learnerships enrolled	8,000	Current year: 19,226 Prior Year: 803	😊	The total number of learners enrolled into Learnerships is 20,029 of which 803 related to prior year targets. Current year results represent a 240% achievement
		Employed	3,000	1,769		
		Unemployed	5,000	17,457		

⁹ This result is disaggregated by learning intervention across Performance Indicators 4.1.4.5.1 to 4.1.4.5.6 and 4.1.3.1

¹⁰ Ratings are applied to the disaggregated results by learning intervention








Strategic Activity	Number	Performance Indicator	Annual Target	Annual Result	Rating	Results and Variance Explanation
	4.1.2.5.2	Number of Bursaries enrolled	4,147	Current Year: 758 Prior Year: 651		The total number of learners enrolled into bursaries is 1,409 of which 651 related to prior year targets. Current year results represent a 18% achievement.
		Employed	700	413		
		Unemployed	3,447	345 ¹¹		
	4.1.2.5.3	Number of Skills Programmes enrolled		Current Year: 3,695 Prior Year: 176		The total number of learners enrolled into Skills Programmes is 3,871 of which 176 related to prior year targets. Current year results represent a 123% achievement
		Employed	3,000	738		
		Unemployed	0 ¹²	2,957		
	4.1.2.5.4	Number of Internships enrolled	1,920	Current year: 2,815 Prior year: 272		The total number of learners enrolled into internships is 3,087 of which 272 related to prior year targets. Current year results represent a 147% achievement
	4.1.2.5.5	Number of RPL programmes enrolled	1,009 ¹³	Current year: 174 Prior year: 0		The total number of learners enrolled into RPL Programmes is 174 of which 0 related to prior year targets. Current year results represent a 17% achievement rate. This is a specialised intervention requiring strategic supply-side intervention
	4.1.2.5.6	Number of AET Programmes enrolled	200 ¹⁴	Current year: 1,279 Prior year: 455		The total number of learners enrolled into AET Programmes is 1,734 of which 455 related to prior year targets. Current year results represent a 640% achievement

¹¹ NSFAS prior year adjustments to be noted are as follows: 2012/13 (2013 academic year) enrolments verified as 1,362; 2013/14 (2014 academic year) enrolments verified as 2,259; and, 2014/15 (2015 academic year) enrolments verified as 1,141 of which 959 were re-enrolments. NSFAS data for 2015/16 re-enrolments was not available at the time of reporting







¹² Policy amended in-year. Unemployed learners accepted for skills programmes if likely to result in employment or income generation

¹³ Employed learners

¹⁴ Employed learners

Strategic Activity	Number	Performance Indicator	Annual Target	Annual Result	Rating	Results and Variance Explanation
Achieve transformational imperative goals ¹⁵	4.1.2.6	Percentage of unemployed learners enrolled	50%	83%		23,754 out of 28,423 learners enrolled were unemployed
	4.1.2.7	Percentage of female learners enrolled	60%	71%		20,115 out of 28,423 learners enrolled were female
	4.1.2.8	Percentage of black learners enrolled	85%	97%		27,696 out of 28,423 learners enrolled were black
	4.1.2.9	Percentage of learners enrolled with disabilities	4%	3.2%		900 out of 28,423 learners enrolled had disabilities
	4.1.2.10	Percentage of youth learners enrolled	60%	83%		23,708 out of 28,423 learners enrolled were youth
	4.1.2.11	Percentage of rural learners enrolled	20%	46%		13,057 out of 28,423 learners enrolled were based in rural areas
	4.1.2.12	Percentage of learners enrolled and placed through TVETs and HETs	30%	45%		12,638 out of 28,423 learners enrolled were placed through TVETs and HETs
	4.1.2.13	Percentage of learners enrolled and placed within public and state owned enterprises	5%	10%		2,905 out of 28,423 learners enrolled were placed within public and state owned enterprises






¹⁵ These targets and results are directly linked to Performance Indicator 4.1.2.5

Strategic Objective 4.1.3 Artisan development interventions should be addressed in order to meet the national requirements of skilled artisans and prioritise hairdressing interventions to meet the sector skills demands						
Strategic Activity	Number	Performance Indicator	Annual Target	Annual Result	Rating	Results and Variance Explanation
Implement artisan development and hairdressing interventions	4.1.3.1	Number of Apprenticeships enrolled	840	Current year: 476 Prior Year: 0		The total number of learners enrolled into Apprenticeships is 476 of which 0 related to prior year targets. Current year results represent a 57% achievement rate (see explanation under performance indicator 2.1.1.7)
	4.1.3.2		360	Current year: 89 ¹⁶		This target was not achieved due to the decrease in the number of learner assessment applications in the current reporting period
Strategic Objective 4.1.4 Uptake of funded and unfunded learning interventions should be improved and monitored to take good stock of the pool labour provided within the sector. An increase uptake of mandatory grants to facilitate increase in unfunded interventions						
Strategic Activity	Number	Performance Indicator	Annual Target	Annual Result	Rating	Results and Variance Explanation
Certificate competent learners	4.1.4.1	Percentage of Discretionary Grants contracts closed out on time	70%	47%		7 out of 15 discretionary grant contracts were closed out on time. Delays in implementation necessitated several contract extensions
	4.1.4.2	Number of funded learners Certificated	12,346	548 ¹⁷		¹⁸ Enrolled learners may have completed the learning programme and been deemed competent but awaiting external moderation of learner achievements and certification thereby delaying reporting
		Employed	4,274	188		
		Unemployed	8,072	360		
	4.1.4.2.1	Number of Learnerships Certificated	4,143	228		Enrolled learners may have completed the learning programme and been deemed competent but awaiting external moderation of learner achievements and certification thereby delaying reporting
		Employed:	1,426	34		
		Unemployed	2,717	194		
	4.1.4.2.2	Number of Bursaries Certificated	1,051	0		Learners enrolled in previous years did not complete their bursary studies in the current reporting cycle due to the multiple year nature of bursaries. Increased certification results be achieved in the next reporting period
		Employed:	455	0		
		Unemployed:	595	0		

¹⁶ Employed learners

¹⁷ This result is disaggregated by learning intervention across Performance Indicators 4.1.4.2.1 to 4.1.4.2.6 and 4.1.3.2

¹⁸ Ratings are applied to the disaggregated results by learning intervention

Strategic Activity	Number	Performance Indicator	2015/16 Target	Annual Result	Rating	Results and Variance Explanation
	4.1.4.2.3	Number of Skills Programmes Certificated	1,980	0		Enrolled learners may have completed the learning programme and been deemed competent but awaiting external moderation of learner achievements and certification thereby delaying reporting
		Employed:	1,535	0		
		Unemployed:	445	0		
	4.1.4.2.4	Number of Internships Certificated	3,528	166 ¹⁹		The duration of Internships vary from 12 to 18 months. Only 5 internship contracts were closed out in the current reporting period
	4.1.4.2.5	Number of RPL Programmes Certificated	554	46 ²⁰		Enrolled learners may have completed the learning programme and been deemed competent but awaiting external moderation of learner achievements and certification thereby delaying reporting
	4.1.4.2.6	Number of AET Programmes certificated	258	19 ²¹		Enrolled learners may have completed the learning programme and been deemed competent but awaiting external moderation of learner achievements and certification thereby delaying reporting
	4.1.4.3.1	Number of bursaries enrolled for post graduate studies	10%	0		A bursary unit was established towards the end of the current reporting period. Requisite policies and procedures have been established for implementation in the forthcoming period

¹⁹ Unemployed learners

²⁰ Employed learners

²¹ Employed learners

Strategic Objective 4.1.5: Chambers should interact with the sector role players to build their capacity to identify and implement response to sector skills needs						
Strategic Activity	Number	Performance Indicator	2015/16 Target	Annual Result	Rating	Results and Variance Explanation
Ensure functional chambers supporting sub-sector growth and capability	4.1.5.1	Number of functional chamber committees	6	6	😊	Functional Chamber committees include the following: 1. Cleaning and Hiring Services 2. Communication and Marketing Services 3. Labour and Collective Services 4. Management and Business Services 5. Personal Care Services 6. Real Estate and Related Services
	4.1.5.2	Number of subsector development plans implemented	12	14	😊	A total of 14 subsector development plans were developed and implemented as follows: 1. Labour Recruitment Services 2. Collective Services 3. Hair Care Services 4. Funeral Services 5. Real Estate and Related Services 6. Marketing Services 7. Postal Services 8. Contact Centre Services 9. Cleaning Services 10. Household Services 11. Domestic Services 12. Hiring Services 13. Project Management Services 14. Business Services
	4.1.5.3	Number of sector role players engaged	400	999	😊	This result represents key stakeholder engaged through chambers. The overachievement reflects increased levels of responsiveness
Strategic Objective 4.1.6: Provincial offices should be equipped to support learners, employers and SDPs to access the Services SETAs training opportunities						
Strategic Activity	Number	Performance Indicator	2015/16 Target	Annual Result	Rating	Results and Variance Explanation
Render quality support service to key stakeholders through provincial offices	4.1.6.1	Number of functional provincial stakeholder forums	10	10	😊	Provincial forums convened at least twice during this reporting period
	4.1.6.2	Number of sector employers supported	200	3,659	😊	This result represents stakeholders supported through provincial offices. The distribution across provinces varies significantly. The result reflects a high demand for support



THE ONLY LIMITS ARE THE LIMITS IN YOUR MIND

The only way of discovering the limits of the possible is to venture a little way past them into the impossible.

Part C

Governance

Introduction

The Services SETA is a juristic body, governed by the Services SETA Constitution, the Skills Development Act (Act No. 97 of 1998), the Skills Development Levies Act (Act No. 9 of 1999), the Public Finance Management Act (Act No. 1 of 1999) and Treasury Regulations. The performance of the Services SETA is monitored regularly to ensure that the targets set out in the Annual Performance Plan (APP) and Service Level Agreement (SLA) with the Minister of Higher Education and Training are achieved.

The Services SETA submits Quarterly Monitoring Reports (QMRs) and the Annual Performance Report (APR) to the Department of Higher Education and Training. These outline in detail the status of each target in relation to performance. In addition, the APR, like the Annual Financial Statements, is audited annually by the Auditor-General.

Accounting Authority

The Accounting Authority is the highest decision making structure of the Services SETA. Its functions include, among others, the following:

- The provision of strategic direction
- Ensuring effective internal controls
- Proper governance
- Performance monitoring
- Accountability
- Compliance with statutory requirements
- Management of institutional risk
- Liaison with stakeholders
- The establishment of relevant Committees to assist the Accounting Authority in the execution of its mandate.

