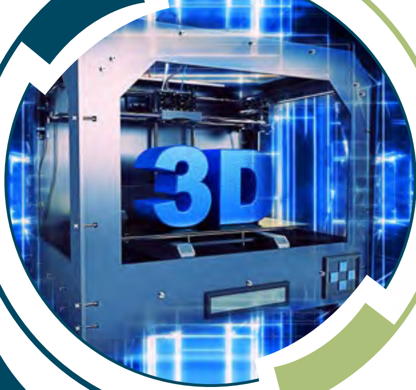

ANNUAL REPORT 2023/24

fp&m seta

Fibre Processing & Manufacturing Sector Education and Training Authority

FUTURE PERFECT
SKILLS DEVELOPMENT

THE ROLE OF COLLABORATION, PARTNERSHIPS AND DIGITAL SKILLS IN EMERGING AND FUTURE SKILLS DEVELOPMENT

Dr Nobuhle Nkabane (MP), Minister: Higher Education

Mr Buti Manamela (MP), Deputy Minister: Higher Education

Dr Mimmy Gondwe (MP), Deputy Minister: Higher Education

Honourable Minister Dr Nobuhle Nkabane (MP), Department of Higher Education and Honourable Deputy Minister Mr Buti Kgwaridi Manamela (MP) and Dr Mimmy Gondwe (MP), it is my pleasure and privilege to present to you the Annual Report of the Fibre Processing and Manufacturing Sector Education and Training Authority (FP&M SETA), for the financial year ended 31 March 2024.

On behalf of the FP&M SETA Board and staff, I want to thank you and the Department of Higher Education and Training for your support during the reporting period.

Dr Felleng Yende
Chief Executive Officer: FP&M SETA

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

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GENERAL INFORMATION

fp&m seta

Fibre Processing & Manufacturing Sector Education and Training Authority

FUTURE PERFECT

SKILLS DEVELOPMENT

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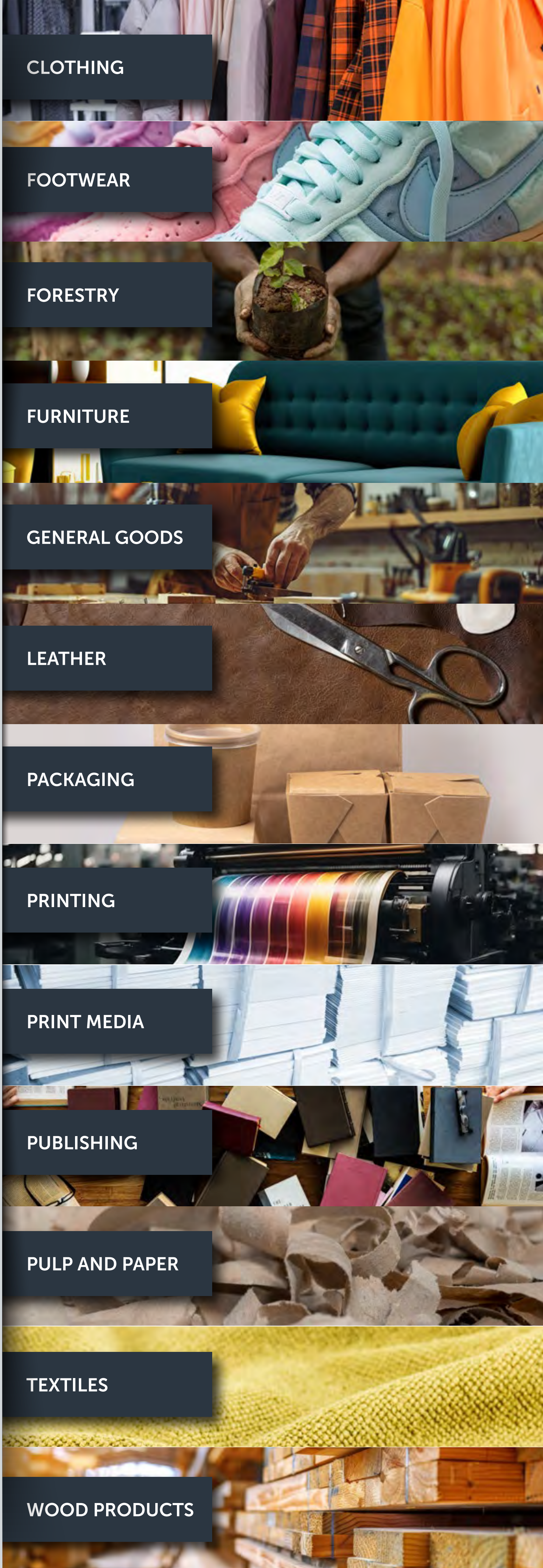


LIST OF ABBREVIATIONS & ACRONYMS

AET	Adult Education and Training
AGM	Annual General Meeting
AGSA	Auditor-General of South Africa
AFS	Annual Financial Statements
ALP	Action Learning Programmes
APP	Annual Performance Plan
AQP	Assessment Quality Partner
ATR	Annual Training Report
AVG	Average
CBD	Central Business District
CBO	Community-Based Organisation
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIA	Certified Internal Auditor
CIMA	Chartered Institute of Management Accountants
CoE	Centre of Excellence
COSATU	Congress of South African Trade Unions
CoS	Centre of Specialisation
CPD	Corporation for Public Deposits
CSTO	Coordinating SETA-TVET Office Model
CTFL	Clothing, Textiles, Footwear and Leather
DAC	Department of Arts and Culture
DAFF	Department of Agriculture, Forestry and Fisheries
DHET	Department of Higher Education
DQPs	Development Quality Partners
DUT	Durban University of Technology
ERRP	Economic Recovery and Reconstruction Plan (ERRP)
EISA	External Integrated Summative Assessment
ETD	Education, Training and Development
EXCO	Executive Committee
EXP	Expenditure
FIETA	Forest Industries Education and Training Authority
FP&M	Fibre Processing & Manufacturing
GRAP	Generally Recognised Accounting Practice
HEI	Higher Education Institution

HET	Higher Education and Training
HR	Human Resources
ILDP	International Leadership Development Project
IPAP III	Industrial Policy Action Plan III
ISSA	Independent Sector Skills Advisor
ISOE	Institute of Sectoral and Occupational Excellence
IT	Information Technology
KZN	KwaZulu-Natal
LMIP	Labour Market Intelligence Partnership
MAPPP	Media, Advertising, Publishing, Printing and Packaging
MIS	Management Information System
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MTSF	Medium-Term Strategic Framework
NAMB	National Artisan Moderating Body
NDP	National Development Plan
NEET	Not in Employment, Education or Training
NGO	Non-Governmental Organisation
NLPE	Non-Levy Paying Entity
NPO	Non-Profit Organisation
NQF	National Qualifications Framework
NSA	National Skills Awards
NSDP	National Skills Development Plan
NSDS	National Skills Development Strategy
NSFAS	National Student Financial Aid Scheme
NC	National Certificate
NCV	National Certificate Vocational
OFO	Organising Framework for Occupations
PASA	Publishers Association of South Africa
PFMA	Public Finance Management Act, 1999 (Act No. 1of 1999)
PIVOTAL	Professional, Vocational, Technical and Academic Learning
PSET	Post-School Education and Training
QAC	Quality Assurance Committee
QCTO	Quality Council for Trade and Occupations
RPL	Recognition of Prior Learning

A

SAAA	South African Apparel Association
SABC	South African Broadcasting Corporation
SABDC	South African Book Development Council
SACPO	South African College Principals' Association
SACTWU	Southern African Clothing and Textile Workers Union
SADC	South African Development Community
SAGDA	South African Graduates Development Association
SAQA	South African Qualifications Authority
SARS	South African Revenue Service
SATU	South African Typographical Union
SCM	Supply Chain Management
SDL	Skills Development Levy
SETA	Sector Education and Training Authority
SLA	Service Level Agreement
SMME	Small, Medium, and Micro Enterprises
SQMR	SETA Quarterly Monitoring Report
SSA	Sector Skills Advisor
SSP	Sector Skills Plan
TVET	Technical and Vocational Education and Training
UIF	Unemployment Insurance Fund
W&R SETA	Wholesale and Retail Sector Education and Training Authority
WCM	World-Class Manufacturing
WEF	World Economic Forum
WIL	Work-Integrated Learning
WSP	Workplace Skills Plan

FOREWORD BY THE CHAIRPERSON

THE ROLE OF PARTNERSHIPS IN ADDRESSING SKILLS CHALLENGES

ADVOCATE MICHELLE ODAYAN

"ONE OF THE MAIN LESSONS I HAVE LEARNED DURING MY FIVE YEARS AS SECRETARY-GENERAL IS THAT BROAD PARTNERSHIPS ARE THE KEY TO SOLVING BROAD CHALLENGES. WHEN GOVERNMENTS, THE UNITED NATIONS, BUSINESSES, PHILANTHROPIES AND CIVIL SOCIETY WORK HAND-IN-HAND, WE CAN ACHIEVE GREAT THINGS."

Ban Ki-moon, Eighth Secretary-General of the United Nations

As South Africa continues to fight its triple challenge of poverty, inequality and unemployment, a common theme that emerges in the plans and strategies to overcome these challenges is the importance of skills development for the country's youth.

Effective skills development, however, requires dedicated effort by a multitude of stakeholders, irrespective of the sectors in which they operate. Stakeholder relationships have been a key focus for the Fibre Processing and Manufacturing Sector Education and Training Authority (FP&M SETA) as the organisation seeks to achieve its mandate of driving skills development in the sectors it serves.

My report recognises that the objectives of the FP&M SETA strategy can only be achieved with the cooperation and coordination of all key stakeholders, including public and private entity employers, labour, and other stakeholders such as higher education institutions, NGOs, cooperatives, and community-based organisations.

Partnerships, cooperation and coordination between various entities are critical to achieving the aspirations of higher economic growth and development, higher productivity and a skilled and capable workforce. Our strategy continues to seek a closer synergy between the world of work and our formal education system.

The current strategic period, which commenced in 2020/21, has been beset by a series of challenges but very specifically the COVID-19 pandemic that gripped South Africa and the rest of the world in 2020 and 2021, the war in Ukraine and the Middle East, climate change and the crippling loadshedding that has negatively impacted all sectors in recent years.

Despite these challenges, FP&M SETA has experienced year-on-year growth and success that can be attributed to numerous factors, not least of which is the strategic partnerships and relationships entered into with a variety of stakeholders representing the fibre processing and manufacturing sector.

These partnerships are underscored by a strategic approach based on extensive sector research into the skills development needs of the fibre processing and manufacturing sector.

Our successes are the collective effort of guidance provided by the Minister and his team at the Department of Higher Education and Training, the Accounting Authority and its various governance sub-committees, as well as the Chief Executive Officer and her team. It would be remiss of me to not mention the important roles played by our numerous and varied stakeholders who share our vision of a sector capacitated with the skills it requires now and in the future.

PRESENTATION OF 2023/24 ANNUAL REPORT

On behalf of the FP&M SETA, it gives me great pleasure to present the Annual Report for the 2023/24 financial period.

AUDIT OPINION AND GOVERNANCE

The Auditor-General of South Africa (AGSA) has confirmed that the overall audit outcome of the public entity is unqualified. The overall audit outcome for the public entity has improved compared to the prior year resulting in an unqualified opinion with no material misstatements. This performance is a testimony to the dedication and commitment of the governance structures and the Chief Executive Officer and her staff in maintaining a high performing organisation.

The FP&M SETA Board has continued to provide strategic oversight for the organisation through meetings and deliberations and the diligent work of its sub-committees. The collective experience, expertise, and knowledge of the members have contributed to our success as an entity.

Equally important has been our continued focus on ensuring that the applicable accounting standards are upheld and reported against in the preparation of our Annual Financial Statements. This enables us to deliver clear and transparent reporting aimed at providing accountability and improving trust and confidence in our performance as a public entity.

The proactive and strategic leadership of the CEO continues to cultivate innovative and solutions-based processes. Skills development must continue to build the competencies and capacity to unlock the skills potential of our youth. FP&M SETA must play a crucial role in addressing local economic difficulties. The government has outlined an Economic Recovery and Reconstruction Plan (ERRP) for the country, and I am proud that FP&M SETA has responded with commitment and enthusiasm in adopting the plan as a strategic imperative. During the past financial year, I am pleased to report that FP&M SETA has continued to deliver on innovation and 4IR skillsets.

The SETA's governance standards compare very well with best practices and guide the organisation in instilling its values in its daily operations. The FP&M SETA Board remains ultimately accountable to ensure that committees meet their oversight obligations, as envisioned in the FP&M SETA Constitution.

FP&M SETA STRATEGIC PLAN

The 2023/24 Strategic Plan, that was revised and updated during the financial period, continued to serve as a guide for the SETA as it works towards achieving its strategic goals for the five-year period ending 31 March 2025. The 2020-2025 strategy focuses on responding to the accelerated growth of new technologies and changing business processes arising from the Fourth Industrial Revolution (4IR). Innovation in socio-economic, technological and structural transformation are features of the strategy. This includes societal transformation in the ownership, control and management of business through the promotion of entrepreneurship, small and medium enterprises (SMMEs) and localisation.

COMMITMENT TO MANDATE

The FP&M SETA remains committed to building a robust and fully integrated post-school education and training system that reflects innovation informed by research, and that encourages continued upward growth for all our industrial sub-sectors.

While the negative impact of loadshedding has placed a great strain on many organisations to simply survive in this challenging and complex business environment, we know we can marshal our energies to think ahead, plan for the future, and emerge with the greatest competitive advantage.

Civil society partnerships support skills development for persons with disabilities, addressing youth development and empowering female workers in disadvantaged communities. In all these initiatives, the relationships that FP&M SETA has forged with employers have been productive.

During the reporting period the FP&M SETA has been instrumental in addressing national priorities such as artisan development, work-integrated learning and work experience for HET and TVET graduates. The role of skills has been identified as key to unlocking the potential of the local manufacturing sector and of advances brought by 4IR. In this regard, FP&M SETA will focus on skills development interventions that will unlock the potential of world-class manufacturing through emerging and future skills.

In meeting its mandate to effectively train young people, during the period under review, FP&M SETA has partnered with many organisations, institutions, both TVET and HET institutions, government departments, and community stakeholders to build a truly integrated, high-quality post-school education and training platform, all contributing to sector growth.

We are mindful of the all-important role we play in making a meaningful contribution towards building a skilled and capable workforce. We also know that our funding decisions are informed by the need to make a substantial impact on the sustainability and growth of our economic sub-sectors.

FP&M SETA will continue to strive to achieve the NDP 2030 vision that addresses key national transformational imperatives to address gender and youth transformation, rural and township development, poverty alleviation and unemployment, which continuously threaten to plague our fledgling democracy.