The Services SETA Accounting Authority comprises 15 members, including the Chairperson, who is a Ministerial Appointee, and two other Ministerial Appointees.

To help members enhance or update their understanding of the operations of the Accounting Authority and matters relevant thereto, the Services SETA facilitated a Risk and Public Finance Management Act capacitation workshop which was presented by the Office of the Accountant-General. In addition, the Services SETA facilitated members' participation in a seminar on Corporate Governance presented by Professor Mervyn King.

During the year under review, the membership of the Accounting Authority was as follows:

MINISTERIAL APPOINTEES		
1.	Themba Mhambi	Chairperson
2.	Nolwandle Mantashe	Member
3.	Madoda Sambatha	Member
ORGANISED BUSINESS		ASSOCIATION
4.	Kate Moloto	Association of BEE Verification Agencies (ABVA)
5.	Duduzile Letseli	Federation of African Professional Staffing Organisations (APSO)
6.	Vikesh Roopchand	Direct Marketing Association of South Africa (DMASA)
7.	Willem Pietersen	Employers Organisation for Hairdressing, Cosmetology and Beauty (EOHCB)
8.	Teleni Shabangu	South African Institute of Auctioneers(SAIA)
9.	Leigh-Ann Georgiev	Allied Nursing Association of South Africa (ANASA)
ORGANISED LABOUR		ASSOCIATION
10.	Wiseman Dinwa	Hotel, Liquor, Catering, Commercial and Allied Workers Union (HOTELLICA)
11.	Pamela Snyman	Institute of Estate Agents of South Africa (IEASA)
12.	Samantha Brown*	Association for Office Professionals of South Africa (OPSA)
13.	Mosa Mofokeng	International Festivals & Events Association Africa (IFEA)
14.	Leon Grobler**	United Association of South Africa (UASA)
15.	Alpheus Phala	South African Transport and Allied Workers Union (SATAWU)

* Resigned, on account of emigration, on 30 September 2015.

** Sadly passed away on 26 December 2015.

Committees of the Accounting Authority

In executing its mandate, the Accounting Authority is assisted by the following Board Committees:

- Executive Committee
- Finance Committee
- Audit Committee
- Human Resources and Remuneration Committee
- Governance, Risk and Strategy Committee
- Transformation Committee

The membership of the Board Committees was as follows during the year under review:

Executive Committee

NAME OF MEMBER	DESIGNATION
1. Themba Mhambi	Chairperson
2. Nolwandle Mantashe	Member
3. Madoda Sambatha	Member
4. Willem Pietersen	Member
5. Mosa Mofokeng	Member

Finance Committee

NAME OF MEMBER	DESIGNATION
1. Kate Moloto	Chairperson
2. Teleni Shabangu	Member
3. Leon Grobler*	Member
4. Wiseman Dinwa	Member
5. Alpheus Phala	Member
6. Leigh-Ann Georgiev	Member

* Sadly passed away on 26 December 2015.

06 Audit Committee

NAME OF MEMBER	DESIGNATION
1. James Maboja	Independent Member (Chairperson)
2. Pamela Snyman	Member (Board Representative)
3. Kate Moloto	Member (Board Representative)
4. Sthembiso Ngwenya	Independent Member
5. Ronald Moyo	Independent Member
6. Lesego Motlhamme	Independent Member

07 Human Resources and Remuneration Committee

NAME OF MEMBER	DESIGNATION
1. Nolwandle Mantashe	Chairperson
2. Pamela Snyman	Member
3. Willem Pietersen	Member
4. Alpheus Phala	Member
5. Leigh-Ann Georgiev	Member

08 Governance, Risk and Strategy Committee

NAME OF MEMBER	DESIGNATION
1. Leon Grobler*	Chairperson
2. Vikesh Roopchand	Member
3. Wiseman Dinwa	Member
4. Madoda Sambatha	Member
5. Teleni Shabangu	Member
6. Pamela Snyman	Member

* Sadly passed away on 26 December 2015. Replaced by Duduzile Letseli as Chairperson of the Committee

Transformation Committee*

NAME OF MEMBER	DESIGNATION
1. Kate Moloto	Chairperson
2. Teleni Shabangu	Member
3. Pamela Shyman	Member
4. Mosa Mofokeng	Member
5. Duduzile Letseli	Member
6. Nolwandle Mantashe	Member

* Established during the course of the financial year under review

Board Secretary

Dr Siyabonga Ndabezitha

Frequency of Meetings of Committees

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



YOU NEVER STOP LEARNING
By learning you will teach, by teaching you will learn

Part D

Human Resources

Organisational HR Objectives for the Year under review

During the year under review the Services SETA's focus on the human resources front centred on enhancing the work experience of our employees as a strategy to improve their performance and therefore achieve greater levels of service delivery. The macro context for this approach is the creation of an outstanding organisation for staff retention and therefore continuous quality improvement which, in turn, should make the organisation an attractive proposition for exceptional work-seekers.

One measure of the success of this overall objective is a drop in the number of resignations from 28 in the past financial year to 23 in the year under review.

The pillars of our human resource management and development interventions were employee wellness, the improvement of physical facilities for our staff, performance management and staff development.

Employee Wellness

Our employee wellness intervention was premised on the fact that the foundation of a healthy organisation is sound physical and psychological health on the part of its staff. In this regard the SETA ensured the delivery of the following services to and for our staff:

- Monthly health screenings for disease prevention
- Wellness education sessions/workshops on, inter alia, autism; financial wellness; personal budgeting; epilepsy; and drug and alcohol abuse awareness
- Flu vaccinations
- Blood type screening
- Breast cancer awareness
- Face to face counselling with qualified psychologists

Underscoring the SETA's commitment to employee wellness is the provision of a toll-free counselling facility twenty-four hours a day, seven days a week, and the extension, where necessary, of counselling services to family members of our staff based on the principle that in many instances an employee's disposition at work is influenced by the home environment.

The SETA also supports a soccer team, a netball team and a choir, all of which encourage unity; instil a sense of belonging and pride; and promote social cohesion in the organisation. All these intangibles are essential ingredients of the SETA's objective of creating a contented staff corps for the achievement of organisational objectives.

Improvement/Development of Physical Facilities for Staff

Also aimed at greater employee wellness is the improvement of existing physical work facilities and the development of new ones. Worth citing in this regard is a total revamp of offices and the construction of a kindergarten; a canteen with a bias towards a healthy menu; and a gym, on the basis of the *mens sana incorpore sano* (a healthy mind in a healthy body) principle, and to promote a healthy lifestyle.

Performance Management

To enhance the performance of our staff we further improved the SETA's Performance Management System on which all the employees were work-shopped and upon which they were measured. This system was itself based on the Strategic Plan, and the attendant Annual Performance Plan, of the SETA. Performance reviews were carried out in the final quarter of the year, the focus being excellence and outstanding achievement in the following:

- Information and data management
- Document management
- Quality management
- Enterprise risk management
- Organisational compliance
- Financial management
- General administration
- Stakeholder relations
- Management of meetings and workshops
- Achievement of work plans
- Human resource management
- Planning
- Policy development
- Reporting

A sign of the efficacy of the SETA's Performance Management System is the fact that, whereas in the 2014/15 financial year 225 staff members received performance-based bonuses, this number increased to 243 in the year under review.

The achievement of a clean audit is a further attestation to the effectiveness of the system.

It must be noted that performance-based bonuses are in lieu of what would ordinarily be part of higher annual salary increases as well as normal salaries – but early on in its term the current Accounting Authority resolved that part of the monies reserved for salary improvements would be in the form of an emolument regime focusing on performance so as to take the SETA from the then qualified audit opinion to, initially, an unqualified one and, subsequently, a clean audit opinion.

Staff Development

While performance-based bonuses have contributed massively both to staff morale and improvements in quality, staff development is the cornerstone upon which the SETA's continuous quality improvement is built and based. Accordingly a number of our staff members were accorded the opportunity to undergo the following:

- o Performance management training
- o Executive development programme
- o Management development programme
- o Risk management training
- o Training in BBBEE processes
- o Strategic planning and sector skills planning training

For external studies 48 of our staff members were allocated bursaries to the tune of R922 553.96. Studies undertaken include the following programmes:

- Accounting
- Logistics and supply chain management
- Project management
- Marketing
- Advanced office management
- Skills development facilitation
- Occupationally directed education training and development practices

Services SETA Demographic Profile as at 31 March 2016

	MALE				FEMALE				TOTALS
OCCUPATIONAL LEVEL	A	C	I	W	A	C	I	W	
Top Management	1	0	0	0	2	0	0	1	4
Senior Management	7	0	0	0	2	0	0	1	10
Professionally qualified and experienced specialists in mid-management	10	1	1	2	10	12	3	6	45
Skilled technical and academically qualified workers/ junior management/ supervisors/ foremen and superintendents	16	5	2	3	31	2	4	2	65
Semi-skilled and discretionary decision making	10	3	1	0	37	5	0	3	59
Unskilled and defined decision making	16	0	0	0	45	0	0	0	61
GRAND TOTAL	60	9	4	5	127	19	7	13	244

Human Capital Statistics

POSITION	POSITION	COMPLIMENT	FILLED POSITIONS	VACANT POSITIONS
Unskilled	A	10	18	-8
Administrators	B	75	53	22
Officers	CL	133	59	74
Senior Officers/ Coordinators	CU	114	66	48
Managers/ Specialists	DL	53	34	19
Senior Managers	DU	19	10	9
Executive Managers	E	4	4	0
CEO	F	1	0	1
TOTAL		409	244	165

Appointments

EMPLOYEE	DATE
Ms F Moeketsi	Jun-15
Mr N Mzingeli	Jun-15
Mr Z Motaung	Jun-15
Ms M Naheng	Jun-15
Ms M Tsubella	Jun-15
Ms P Monebodi	Jun-15
Ms M Mulaudzi	Jun-15
Mrs M Oliphant	Jun-15
Ms S Maqungo	Jun-15
Ms C Lekota	Jun-15
Ms F Masakona	Jun-15
Mr E Seopa	Jun-15
Mr V Mazwi	Jun-15
Ms N Mgwenya	Jun-15
Ms D Dlamini	Jun-15
Mr K Mahubane	Jun-15
Ms V Sifanqane	Jun-15
Ms N Mawisa	Jun-15
Ms M Sarila	Jun-15
Ms N Makhanya	Jun-15
Ms G Mngomezulu	Jun-15
Ms E Wouda	Jun-15
Ms I Thibela	Jul-16
Mr S Radebe	Jul-15
Ms M Phiri	Sep-15

Appointments (Continued)