ACHIEVEMENTS

Having achieved 50 of our 54 performance indicators, that translates to an overall achievement of 93%, once again affirms our dedication to deliver on our performance mandate. The CEO has expanded on these achievements in her report.

I commend our employers and workplaces for providing our learner graduates with the requisite practical and workplace experience exposure and for coaching and mentoring these young minds to adapt to the discipline of workplace practice throughout the tough economic times we are facing. During the review period, 1745 learners registered for work experience, internship or work-integrated learning (WIL, TVET/HET) programmes within the FP&M sector.

Employer participation in mandatory grant processes have contributed to both the skills development and motivation of their employees. This has enabled employees to make a lasting and tangible contribution to organisational growth, productivity and prosperity.

Our partnership with NSFAS has enabled unemployed and financially challenged learners to complete programmes. During the review period, we committed bursary funding for students in several higher education institutions that provide qualifications aligned to our skills development scope. This financial commitment benefited more than 736 learners who registered for higher education programmes and 562 learners who successfully graduated from various tertiary educational institutions during the period under review.

The public TVET college and university systems are central to the government's programme of skilling and reskilling youth and adults. Our strategy aims to purposefully support these institutions by establishing strategic collaborations and partnerships with a number of higher education and training institutions such as TVET colleges, universities and universities of technology. This will advance the vision and objectives of the post-school education and training system.

FUTURE OUTLOOK

Going forward, key challenges include strengthening our impact on entrepreneurship, SMME development, employment, work placement and work-readiness of graduates. This will be realised through workplace partnerships, improving learner completion rates and continuous project coordination and further strengthening of alignment to scarce and critical skills.

The days of loadshedding during 2023 reached record highs and we anticipate that this challenge will continue to impact the sector moving forward. We do believe though that through collective effort we can overcome the fallout due to loadshedding as the country seeks to find a permanent solution to the problem.

Our country faces numerous economic and social challenges. Generating employment and reducing poverty therefore remain a top priority on the socio-economic development agenda of the country. Creating the necessary jobs for new entrants into the labour market cannot be achieved by skills development alone. We require economic development based on the recognition that the post-school education and training system can considerably contribute to such development. After all, the employability of the workforce is crucially linked to the level of vocational and technical competence.

APPRECIATION AND GRATITUDE

A key message that has been communicated in this article is the important role of collaboration and partnerships in the achievement of our mandate. During the period under review, we worked closely with numerous stakeholders that have made a significant contribution to the skills development successes in our sector.

To our employers, for submitting WSPs and ATRs and assisting us with critical research, to the provision of workplaces for various types of work integrated learning, we thank you for the important role you play in preparing young people for the world of work and for collaboration with FP&M SETA on projects and programmes in line with our strategic objectives.

We also recognise and appreciate the work done by both public and private higher education institutions and skills development providers in meeting the theoretical knowledge and requirements of our beneficiaries.

Thank you to the trade unions, as well as the relevant industry associations and bodies, for the important role they have played in capacitating the sectors we serve with well trained young people who can contribute to the economy.

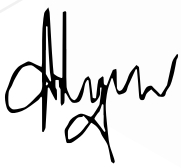
The relationships we have with several government departments and public entities play a key role in the effective rollout of various activities. This includes, very importantly, the Department of Higher Education, under the guidance of the Honourable Minister, Professor Blade Nzimande. To the Minister and his team, a sincere thank you for the guidance and help provided during the review period. Your input has once again assisted us with effectively navigating the somewhat complicated post-school and education training system.

We are grateful to the AGSA and Internal Audit Committee for their assistance and guidance with ensuring the actions taken by the SETA are in line with all relevant policies and procedures that govern the SETA environment. You keep us on 'the straight and narrow' and for this we are most grateful.

The FP&M SETA Board and its advisory committees committed themselves to the highest standards of business integrity, compliance, and best practice during the period under review. To my fellow Accounting Authority members, thank you for keeping our sights firmly on the goal, the vision in our minds, and for giving us all cause to celebrate our successes when achieved.

And very last, but not least, to the CEO and her team a very big thank you for the exceptional work done during this reporting period. I am honoured to be a part of an organisation whose very existence not only seeks to capacitate the sub-sectors with the right skills, but is also playing a key role in providing jobs and security for our country's youth. The Board acknowledges and appreciates the efforts and dedication of management and staff to positively impact South African communities.

I leave you with a quote by Sir Isaac Newton, the famous English scientist who once said: "If I have seen further, it is by standing on the shoulders of giants."



ADVOCATE MICHELLE ODAYAN
Chairperson
FP&M SETA
31 May 2024

OVERVIEW BY THE CHIEF EXECUTIVE OFFICER

STAKEHOLDER PARTNERSHIPS AND COLLABORATION TO DRIVE SKILLS DEVELOPMENT

DR FELLENG YENDE

"THE BEST PARTNERSHIPS AREN'T DEPENDENT ON A MERE COMMON GOAL, BUT A SHARED PATH OF EQUALITY, DESIRE AND NO SMALL AMOUNT OF PASSION."

Sarah Mc Lean

From the time that South Africa's Sector Education and Training Authorities (SETAs) were established in 2000, the skills development landscape in the country has changed and shifted, but the one thing that has remained constant is the need for collaboration and partnerships.

Addressing the skills development needs of the country and fighting youth unemployment requires concerted and coordinated efforts by all stakeholders. The government cannot win this battle alone, and the country's Economic Reconstruction and Plan (ERRP) provides a clear framework on how SETAs can contribute to reviving the economy of South Africa.

In recent years, there has been an upsurge in the number and level of partnerships across the SETA landscape.

As the FP&M SETA approaches the end of the current 5-year strategic period, now more than ever, achievement of our strategic goals and our mandate of meaningful skills development projects and programmes in the fibre processing and manufacturing sector will rely on strategic partnerships with stakeholders who share our vision.

We have partnered with many organisations, institutions, government departments, and community stakeholders to build a truly integrated, high-quality post-school education and training platform, all contributing to sector growth.

Whereas the current strategic period will shortly reach its conclusion, the FP&M SETA is planning for the next five-year strategic period that commences on 1 April 2025. Key focus areas will be economic reconstruction and recovery, innovation, technology, employability, and entrepreneurship. Identifying suitable collaboration partners will form part and parcel of strategic discussions so that we are able to 'hit the ground running' and implement projects and programmes. To this end, the SETA will foster collaborative strategic partnerships with TVET colleges, employers, trade unions, government entities, SMMEs and other SETAs.

Access to training and skills development opportunities is a major priority; everyone in the education and training domain must strive towards achieving the fundamental transformation of inequalities linked to class, race, gender, age and disability in our society.

FP&M SETA will continue to be a strong voice in the upskilling of our youth and will press for the measures that we and our future generations need in order to recover from the crisis as detailed in the figures below.

OVERALL PERFORMANCE

The SETA endeavours to deliver on its mandate and adhere to and exceed delivery targets as set out in its Annual Performance Plan. I am pleased to report that our overall performance has consistently exceeded 80% since my appointment in May 2013.

During the review period, FP&M SETA not only achieved another unqualified audit outcome, but it also recorded an overall performance of 93% achievement for SETA-funded learners by meeting 50 of its 54 performance indicators and targets as contained in the Annual Performance Plan for 2023/24.

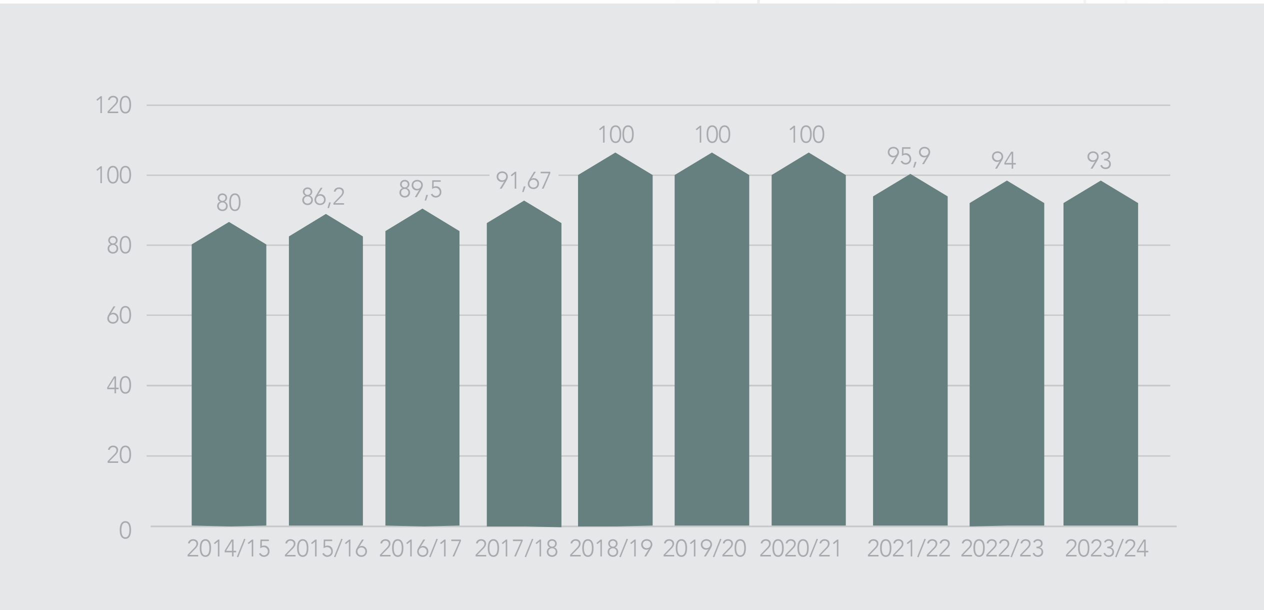
Key noteworthy audit success areas and challenges for the past financial year (2023/24) include:

(i) AGSA did not identify material misstatements in the financial statements submitted for auditing

(ii) Senior management must enhance their review processes to ensure the accuracy of the annual financial statements and annual performance reports submitted for audit.

In its concluding remarks, AGSA confirms that the public entity has continued to display an attitude of promoting a culture of performance, accountability, transparency and integrity.

Overall FP&M SETA Performance 2014/15 - 2023/24
FP&M SETA Funded Achievements (Audited)



FP&M SETA has efficient governance structures in place to ensure good corporate governance, the implementation of relevant policies and procedures, and sound financial management.

SETA-INTEGRATED HIGH IMPACT PROGRAMMES

As the Chairperson of ASCEO, I was honoured to deliver the opening presentation at the SETA Skills Summit that took place on 23 and 24 April 2024. Whilst the event did not fall into the review period of this Annual Report, I do think it is important to provide feedback on the event, given the focus placed on improved collaboration, partnerships and digital skills between the SETAs.

The SETA Integrated High Impact Programmes (SIHIP), which has been endorsed by the Minister of Higher Education Science and Innovation, seeks to drive collaboration and cooperation among SETAs that is essential to maximise the impact and effectiveness of SETA programmes towards national development goals, in line with the National Development Plan, Vision 2030.

The benefits that will be realised through increased collaboration between SETAs include, among others: sector alignment, resource sharing and analysis, resource pooling, programme harmonisation, joint projects and initiatives, as well as advocacy and policy influence.

By working together, SETAs will leverage their collective strengths, resources, and expertise to drive inclusive growth, job creation, and sustainable development across sectors and regions. In addition, the programme will promote the principle of intergovernmental cooperation between the various spheres of government and state entities.

This will ensure that government departments, industry, institutions of higher learning and SETAs do not work in silos.

Six programmes have been identified for implementation among SETAs to ensure maximum impact and synergy. These are: infrastructure development and public institutional delivery capacitation; significant reduction of unemployed people including graduates; sustainable entrepreneurial, SMME and cooperatives development; holistic digitisation and advancement of technological infrastructure, research and development; effective and efficient shared services on information and communication technology (ICT) for SETA-wide learner information management; and rural development for community impact.

IMPORTANCE OF EMBRACING THE DIGITAL ECONOMY

The digital economy comprises activities that connect individuals, businesses, devices, data and operations. It relies on digital technology and online transactions that have completely transformed the way business is done. The Internet of Things (IoT), artificial intelligence (AI), virtual reality, blockchain and autonomous vehicles all play a part in creating a digital economy.

The unprecedented growth in the digital economy has required that we not only address the skills requirements of the fibre processing and manufacturing sector, but that we do so within the context of the digital economy. Now more than ever, we need to consider the competencies required that will enable a worker to be resilient in the face of consistently changing digital trends and changes that are required by productive organisations to develop more efficient work processes.

Vocational training, therefore, must articulate the shifting demands across all sectors and promote a better-qualified workforce able to drive a country's development. The impact of innovation requires higher levels of technical knowledge and the skills to renew and update this knowledge frequently.

THE GREEN ECONOMY AS A MACRO EXTERNAL OPERATING FACTOR

Simply put, the green economy refers to the relationship between environmental resources, human well-being, and economic development. As the world battles with the fallout created by climate change, the concept of a green economy should not be viewed in isolation, but rather as an important framework for all economic activity. The green economy brings effect to the concept of sustainable development, and requires co-ordinated action by government, public and private organisations, as well as civil society.

From a skills development perspective, 'green jobs' refer to those that help protect ecosystems and biodiversity; and reduce energy, materials, and water consumption through high efficiency strategies, a focus on decarbonisation and reduction of waste and pollution.

Many of the sub-sectors served by the FP&M SETA require a progressive approach to the impact of their operations on the environment and therefore require an equally progressive approach to green jobs in the sector.

The green economy remains an important strategic consideration in the development and implementation of the SETA's skills development initiatives.

IMPACT OF ENERGY CRISIS ON FP&M SETA

The onset of load shedding in South Africa during 2007, which has increased year-on-year and saw the country reach record load shedding highs during 2023, has impacted every sector of the economy. Manufacturing intensive industries and sub-sectors have been particularly hard hit and the fibre processing and manufacturing sector has not gone unscathed.

An area of particular concern for the FP&M SETA is the impact of load shedding on SMMEs and entrepreneurs in our sector. Whilst, as a SETA, we are not able to address the loadshedding challenges, we do place extensive focus on capacitating small businesses in our sector with knowledge and skills to make them more effective in the business environment and in doing so, we are able to make a positive contribution to growing their abilities so that they are better able to navigate the many challenges that impact them.

FUTURE SKILLS REMAIN IMPORTANT

Future skills are those that can assist in taking care of problems and effectively responding to them. As 4IR and technological advancements continue to have an impact on all sectors and industries, future skills are those that are required to adapt to 'new' ways of working. Future skills improve employees' career prospects and are important for companies.

Employers need to understand how best to prepare and train the current workforce, and how best to source, recruit and hire the talent of the future.

FP&M SETA's skills development programmes contribute to structural transformation and economic growth by enhancing employability and labour productivity, and by helping companies embrace the skills of the future.

We understand that investment in a high-quality workforce encourages productivity and economic growth, and results in more and better jobs for the workforce. This, in turn, increases the employability and productivity of both current and future workforces. Technology is a great blessing in the skills development sector. Due to e-learning systems, practical and effective learning has ushered in a great enhancement of skills development.

ADDRESSING GBV IN THE PSET SECTOR

As many as 1 in 3 South African women find themselves victim to some sort of gender-based violence (GBV) in their lifetime. The alarming increase in statistics of particularly violent crimes over the last decade has seen the South African Government mobilising to better protect women and girls in the country. The National Strategic Plan (NSP) on Gender-Based Violence and Femicide (GBVF), which was first published in 2020, and is founded on the constitutionally entrenched right of women to be free from all forms of violence, outlines a cohesive strategic framework to guide the national response to this scourge.

The increasing incidence of GBV in the post-school education and training (PSET) sector has seen institutions of higher learning and many other stakeholders in the PSET sector taking decisive action to protect women.

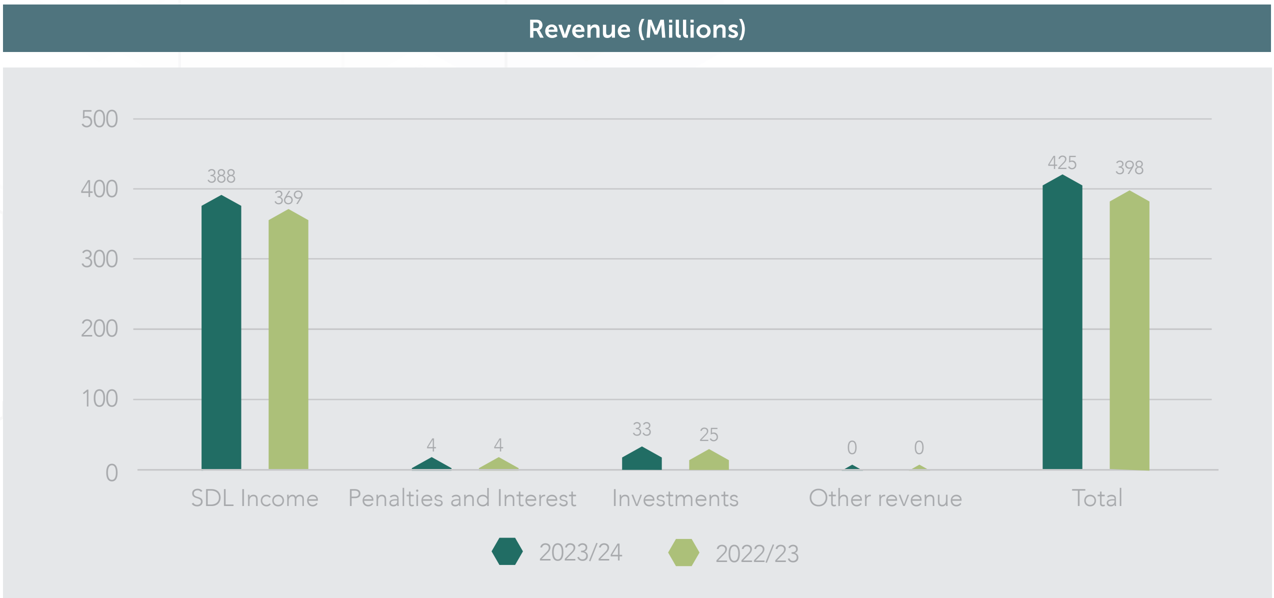
In response to the brutal attack of a young woman at a higher education and training institution campus in November 2023, the Honourable Professor Blade Nzimande (MP) said: "There is no place for GBV in our PSET system, or within society as a whole. I urge all our institutions, working with Higher Health SA, the Department of Higher Education and Training's health and wellness agency, to continue working collectively in implementing programmes towards addressing the challenges of sexual and gender-based violence within the PSET system." This is a matter that FP&M SETA takes very seriously and the SETA has implemented several gender-based violence projects.

GENERAL FINANCIAL REVIEW OF THE PUBLIC ENTITY

I can report that due to the SETA's stringent adherence to financial management best practices, our finance division ensured financial prudence, and no major challenges were reported during the period under review. The Annual Financial Statements (AFS) for FP&M SETA have been prepared as a going concern.

FP&M SETA's financial performance has improved steadily, with significant strides being made in ensuring adequate financial and administrative controls to deliver prudent financial management, with strict adherence to generally accepted accounting practices and National Treasury regulations.

REVENUE TRENDS



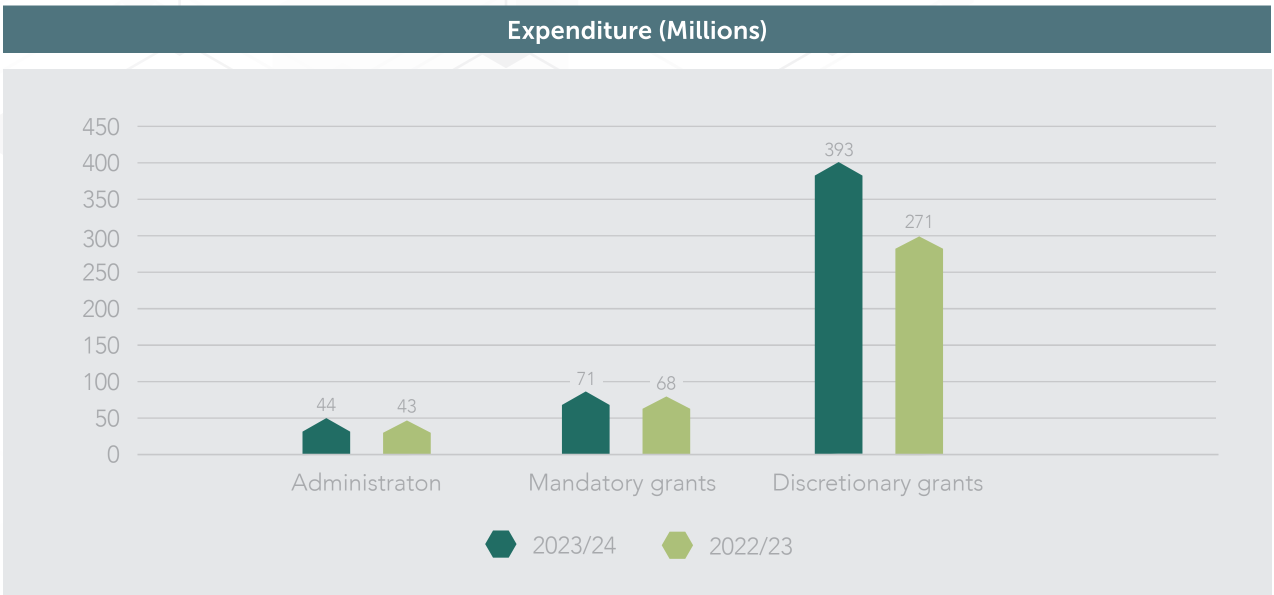
Revenue received in 2023/24 was reported at R 425,5 million (2022/23 R398,7 million).

SDL income amounted to R 387,8 million (2022/23 R368,6 million) and was allocated in line with the SETA Grant Regulations, which came into effect on 01 April 2013:

- Administration expenditure: R44,1 million (2022/23 R42,6 million).
- Mandatory grants expenditure: R70,9 million (2022/23 R68 million).
- Discretionary grants expenditure: R392,7 million (2022/23 R271,4 million).
- Penalties and interest income received for late payments made to SARS amounted to R4 million 2022/23 R4.3 million).
- Other revenue amounted to R47000 (2022/23 R290 000).
- Investment income earned totalled R33,4 million (2022/23 R25,4 million).

FP&M SETA invested excess funds with the Corporation of Public Deposits (CPD) as per Section 31.3.3 of Treasury Regulations. The average interest rate for the year was 8.17%.

SPENDING TRENDS OF FP&M SETA



The disbursement of both administrative and grant expenditure was conducted in a responsible manner and in line with the budget approved by the Board for the period under review. The total administrative expenditure totalled R44,1 million (2022/23 42,6 million). Administration expenditure was contained within the 10,5% threshold because of stringent financial management and the implementation of cost-saving measures.

The mandatory grant expenses totalled R70,9 million (2022/23 R68 million). Disbursements totalled R70 million (2022/23 R68 million). Discretionary grant and special projects expenses totalled R392,7 million (2022/23 R271,4 million).

At the end of March 2024, discretionary reserves totalled R302,4 million, of which R301,9 million was contractually committed. R500 thousand was uncommitted at year-end and approval to retain these funds has been submitted to National Treasury.

"The unprecedented growth in the digital economy has required that we not only address the skills requirements of the fibre processing and manufacturing sector, but that we do so within the context of the digital economy. Now more than ever, we need to consider the competencies required that will enable a worker to be resilient in the face of consistently changing digital trends and changes that are required by productive organisations to develop more efficient work processes."

THE ROLE OF PARTNERSHIPS IN SKILLS DEVELOPMENT

Building a capable workforce for the FP&M sector is top of the agenda for the SETA and the current challenges in our country have been the drivers for partnerships to ensure that this agenda item is addressed effectively. During the year, our focus on partnerships yielded results from a performance and grew our presence as a skills development authority in the sectors we serve it is fair to say that it was a challenging yet rewarding year – however, much ground is still to be covered.

During the reporting period, leveraging partnerships with employers and workplaces was paramount to ensure that our learners were able to complete their occupational qualifications and obtain the required workplace exposure to obtain good jobs.

During the year, FP&M SETA created new partnerships and strengthened existing ones with our stakeholders that include training institutions (TVETs and universities), government departments, employers, employer associations, labour unions, and other SETAs, to collaborate and produce skills development activities that contribute towards sector sustainability and competitiveness, among others.

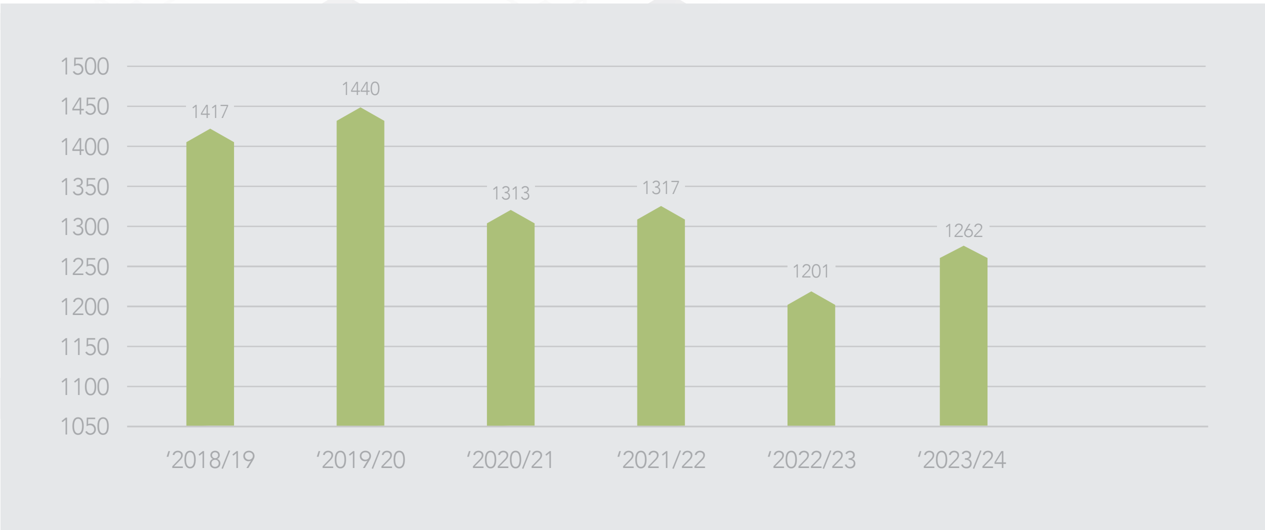
BROADENING THE SKILLS PIPELINE

During this period, research was once again provided as the foundation for all other initiatives. It is imperative that we remain at the forefront of research into the skills and scarce skills needs within our sectors.

Our career awareness programme forms another important part of our skills development pipeline and is operated at optimum momentum with the production and dissemination of an updated career guide, and an enhanced and functional career portal that is an invaluable tool for youngsters considering their career choices or preparing for the challenges of the job market.

MANDATORY GRANT SUBMISSIONS

WSP/ATR Submissions (2018/19 - 2023/24)



There has been an increase on last year's WSP/ATR submissions from 1201 in 2022/23 to 1262 in 2023/24. Much more needs to be done to get back to the level of submission achievements of 2019/20.

Mandatory grant submissions contributed to the improvement of the quality and quantity of labour market information to add value to the FP&M SETA Sector Skills Plan.

FP&M SETA needs to monitor mismatches in the sectoral labour market continually by communicating with employers about their recruitment experiences and their success in finding the skills they require.

The annual mandatory grant applications (WSPs) provide the SETA with the opportunity to obtain this type of information from employers across the whole sector systematically and consistently. For this reason, the grant applications include a table outlining hard-to-fill vacancies (HTFV) that employers need to complete.

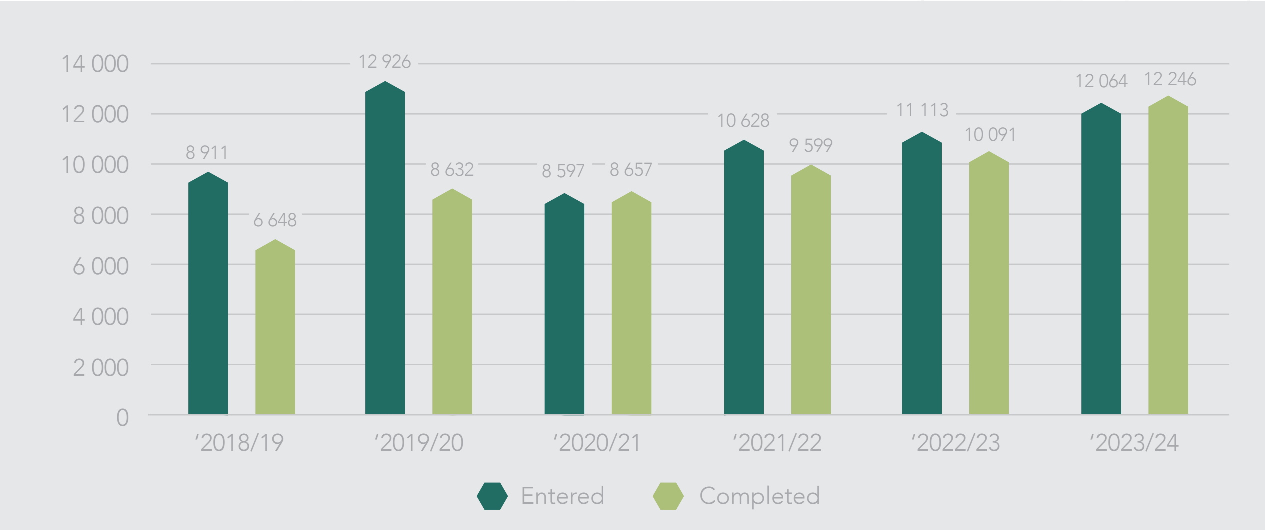
FP&M SETA supported 1 262 companies through paid mandatory grants, from which data was sourced and analysed to provide a sector overview and labour market information for the Sector Skills Plan.