EMPLOYEE	DATE
Ms N Msibi	Sep-15
Ms A Nkosi	Sep-15
Ms S Kwezi	Sep-15
Ms N Letsaba	Sep-15
Mr E Mofolisa	Sep-15
Ms P Ramushu	Sep-15
Ms P Poni	Sep-15
Ms B Maphoso	Sep-15
Mr M Mkhuhlu	Sep-15
Ms A Moses	Oct-15
Ms T Mpisi	Oct-15
Ms Y Vesele	Oct-15
Ms Z Xaba	Oct-15
Ms J Lawrence	Dec-15
Mr V Nkosi	Jan-16
Mr S Dhladhla	Jan-16
Ms S Ngcobo	Jan-16
Ms N Lubaxa	Jan-16
Ms M Thobela	Jan-16
Mr S Manganyi	Jan-16
Ms O Mahlo	Jan-16
Ms R Mabokela	Jan-16
Ms K Raligidima	Jan-16
Mr M Ndaba	Jan-16
Ms P Mokhari	Jan-16

Appointments (Continued)

EMPLOYEE	DATE
Ms T Baloyi	Jan-16
Ms M Leso	Jan-16
Mr Khunou	Jan-16
Mr E Notwane	Jan-16
Ms B Mpitsang	Feb-16
Ms H Dube	Feb-16
Ms M Sekese	Feb-16
Mrs S Lakey	Mar-16

Terminations

EMPLOYEE	DATE
Ms M Thobela	Apr-15
Mr R Dakuse	May-15
Ms M Ramohlale	May-15
Ms Z Alwadien	Jun-15
Ms M Tsubella	Jun-15
Ms V Sifanqane	Jul-15
Ms C Vilankulu	Jul-15
Mrs S Malele	Jul-15
Mr S Dusubana	Jul-15
Mr D Kweyama	Jul-15
Ms N Sheopershad	Aug-15
Ms T Dubula	Aug-15
Mrs A Chambers	Sep-15
Ms B Maphoso	Sep-15
Mrs D Reddhi	Oct-15
Ms K Bogoshi	Oct-15
Mr M Nhlangulela	Oct-15
Mr C Roseveare	Nov-15
Ms P Mashiane	Nov-15
Mrs S Joubert	Dec-15
Ms S Maqungo	Jan-16
Ms M Sekese	Mar-16
Ms I Yenkatassen	Mar-16

Executive and Senior Management



Liesel Köstlich
Acting Chief Executive Officer



Amanda Buzo
Executive Manager:
Legal Services



Ntombizodwa Ndhlovu
Executive Manager:
Corporate Services



Andile Nongogo
Chief Financial Officer



Yewande Mfebe
Senior Manager:
Organisational
Compliance



Thandi Mkhize
Senior Manager:
Quality Management



Vusi Nkosi
Senior Manager:
Provincial Operations



Mahlomola Teffo
Senior Manager:
Project Accounting



**Dr Siyabonga
Ndabezitha**
Senior Manager:
Board Secretariat



Makhaya Blaai
Senior Manager:
Human Resources
& Facilities
Management



Charmayne Kok
Senior Manager:
Risk



Lehloma Ramajoe
Senior Manager:
Special Projects



Paul Dhlamini
Senior Manager:
Learning
Interventions
Facilitation



Tsheola Matsebe
Senior Manager:
Financial
Management

A pair of black-rimmed glasses is positioned diagonally across the upper half of the page. The background is a blurred image of a financial document, likely a balance sheet or income statement, with various numbers and the word "Pro-forma" visible. In the lower-left corner, there is a graphic of concentric orange circles, resembling a target or a ripple effect. The overall color palette is warm, with shades of orange and yellow.

DON'T LET MONEY GET IN THE WAY OF YOUR EDUCATION

Wealth is the ability to fully experience life.

Part E

Financial Information

Audit Committee Report

Report of the Audit Committee required by Treasury Regulation 27.1.7 and 27.1.10(b) and (c) issued in terms of the Public Finance Management Act (PFMA) 1 of 1999, as amended by Act 29 of 1999.

We are pleased to present our report for the financial year ended 31 March 2016.

Audit committee members and attendance

The Audit Committee consists of the members listed hereunder and meets at least 4 times per annum as per its approved terms of reference. During the current financial year 5 meetings were held.

Name of member	Number of meetings attended
James Maboja - (Chairperson)	5
Sithembiso Ngwenya	2
Lesego Motlhamme	2
Ronald Moyo	1
Kate Moloto - (Accounting Authority Member)	5
Pam Snyman - (Accounting Authority Member)	4

Furthermore at least one representative from the Auditor General and Internal Auditors are present at all Audit Committee meetings, regardless of whether or not the agenda items directly concern the audit of the Services SETA's financial statements.

Audit Committee responsibility

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

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the Services SETA over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective.

This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

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

The Audit Committee is satisfied with the content and quality of monthly and quarterly reports that were prepared and issued to the Accounting Authority of the Services SETA during the year under review.

Evaluation of financial statements

The audit committee has:

- reviewed and discussed the audited financial statements included in the annual report, with the Auditor-General and the Accounting Authority;
- reviewed the Auditor-General of South Africa's management report and management's response thereto
- reviewed changes in accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions

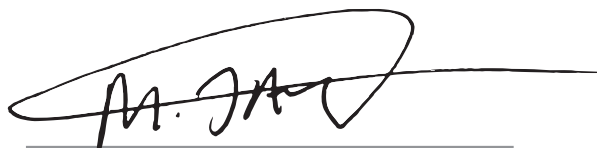
The audit committee concurs with and accepts the Auditor-General of South Africa's report on the financial statements, and is of the opinion that the audited financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal audit

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

Auditor-General of South Africa

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



Mr. James Maboa
Chairperson of the Audit Committee

Date: 31 July 2016

02 Report of the Auditor-General of South Africa to Parliament on the Services Sector Education and Training Authority

Report on the financial statements

Introduction

1. I have audited the financial statements of the Services Sector Education and Training Authority set out on pages 71 to 120, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Skills Development Act of South Africa, 1998 (Act No. 97 of 1998) (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.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Services Sector Education and Training Authority as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA and the SDA.

Report on other legal and regulatory requirements

7. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2016:
 - Programme 2: Governance on pages 38 to 40.
 - Programme 4: Skills Development on pages 42 to 48.
9. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information.
10. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

11. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:

- Programme 2: Governance on pages 38 to 40
- Programme 4: Skills development on pages 42 to 48

Additional matters

12. I draw attention to the following matters:

Achievement of planned targets

13. Refer to the annual performance report on pages 30 to 34; 35 to 48 for information on the achievement of planned targets for the year.

Adjustment of material misstatements

14. I identified material misstatements in the annual performance report submitted for auditing in respect of the reported performance information of Programme 2: Governance and Programme 4: Skills Development. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

15. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

16. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria

31 July 2016



03 Annual Financial Statements

Financial Statements for the Year ended 31 March 2016

General Information

Country of Incorporation and Domicile	South Africa
Registered Office	15 Sherborne Road Parktown Johannesburg 2193
Business Address	15 Sherborne Road Parktown Johannesburg 2193
Postal address	PO Box 3322 Houghton Johannesburg 2193
Accounting Authority	Appointed 01 July 2013 The details of the Members of the Accounting Authority are disclosed in Note 25.
Bankers	South African Reserve Bank Standard Bank Investec First National Bank
Auditors	Auditor-General of South Africa

Index to the Financial Statements

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

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Accounting Authority's Responsibilities and Approval

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

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

The financial statements set out on pages 76 to 120, which have been prepared on the basis of accounting policies applicable to a going concern, were approved by the Accounting Authority on 31 July 2016.



Themba Mhambi
Chairperson of the Accounting Authority



Andile Nongogo
Chief Financial Officer

Report of the Accounting Authority

1. Incorporation

The Services Sector Education and Training Authority (Services SETA) was established in terms of Section 9 (1) of the Skills Development Act, 1998 (Act No 97 of 1998) as amended, as a Sector Education and Training Authority with effect from 1 April 2000 to March 2005. It was then re-established by the Minister of Labour for the period April 2005 – March 2010, in March 2010, the Minister of Higher Education and Training extended the period of establishment of all SETAs to 31 March 2016. The licence period for all the SETAs has been subsequently extended to 31 March 2018.

2. Governance

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

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

The audited financial statements are prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements

issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury. The Accounting Authority is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

3. Main Business and Operations

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

4. Going Concern

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

The Services SETA's license expires on 31 March 2018.

5. Subsequent Events

The Services SETA has submitted to the Minister of Higher Education and Training an application for the rollover of accumulated reserves. At the time of preparation of the annual financial statements the feedback was still outstanding.

6. Remuneration of Accounting Authority and Executive Managers' Emoluments

The Executive Management, Accounting Authority and Audit Committee members' remuneration is reflected in note 25 of the annual financial statements. Executive Management is employed on a full time basis. The members of the Accounting Authority and Audit Committee are remunerated for attending Board and Sub-Committee meetings as well as other engagements. Their remuneration is based on National Treasury Guidelines and the remuneration is approved by the Minister of Higher Education and Training.