40 dedicated rural development projects benefitted from FP&M SETA funding.

SETA PERFORMANCE IN LEARNING PROGRAMME IMPLEMENTATION

In line with its expenditure trend, FP&M SETA recorded approximately 12 064 learner registrations and 12 246 learner completions during the 2023/24 financial year. Learner entries and completions have remained high over the years.

Learning Programmes implemented since 2018/19



The National Development Plan (NDP) emphasises the importance of workplace-based training in job creation and the need for TVET colleges to become preferred institutions for vocational education and training. Our country has an acute shortage of skills at mid-level and technician levels. Universities of Technology have a particularly important role to play in this regard, especially given the shortage of skills in engineering and other related fields.

These occupationally directed programmes promote skills development in the workplace, enhancing their skills, enabling better productivity, and addressing scarce and critical skills within the FP&M sector through pivotal interventions. Approximately 4 103 young people registered for FP&M SETA's learnership programmes. A further 774 learners completed WIL programmes and 672 learners participated in internship programmes.

RESEARCH

Year-on-year, there has been a marked improvement in the overall quality and alignment of FP&M SETA's Strategic Plan, Annual Performance Plan, and Sector Skills Plan.The alignment of the annual performance plan (APP) with the service level agreement (SLA) issued by the Department of Higher Education is a critical process that ensures strategic objectives are met effectively. This alignment is essential for maintaining a clear and consistent direction in the SETA's operations and services. Ultimately, the synchronisation of the APP and SLA is a testament to the department's commitment to excellence in serving the needs of the higher education sector. It is a proactive measure that underscores the importance of strategic planning and quality assurance in public service delivery.

FP&M SETA produces a well-researched SSP, together with a sector analysis, to enable effective skills planning for the sector. The FP&M SETA SSP Update 2024/25 is aligned to the DHET's SSP Framework.

It provides a sound analysis of industrial sectors and articulated sector strategies that addresses the Pivotal Skills List (Sectoral Priority Occupations and Interventions (SPOI). The SSP highlights emerging current and future skills, and occupations in high demand, as regulated within the sector.

The FP&M SETA receives positive feedback from DHET on the development of its Sector Skills Plan confirming that all chapters are well-researched and the information well-analysed.

The 2024/25 Strategic Plan and Annual Performance Plan has been approved by the Department of Higher Education and Training and is aligned to the Framework Guidelines of the Department of Monitoring and Evaluation (DPME) and is informed by current financial and labour market economic research conducted in the sub-sectors.

FP&M SETA implemented its research agenda to address the accuracy of skills planning information and baseline data to confirm the specific areas of skills needs. Occupations in high demand and critical skills are to be funded through discretionary grants, bursaries, diplomas, learnerships, skills programmes, internships, and work experience. Artisan training is a key priority of the FP&M sector. The SSP identifies product and design innovation as an area for future competitiveness.

During the reporting period, the following key research tasks were conducted, including sector research commissioned and funded by FP&M SETA:

i. Research aligned to industry Masterplans

- Forestry Research: The skills audit for the forestry sub-sector was completed in partnership with Forestry South Africa. This research document was overwhelmingly endorsed by all forestry stakeholders, including the trade unions. The FP&M SETA, together with forestry stakeholders is in the process of analysing the findings and implementing the recommendations of the report.
- Furniture Research: This skills assessment research study in the furniture industry is being conducted in partnership with the South African Furniture Initiative (SAFI). This study will be completed in the 2024/25 financial year.
- Printing Industry South Africa: The salary and skills Assessment in the Printing and Packaging industries will be finalised in the 2024/25 financial year.

ii. FP&M SETA Impact Study.

FP&M SETA conducted an impact study on FP&M SETA-funded programmes implemented within the FP&M sub-sectors for the past two financial years of 2022/23 and 2023/24. The objectives of the study were to evaluate the impact that FP&M SETA is having on the sector through the implementation of its sectoral learning interventions, by tracing and tracking learners who have graduated from the following SETA-funded learning programmes:

- Learnerships
- Apprenticeships
- Internships / Work experience
- Bursaries
- Skills programmes
- WIL HET / TVET

While there have been many interventions aimed at meeting the aims and objectives of FP&M SETA, it is important that a research-based assessment of the impact of FP&M SETA's initiatives measure the employability of learners – measured by how many gained employment (or were employed, promoted, received salary increases and/or started their own enterprises) in the sector and job for which they studied.

KEY OUTCOMES OF THE FP&M SETA IMPACT STUDY CONDUCTED IN 2023-24:

The findings indicate that the FP&M SETA learning programmes (Learnerships, Internships, Short Skills programmes, Apprenticeships, Bursaries, and WIL Programmes) are effective and are making a positive impact on participants' lives.

Key outcomes for those completing FP&M SETA programmes are improved skills and knowledge, increasing participants' chances of finding meaningful employment (set-up for success), and access to further education. For those employed, the outcomes are positive, most participants have occupations that are related to their qualifications and are employed full-time. Substantial numbers of participants have changed jobs or got promoted since doing their learning programmes.

TRANSFORMATIONAL IMPERATIVES AND EQUITY

Based on the baseline impact study conducted by the FP&M SETA, the SETA has largely ensured increased access to training and skills development opportunities to achieve the fundamental transformation of inequities linked to class, race, gender, age and disability in our society.

- The profile of learners demonstrates a fair balance between people from rural and urban areas
- There is a high level of female representation in

learning programmes apart from apprenticeship programmes – 67.5% across programmes

- Blacks in general have had expanded access to learning opportunities – 96.8% across programmes
- The learning programmes provided opportunities to people younger than 35 years of age across programmes – 77% across all programmes.
- Disability – People with disabilities also had access to learning opportunities (1.62%). This remains a low proportion and needs to increase to 4-5%

INFORMATION TECHNOLOGY ENVIRONMENT AND IT INFRASTRUCTURE

Our IT environment is very stable with daily, weekly, and monthly data backups being performed. We have disaster recovery (DR) sites for our offices in Johannesburg, Durban, and Cape Town. We conduct Bi-annual disaster recovery simulations to ensure that our systems recover and get back online within the stipulated recovery times. This will guarantee business continuity (BC) in case of a disaster.

Some of our IT infrastructure upgrades have resulted in cost savings and improved functionality. For example, our VOIP telephone system allows calls to be directed to any FP&M SETA office, which ensures that our stakeholders can always contact our offices and get a response. Our collaboration and communication platforms have been integrated with our office telephones so our staff members can be contacted and connected with through their laptops in real-time. Improved internet bandwidth for fast and easy access to the systems was also implemented, and we increased our server processing capabilities to handle queries faster and more efficiently.

Effective cybersecurity comprises three key elements, namely: people, processes and technology.

From a people perspective, our technical staff possess the requisite competencies to manage technical cybersecurity issues. Regular cybersecurity awareness training and communication is conducted with the relevant staff members.

Our technology expertise comprises live monitoring of security systems such as firewalls, intrusion detection systems, demilitarised zone, and enterprise antivirus solutions that combat cyber-attacks.

Processes comprise our security policy and procedure documents. These documents entail regular activities and tasks that need to be conducted, such as user access review, log review, incident management, penetration testing, secure login management, etc.

FP&M SETA incorporated the three domains of cybersecurity to ensure that our stakeholders' data and information are kept secure and confidential. Furthermore, our Legal team has incorporated POPIA compliance procedures into our system where stakeholders can read our POPI disclaimer for the use of personal data.

In line with its digital strategy, FP&M SETA has introduced and implemented various technology solutions, such as platforms for collaboration and communication that allow the SETA to provide system support to its stakeholders from anywhere if they are connected to the internet. The FP&M SETA website, email banners, and social media platforms are interactive and are regularly updated with relevant information to keep our stakeholders informed and engaged.

FP&M SETA developed, configured, and implemented the learner management information system (LMIS) and enterprise resource planning (ERP) Solution, that are intended to streamline and integrate the organisation's operations, while also increasing the effectiveness and efficiency of stakeholder support. The LMIS will be enhanced to improve the collection and reporting of data in an integrated manner.

Stakeholders can interact with FP&M SETA through the LMIS and conduct most transitions online, including SPD, Assessor and Moderator applications for accreditation, MG and DG applications, etc. Weekly capacity-building sessions are conducted online to train stakeholders on how to use the system. We receive input from our stakeholders and continually improve the system to allow for operational efficiencies and better stakeholder support and experience.

E-QUALIFICATION

FP&M SETA has deployed a value-add e-Qualifications solution that will assist stakeholders conducting blended learning, online assessment, moderation, and content upload. In collaboration with service providers and industry experts, registered occupational qualifications are being digitised and uploaded on the platform, allowing more content to be revised and uploaded continually. The e-Qualifications portal is live and can be accessed through the FP&M SETA website on the e-Qualifications tab. Accredited SDPs who request access have been granted login access and training on how to use the platforms for free.

CAREER AND VOCATIONAL GUIDANCE

The career portal launched in 2017/18 continues to be an invaluable resource to the sector and its popularity is reflected in the growing numbers of users of the site, who visit for general career and job-seeking advice. Approximately 10 320 learners are registered on the Career Portal. A team of FP&M SETA employees and a career portal administrator have been trained to provide support on the career portal. The career portal has been revamped and can be accessed through the FP&M SETA website. Our stakeholders were advised about the career portal offering during workshops and online interactive sessions.

Learners who have completed FP&M SETA sub-sector related training are uploaded onto the career portal. New graduates can also register on the portal and upload their personal contact details. Stakeholders or employers who are interested in recruiting learners or job seekers can search the portal to find suitable candidates. The portal can facilitate job placements between employers and job seekers who are skilled, qualified or are interested in gaining skills and qualifications in the FP&M SETA sub-sectors.

The DHET iWIL site URL has been integrated into our career portal. Additional functionalities are being added to the career portal for more advanced mobility and simpler registration. Google analytics has also been added to the portal to enhance its reporting capabilities.

Another connection in our skills pipeline, the career awareness programme, continued to thrive during the year, with the production and dissemination of an updated career guide. FP&M SETA participated in 51 urban and rural career guidance exhibitions to expose school learners and educators to FP&M sector occupations. These events were organised by DHET, municipalities and a variety of other sector stakeholders.

QUALITY ASSURANCE

FP&M SETA's quality assurance function continues to perform well. Accredited skills development providers are monitored regularly to ensure that industry standards are maintained. The focus of accreditation is moving from compliance to continuous improvement as the quality assurance system in the SETA matures. Our quality assurance team is encouraged to give developmental assistance to Skills Development Providers to improve the quality of training delivery.

The FP&M SETA sectors' stakeholders are also aligning themselves with the current FP&M SETA, QCTO, SAQA, NAMB and DHET national policies by participating in workshops that aim to develop occupational qualifications and trades.

EXTENSION OF DEADLINE FOR IMPLEMENTATION OF TRANSITIONAL ARRANGEMENTS

i. Legacy Qualifications

All stakeholders are advised that the Honourable Minister of Higher Education, Science and Innovation has extended the implementation deadline of transitional arrangements for all SETA legacy qualifications – pre 2009 (Under the *SAQA Act, 1995*). In terms of Government Gazette (50742) issued by the Department of Higher Education and Training, a new directive on the Implementation and Transitional Arrangements for pre-2009 Qualifications (under *SAQA Act, 1995 (Act 58 of 1995)* has been published. This Directive replaces the published implementation and transitional arrangements for all pre- 2009 qualifications (Under the *SAQA Act, 1995*). The implementation of the above-mentioned Directive is from 1 June 2024 until 30 June 2026, and there will be no further extensions beyond this date.

ii. Implementation and transitional arrangements for pre-2009 qualifications

The following directives will be implemented related to implementation and transitional arrangements for pre-2009 qualifications as per the Gazette:
Extend the last date of enrolment for 374 pre-2009 qualifications for a minimum of 1 year and a maximum of 2 years for qualifications that are in the process of realignment, development, evaluation and recommended to SAQA for registration.

iii. Accreditation of Skills Development Providers with the QCTO

Accredited skills development providers to note that the accreditation period for pre-2009 qualifications are also extended to the above timeframes. Accreditation of SDPs or assessment centres for the newly QCTO qualifications is now the responsibility of the QCTO, and SDPs are urged to contact the QCTO and to make a direct application to them for renewal of your accreditation status. Application for accreditation as a trade test centre is submitted to NAMB. FP&M SETA also ensures that workplaces receive workplace registration.

The FP&M SETA held sub-sectoral meetings with stakeholders from its 13 industrial sub-sectors to address project plans for the finalisation of all outstanding QCTO -aligned occupational qualifications development, development of learning resources and assessments and to address the new accreditation requirements of the QCTO.

It is pleasing to note that FP&M SETA developed and submitted to QCTO for evaluation, a total of 16 occupationally directed qualifications and part-qualifications, as well as trades that have been aligned to the curriculum requirements and the new qualifications framework of the QCTO were registered with SAQA. To date, a total of 158 occupational and trades have been registered with SAQA for implementation.

GOOD CORPORATE GOVERNANCE AND RISK MANAGEMENT

The organisation has maintained a culture of good corporate governance through the development and implementation of approved policies and procedures. We are aware of certain risk areas, and have worked on focused risk assessment exercises with the various divisions. Capacity-building workshops were conducted with management to address early signalling of risks, risk identification, root causes and the implementation of controls. The division implemented practical interventions to alleviate potential risks that could adversely affect efficiencies in service delivery.

Compliance with good corporate governance is regarded as a cornerstone of our successes and achievements. A robust and effective monitoring and evaluation division is critical to the successful implementation of the strategy and to achieving performance.

Our integrated organisational risk management framework is excellent in mitigating risks that have the potential to affect the achievement and delivery of FP&M SETA's strategic objectives and core mandate.