7. Approval



T Mhambi
Chairperson of the Accounting Authority

Statement of Financial Position as at 31 March 2016

	Note(s)	2016 R '000	2015 R '000
Assets			
Current Assets			
Inventories	3	199	249
Receivables from exchange transactions	4	3,285	6,060
Receivables from non-exchange transactions	5	8,540	3,913
Deposits	9	614	537
Cash and cash equivalents	6	2,305,843	1,797,813
		2,318,481	1,808,572
Non-Current Assets			
Property, plant and equipment	7	77,760	55,169
Intangible assets	8	23,454	715
Deposits	9	-	77
		101,214	55,961
Total Assets		2,419,695	1,864,533
Liabilities			
Current Liabilities			
Payables from exchange transactions	10	23,062	41,282
Payables from non-exchange transactions	11	344,320	288,625
Provisions	12	83,989	113,750
		451,371	443,657
Total Liabilities		451,371	443,657
Net Assets		1,968,324	1,420,876
Net Assets			
Reserves			
Revaluation reserve	13	1,450	15,371
Employer grant reserve	14	3,809	111
Administration grant reserve	14	65,667	40,006
Discretionary grant reserve	14	1,897,398	1,365,388
Total Net Assets		1,968,324	1,420,876

Statement of Financial Performance for the year ended 31 March 2016

	Note(s)	2016 R '000	2015 R '000
Revenue			
Revenue from exchange transactions			
Other income		307	33
Investment income	15	124,397	136,846
Total revenue from exchange transactions		124,704	136,879
Revenue from non-exchange transactions			
Transfer revenue			
Skills Development Levy: Income	16	1,410,590	1,394,554
Skills Development Levy: Interest and Penalties	16	49,153	39,266
Total revenue from non-exchange transactions		1,459,743	1,433,820
Total revenue		1,584,447	1,570,699
Expenditure			
Employer grants and project expenses	19	(865,061)	(397,531)
Administration expenses	17&18	(156,969)	(165,975)
Total expenditure		(1,022,030)	(563,506)
Loss on disposal of assets	7&8	(1,049)	(618)
Surplus for the year before NSF uncommitted funds liability		561,368	1,006,575
NSF uncommitted funds	11	–	(9,269)
Net surplus/(deficit) for the year		561,368	997,306

Statement of Changes in Net Assets for the year ended 31 March 2016

	Revaluation reserve R '000	Employer grant reserve R '000	Administra- tion reserve R '000	Discretion- ary reserve R '000	Total reserves** R '000	Unappropriat- ed reserve R '000	Total net assets R '000
Balance at 01 April 2014	11,075	1,262	40,505	366,433	419,275	-	419,275
Revaluation of Land and Buildings (Head Office)	4,450	-	-	-	4,450	-	4,450
Impairment losses on revalued Building (KZN)	(154)	-	-	-	(154)	-	(154)
Net income (losses) recognised directly in net assets	4,296	-	-	-	4,296	-	4,296
Surplus for the year	-	-	-	-	-	997,306	997,306
Application of unappropriated surplus as previously reported	4,296	226,526	16,222	754,557	1,001,601	-	1,001,601
Reallocation of funds to reserves	-	(227,677)	(16,721)	244,398	-	-	-
Total changes	4,296	(1,151)	(499)	998,955	1,001,601	-	1,001,601
Balance at 01 April 2015	15,371	111	40,006	1,365,388	1,420,876	-	1,420,876
Revaluation of Land and Buildings (Head Office)	(13,021)	-	-	-	(13,021)	-	(13,021)
Impairment losses on revalued Building (KZN)	(900)	-	-	-	(900)	-	(900)
Net income (losses) recognised directly in net assets	(13,921)	-	-	-	(13,921)	-	(13,921)
Surplus for the year	-	-	-	-	-	561,368	561,368
Total recognised income and expenses for the year	(13,921)	-	-	-	(13,921)	561,368	547,477
Application of unappropriated surplus/ (deficit)	-	216,760	27,079	317,529	561,368	(561,368)	-
Reallocation of unappropriated surplus/ (deficit)	-	(213,062)	(1,418)	214,480	-	-	-
Total changes	(13,921)	3,698	25,661	532,009	547,447	-	547,477
Balance at 31 March 2016	1,450	3,809	65,667	1,897,397	1,968,323	-	1,968,323

Note(s)

13

14

14

14

Cash Flow Statement for the year ended 31 March 2016

	Note(s)	2016 R '000	2015 R '000
Cash flows from operating activities			
Cash receipts from stakeholders			
Levies, interest and penalties received		1,459,743	1,433,820
Interest income		129,056	134,962
Other cash receipts from Stakeholders		307	33
Grants, transfers and funds received		-	4,974
		1,589,106	1,573,789
Cash payments to stakeholders, suppliers and employees			
Employee costs		(108,339)	(109,433)
Grants and project payments		(753,086)	(1,884,673)
Payments made to Suppliers and others		(144,350)	(78,554)
		(1,005,775)	(2,072,660)
Net cash flows from operating activities	21	583,331	(498,871)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(51,616)	(998)
Proceeds from sale of property, plant and equipment	7	-	33
Purchase of intangible assets	8	(23,685)	(23)
Net cash flows from investing activities		(75,301)	(988)
Net increase in cash and cash equivalents		508,030	(499,859)
Cash and cash equivalents at the beginning of the year		1,797,813	2,297,672
Cash and cash equivalents at the end of the year	6	2,305,843	1,797,813

Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2016

Budget on accrual basis

	Approved budget R '000	Adjustments R '000	Final Budget R '000	Actual amounts on comparable basis R '000	Difference between final budget and actual R '000	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	-	-	-	307	307	Note 30
Interest received - investment	94,613	22,528	117,141	124,397	7,256	Note 30
Total revenue from exchange transactions	94,613	22,528	117,141	124,704	7,563	
Revenue from non-exchange transactions						
Skills Development Levy Income	1,364,548	86,500	1,451,048	1,410,590	(40,458)	Note 30
Skills Development Interest and Penalties	-	-	-	49,153	49,153	Note 30
Total revenue from non-exchange transactions	1,364,548	86,500	1,451,048	1,459,743	8,695	
Total revenue	1,459,161	109,028	1,568,189	1,584,447	16,258	
Expenditure						
Employer grants and subsidies paid	(2,500,454)	1,373,917	(1,126,537)	(865,061)	261,476	Note 30
Administrative Expenses	(179,096)	6,873	(172,223)	(156,969)	15,254	Note 30
Total expenditure	(2,679,550)	1,380,790	(1,298,760)	(1,022,030)	276,730	
Operating surplus/(Deficit)	(1,220,389)	1,489,818	269,429	562,417	292,988	
Loss on disposal of assets	-	-	-	(1,049)	(1,049)	
Surplus for the year	(1,220,389)	1,489,818	269,429	561,368	291,939	

Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2016 (Continued)

Budget on accrual basis

	Approved budget R '000	Adjustments R '000	Final Budget R '000	Actual amounts on comparable basis R '000	Difference between final budget and actual R '000
Capital Budget					
Assets					
Non-Current Assets					
Office Equipment	-	-	-	987	987
Building	-	-	-	24,008	24,008
Building Machinery	197	5,803	6,000	-	(6,000)
Motor vehicle	220	4,622	4,842	4,936	94
Computer Equipment	50	579	629	2,648	2,019
Computer Software	36,667	(17,648)	19,019	10,190	(8,829)
Office Furniture	-	-	-	3,550	3,550
Work in progress: Software development	-	-	-	13,495	13,495
Work in progress: PPE	-	-	-	9,443	9,443
Computer Networks	-	-	-	6,044	6,044
	37,134	(6,644)	30,490	75,301	44,811

Accounting Policies for the year ended 31 March 2016

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Companies Act, 71 of 2008.

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 read with Directive 5.

Assets, liabilities, revenues and expenses were not off-set, except where off-setting is either required or permitted by a Standard of GRAP.

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

1.1 Going Concern Assumption

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

The Services SETA's license was extended by the Minister of Higher Education and Training to 31 March 2018.

1.2 Property, plant and equipment

Recognition.

Property, plant and equipment are tangible non-current assets that are held for use in the delivery of the Services SETAs mandate and are expected to be used for more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits or service potential associated with the item will flow to the entity and the cost of the item can be measured reliably.

Initial Measurement

Property, plant and equipment is initially measured at cost.

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

Property, plant and equipment which have a cost price less than R 5 000 are expensed and not capitalised. Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

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

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

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

Major spare parts and stand-by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand-by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Subsequent Measurement

Building machinery, furniture and fixtures, motor vehicle, office equipment, computer equipment and computer network is carried at cost less accumulated depreciation and any impairment losses except for land and buildings which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluation

Land and buildings are revalued every three years or when there is a material difference between the fair values of the land and buildings and their carrying amounts. (The last revaluation was done on the 31 March 2016). When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

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

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Impairment

Where the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in the surplus or deficit for the period, unless the asset is carried at fair value or revalued amount. The impairment loss of a revalued asset decreases or increases the revaluation surplus or deficit. All items of property, plant and equipment are assessed for any indications of impairment at each reporting date. If an impairment exists then the recoverable amounts are estimated.

Depreciation

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. The depreciation of assets commences on the date that the asset is available for use, even if it is not yet in use.

The useful lives of the property, plant and equipment are assessed annually and are detailed in note 7. The depreciation charge is to depreciate the book value over the average useful life of the asset to its assessed residual value.

Depreciation is calculated and provided for on an annual basis. If the residual value of an asset is at least equal to its carrying amount, depreciation will cease.

Any gains or losses arising from the derecognition of an asset is included in profit or loss when the item is derecognised.

Residual values

The residual values of buildings were determined by independent property valuers.

The Services SETA reviews the residual values on an annual basis. The review revealed that the residual values used in the current or prior periods were still valid. No significant variances were identified. Residual values are reviewed at each reporting date.

Derecognition

The carrying amount of an item of property plant and equipment is derecognised on disposal or when there are no future economic benefits expected from its use or disposal. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining surplus.

1.3 Intangible assets

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

Recognition

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

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

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

Initial measurement

An intangible asset is initially measured at its cost and where an intangible asset is acquired at no cost or for a nominal cost, the cost is measured at its fair value as at the acquisition date.

Intangible assets which has a cost price less than R 5 000 are expensed and not capitalised.

Subsequent measurement

Amortisation

Amortisation begins when an asset is available for use and is in a condition necessary for it to be capable of operating in the manner intended by management.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values. The useful lives are detailed in note 8.

Derecognition

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

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.4 Administration, grants and project expenditure

Mandatory grants

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

Discretionary grants and project expenditure

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

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

Project expenditure comprises:

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

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

Project costs are recognised as expenses in the period in which they are incurred and approved. A receivable is recognised net of a provision for irrecoverable amounts for incentive and other payments made to the extent of expenses not yet incurred in terms of the contract.

At the end of the financial period any unspent or uncommitted funds must be transferred to the National Skills Fund (NSF) with an allowance of 5% of the uncommitted funds that will be carried over to the next financial year, except where a request to carry forward the uncommitted funds has been lodged as per the Grant Regulations requirements. The unspent funds are determined by taking the discretionary reserves as per the Statement of Financial Position at the end of the financial period under review less the commitments for training of learners in programmes funded from discretionary funds.

Administrative expenditure

The funding for administrative expenditure is derived from 10.5% of the total levies paid by the employers. Administration expenses consist of the operational expenditure incurred by the Services SETA in delivering its mandate.

1.5 Budget information

The approved budget covers the fiscal period from 01/04/2015 to 31/03/2016.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

There are no entity or timing differences on the budget to actual information.

1.6 Related parties

Transactions are disclosed as related party transactions where the Services SETA has in the normal course of its operations, entered into transactions with entities related to the Department of Higher Education and Training(DHET), payments to members of the Accounting Authority and key management. Disclosure is made of any transactions with close family members of related parties as well as any transactions not at arm's length and not in the ordinary course of business.

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

1.7 Financial instruments

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

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

A financial asset is cash, residual interest of another entity, a contractual right to receive cash or another financial asset from another entity exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the Services SETA.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity or exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the Services SETA.