PROJECTS DELIVERY

To streamline discretionary grant project implementation, measures were taken that included an improved discretionary grant online application and contracting system, improved payment processes, monthly reconciliations on commitments, and the streamlining of policy to ensure alignment with discretionary grant processes and regulations.

At the projects and operational level, the shift to online environments improved our reach in terms of stakeholder engagement previously done through roadshows or location-based training, because more people could access these events online. Going forward, these platforms will be used for awareness-building programmes to improve the uptake of grants and other interventions to invigorate the skills pipeline.

Continuous improvement of processes also included the periodic review of contracts and projects to ensure the validity and completeness of the information. Where contracts were deemed non-performing, funds were reallocated to areas of critical need.

The Projects Division has implemented optimised internal controls to ensure maximum impact is derived from activities of the Division. Efficient utilisation of the Monitoring and Evaluation Division to vet project applicants before approval assists in high-quality partnerships with stakeholders and providers.

MONITORING & EVALUATION

In the past financial years, we prioritised the implementation of an effective and robust monitoring and evaluation strategy to enhance project management of the DG-funded projects, compliance of the skills development providers with the accreditation criteria and to support the overall strategy of the organisation.

The division has taken a holistic enterprise-wide approach to the Monitoring and Evaluation process that involves the monitoring of Quality Assurance, Projects, as well as Skills Planning and Reporting Divisions. To support this approach, an integrated Corporate Governance framework has been developed and implemented.

In the process of monitoring the DG projects and auditing the skills development providers, the division engaged the services of the Independent Sector Skills Advisors (ISSAs) to conduct site visits and provide an objective perspective on the implementation of discretionary grant projects. In addition to this, the ISSAs assessed the compliance of the skills development providers against the backdrop of the accreditation criteria.

Independent Sector Skills Advisors conducted follow-up site visits at discretionary grant projects and skills development providers, where discrepancies were identified. The follow-up site visits were to ensure that the identified discrepancies are addressed within a specific timeframe. In addition to this, the Independent Sector Skills Advisors have also been instrumental in identifying incidents and risks, thereby supporting the risk management Process.

The division continues to receive positive feedback from stakeholders, who have indicated that, through the execution of the monitoring and evaluation process, high standards of performance have been maintained in alignment with the SETA's goal to achieve future perfect skills development. Nationally, approximately 389 companies with discretionary grant projects were monitored during the period under review.

In Accordance with the ERM Framework a systematic Risk identification process is conducted on an ongoing basis that seeks to:

- Align Organisational strategy
- Assess the strength of internal processes, controls, procedures and systems

A robust risk assessment process where the consequence (impact) and likelihood (probability) of the identified risk events hampering the achievement of strategic objectives was conducted which yielded the development of the top 20 risks. 17 of the 20 risks have moderate and low risk magnitudes and are within an acceptable Risk Tolerance owing to the strength of internal controls.

INDUSTRY IMPACT ON STRATEGIC OUTLOOK

The annual strategic planning workshop of the Governing Authority sets the organisation's objectives and overall direction, where the Board gives valuable input into the SSP, skills planning, and the organisation's strategy. Specific skills and needs, developed through FP&M SETA's involvement with government departments, have been factored into the SSP. Over and above sector needs, these include skills needed to support the DFFE and those related to the FP&M sector.

The coming year will be another challenging year for the SETA, as well as for the sector and all its stakeholders. Let us embrace this time as a time for innovation, creating a space to develop cutting-edge programmes and projects to equip more South Africans with the skills they need. At the same time, we will use this period to work smarter and more effectively to become a thought leader in the FP&M manufacturing sector.

The ERRP lays a firm foundation for ending the endemic structural constraints that have impacted our nation. We are proud to be an integral part of economic growth.

This plan directly creates immediate economic impact by driving job creation, innovation, and SMME development. Interventions to be undertaken to provide the skills for the implementation of FP&M SETA ERRP will be:

- SMME development.
- Incubation – entrepreneurship and business coaching and mentoring for township and rural development.
- Employability – addressing occupations in

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high demand in FP&M industrial sectors.
- Innovation and technology.
- During the reporting period, FP&M SETA participated in the implementation of the following industry masterplans focusing on key skills development activities:
    - Retail, Clothing, Textile, Footwear and Leather (R-CTFL) Masterplan.
    - Forestry Masterplan.
    - Furniture Industry Masterplan.

We look forward to continuing our important work in developing future perfect skills development initiatives for the sector under the umbrella of FP&M SETA.

CONCLUDING REMARKS

Our success as a SETA relies on robust collaboration with our many stakeholders who share our dedication to capacitate the fibre processing and manufacturing sector with the skills it requires. I extend my heartfelt thanks to our skills development partners who have played a key role in our performance during the period under review.

To the Minister and the team at DHET, we appreciate your valuable and consistent guidance to ensure that we implement our mandate within the context of policies and programmes of not just the higher education and training system, but national imperatives too.

Our Accounting Authority and the various governance sub-committees have during the period under review guided the organisation and assisted the management team in the execution of the organisation's strategic goals.

The constitutional and legislative framework within which we operate requires frequent guidance and input from the AGSA, National Treasury and our internal audit committee. For their input, we are most grateful, as operating within the bounds of the legislation that govern SETAs is important to our operations.

To our employers, who have contributed to our skills development initiatives through the provision of places of training, research activities, and numerous other activities where employers in the sector are able to assist with the implementation of projects and programmes, we are grateful for their contribution.

To the management and staff of FP&M SETA who are committed to achieving the vision, mission and objectives of the SETA, thank you for your hard work and dedication, which at times sees you going beyond the call of duty. Your commitment does not go unnoticed.

The much-loved and respected President Nelson Mandela once said: "Young people must take it upon themselves to ensure that they receive the highest education possible so that they can represent us well in future as future leaders."

It is our responsibility as current leaders to pave the way for our young people to become the leaders of tomorrow. It will require hard work and dedication, but I have absolutely no doubt that we are up to the task.

DR FELLENG YENDE
Chief Executive Officer
FP&M SETA
Date: 31 May 2024

2023/24 YEAR-AT-A-GLANCE

UNQUALIFIED AUDIT OPINION

50/54
APP targets achieved

93%
overall achievement

KEY FINANCIAL STATISTICS

SDL income received: **R387,8 million**	Administration expenditure: **R44,1 million**	Mandatory grants expenditure: **R70,9 million**	Discretionary grants expenditure: **R392,7 million**

1 262 WSPs/ATRs approved (593 small employers – 363 medium employers – 306 large employers)	**5% increase** on 1201 during 2022/23

12 064 learners enrolled for learning programmes	**12 246 learners** completed learning programmes

5 research activities completed

PARTNERSHIPS

27 TVET/CET Colleges	12 Higher Education Institutions	6 Employers

CAREER GUIDANCE

Over 10 000 learners registered on career portal	26 urban career events	25 rural career events	4 career development services workshops

SUPPORT FOR SMALL BUSINESS AND ENTREPRENEURS

180 learners trained in entrepreneurship	**71 CBOs/NGOs/NPOs supported** with training interventions	**40 rural development** projects supported

61 co-ops upskilled	**181 SMMEs** upskilled

TVET/CET COLLEGE SUPPORT

1 CSTO office	**5 Centres** of Specialisation	**30 TVET/CET lecturers** supported

16 occupational qualifications registered

STATEMENT OF RESPONSIBILITY

AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

- All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General of South Africa.
- The Annual Report is complete, accurate, and free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the GRAP standards applicable to the public entity.
- The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.
- The Accounting Authority is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the Human Resources (HR) information, and the Annual Financial Statements.
- The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the HR information, and the financial affairs of the public entity for the financial year ended 31st March 2024.

Yours faithfully,

DR FELLENG YENDE
Chief Executive Officer
Date: 31 May 2024

ADV MICHELLE ODAYAN
Chairperson of the Board
Date: 31 May 2024

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STRATEGIC OVERVIEW

VISION

To be an innovative skills development partner supporting high-quality learning and development interventions towards global competitiveness, an inclusive economy, and decent work.

MISSION

To evolve as an agile and ethical institution that facilitates an efficient and effective skills development process contributing to the achievement of sector competitiveness, transformation and economic growth.

VALUES

FP&M SETA is committed to living its values, which include:

- Integrity- Honouring our mandate and doing what is right.
- Accountability - Clarifying and accepting responsibility and delivering on our commitments.
- Respect- Driving delivery with respect to all our stakeholders; embracing openness, trust, teamwork, diversity and relationships that are mutually beneficial.
- Service Excellence-Striving for the best service and delivering it with pride.
- Inclusive, Sustainable, Socio-Economic Transformational Interventions-
- Driving and supporting interventions that are meaningful and that will impact positively on the realisation of economically independent individuals and communities.

STRATEGIC FOCUS
OF THE INSTITUTION OVER THE FIVE-YEAR PLANNING PERIOD

FP&M SETA's strategy is being driven by the following skills development focus areas:

1. EXPANDING THE ECONOMIC POTENTIAL AND SUPPORTING INDUSTRY GROWTH OF THE SECTOR:

- Adopting a value-chain approach
- Addressing skills gaps in the market.
- Addressing skills supply through training and entrepreneurship initiatives.
- Reskilling, trans-skilling and upskilling large numbers of workers to take up new opportunities within existing enterprises, as well as starting new businesses and cooperatives.
- Expanding industry competitiveness and exports.
- Training related to technology-driven production (4IR).
- Growing quality SMMEs and cooperatives for sustainable economic inclusion.
- Promoting environmental sustainability.
- Promoting world-class manufacturing.

2. ADDRESSING DEMAND-SIDE CHALLENGES

- Identification of occupations in high demand;
- Offer relevant, quality and fit-for-purpose demand-side training interventions.
- Implementing credible QA systems and controls leading to verifiable certification.
- Quality coaching and mentoring to support on the job training.
- Research and Innovation partnerships.

3. ADDRESSING SUPPLY-SIDE CHALLENGES

- Developing occupationally directed qualifications that are relevant and fit-for-purpose to industry needs and aligned to QCTO framework.
- Creating a multi-skilled workforce (technical and managerial skills).
- Developing flexible training methods required for flexible production.
- Facilitating workplace learning and partnerships between employers and education institutions.
- Developing partnerships with TVET colleges to drive the skills revolution.
- Expanding work-based training.
- Managing the quality of training and associated perceptions.
- Accelerating digital-based skills development systems and strategies.

4. MEASURES TO SUPPORT NATIONAL AND SECTORAL STRATEGIES:

- Contributing to NDP and MTSF priorities.
- Contributing to SIPS, national artisan targets, work experience, and internships.
- Learnerships, skills programmes, bursaries and centres of specialisation.
- Supporting implementation of industry masterplans.
- Supporting small businesses and enterprise development.
- Implementing strategic and innovative initiatives that respond to national strategies.
- Addressing emerging and future skills needs – 4IR.
- Supporting rural development.

LEGISLATIVE AND OTHER MANDATES

LEGISLATION

FP&M SETA is a Public Entity under Schedule 3A of the *Public Finance Management Act (PFMA) No. 01 of 1999.*

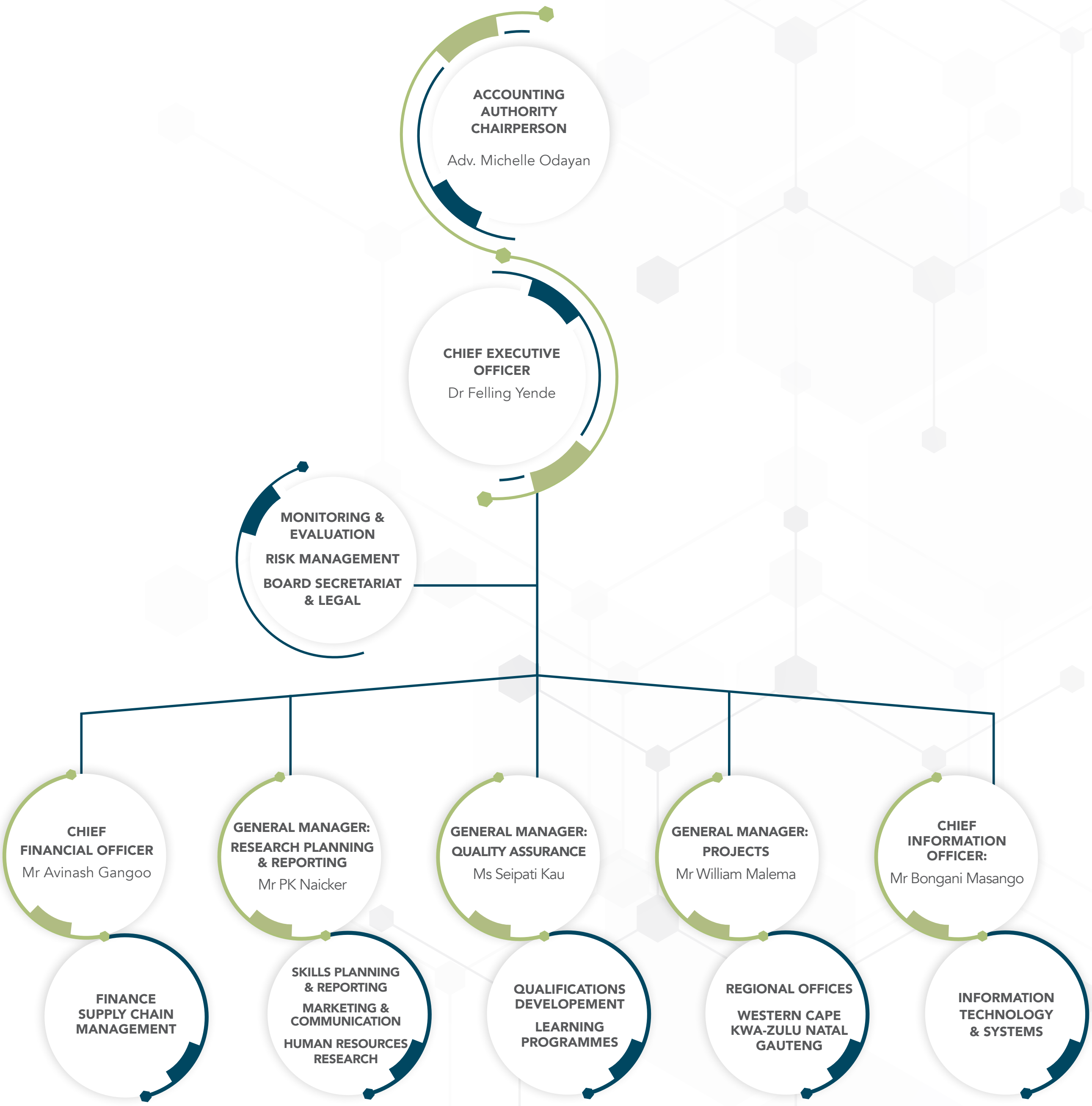
FP&M SETA is governed by:

- *The Constitution of the Republic of South Africa (No. 108 of 1996).*
- Section 9 of the *Skills Development Act No. 97 of 1998*, as amended in 2008.
- *Skills Development Amendment Act No. 37 of 2008.*
- *Skills Development Amendment Act No. 26 of 2011.*
- *Skills Development Levies Act No. 9 of 1999*, as amended as Act No. 24 of 2010.
- *National Qualifications Framework Act No. 67 of 2008.*
- *South African Qualifications Authority Act No. 58 of 1995.*
- *The Public Finance Management Act No. 01 of 1999*, as amended.
- Treasury Regulations for departments, constitutional institutions and public entities.
- Sector Education and Training Authorities (SETAs) Grant Regulations regarding monies received by a SETA and related matters (Regulation No. 990 of 03 December 2012).
- *Disaster Management Act No.57 of 2002 – Covid-19* Direction on Health and Safety in the Workplace.
- Government Gazette No. 42589, Vol. 649, 22 July 2019, the Honourable Minister of Higher Education and Training, after the public consultation process, under Section 9(1) of the *Skills Development Act No. 97 of 1998*, as amended, re-established the Fibre Processing & Manufacturing Sector Education and Training Authority, within a new SETA Landscape from 01 April 2020 to 31 March 2030.
- Government Gazette No.75: Promulgation of the National Skills Development Plan (NSDP).
- *National Minimum Wage Act, 2018* – Gazette No. 42060, Vol.641.
- Generic National Artisan Workplace Data, Learner Grant funding and Administration System Policy, June 2015
- *Occupational Health and Safety Act No.85 of 1993.*

OTHER MANDATES

- Medium-Term Strategic Framework of Government (MTSF) 2019-2024.
- Medium-Term Expenditure Framework of Government.
- New Growth Path.
- Industrial Policy Action Plan.
- Industry Masterplans.
- Economic Recovery and Reconstruction Plan (ERRP).
- Human Resource Development Strategy.
- National Development Plan (NDP) Vision 2030.
- National Skills Accord.
- Integrated Growth and Development Plan.
- Youth Development Strategy.
- Rural Growth and Development Strategy.
- Provincial Growth and Development Strategy.

ORGANISATIONAL STRUCTURE
AS AT 31 MARCH 2024



The FP&M SETA Head Office and Gauteng Regional Office is situated at Thynk Park, 1st Floor, 8 Summit Road, Dunkeld West, Randburg, 2196. Tel: 011-403 1700.

The FP&M SETA KZN Regional Office is situated at Office 1001, BDO House, 7 Derby Downs Office Park, Westville, Durban, 4001 Tel: 031-702 4482.

The FP&M SETA Western Cape Regional Office is situated at 3rd Floor, West Wing, Palms Centre, 145 Sir Lowry Road, Woodstock, Cape Town, 7915. Tel: 021-462 0057.

"The achievement of outcomes, outputs and output indicators and targets would not have been possible without the availability of an organisational performance-monitoring and evaluation framework. This ensured optimal delivery to our stakeholders that enabled timeous grant disbursements and accurate and reliable performance reporting."

PART B

PERFORMANCE INFORMATION

AUDITOR-GENERAL'S REPORT:
PREDETERMINED OBJECTIVES

The AGSA performed the necessary audit procedures on the performance information to provide reasonable assurance. The audit conclusion on the performance against predetermined objectives for Programme 2 – Skills Planning and Programme 3 – Learning Programmes and Projects, is included in the paragraph in the Auditor General's Report (Reporting on other legal and Regulatory requirements) published as Part E (Annual Financial Statement's) of this Annual Report.

SITUATIONAL ANALYSIS
AND SERVICE DELIVERY ENVIRONMENT

The FP&M SETA is very stable concerning its overall performance. For the period under review, the FP&M SETA recorded an overall performance of 93%, having achieved 50 of its 54 performance indicators against the FP&M SETA Annual Performance Plan 2023/24.

During the period under review, the FP&M SETA registered 12 064 employed and unemployed learners on learning programmes including learnerships, bursary programmes, internships, skills programmes, apprenticeship programmes and adult education and training programmes. During the same period 12 246 learners completed learning programmes relating to scarce and critical skills in the FP&M sector.

The achievement of outcomes, outputs and output indicators and targets would not have been possible without the availability of an organisational performance-monitoring and evaluation framework. This ensured optimal delivery to our stakeholders that enabled timeous grant disbursements and accurate and reliable performance reporting.

The continuous improvement in performance by FP&M SETA can be attributed to more efficient processes implemented at regional office level, as well as the cultivation of good relationships with our stakeholders. This resulted in an increased awareness of stakeholders as to the important role that they play in ensuring the timeous registration of learners on learning programmes, the effective implementation of learning programmes at workplaces and training institutions, and the submission of the required documentation to facilitate payment processes.

Increased monitoring and evaluation of projects enabled the SETA staff to identify pockets of excellence and high performing project beneficiaries. It also enabled the SETA to identify projects that needed additional assistance from the SETA team to ensure that they remained on track to perform in line with agreed deliverables.

IMPLEMENTATION OF PROJECTS

BOOSTING THE GARDEN ROUTE ECONOMY THROUGH SKILLS DEVELOPMENT

During the review period, FP&M SETA provided R524 000 in funding for 20 learners to increase their clothing industry skills and knowledge at the Garden Route Skills School. This support is not only an investment in the country's clothing industry sub-sector, but also demonstrates the FP&M SETA's commitment to fostering talent in the sector.

All 20 of the learners were assessed and found to be competent in all units, highlighting the value of the programme and the training provider's ability to meet the relevant standards.

Whilst some of the learners have secured permanent employment at Garden Route Skills School, the provision of employment opportunities for all graduating learners remains a challenge. However, the FP&M SETA, in partnership with Garden Route Skills School, remains committed to addressing the issue and ensuring the continued relevance and sustainability of the clothing industry within the broader economy.

SOMETIMES, ALL ONE NEEDS IS A JUMPSTART!

Various government-led policies and programmes highlight the critical role of small, medium and micro enterprises (SMMEs) in providing employment, driving the economy and supporting the communities in which they operate. The FP&M SETA takes its role in supporting entrepreneurship very seriously.

Funding to the value of R393 000 was awarded to Jumpstart that resulted in 12 unemployed individuals completing a learnership programme in Clothing Manufacturing Processes.

The learners were guided in creating comprehensive business plans that laid the foundation for their entrepreneurial endeavours. Additionally, the programme introduced learners to the National Youth Database Services, providing them with access to a broader network of opportunities and resources. This exposure to a national platform allows learners to showcase their dedication and commitment, increasing their chances of securing future employment or business partnerships.

The programme, which provided a balance between theory and practical workplace exposure, provided participants with the necessary skills and knowledge to complete real-world tasks and placed them firmly on the road to becoming a capable professional.

Four learners were awarded industrial machines as an investment towards their business endeavours, and one of the learners has been absorbed as a fulltime employee of Jumpstart.

The FP&M SETA plays a vital role in seeking stakeholders like Jumpstart who are committed to investing in the future of our country and dedicated to equipping learners with the necessary tools and resources for success.

APP DEVELOPED BY STELLENBOSCH UNIVERSITY TO BOOST KNOWLEDGE AND SKILLS IN WOOD BUILDING

The FP&M SETA partnered with the Department of Forest and Wood Science, at Stellenbosch University, in the development of the Timber Frame Building e-learning platform for the 'The Wood App' that was launched in 2020. The app marks a significant milestone in advancing the wood building culture in South Africa.

An investment of R800 000 from FP&M SETA has been allocated towards the 'Timber Frame Building' and the 'Wood Building Initiative' online training hub projects. This collaboration aims to provide accessible educational resources to local wood enthusiasts and professionals.

The Wood App is a web-based platform developed by local wood specialists to inspire and support the extensive use of wood in construction, offering a range of online courses and resources for designers, builders, contractors, and the public. The primary objective of the app is to democratise knowledge and promote best practices in wood construction by providing relevant and practical information to users.

The platform offers ten online courses developed by local experts, covering topics such as timber frame building, CLT design, stress graded timber, and timber in fire. Each course is designed to take approximately 2.5 hours to complete, with quizzes to assess progress and understanding. Furthermore, the accreditation provided by the SA Institute for Architects adds credibility to the learning experience and encourages participants to enhance their skills and knowledge in wood construction.

The Wood App has garnered significant interest since its inception, with approximately 500 new subscribers joining each month and today there are 11 000 users. The diverse user base includes retired individuals, young enthusiasts, building professionals, students, and others interested in wood construction. The platform's accessibility on the internet ensures that anyone with online connectivity can benefit from the wealth of resources and courses offered by The Wood App.

As the platform continues to grow, it plays a pivotal role in fostering a community of wood enthusiasts and professionals dedicated to sustainable and innovative construction practices. The Wood App plans to host four CPD workshops in Stellenbosch in 2024 to cater to the increasing demand for specialised training in wood construction.

The FP&M SETA's continuous investment in the wood industry underscores its commitment to supporting initiatives that promote sustainable practices and innovation in the field of wood construction.

The Wood App stands as a beacon of educational excellence and innovation in the promotion of wood building culture in South Africa. Through its partnership with the Department of Forest and Wood Science at Stellenbosch University and the support of the FP&M SETA, the platform has successfully created a hub for learning, collaboration, and skill development in the wood industry.

BUILT ENVIRONMENT STUDENTS EXPAND SKILLS AND KNOWLEDGE THROUGH INNOVATIVE PARTNERSHIP

Collaboration between the FP&M SETA, University of Pretoria and RAW Modular Design has benefited 20 students from the architecture, interior architecture and engineering disciplines. The funding of R500 000 provided by FP&M SETA enabled the students to participate in RAW Modular Designs' plywood and mass timber design and construction training programme.

RAW Modular Design has over 16 years of experience in developing sustainable modular design solutions, furniture systems, and compact living structures and brought a wealth of expertise to this innovative partnership.

This course is designed to familiarise students with the processes involved in designing and manufacturing plywood and other mass timber products, utilising contemporary CAD (computer-aided design) and machining techniques. By engaging students in hands-on training and real-world applications, this programme aims to equip future designers with the skills and knowledge needed to excel in the field of modular design.

The programme underscores a commitment to advancing design education and preparing students for the dynamic and evolving demands of the industry. By integrating practical training opportunities with academic coursework, students are given the chance to apply theoretical concepts in a real-world context, fostering a deeper understanding of design principles and techniques.

This collaborative effort not only enhances the educational experience for students but also promotes innovation and sustainability within the design industry. Furthermore, the emphasis on utilising contemporary CAD and machining techniques highlights the importance of staying abreast of technological advancements in design and manufacturing. By incorporating these tools into the curriculum, students are equipped with the skills necessary to navigate the digital landscape of modern design practices. This forward-thinking approach ensures that graduates are well-prepared to meet the challenges of an increasingly digital and interconnected world.

The partnership between FP&M SETA, RAW Modular, and the University of Pretoria represents a significant step forward in enhancing design education and promoting innovation in the field of modular design. This collaboration sets a new standard for design curricula and prepares students for successful careers in the industry. As we look towards the future, it is partnerships like these that will continue to drive progress and excellence in design education.

ORGANISATIONAL ENVIRONMENT

FP&M SETA has continued to operate with its hybrid working methodology of 50% of FP&M SETA employees providing services to stakeholders remotely from home, whilst the other 50% continued with service delivery of FP&M SETA's mandate from the office. All employees follow normal working hours and conditions. Employees are sufficiently equipped with the latest technology and are monitored to ensure that service delivery to stakeholders is not compromised.

The FP&M SETA has a stable organisational structure and all key positions are filled either in a permanent or acting capacity. The FP&M SETA Board and its advisory committees places a high premium on good corporate governance by ensuring the implementation of effective policies and procedures and prudent financial management of the organisation. Matters of confidentiality and Declaration of Interests are emphasised during committee meetings.

The FP&M SETA Board holds annual strategic planning sessions and provides strategic direction to the SETA. An independent Audit Committee plays an oversight ensuring that recommendations of both the internal and external auditors are actioned. An Executive Committee (EXCO) is responsible for monitoring the operational activities of the SETA, including the implementation of action plans.

PROGRESS TOWARDS ACHIEVING INSTITUTIONAL IMPACT AND OUTCOMES

Despite operating with a highly constrained budget, the FP&M SETA has made steady progress towards the achievement of the performance indicators and annual targets for the various programmes as outlined in its Strategic Plan 2020/21 to 2024/25. During the reporting period, significant achievements were recorded in Programme 1, 3 and 4. The non-achievement of WSP/ATR targets in Programme 2 must be addressed in the new financial year.

> *"Increased monitoring and evaluation of projects enabled the SETA staff to identify pockets of excellence and high performing project beneficiaries. It also enabled the SETA to identify projects that needed additional assistance from the SETA team to ensure that they remained on track to perform in line with agreed deliverables."*

INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

FP&M SETA APPROVED ANNUAL PERFORMANCE PLAN – 2023/24

PROGRAMME 1: ADMINISTRATION

Purpose	To Improve the effectiveness and efficiency of the governance, human resources, corporate services and financial administration to enhance skills delivery. This programme addresses improvement in governance oversight, monitoring and evaluation mechanisms and capacity.
Explanation of the Planned Performance over the five-year planning period	The outcomes of this performance indicator involve the implementation of effective policies, strategies and plans that comply with the applicable legislation and its ensuing regulations, good corporate governance, responsible citizenship and social justice. The rationale of the outcome's indicator is to ensure effective and efficient financial, material and human resource planning and deployment of resources. In terms of overall impact, there will be a tangible improvement in governance oversight, monitoring and performance of the FP&M SETA.

COMMENTS ON ACHIEVEMENT OF TARGETS FOR PROGRAMME 1

During the period under review, FP&M SETA ensured good corporate governance, the implementation of relevant policies and procedures, and sound financial and human resource management, thus ensuring that FP&M SETA had full human resource capacity to implement its mandate. All key senior management positions were filled in either a permanent or acting capacity.

PROGRAMME/SUB-PROGRAMME: PROGRAMME 1: ADMINISTRATION								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement for 2023/24	Reasons for Deviations
Improved, effective and efficient SETA governance and skills delivery	Effective and efficient financial and human resource planning and implementation	(i) Percentage of key positions filled	100%	100%	100%	100%	Target achieved - no deviation	100% of target achieved
	Compliance with laws and regulations addressed	(ii) Number of Quarterly SETA Good Governance reports submitted to DHET	New KPI	New KPI	4	4	Target achieved - no deviation	100% of target achieved

PROGRAMME 2: SKILLS PLANNING

Purpose	To ensure that appropriate skills-related research is conducted to identify and increase production of occupations in high demand and to promote labour absorption. Accurate labour market analysis within the sector will improve enrolment and completion of priority occupations and qualifications. This would improve the responsiveness and planning processes of the sector's post- school education and training system.