Classification

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

Class

Category

Receivables from non-exchange transactions

Financial assets measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Receivables from exchange transactions

Financial assets measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents

Financial assets which comprise of cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

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

Class

Category

Provisions

Financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost.

Payables from exchange transactions

Financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost.

Payables from non-exchange transactions

Financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost.

1.8 Leases

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

1.9 Inventories

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

Initial recognition

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

Subsequent Measurement

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

1.10 Reserves

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

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

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

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

The net surplus/deficit is allocated to the administration reserve and the discretionary fund reserve in terms of the Grant Regulations based on the above. The administration reserve comprises of the future depreciation of all administration property, plant and equipment plus the 5% of uncommitted discretionary grant funds at the end of the year.

Surplus funds are moved to the discretionary fund reserve from the administration reserve based on unspent funds at year-end and from the mandatory grant based on unclaimed grants after the prescribed time-frames have elapsed.

	2016	2015
Administration costs	10.50 %	10.50 %
Mandatory Grants	20.00 %	20.00 %
Discretionary Grants	49.50 %	49.50 %
Received by the Seta	80.00 %	80.00 %
Contribution to the National Skills Fund	20.00 %	20.00 %
	100.00 %	100.00 %

1.11 Retirement benefit costs

Defined contribution plans

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

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

1.12 Provisions, accruals and contingencies

Provisions are recognised when the Services SETA has a present legal or constructive obligation as a result of past events, and it is probable that this will result in an outflow of economic benefits that can be estimated reliably.

Provision for levies exempt companies

Exempt companies provision includes employers who continued paying skills development levies even though they are exempt in terms of Skills Development Act.

Provision for grants

A provision is recognised for mandatory grant payments due once the specific criteria set out in the regulations to the Skills Development Act, 97 of 1998 has been complied with by member companies and it is probable that the Services SETA will approve the payment. The measurement of the obligation involves an estimate, based on the established pattern of past practice of approval for each type of grant. Provisions are not made for projects approved at year-end, unless the service in terms of the contract has been delivered or the contract is of an onerous nature. Where a project has been approved and contracted, it is disclosed as commitments in the notes to the financial statements.

Accruals

Accruals refer to the recording of transactions when they occur and recognised in the financial statements in the periods to which they relate.

Accrual for employee entitlement

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

Also included under payables from exchange transactions are trade payables.

An accrual for mandatory grants payable is recognised under payables from non-exchange transactions.

Contingent assets and contingent liabilities

A contingent liability is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly in the control of the Services SETA.

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 24.

1.13 Revenue recognition

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the Services SETA, which represents an increase in net assets.

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

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange. Exchange revenue is mostly derived from interest earned. Interest earned is recognised on a time proportionate basis that takes into account the effective yield on the interest investment.

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

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

Inter-SETA transfers

Revenue is adjusted for transfers of employers between SETAs that arise due to incorrect allocation to a SETA on registration for skills development levy or changes to their business that result in a need to change SETAs.

Such adjustments are disclosed separately as inter-seta transfers. The amount of the inter-seta transfers is calculated according to the most recent Standard Operating Procedure as issued by the Department of Higher Education and Training (DHET).

Skills development levy

In terms of section 3(1) and 3(4) of the Skills Development Levies (SDL) Act, 1999 (Act no. 9 of 1999), registered member companies pay a skills development levy of 1% of the total payroll cost to SARS, who collects the levies on behalf of the DHET.

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

Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Services SETA has complied with any of the conditions embodied in the agreement. To the extent that the conditions have not been met, a liability is recognised.

Interest and penalties

Interest and penalties are economic benefits or service potential received or receivable by Services SETA, as determined by legislation, as a consequence of the breach of laws or regulations and is recognised on the accrual basis.

Voluntary contributions

Voluntary contributions received from public service employers in the national and provincial spheres of government are recognised on the cash basis. These funds may be used to fund the Services SETA administration costs. The Services SETA has adopted that these funds should be used solely for the benefit of service industries in the form of discretionary projects.

1.14 Investment income

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

1.15 Comparative figures

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

1.16 Fruitless and wasteful expenditure

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

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

1.17 Irregular expenditure

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

Irregular expenditure that was incurred and identified during the current financial year and for which condonement by the Accounting Authority is obtained at year-end, must be recorded in the irregular expenditure register.

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law.

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

1.18 Subsequent events

Subsequent events are all events that occur between the reporting date (31 July) and the date on which the financial statements are authorised for tabling in parliament.

Adjusting events are all the events that confirm the financial performance and position of the SETA at year-end and if material the financial statements are adjusted accordingly.

Non-adjusting events which take place after the reporting date are not recognised in the financial statements.

Notes to the Financial Statements for the year ended 31 March 2016

2. New standards and interpretations

2.1 New accounting pronouncements:

The Services SETA has not applied the following standards and interpretations, as are not applicable to it and or the effective dates are not yet effective and or the effective dates have not been Gazetted by the Minister, except for GRAP 20 which was adopted earlier.

Standard/Interpretation, effective date and expected impact

GRAP18: Segment reporting (1 April 2015)

The standard provides guidance on accounting for and the determination of reportable segments and will require additional disclosure. This standard is not applicable to the Services SETA.

GRAP 20: Related party disclosure (Early adopted)

The standard provides guidance on related party disclosures to ensure that an entity's financial statements contain the disclosure necessary to draw attention to the possibility that its financial position and surplus or deficit may have been impacted by the existence of connected parties and by transactions and outstanding balances with such parties. The standard will not have an impact on Services SETA as the standard was early adopted.

GRAP 105: Transfers of functions between entities under common control (1 April 2015)

The purpose of the standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It is not anticipated that the standard will have an impact on the Services SETA.

GRAP 32: Service concession arrangements: Grantor (Not yet effective)

The purpose is to prescribe the accounting for service concession arrangements by the Grantor.

GRAP106: Transfers of functions between entities not under common control (1 April 2015)

The purpose of the standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It is not anticipated that the standard will have an impact on the Services SETA.

GRAP107: Mergers (1 April 2015)

The objective is to provide accounting principles guidance for the merged entities.

2016
R '000

2015
R '000

3. Inventories

Inventory consists mainly of consumable stores and is valued at the lower of cost and net realisable value.

Consumable stores	199	249
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4. Receivables from exchange transactions

Employee costs receivables	35	39
Prepayments	2,138	239
Accrued investment income	1,105	5,764
Other receivables	6	18
	3,285	6,060

Reconciliation of employee costs receivables

Opening balance	39	51
Staff costs receivables	424	441
Provision for bad debt write-off	(424)	(424)
Recovery	(4)	(29)
	35	39

5. Receivables from non-exchange transactions

Mandatory Grants receivable: SARS adjustments	8,110	2,996
Discretionary Grants receivable: prepayments	45	532
Mandatory Grants receivable: legal process	385	385
	8,540	3,913

Mandatory grants receivables

Mandatory grants receivables arise as a result of SARS adjustments subsequent to the Services SETA having paid-out the grants. The receivables are set-off against future mandatory grants payable by the Services SETA to the employer concerned.

Mandatory grants receivable: SARS adjustments

Mandatory grants receivable	8,504	3,789
Provision for bad debts	(394)	(793)
	8,110	2,996

Mandatory grants receivable: Legal process

During the 2013/14 financial year there was a fraudulent submission of supporting documentation which resulted in a payout of R385,000 of mandatory grants. Legal proceedings are currently underway.

2016	2015
R '000	R '000

5. Receivables from non-exchange transactions (continued)

National Skills Fund receivable: uncommitted funds

During the 2014/15 financial year a directive was received from the Executive Authority requiring the Services SETA to make an additional payment as per the new grant regulations. The Services SETA is regularly engaging with the debtor for the settlement of the balance. Due to the uncertainty pertaining to the recoverability of the receivable based on prior years experience, a provision has therefore been raised.

During the current financial year, no payments were made to the National Skills Fund.

Uncommitted funds receivable

Payments made to date	-	1,577,028
Recalculated uncommitted funds	-	(1,567,759)
Prior year overpayment	-	9,269
Provision	-	(9,269)
	-	-

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	8	10
Bank balances	197,070	584,301
Short-term investments	2,108,765	1,213,502
	2,305,843	1,797,813

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

Figures in Rand Thousand

7. Property, plant and equipment

	2016			2015		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	14,950	-	14,950	15,850	-	15,850
Buildings	34,050	-	34,050	33,600	-	33,600
Building machinery	2,342	(1,704)	638	2,358	(1,238)	1,120
Furniture and fixtures	4,122	(601)	3,521	1,282	(767)	515
Motor vehicles	5,136	(619)	4,517	199	(111)	88
Office equipment	2,115	(1,150)	965	2,114	(1,637)	477
Computer equipment	7,723	(4,027)	3,696	6,502	(4,104)	2,398
Computer network	8,616	(2,636)	5,980	3,760	(2,639)	1,121
Work-in-progress	9,443	-	9,443	-	-	-
Total	88,497	(10,737)	77,760	65,665	(10,496)	55,169

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Dispos- als	Deprecia- tion	Impairment loss	Total
Land	15,850	-	-	-	(900)	14,950
Buildings	33,600	24,008	-	-	(23,558)	34,050
Building machinery	1,120	-	(10)	(472)	-	638
Furniture and fixtures	515	3,550	(158)	(386)	-	3,521
Motor vehicles	89	4,936	-	(508)	-	4,517
Office equipment	477	987	(180)	(319)	-	965
Computer equipment	2,398	2,648	(159)	(1,191)	-	3,696
Computer network	1,120	6,044	(406)	(778)	-	5,980
Work-in-progress	-	9,443	-	-	-	9,443
	55,169	51,616	(913)	(3,654)	(24,458)	77,760

2016
R '000

2015
R '000

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Impairment loss	Total
Land	13,500	-	-	2,350	-	-	15,850
Buildings	31,700	-	-	2,100	-	(200)	33,600
Building machinery	1,171	369	-	-	(420)	-	1,120
Furniture and fixtures	679	73	(39)	-	(198)	-	515
Motor vehicles	192	-	-	-	(103)	-	89
Office equipment	657	131	(30)	-	(281)	-	477
Computer equipment	3,690	253	(437)	-	(1,108)	-	2,398
Computer network	1,565	172	(155)	-	(462)	-	1,120
	53,154	998	(661)	4,450	(2,572)	(200)	55,169

Useful lives

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

Item	2016	2015
Buildings	20	20
Land (indefinite useful life)	-	-
Furniture and Fittings	5	5
Motor Vehicles	5	5
Office Equipment	5	5
Computer Equipment	5	5
Computer Network	5	5

Revaluations/Impairment Loss

During the current financial year, the Services SETA carried-out refurbishment of its KwaZulu Natal provincial and Head office building in order to increase office space. The refurbishment costs amounted to R24 million at the end of the financial year and the project will be completed during the 2016/17 financial year. The costs incurred were capitalised.