Explanation of the Planned Performance over the five-year planning period

A credible institutional mechanism for research and skills planning will be established ensuring better forecasting of occupations in high demand leading to greater responsiveness and better skills planning processes within the FP&M sector. This will also result in the formation of effective partnerships and networks with key delivery partners among the provider community, labour market and learner communities. The rationale is that skills planning must be complemented with resources, better data and improved labour market analysis relating to sectoral skills gaps and priority occupations in demand. It is important for the FP&M SETA to develop capacity for this function because demand projections for labour depend on the economic growth rate and this is the single most important variable for skills planning in the sector. This would ensure that information sources for priority occupations and qualifications, regarding the demand and supply of occupations and qualifications in demand and identifying new and emerging occupations and qualifications in the sector are co-ordinated and integrated, thus increasing opportunities for employability and entrepreneurship. This programme also supports the implementation of different types of implementation studies to assess processes, systems and impact of FP&M SETA learning programmes.

COMMENTS ON ACHIEVEMENT OF TARGETS FOR PROGRAMME 2

The targets for output indicators on WSP/ATR submissions for small, medium and large companies was not met due to industry challenges, which resulted in company closures and downsizing. FP&M SETA has concluded research agreements with credible research organisations to ensure that quality research is undertaken to address credible skills planning for Sector Skills Plan Updates, skills assessment research aligned to Masterplans, impact study research and SMME development and co-operatives. It must be noted that due to research that was undertaken during the period under review, the SETA was able to develop a credible Top 10 PIVOTAL Skills List (SPOI) and Occupations in High Demand (OIHD) and a list of skills needs of co-operatives of small and emerging enterprises. These interventions guided the SETA in its submissions regarding the national list for occupations in high demand skills needs for the ERRP.

PROGRAMME/SUB-PROGRAMME: PROGRAMME 2: SKILLS PLANNING

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement for 2023/24	Reasons for Deviations
Quality research and skills planning activities to address occupations in high demand	Discretionary grants allocated for high, intermediate and elementary skills	(i) Percentage of discretionary grant budget allocated at developing high, intermediate and elementary skills	84%	87%	80%	85%	+5%	Positive variance: 106% of target achieved. The over-achievement was due to an increased demand for PIVOTAL skills. Interventions aligned to high, intermediate and elementary skills
	WSP and ATRs of small firms approved for mandatory grant payment	(ii) Number of WSPs and ATRs approved for small firms	608	548	600	593	-7	Negative variance: 99% of target achieved. Very slow economic recovery of industry post Covid-19 resulted in non-achievement of this target

PROGRAMME/SUB-PROGRAMME: PROGRAMME 2: SKILLS PLANNING								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement for 2023/24	Reasons for Deviations
	WSP and ATRs of medium firms approved for mandatory grant payment	(iii) Number of WSPs and ATRs approved for medium firms	381	353	400	363	-37	Negative variance: 91% of target achieved. Very slow economic recovery of industry post Covid-19 resulted in non-achievement of this target
	WSP and ATRs of large firms approved for mandatory grant payment	(iv) Number of WSPs and ATRs approved for large firms	328	300	340	306	-34	Negative variance: 90% of target achieved. Very slow economic recovery of industry post Covid-19 resulted in non-achievement of this target
	Research reports completed and supported SSP development	(v) Number of research agreements signed	4	5	3	3	Target achieved -no deviation.	100% of target achieved.
	Research report completed addressing the impact of TVET partnership	(vi) Number of sector research agreements signed for TVET growth occupationally directed programmes	New KPI	New KPI	1	1	Target achieved -no deviation.	100% of target achieved.
	SETA impact study research report completed	(vii) Number of research agreements signed to conduct SETA impact study	New KPI	New KPI	1	1	Target achieved -no deviation.	100% of target achieved.
	Cooperatives trained on sector and national priority occupational or skills	(viii) Number of established or emergent cooperatives trained on sector and national priority occupations or skills	New KPI	New KPI	15	16	+1	Positive variance: 107% of target achieved. Attendance at the research and training workshop was excellent due to high demand for such training.
	(ix) Small and emerging enterprises trained on sector and national priority occupations or skills	(ix) Number of small and emerging enterprises trained on sector and national priority occupations or skills	New KPI	New KPI	25	118	+93	Positive variance: 472% of target achieved. Attendance at the research and training workshop was excellent due to high demand for such training.

PROGRAMME/SUB-PROGRAMME: PROGRAMME 2: SKILLS PLANNING								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement for 2023/24	Reasons for Deviations
	Approved PIVOTAL List of priority occupations to be funded	(x) An updated OFO-aligned pivotal list submitted to DHET by 31st August 2023.	Approved OFO-aligned pivotal list was submitted to DHET by 31st August 2021.	An updated OFO-aligned pivotal list was compiled and submitted to DHET by 31st August 2022.	An updated OFO-aligned pivotal list was submitted to DHET by 31st August 2023.	Approved OFO-aligned pivotal list was submitted to DHET by 31st August 2023.	Target Achieved -No deviation.	100% of target achieved
	Employment absorption rates post training on WBL programmes determined	(xi) Number of unemployed learners who completed work-based-learning programmes (WBL) absorbed into employment or self-employment post-training	New KPI	New KPI	375	381	+6	Positive variance, within expected range of 1-5%. 101% of target achieved

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS

SUB-PROGRAMME: 1

Purpose	To link education and the workplace in order to develop a skilled and capable workforce for a sustainable, technologically advanced and productive FP&M manufacturing sector. Workplaces must implement occupationally directed programmes and qualifications to address technical high level and middle level occupations and qualifications in demand, especially for priority occupations.
Explanation of the Planned Performance over the five year planning period	Various learning programmes are implemented with the aim of re-skilling and upskilling of currently employed, skilling the unemployed to facilitate their entry into the FP&M labour market. It is critical to link education and the workplaces to implement occupationally- directed programmes and qualifications, such as apprenticeships, work-integrated-learning and internships to address technical high level and middle level occupations and qualifications in demand. While there are graduates being produced, the linkage to the workplace and labour market is critical to realise the placements of graduates in the labour market to address priority occupations. The implication of this for the SETA is that we must have a much better understanding of the sector and its sub-sectors and where future jobs will be created and that employers are identified to work with the SETA to create relevant workplace opportunities.

COMMENTS ON ACHIEVEMENT OF TARGETS FOR SUB-PROGRAMME 1

The achievement of output indicators and targets for this indicator is critical as this programme provides intermediate and high-level skills for unemployed learners and graduates, which could lead to employment placement opportunities. It is pleasing to note that the majority of targets for this sub-programme were exceeded as it also addresses skills gaps aligned to the FP&M SETA Occupations in High Demand and government's MTSF priorities and NDP – Vision 2030.

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS SUB-PROGRAMME 1								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement for 2023/24	Reasons for Deviations
Increased workplace-based learning opportunities to address priority occupations.	Funded TVET Students for WIL	(i) Number of TVET students entered work-integrated-learning programmes	408 Funded learners: 408	656 Funded learners: 656	740	752 Funded learners: 752	+12	Positive variance, within expected range of 1-5%. 102% of target achieved
	Work ready TVET Students	(ii) Number of TVET students completed work-integrated-learning programmes	322 Funded learners: 322	527 Funded learners: 527	525	525 Funded learners: 525	Target Achieved -No deviation.	100% of target achieved
	Funded HET Students for WIL	(iii) Number of university students entered work-integrated-learning programmes	318 Funded learners: 318	276 Funded learners: 276	320	321 Funded learners: 321	+1	Positive variance, within expected range of 1-5%. 102% of target achieved.
	Work ready HET students	(iv) Number of university students completed work-integrated-learning programmes	221 Funded learners: 221	239 Funded learners: 239	235	249 Funded learners: 249	+14	Positive variance: 106% of target achieved. More TVET graduates were able to complete work-based learning programmes during the reporting period due to increased support for this programme.
	Funded unemployed learners for work experience/ internship programmes	(v) Number of unemployed learners entered work experience /Internship programmes	491 Funded learners:491	603 Funded learners: 603	665	672 Funded learners: 672	+7	Positive variance, within expected range of 1-5%. 101% of target achieved
	Work ready unemployed learners	(vi) Number of unemployed learners completed work experience / internship programmes	402 Funded learners: 402	509 Funded learners: 509	530	529 Funded learners: 529	-1	Negative variance. 99.8% of target achieved. Poor target monitoring resulted in the non-achievement of this target.
	Funded unemployed learners on skills programmes	(vii) Number of unemployed learners entered skills programmes	2,454 Funded learners: 2,454	1,805 Funded learners: 1,805	2,200	2,413 Funded learners: 2,413	+231	Positive variance: 110% of target achieved. The target was exceeded due to the upskilling of unemployed youth to increase employment potential. Therefore, reprioritisation of funding was made to support these programmes.

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS SUB-PROGRAMME 1								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement for 2023/24	Reasons for Deviations
	Unemployed learners on skills programmes upskilled	(viii) Number of unemployed learners completed skills programmes	2,381 Funded learners: 2,381	1,737 Funded learners: 1,737	2,800	2,801 Funded learners: 2,801	+1	Positive variance, within expected range of 1-5%. 101% of target achieved
	Funded unemployed learners on learnerships	(ix) Number of unemployed learners entered learnership programmes	2,483 Funded learners: 2,483	2,365 Funded learners: 2,365	2,535	2,705 Funded learners: 2,705	+170	Positive variance: 107% of target achieved. The target was exceeded. Learnerships unemployed is a priority programme as it addresses the issue of youth unemployment. Therefore, reprioritisation of funding was made to support these programmes.
	Unemployed learners on learnerships upskilled	(x) Number of unemployed learners completed learnership programmes	2,127 Funded learners: 2,127	2,126 Funded learners: 2,126	2,390	2,446 Funded learners: 2,446	+56	Positive variance, within expected range of 1-5%. 102% of target achieved

SUB PROGRAMME: 2

Purpose	To increase access of youth and adults to post-school education and training opportunities and to encourage further learning to improve their employability.
Explanation of the Planned Performance over the five-year planning period	Many South Africans are poorly educated and lack the basic foundational skills (communication and mathematical literacy) to undertake further learning when they leave school and cannot access post-school education and training opportunities. This outcome is focused on providing youth and adults with basic foundational skills to access adult education and training programmes that will enable them to access further learning to improve their employability.

COMMENTS ON ACHIEVEMENT OF TARGETS FOR SUB-PROGRAMME 2

Achievements for output indicators for AET entries were exceeded, providing learners with elementary and foundational communication and mathematical literacy skills. It is also pleasing to note that many of the FP&M SETA workplaces have afforded employed learners an opportunity to improve their foundational skills.

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS SUB-PROGRAMME 2								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement for 2023/24	Reasons for Deviations
Increased foundational learning opportunities.	AET learners funded	(i) Number of learners who entered AET programmes.	715 Funded learners: 715	682 Funded learners: 682	717	718 Funded learners: 718	+1	Positive variance, within expected range of 1-5%. 100% of target achieved
	Improved foundational skills	(ii) Number of learners who completed AET programmes	490 Funded learners: 490	580 Funded learners: 580	625	694 Funded learners: 694	+69	Positive variance: 111% of target achieved. This target was exceeded as learners entered in the previous financial year where able to complete the AET programme in the current reporting period.

SUB PROGRAMME: 3

Purpose	To ensure the continuous upgrading of skills in the workforce to increase the skills pool especially in priority occupations and qualifications in demand. The purpose is to produce a highly skilled world-class workforce through various skills development interventions that will contribute to the achievement of sector competitiveness, transformation and economic growth.
Explanation of the Planned Performance over the five-year planning period	This outcome encourages better use of workplace-based skills development opportunities annually in order to transform work- places through career pathing, improve productivity and to improve economic growth prospects and sustainability of the FP&M industrial sub-sectors. The rationale is to ensure the continuous upgrading of skills in the workforce in world class manufacturing principles and production methodologies in order ensure an increase in the skills pool more especially in occupations in high demand.

COMMENTS ON ACHIEVEMENT OF TARGETS FOR SUB-PROGRAMME 3

Overachievement of output indicators and targets for this programme is critical to improve workplace productivity and career pathing of workers. Workers were exposed to intermediate level and high-level skills aligned to the occupations in high demand of the FP&M SETA. This programme is also critical to address key skills development action plans aligned to the industry Masterplans as outlined in the FP&M SETA Strategic Plan and Annual Performance Plan and the future competitiveness and sustainability of FP&M industrial sub-sectors. In terms of learner registrations and completions on this sub-programme, the majority of learners were female and belonged to the age category of youth, whilst a small number of disabled learners entered and completed learning programmes in this sub-programme.

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS SUB-PROGRAMME 3								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement for 2023/24	Reasons for Deviations
Improved skills level of workers in occupations in high demand.	Workers funded on learnership programmes	(i) Number of workers entered learnership programmes	1,025 Funded learners: 1,025	1,014 Funded learners: 1,014	1,027	1,031 Funded learners: 1,031	+4	Positive variance, within expected range of 1-5%. 100% of target achieved.

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS SUB-PROGRAMME 3								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement for 2023/24	Reasons for Deviations
	Workers acquire middle level technical skills through learnerships	(ii) Number of workers completed learnership programmes	782 Funded learners: 782	822 Funded learners: 812	942	958 Funded learners: 958	+16	Positive variance, within expected range of 1-5%. 102% of target achieved.
	Workers funded on bursary programmes	(iii) Number of workers entered bursary programmes	110 Funded learners: 110	136 Funded learners: 136	119	167 Funded learners: 167	+48	Positive variance: 140% of target achieved. Employers were able to enter more learners on bursary programmes with allocated funding.
	Workers acquire middle and high-level skills through bursary programmes	(iv) Number of workers completed bursary programmes	39 Funded learners: 39	100 Funded learners: 100	100	106 Funded learners: 106	+6	Positive variance: 106% of target achieved. The target was exceeded due to partnerships with key stakeholders and robust monitoring of bursaries completions
	Workers funded on skills programmes	(v) Number of workers entered skills programmes	1,279 Funded learners: 1,279	1,415 Funded learners: 1415	1,500	1,959 Funded learners: 1,959	+459	Positive variance: 131% of target achieved. Workplaces supported the upskilling of workers with short impact skills programmes.
	Workers acquire middle level technical skills through skills programmes	(vi) Number of workers completed skills programmes	1,483 Funded learners: 1,483	1,392 Funded learners: 1392	2,540	2,548 Funded learners: 2,548	+8	Positive variance, within expected range of 1-5%. 100% of target achieved

SUB-PROGRAMME: 4

Purpose	The purpose is to develop a skilled and capable workforce for a sustainable, technologically-advanced and productive FP&M sector through implementation of priority occupations and qualifications in partnership with higher education and training institutions and workplaces.
Explanation of the Planned Performance over the five-year planning period	The workforce is not keeping pace with the skills required by industry to remain competitive in an increasingly knowledge-based economy. The rationale is that FP&M SETA must play a pro-active role in supporting the increased production of skills for intermediate and high level occupationally-directed programmes. The sector will develop a skilled and capable workforce by addressing priority occupations and qualifications in partnership with higher education and training institutions and workplaces.