Due to the significant renovations carried-out, land and buildings were revalued by an independent valuer and the effective date of the revaluations was 31 March 2016. Revaluations were performed by independent valuer, R.H. Roper,(B.Com. FRICS MIV(SA)) of the Property Partnership CC.

The valuations were performed using the Capitalised Net Rentals Method which involves estimating annual market related rentals and deducting normalised annual property expenses. The net rentals are then capitalised in perpetuity.

The assumptions were based on current market conditions. The revaluations resulted in an impairment of both buildings. The total impairment amounted to R23.6 million and R13 million thereof was a reversal of a previous revaluation surplus.

Refer to note 13

2016
R '000

2015
R '000

Details of properties (R'000)

The carrying values of the land and buildings under the historical cost model would have been as follows, had the Services SETA not performed the revaluation:

Historical cost model

Land	18,997	18,997
Buildings	41,828	17,820
	60,825	36,817

Fully depreciated assets with zero carrying value still in use

The following assets have been fully depreciated and have been assigned R1 carrying values and are still use. Their original costs are as follows:

Computer equipment	2,043	4,004
Computer networks	2,322	3,467
Office furniture	442	608
Office Equipment	1,342	2,259
Motor vehicles	-	448
	6,149	10,786

8. Intangible assets

	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	11,260	(1,301)	9,959	1,695	(980)	715
Intangible assets under development	13,495	-	13,495	-	-	-
Total	24,755	(1,301)	23,454	1,695	(980)	715

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	715	10,190	(137)	(809)	9,959
Intangible assets under development	-	13,495	-	-	13,495
	715	23,685	(137)	(809)	23,454

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Amortisation	Total
Computer software	940	23	(248)	715

Useful lives

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values. The useful life of computer software is an average of 5 years.

Item

Computer Software	5	5
	2016 R '000	2015 R '000

Fully depreciated assets with zero carrying value still in use

The following assets have been fully depreciated and have been assigned R1 carrying values and are still in use. Their original costs are as follows:

Computer Software	453	453
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9. Deposits

Long term deposits for lease and Municipal deposits

Port Elizabeth	-	37
Polokwane	-	40
	-	77

Short term deposits for lease and Municipal deposits

Bloemfontein	58	58
Cape Town	201	201
Durban	2	2
East London	73	73
Kimberley	45	45
Johannesburg	136	136
Nelspruit	22	22
Port Elizabeth	37	-
Polokwane	40	-
	614	537

2016
R '000

2015
R '000

10. Payables from exchange transactions

Trade payables	8,875	26,650
Accrued employee costs	4,687	1,474
Accrued leave pay	5,298	4,984
Accrued expenses - administration expense	4,022	7,685
Operating lease payables	180	489
	23,062	41,282

11. Payables from non-exchange transactions

Accrued expenses: discretionary grants	64,408	27,611
Trade payables: discretionary grants	31,859	9,662
Mandatory grants payables	247,888	250,873
Inter-SETA payable	165	479
	344,320	288,625

NSF uncommitted funds liability

In terms of the Grant Regulations a SETA must have committed or spent a minimum of 95% of discretionary funds available to it by the 31st March of each year and a maximum of 5% of uncommitted funds may be carried over to the next financial year. The remaining surplus of discretionary funds must be paid by the SETA to the National Skills Fund (NSF). The funds to be transferred are determined as per calculation below. A negative outcome indicates that the SETA does not have to payback any funds.

Discretionary grant reserves	1,897,397	1,365,388
Less: Commitments	(1,859,135)	(1,836,115)
Uncommitted funds	38,262	(470,727)
5% of Discretionary grants reserves to be retained	(94,870)	-
Payable/(Not Payable) to NSF	(56,608)	-

There is no amount payable to NSF for the 2015/16.
Refer to note 5 and the prior period error note 26.

12. Provisions

*Reconciliation of provisions - 2016
(in Rand Thousand)*

	Opening balance	Additions	Utilised during the year/Change in estimate	Reversed during the year	Total
Exempt employers	55,498	9,918	(19,287)	-	46,129
Discretionary grant	27,883	-	(6,976)	(8,666)	12,241
Provision for administration expenses	30,368	25,618	(14,455)	(15,913)	25,618
	113,749	35,536	(40,718)	(24,579)	83,988

*Reconciliation of provisions - 2015
(in Rand Thousand)*

	Opening balance	Additions	Utilised during the year/Change in estimate	Total
Exempt employers	58,268	10,266	(13,036)	55,498
Discretionary Grants	14,183	16,502	(2,802)	27,883
Provision for administration expenses	1,506	30,368	(1,506)	30,368
	73,957	57,136	(17,344)	113,759

Provision for exempt levy employers

This provision is for employers who, even though are not obliged to pay the skills development levy because their payroll is less than R500,000, amongst others, still contribute towards the SDL. The provision covers contributions made over a period of five years. Any exempt contributions older than five years are swept to discretionary reserves.

Provision for discretionary grants

This provision is as a result of the communicate that requested training providers to submit invoices that they believe are due and payable to them. The Services SETA is still awaiting additional supporting documentation for the submitted invoices and or external moderation on the training.

Provision for administration

The provision for payroll relates to the provision for bonus pay-out which is based on a performance management system which was introduced for the first time in the 2014/15 by the Accounting Authority.

2016
R '000

2015
R '000

13. Revaluation reserve

Reserve on revaluation of property, plant and equipment.

Opening balance

Revaluation/(Devaluation) during the year-Building
(Devaluation) during the year-Land

15,371	11,075
(13,021)	4,450
(900)	(154)
1,450	15,371

Closing balance

Refer to additional information on the revaluation and devaluation of land and buildings per note 7

14. Accumulated surplus

Allocation of the surplus for the year to reserves - 2016
(in Rand Thousand)

	Administration Reserve	Employer grant reserve	Discretionary grant reserve	Total per the Statement of Financial Performance
Skills Development Levy Income	-	-	-	-
- Administration levy income	184,789	-	-	184,789
- Grant levy income	-	367,484	-	367,484
- Discretionary levy income	-	-	858,316	858,316
Penalties and interest	-	-	49,153	49,153
Investment income	-	-	124,397	124,397
Other Income	307	-	-	307
Total income	185,097	367,484	1,031,866	1,584,447
Administration expenses	(158,018)	-	-	(158,018)
Employer grant expenses	-	(150,724)	-	(150,724)
Project expenses	-	-	(714,337)	(714,337)
Total expenses	(158,018)	(150,724)	(714,337)	(1,023,079)
Net surplus allocated	27,079	216,760	317,529	561,368

14. Accumulated surplus (continued)

Reserves movement	Administration Reserve	Employer reserve	Discretionary grant reserve	Revaluation reserve	Total
Opening balance	40,006	111	1,365,389	15,371	1,420,876
Net Devaluation for the year	-	-	-	(13,921)	(13,921)
Surplus for the year	27,079	216,760	317,529	-	561,368
Reallocation of surplus for the year	(1,418)	(213,062)	214,480	-	-
	65,667	3,809	1,897,398	1,450	1,968,323

*Allocation of the surplus for the year to reserves - 2015
(in Rand Thousand)*

	Administration Reserve	Employer grant reserve	Discretionary grant reserve	Revaluation reserve	Total
Skills development levy income	-	-	-	-	-
- Administration levy income	182,784	-	-	-	182,784
- Grant levy income	-	359,677	-	-	359,677
- Discretionary levy	-	-	852,093	-	852,093
Penalties and interest	-	-	39,266	-	39,266
Investment income	-	-	136,846	-	136,846
Other income	33	-	-	-	33
Total income	182,817	359,677	1,028,205	-	1,570,699
Administration expenses	(166,594)	-	-	-	(166,594)
Employer grant	-	(133,151)	-	-	(133,151)
Project expenses	-	-	(273,648)	-	(273,648)
Total expenses	(166,594)	(133,151)	(273,648)	-	(573,393)
Net surplus/(deficit) allocated	16,223	226,526	754,557	-	997,306
Opening balance	40,505	1,262	366,433	11,075	419,275
Net Revaluation for the year	-	-	-	4,296	284,191
Opening balance	-	-	-	-	(1,387,332)
Surplus for the year	16,223	226,526	754,557	-	997,306
Reallocation of the surplus for the year	(16,722)	(227,677)	244,398	-	-
	40,006	111	1,365,388	15,371	1,420,876

	2016 R '000	2015 R '000
15. Investment revenue		
Interest	124,397	136,846
16. Revenue		
Skills Development Levy: Income	1,410,590	1,394,554
Skills Development Levy: Interest and Penalties	49,153	39,266
	1,459,743	1,433,820
<i>The amount included in revenue arising from exchange transactions are as follows:</i>		
Recoveries	307	33
Interest received - investment	124,397	136,846
	124,704	136,879

Recoveries include pay-outs received from insurance company for assets that were damaged and or lost during the current year.

Skills Development Levy: Penalties and interest

Levy penalties received	27,110	23,427
Levy interest received	22,045	15,839
Inter-SETA: fines and penalties	(3)	-
	49,152	39,266
Levy income: Administration	183,599	182,424
Inter-SETA transfers-in	-	170
Inter-SETA transfers-out	15	(82)
Voluntary levy contribution	67	-
Levies contributed by exempt employers	1,108	273
	184,789	182,785
Levy income: employer grants	357,831	353,761
Inter-Seta transfers-in	1	42
Inter-SETA transfers-out	29	(272)
Levies contributed by exempt employers	9,623	6,147
	367,484	359,678
Levy income: discretionary grants	858,454	854,589
Inter-seta transfers-in	1	500
Inter-seta transfers-out	72	(290)
Levies contributed by exempt employers	(1,363)	(3,650)
Voluntary Contributions	1,151	944
	858,417	852,093
	1,410,588	1,394,556

	2016	2015
	R '000	R '000

17. Administration expenses

Advertising	6,611	2,077
Auditors remuneration (Refer to note 20)	5,507	4,131
Bank charges	229	150
Consulting and professional fees	51,732	36,699
Rentals	6,710	6,450
Fines and penalties	-	144
Insurance	3,278	1,426
Stakeholders participation	698	905
IT expenses	8,546	13,284
Motor vehicle expenses	319	274
Printing and stationery	1,456	2,445
Security	2,633	2,031
Staff welfare	5,042	365
Communication costs	2,005	1,647
Relocation costs	-	4
Training and recruitment	2,439	1,129
Subsistence and travel - local	4,663	5,061
Minor assets	2,503	212
Electricity and water	2,892	2,831
Minor assets and consumables expensed	783	15
Repairs and maintenance	2,363	3,845
Quality Council for Trades and Occupations fee 0.5%	5,119	3,299
Accounting Authority and Audit Committee costs	7,778	3,208
Depreciation, amortisation and impairment	14,472	2,808
Employee costs (Refer to Note 18)	19,191	71,535
	156,969	165,975

18. Employee related costs

Salaries and wages	79,306	74,695
Bonus	10,076	34,591
Medical aid contributions	5,278	5,068
Compensation for Occupational Injuries and Diseases	252	743
Leave pay provision charge	948	3,612
Pension contributions - defined contribution plan	8,283	14,117
Transfer to discretionary grants	(87,269)	(61,716)
Provision for bad debts	-	424
Other fringe benefits	2,317	-
	19,191	71,534

Employee related costs (continued)

	2016	2015
Number of employees	227	219

A provision was raised for staff-related receivables for R424,000.

	2016 R '000	2015 R '000
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Remuneration of Executive Management

Annual Remuneration	5,607	3,884
Contribution to medical, pension and UIF	681	509
Compensation for loss of office	-	2,833
Leave pay-out	-	237
Travel and subsistence allowance	19	18
Performance bonus	603	283
	6,910	7,764

19. Employer grants and project expenses

Mandatory grant	150,724	132,935
Discretionary grant	714,337	264,596
Total Grants	865,061	397,531

Discretionary grant expenditure consist of:

Direct grants and project costs	606,537	197,395
Discretionary grants administration costs	107,800	67,201
Total Grants	714,337	264,596

20. Auditors' remuneration

Internal Audit Fees	3,246	1,340
External Audit Fees	2,261	2,791
	5,507	4,131

2016
R '000

2015
R '000

21. Cash generated from (used in) operations

Surplus	561,368	997,306
Adjustments for:		
Depreciation and amortisation	4,463	2,821
Loss on disposal of property, plant and equipment	1,049	618
Impairment deficit	10,538	-
(Decrease)/Increase in provisions	(29,761)	39,793
Changes in working capital:		
Decrease in inventory	50	124
(Increase)/Decrease in receivables from exchange transactions	2,777	(1,721)
(Increase)/Decrease in receivables from non-exchange transactions	(4,627)	4,284
(Decrease)/Increase in payables from exchange transactions	(18,220)	8,997
Increase/(Decrease) in payable from non-exchange transaction	55,694	(1,551,093)
	583,331	(498,871)

22. Commitments

Commitments **1,859,135** **1,919,306**

In line with Grant Regulation No. 35940, sub-regulation 6 (12), 83% of discretionary grant funding has been allocated to PIVOTAL programmes.

Refer to note 26 for prior period restatement of commitment.

Commitments 2016 (in Rand Thousand)	Opening balance	Approved by Accounting Authority	Ammendment	Utilised	Total Commitments
Partnership & Skills Promotion	45,996	-	-	(30,700)	15,296
Bursary Support	101,418	52,364	(29,840)	(38,976)	84,966
Small, Medium, Micro Enterprises Co-ordination	25,975	46,253	(9,056)	(29,995)	33,177
Skills Development Centres	305,000	-	70,000	(76,878)	298,122
Three Star	-	-	29	(29)	-
Experiential and Internship Grant	1,357,811	529,475	(206,112)	(287,442)	1,393,732
Sector Specialist Capacity Building	15,414	-	15,246	(29,581)	1,079
Rural Development	37,512	-	(8,218)	(26,542)	2,752
HET Sector Agreement	30,000	-	-	-	30,000
QCTO Support	181	-	(175)	(6)	-
Donor cost special	-	-	3,372	(3,372)	-
Disability Project	-	-	387	(387)	-
ETQA Support	-	-	761	(750)	11
Learning programmes	-	-	1,585	(1,585)	-
Discretionary Grants Operational Projects	-	125,353	(125,353)	-	-
	1,919,306	753,445	(287,374)	(526,243)	1,859,135

22. Commitments (continued)

Commitments 2015 <i>(in Rand Thousand)</i>	Opening balance	Approved by Accounting Authority	Ammendment	Utilised	Total Commit- ments
Donor: Special project	269	-	(469)	200	-
TVET sector agreement	-	-	-	-	-
Constituency capacity building	-	-	-	-	-
Partnership & skills promotion	2,080	46,836	(569)	(2,350)	45,996
Bursary support	101,910	95,770	(53,172)	(43,091)	101,417
Small, medium, micro enterprises co-ordination	51,738	18,368	(22,155)	(21,977)	25,974
Skills Development Centres	-	305,000	-	-	305,000
Learning Programmes	865	-	-	(865)	-
Experiential and Internship Grant	97,649	1,332,385	(32,562)	(39,661)	1,357,811
Sector Specialist Capacity Building	1,439	-	23,164	(9,189)	15,414
Rural Development	45,302	36,807	(28,851)	(15,746)	37,512
HET Sector Agreement	-	30,000	-	-	30,000
Disability Grant	1,908	-	(1,166)	(742)	-
QCTO Support	-	396	81	(296)	181
	303,160	1,865,562	(115,699)	(133,717)	1,919,306

2016 **2015**
R '000 R '000

22.2 Operating leases

Minimum lease payments due

- within one year	1,476	6,272
- in second to fifth year inclusive	-	291
	1,476	6,563

Operating lease payments represent rentals payable by the Services SETA for eight of its provincial office properties and rental of photocopying machines. Property leases are negotiated for an average term of five years and expire within the next six months of the following financial year. No contingent rent is payable.

23. Contingent assets and liabilities

23.1 Contingent liabilities

First time employer registrations

The Skills Development legislation allows an employer, registering for the first time, 6 months to submit an application for a mandatory grant. At the reporting date it is estimated that, as a result, additional mandatory grants expenditure of R3.6 million (2014/15: R0.103 thousand) will be payable. The amount is contingent on the number of submissions received and approved.

23. Contingent assets and liabilities (continued)

2016 scheme year levies received

At the reporting date levies were received in respect of the 2016 scheme year, for which, the Skills Development legislation allows an employer until 30 April 2016 to submit an application for a mandatory grant.

At the reporting date it is estimated, as a result, that additional mandatory grant expenditure of R8 000 (2014/15: R39 000) will be payable. The amount is contingent on the number of submissions received and approved.

Surplus Funds as at 31 March 2016

In terms of the Public Finance Management Act (1 of 1999), as amended, all surplus funds as at year-end must be forfeited to National Treasury should an application for the retention of surplus funds be denied. The Services SETA submitted an application for the retention of accumulated funds as at 31 March 2016 to National Treasury.

Contingent liabilities on legal matters

- A claim by Life Long Education and Development for an amount of R8 million, with regards to a contract that was cancelled.
- A litigious claim by Adcorp Holdings (Pty) Ltd amounting to R7 million.
- Previous employees of the Services SETA have instituted legal cases against the SETA resulting in contingent liabilities of R6.8 million.

23.2 Contingent assets

Pending the results of the investigation in respect of the irregular expenditure not condoned and referred to in Note 30, proceedings have commenced against the employees concerned to recover an amount of R45.6 million in respect of severance package payments, including legal costs and interest.

The Services SETA has instituted legal action, currently at the Magistrate court, to recover R85 000 from a former employee for undue benefit.

Arbitration has been awarded to Services SETA in a case against Bryanlee for the amount of R376 000 plus interest. As at 31 March, there was an application to rescind the award.

The Services SETA has instituted legal action against a service provider for the recovery of R29 000.

24. Related parties

Relationships

Management has identified the following parties as related parties:

Members of the Accounting Authority	Refer to members' report 25
Ultimate controlling department	Department of Higher Education and Training
Other department with significant influence	National Treasury
Key stakeholder	National Skills Fund
	National Students Financial Aid Scheme
Significant affiliates	20 other SETAs
Defined contribution scheme for employees of entity	Momentum Life
	Bonitas
	Discovery Medical Aid
Members of key management	Liesel Kostlich - Acting Chief Executive Officer
	Andile Nongogo - Chief Financial Officer
	Amanda Buzo-Gqoboka - Executive Manager:
	Legal Services
	Ntombizodwa Ndhlovu - Executive Manager:
	Corporate Services

24. Related parties (continued)

Related party transactions and balances

	Opening balance R'000	Transaction value R'000	Closing balance R'000
<i>Amounts included in receivables: non-exchange transactions regarding related parties</i>			
FY2015 National Skills Fund	4,974	(4,974)	-
FY2016 National Skills Fund/(Refer to Note 5 and 11)	-	-	-
<i>Inter-SETA received</i>			
2016			
Fibre, Processing and Manufacturing Sector Education and Training Authority	-	-	2
2015			
Financial and Accounting Services Education and Training Authority	-	-	236
Public Service Sector Education and Training Authority	-	-	336
Wholesale and Retail Sector Education and Training Authority	-	-	139
	-	-	711
<i>Levy Income and penalties and interest</i>			
2016			
Department of Higher Education and Training			1,449,040
<i>Levy Income and penalties and interest</i>			
2015			
Department of Higher Education and Training			-
			1,430,049
			1,430,049

24. Related parties (continued)

	Opening balance R'000	Transaction value R'000	Closing balance R'000
<i>Inter-SETA payable 2016</i>	-	-	-
Food and Beverages Manufacturing Industry Sector Education and Training Authority	(49)	49	-
Media Information and Communication Technologies Sector Education and Training Authority	(32)	32	-
Insurance Sector Education and Training Authority	(227)	227	-
Chemical Industries Education and Training Authority	-	(165)	(165)
Finance and Accounting Services Sector Education & Training Authority	(3)	3	-
Wholesale and Retail Sector Education and Training Authority	(27)	27	-
Transport Education and Training Authority	(6)	6	-
Agricultural Sector Education and Training Authority	(108)	108	-
Banking Sector and Education and Training Authority	(27)	27	-
	(479)	314	(165)
<i>Inter-SETA payable 2015</i>	-	-	-
Food and Beverages Manufacturing Industry Sector Education and Training Authority	(130)	81	(49)
Media Information and Communication Technologies Sector Education and Training Authority	(254)	222	(32)
Insurance Sector Education and Training Authority	(323)	96	(227)
Manufacturing, Engineering and Related Services Sector Education and Training Authority	(92)	92	-
Finance and Accounting Services Sector Education & Training Authority	-	(3)	(3)
Wholesale and Retail Sector Education and Training Authority	(27)	-	(27)
Transport Education and Training Authority	(6)	-	(6)
Banking Sector Education & Training Authority	(27)	-	(27)
Agricultural Sector Education and Training Authority	(84)	(24)	(108)
	(943)	464	(479)
Non-Exchange payable			
2016			
National Skills Fund (Refer to Note 5 and 11)	-	-	-
Non-Exchange payable			
2015 (in Rand Thousand)	-	-	-
National Skills Fund	(1,567,759)	1,567,759	-

25. Remuneration

The meeting attendance fees for Accounting Authority members serving on the Audit Committee are included under Other in the Accounting Authority Remuneration table.

<i>Members of the Audit Committee 2016 (in Rand Thousand)</i>	Audit Committee fees	Other Committee meetings	Disbursements	Total
Maboa, J (Chairperson)	34	7	-	42
Ngwenya, S	14	-	-	15
Motlhamme, L	14	-	1	16
Moyo, R	7	-	-	8
	69	7	1	81

<i>Members of the Audit Committee 2015 (in Rand Thousand)</i>	Audit Committee fees	Other Committee meetings	Disbursements	Total
Maboa, J (Chairperson)	62	42	-	104
Ngwenya, S	62	7	-	69
Motlhamme, L	35	-	4	39
Moyo, R	28	-	-	28
	187	49	4	240

<i>Members of the Accounting Authority 2016 (in Rand Thousand)</i>	Board and Exco	Remco	Finco	Governance	Other	Total
Mhambi, T (Chairperson)	178	-	-	-	119	297
Grobler, L	99	-	7	64	182	352
Petersen, W	120	27	-	-	614	761
Dinwa, W	58	-	41	48	541	688
Moloto, K	99	-	37	-	262	398
Mofokeng, M	120	-	-	-	566	686
Mantashe, N	106	37	-	-	320	463
Shabangu, T	36	-	34	8	349	427
Snyman, P	65	20	-	-	362	447
Roopchand, V	45	-	-	41	164	250
Letseli, D	28	-	-	27	280	335
Brown, S	14	-	-	20	89	123
Phala, A	58	14	48	-	203	323
Leigh-Ann Georgiev	15	7	7	-	51	80
	1,041	105	174	208	4,102	5,630

25. Remuneration (continued)

<i>Members of the Accounting Authority 2015 (in Rand Thousand)</i>	Board and Exco	Remco	Finco	Governance	Other	Total
Mhambi, T	106	-	-	-	120	226
Grobler, L	150	-	7	14	31	202
Petersen, W	92	15	-	-	230	337
Dinwa, W	60	-	8	10	215	293
Moloto, K	25	-	10	-	83	118
Mofokeng, M	88	-	-	-	204	292
Mantashe, N	65	11	-	-	91	167
Sambatha, M*	28	-	-	1	7	36
Shabangu, T	38	-	5	8	158	209
Snyman, P	66	15	-	-	136	217
Roopchand, V	31	-	-	7	88	126
LetseLi, D	75	7	-	6	282	370
Brown, S	39	2	-	7	94	142
Phala, A	36	2	-	1	98	137
Leigh-Ann Georgiev	20	2	-	1	67	90
	919	54	30	55	1,904	2,962

*Since appointment as a member of Executive Council, the member was no longer remunerated

<i>Executive Management 2016 (in Rand Thousand)</i>		Emolument	Pension, medical aid and UIF	Travel and subsistence	Bonus Payments	Total
Nongogo A	1	1,703	189	6	300	2,198
Buzo-Gqoboka A*	2	1,001	113	-	-	1,114
Kostlich L	3	1,533	149	11	300	1,993
Ndhlovu N	3	1,369	230	2	3	1,604
		5,606	681	19	603	6,909

*Title changed from Senior Manager: Legal Services to Executive Manager: Legal Services from 1 September 2015

<i>Executive Management 2015 (in Rand Thousand)</i>	Emoluments	Pension paid or receivable	Compensation for loss of office	Severance packages	Travel and subsistence	Bonus Payments	Total
Nongogo A	1,502	171	-	-	-	115	1,788
Mbelu E	938	151	948	-	3	79	2,119
Kostlich L	1,026	123	-	237	8	89	1,483
Johannes M	311	46	1,885	-	7	-	2,249
Ndhlovu N	107	18	-	-	-	-	125
	3,884	509	2,833	237	18	283	7,764

	2015	2014
	R '000	R '000

26. Prior period errors

26.1 Commitments

The prior-year approved commitments restatement arose as a result of contracts that were concluded previously but came to management's attention in the current financial year.

The impact thereof on commitments is as follows:

Previously disclosed closing balance	1,836,115	296,595
Increase in previously disclosed Accounting Authority Approvals	76,626	6,564
Increase in previously disclosed closing balance	6,564	-
Revised closing balance	1,919,306	303,159

27. Risk management

Financial risk management

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

The Services SETA's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Services SETA's financial performance. The Accounting Authority provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, use of investment of excess liquidity.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Services SETA treasury maintains flexibility in funding by maintaining availability under committed short-term investments. At year-end the investment in short-term deposits amounted to R978 million.

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

The table below analyses the Services SETA's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<i>2016 (in Rand Thousand)</i>	Carrying amounts	Contractual cash flows	6 months or less	6 - 12 months	More than 1 year
Trade and payables from exchange transactions	(23,062)	(23,062)	(21,612)	(14)	(1,436)

<i>2015 (in Rand Thousand)</i>	Carrying amounts	Contractual cash flows	6 months or less	6 - 12 months	More than 1 year
Trade and payables from exchange transactions	(41,282)	(41,282)	(39,656)	(233)	(1,393)

Market Risk

The SETA is exposed to fluctuations in the employment market for example sudden increases in unemployment and changes in the wage rates which lead to changes in the levy income received by SETAs. No significant events occurred during the year that the SETA is aware of.

Interest rate risk

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

Fair value interest rate risk Year ended 31 March 2016	Floating rate Amount R'000	Effective Interest rate	Non-interest bearing R'000	Total R'000
Receivables from exchange transactions	-	-	3,286	3,286
Cash and cash equivalents	2,305,843	6,6%	-	2,305,843
Payables from exchange transaction	-	-	(23,062)	(23,062)
Net financial assets	2,305,843		(19,776)	2,286,067

Year ended 31 March 2015	Floating rate Amount R'000	Effective Interest rate	Non-interest bearing R'000	Total R'000
Receivables from exchange transactions	-	-	6,060	6,060
Cash and cash equivalents	1,797,813	6,018%	-	1,797,813
Payables from exchange transaction	-	-	(41,282)	(41,282)
Net financial assets	1,797,813		(35,222)	1,762,591

Credit risk

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

The ageing of other receivables from exchange transactions that are not impaired:

	Gross 2016 R'000	Impairment 2016 R'000	Gross 2015 R'000
Not past due	3,245	-	6,029
Past due 120 - 365 days	-	-	1
More than one year	41	-	30
	3,286	-	6,060

2016
R'000

2015
R'000

28. Fruitless and wasteful expenditure

SARS interest and penalties

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Expenditure relating to SARS interest and penalties relate to late payment of pay as you earn for the April 2014 month due to telephone lines being down resulting in a one day late payment. No criminal or disciplinary actions were taken as the mishap was not under the control of employees involved. The amount has been written off.

29. Irregular expenditure

Opening balance	102,873	145,423
Add: Irregular Expenditure - current year	24,809	10,405
Less: Amounts condoned in current year relating to prior year	-	(42,550)
Less: Amounts condoned in current year relating to current year	(23,992)	(10,405)

Closing balance

103,690 102,873

Analysis of closing balance of irregular expenditure

Awaiting condonation	62,867	62,050
Not condoned	40,823	40,823
	103,690	102,873

Details of irregular expenditure – current year

Contravention	Disciplinary steps taken/ criminal proceedings		
Payments made in contravention of Supply Chain Management regulations.	No disciplinary steps taken. Condonation obtained.	817	10,405
Costs incurred in excess of the 10.5% administration costs limit as per Grant Regulations	No disciplinary steps taken. Condonation obtained from the Minister of Higher Education and Training	23,992	-
		24,809	10,405

30. Budget differences

Material differences between budget and actual amounts

Skills Development Levy and Penalties and Interest

The levy receipts for the year ended 31 March 2016 amounted to R1.459 billion which is R8.7 million above budget. The favourable variance is attributed to salary increases in the services sector which were higher than anticipated.

Investment Income

Investment income for the year amounted to R124 million which is R7.4 million in excess of the budget. The favourable variance was achieved, mainly as a result of the accumulation of cash and cash equivalents during the year which then led to higher funds available for investing. The accumulation of cash and cash equivalents is attributed to the delays in the disbursements of grants.

Grants

Project grants and mandatory grants disbursements for the year under review amounted to R865 million which was R261 million below budget. The adverse variance on discretionary grant projects is due to delays in the submission of supporting documentation which are necessary for the commencement of projects. The participation of employers in the mandatory grants, through submission of workplace skills plans timeously, was at 41% compared to the budgeted claim rate of 52%.

The performance of the Services SETA for the current financial year represents a 117% increase in the disbursements of mandatory and discretionary grants relative to the prior year.

Administration expenses

Administrative costs were slightly under-spent by R15.3 million mainly due to savings in repairs and maintenance and the matching of employee costs to the nature of service that it relates to.

SERVICES SETA PROVINCIAL OFFICES' DETAILS



NORTHERN CAPE OFFICE:

Regional Department of Roads and Public Works Building
45 Schmidtsdrift Road | Kimberley

EASTERN CAPE OFFICES:

East Cape Midlands College | Brickfields Campus | Brickfields Road
Uitenhage | Port Elizabeth

Phase 2A | Waverley Office Park | Chiselhurst | East London

GAUTENG OFFICE:

1st floor | Lake Buena Vista Building | Corner Hendrik Verwoerd Drive
and Embankment Road | Centurion

FREE STATE OFFICE:

Motheo TVET College | Hillside View Campus | Lebona Motsoeneng
Street | Bloemfontein

KWAZULU NATAL OFFICE:

73 Ramsay Avenue | Musgrave | Durban

NORTH WEST OFFICE:

74 Boom Street | Klerksdorp

WESTERN CAPE OFFICE:

Unit 1-4 | Piccadilly House 15 | Park Lane Office Park
Century Way | Century City

MPUMALANGA OFFICE:

4th Floor | Mid City Building | 37 Brown Street | Nelspruit

LIMPOPO OFFICE:

Capricorn TVET College | Admin Block | Polokwane Campus
Die Meer Street | Polokwane



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