COMMENTS ON ACHIEVEMENT OF TARGETS FOR SUB-PROGRAMME 4

Apprenticeship and bursary programmes are priority interventions that addresses high level technical skills and advanced 4IR technologies in industry. The competitiveness and growth of the FP&M sector is highly dependent on the success of this programme with a key focus on strategic partnerships with TVET Colleges, Universities and Universities of Technology and Employer Organisations. The Recognition of Prior Learning (RPL) interventions must be prioritised so that the work experience, expertise and skills of workers can be fasttracked through the achievement of a formal occupationally-directed qualification. The FP&M SETA partnership with the National Financial Aid Scheme (NSFAS) continues to yield positive outcomes. Implementation of this programme plays a pivotal role in addressing transformational imperatives and key priorities such as township and rural development, gender transformation and poverty alleviation aligned to key priorities of the Medium-Term Strategic Framework (MTSF).

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS
SUB-PROGRAMME 4

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement for 2023/24	Reasons for Deviations
Increased access to occupationally-directed programmes through effective partnerships.	Apprentices funded on apprenticeship programmes	(i) Number of learners entered apprenticeship programmes	386 Funded learners: 386	605 Funded learners: 605	769	811 Funded learners: 811	+42	Positive variance, within expected range of 1-5%. 106% of target achieved High demand for apprenticeship programmes.
	Apprentices acquire middle level technical skills	(ii) Number of learners completed apprenticeship programmes	324 Funded learners: 324	508 Funded learners: 508	651	682 Funded learners: 682	+31	Positive variance, within expected range of 1-5%. 105% of target achieved
	Unemployed learners on bursary programmes funded	(iii) Number of unemployed learners entered bursary programmes as first-time entry learners	227 Funded learners: 227	182 Funded learners: 182	230	244 Funded learners: 244	+14	106% of target achieved. Due to NSFAS partnership more learners could be funded
	Unemployed learners on bursary programmes acquire middle level technical skills	(iv) Number of unemployed learners entered bursary programmes as continuing learners	324 Funded learners: 324	382 Funded learners: 382	325	325 Funded learners: 325	Target achieved -no deviation.	100% of target achieved.
	Unemployed learners on bursary programmes acquire middle level technical skills	(v) Number of unemployed learners completed bursary programmes	417 Funded learners: 417	518 Funded learners: 518	450	456 Funded learners: 456	+6	101% of target achieved. Positive variance, within expected range of 1-5%.
	Learners funded for RPL programmes	(vi) Number of learners entered RPL programmes	116 Funded learners: 116	117 Funded learners: 117	118	149 Funded learners: 149	+31	Positive variance: 126% of target achieved. The target was exceeded. This is partly due to RPL MOAs that would be entered in one financial period, but only implemented in another financial period.
	Learners assessed through RPL methodology	(vii) Number of learners completed RPL programmes	114 Funded learners: 114	126 Funded learners: 126	115	117 Funded learners: 117	+2	Positive variance, within expected range of 1-5%. 102% of target achieved

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS SUB-PROGRAMME 4								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement for 2023/24	Reasons for Deviations
	Strategic TVET/CET partnerships funded	(viii) Number of TVET and/or CET partnership agreements signed	23	25	25	27	+2	Positive variance 108% of target achieved. Aligned to PSET strategy more funding made available to TVETs and CETs to growth of TVETs and CETs.
	Strategic HEI partnerships funded	(ix) Number of HEI partnership agreements signed	10	10	10	12	+2	120% of target achieved. High demand for HET partnerships and bursary funding.
	Strategic SETA Employer partnerships funded	(x) Number of SETA Employer partnership agreements signed	5	8	6	6	Target achieved - no deviation.	100% of target achieved.

SUB PROGRAMME: 5

Purpose	To provide support to co-operatives, small enterprises, NGOs, CBOs, NPOs and community organisations to implement skills development training initiatives to address entrepreneurship and co-operative development.
Explanation of the Planned Performance over the five-year planning period	Funded skills and entrepreneurial interventions will result in the establishment of new enterprises and co-operatives, thus increasing employment and new venture opportunities. Co-operatives, Small Enterprises, CBOs, NPOs, NGOs must be supported with skills training and capacity development to expand and contribute to sector economic and employment growth. The Sector Skills Plan / PIVOTAL List has identified several key areas of critical skills demand for co-operatives, small enterprises, NGOs and CBOs, all of which affect the efficacy and sustainability of these enterprises. Small, Medium and Micro-Sized Enterprises are a crucial part of South Africa's economic growth. The challenge of inculcating a culture and spirit of entrepreneurship and self-employment lies not only in making funding available but in developing the skills and competencies of the youth and potential entrepreneurs in general. The rationale is to encourage and support co-operatives, small enterprises, NGOs, CBOs, NPOs and community training initiatives to address poverty, inequality, disability and rural and township development and unemployment

COMMENTS ON ACHIEVEMENT OF TARGETS FOR SUB-PROGRAMME 5

This success of this sub-programmes is critical to address the key transformational imperatives of the National Skills Development Plan (NSDP), the key priorities of the Medium-Term Strategic Framework (MTSF) of Government and the Vision 2030 of the NDP. Projects also addressed the key strategic outcome of entrepreneurship of the NSDP. An increased number of NGOs/ CBOs/NPOs, SMMEs and Co-operatives benefitted from funding to address the core focus of Economic Reconstruction and Recovery (ERRP). SMME development is a key pillar of the industry Masterplans and is crucial for the future sustainability of the FP&M Sector. It is pleasing to note that a number of output indicators and targets in this programme was exceeded as it addresses the key transformational mandate of youth development, gender transformation, rural and township development, disability mandate and poverty alleviation within disadvantaged and rural communities.

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS
SUB-PROGRAMME 5

Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement for 2023/24	Reasons for Deviations
Increased funding support for co-operatives, small enterprises, NGOs, CBOs and NPOs to implement skills development programmes.	Learners on entrepreneurial programmes and/or business coaching & mentoring programmes funded	(i) Number of learners entered entrepreneurial programmes and/or business coaching and mentoring programmes	132	180 Funded learners: 180	175	180	+5	Positive variance, within expected range of 1-5%. 103% of target achieved
	CBOs, NGOs and/or NPOs funded	(ii) Number of CBOs, NGOs and/or NPOs supported with training interventions or funding	78	36	40	71	+31	Positive variance: 178% of target achieved. Due to cluster capacity building and funding support, an increased number of NGOs, CBOs and NLPEs benefitted from DG approvals to address the key transformational outcomes of the NSDP.
	Rural development projects implemented	(iii) Number of rural development projects funded	31	35	40	40	Target achieved -no deviation.	100% of target achieved.
	Co-operatives upskilled	(iv) Number of Co-operatives supported with training interventions or funded	55	61	60	61	+1	Positive variance. 102% of target achieved. Due to cluster capacity building and funding support, an increased number of co-operatives benefitted.
	Small businesses upskilled	(v) Number of Small Businesses supported with training interventions or funded	111	117	115	181	+66	157% of target achieved. Due to cluster capacity building and funding support, an increased number of SMMEs benefitted.

SUB PROGRAMME: 6

Purpose	To provide support and encourage worker-initiated training initiatives to address challenges experienced by FP&M sub-sectors
Explanation of the Planned Performance over the five-year planning period	Trade unions and their education programmes play an important role in the skilling of workers. Worker-initiated education and training must contribute to a workforce that is better able to understand the challenges facing the economic sectors in which they operate. Capacity building of the workforce is critical for the sustained economic growth of FP&M industries.

COMMENTS ON ACHIEVEMENT OF TARGETS FOR SUB-PROGRAMME 6

Trade unions were supported to improve the understanding of workers on the challenges to economic growth of FP&M sub-sectors. During the period under review, it was critical to build capacity for workers and trade union representatives to understand the Temporary Employer/Employee Relief Scheme (TERS) and UIF benefits etc. due to an increased number of company closures and retrenchments.

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS SUB-PROGRAMME 6								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement for 2023/24	Reasons for Deviations
Improved understanding by workers of their sector.	Trade Union members upskilled about sectoral challenges	(i) Number of trade unions supported through skills training interventions or funding	3	3	5	5	Target achieved -no deviation.	100% of target achieved.

SUB PROGRAMME: 7

Purpose	Career paths are communicated effectively and contribute to improved relevance of training and greater career and vocational awareness for learners.
Explanation of the Planned Performance over the five-year planning period	The rationale is to build career and vocational guidance capacity to expose learners and career development practitioners to FP&M sector occupations in demand through career events and exhibitions in both rural and urban areas. For FP&M sector learners to succeed, they need to be guided prior to enrolment on both best match of their interest and their abilities to occupational requirements, as well as best prospects for employment and decent remuneration. These programmes require input from the labour market, as well as vehicles for matching potential learners to opportunities. Career paths are mapped to qualifications in all sectors and sub-sectors, and communicated effectively, contributing to improved relevance of training and greater mobility and progression. The FP&M SETA needs to expose learners to occupations in high demand before they make final decisions on their career choices. FP&M SETA must provide information on steps taken to expose prospective learners to work in the FP&M sector.

COMMENTS ON ACHIEVEMENT OF TARGETS FOR SUB-PROGRAMME 7

In order to promote economic growth of the FP&M sector, it is critical that the youth is exposed to FP&M SETA careers and occupations in high demand. Through career events in both rural and urban areas the FP&M sector is able to attract the best talent amongst school learners, thus making FP&M sector occupations a career of choice. Exceeding targets in this sub-programme reflects an increase in market branding and exposure of the FP&M Sector to the youth and women, both in townships/informal settlements (urban areas) and rural areas.

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS SUB-PROGRAMME 7								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement for 2023/24	Reasons for Deviations
Improved exposure for learners and career development practitioners to FP&M sector priority occupations	Learners in urban areas exposed to occupation in high demand.	(i) Number of career development events conducted in urban areas	15	20	25	26	+1	Positive variance, within expected range of 1-5%. 104% of target achieved.
	Learners in rural areas exposed to occupation in high demand	(ii) Number of career development events conducted in rural areas	15	21	25	25	Target achieved – no deviation.	100% of target achieved.
	Career practitioners capacitated on occupations in high demand	(iii) Number of workshops on career development services implemented	2	4	2	4	+2	Positive variance: 200% of target achieved. This target was addressed during the MG/ DG workshops.

PROGRAMMME 4: QUALITY ASSURANCE AND PARTNERSHIPS

Purpose	The purpose of the quality assurance programme is to develop, implement and monitor occupationally-directed qualifications in partnership with accredited skills development institutions.
Explanation of the Planned Performance over the five year planning period	The rationale is to ensure quality, relevant and fit-for-purpose education and training programmes through partnerships with post-school education and training institutions to improve the supply of priority occupations within the FP&M sector. To establish a sustainable post-school education and training system complimented by strategic partnerships to promote the growth of stronger TVET and community education and training colleges. The growth of stronger TVET colleges will expand the provision of mid-level technical and occupational qualifications aligned to industry needs, whilst community education and training colleges will offer programmes that are responsive to the needs of communities and that enable individuals to find work, start businesses, and develop sustainable livelihoods and progress into other education institutions.

COMMENTS ON ACHIEVEMENT OF TARGETS FOR PROGRAMME 4

Achievement of output indicators and targets for this programme addresses quality education and training in the FP&M sector. The FP&M SETA is the Development Quality Partner (DQP) and the Quality Assurance Partner (QAP) for a number of occupationally-directed qualifications registered with the QCTO. In order to sustain the supply and demand for education and training in the FP&M sector, it is important for a registered QAP to submit relevant, updated and fit-for-purpose qualifications to address sector competitiveness and growth. Promotion and growth of TVET/CET colleges is paramount for sustaining the supply of FP&M SETA education and training provisioning within the post-school education and training system in the medium to long term. An increased number of TVET/CET lecturers were exposed to FP&M Sector occupational qualifications in order for TVET/CET learners to manufacture to industry quality performance standards.

B

PROGRAMME 4: QUALITY ASSURANCE AND PARTNERSHIPS								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement for 2023/24	Reasons for Deviations
Increased supply of quality, relevant and fit-for-purpose education and training programmes	Functional CSTO Offices established	(i) Number of CSTO offices established in TVET colleges	1	1	1	1	Target achieved -no deviation.	100% of target achieved.
	Centres of Specialisation supported	(ii) Number of TVET Centers of Specialisation funded	3	3	5	5	Target achieved -no deviation.	100% of target achieved.
	TVET/CET lecturers upskilled on industry programmes	(iii) Number of TVET and/or CET Lecturers entered industry development programmes	34	22	25	30	+5	120% of target achieved. Lecturer development is critical for TVET growth.
	Current and relevant SETA occupational qualifications registered with QCTO	(iv) Number of FP&M SETA occupational qualifications registered by QCTO during the year	15	15	8	16	+8	Positive variance: 200% of target achieved. Improved engagement with QCTO positively impacted on this target.

ADDITIONAL ACHIEVEMENTS FUNDED BY INDUSTRY.

Additional achievements relating to learners' registrations and completions that were funded by industry and contributed to the FP&M SETA's overall performance during 2023/24

UNFUNDED LEARNERS PER PROGRAMME	2023/24 Unfunded Learners	Overall Performance (Funded and Unfunded Learners)
Number of unemployed learners entered skills programmes	18	Total achievement: 2431 111% of target achieved.
Number of unemployed learners completed skills programmes	118	Total achievement: 2919 104% of target achieved.
Number of unemployed learners entered learnership programmes.	367	Total achievement: 3072 121% of target achieved.
Number of unemployed learners completed learnership programmes	397	Total achievement: 2843 119% of target achieved.
Number of employed learners completed learnership programmes.	5	Total achievement: 963 102% of target achieved.
Number of employed learners entered skills programmes.	75	Total achievement: 2034 136% of target achieved.
Number of employed learners completed skills programmes.	138	Total achievement: 2686 106% of target achieved.
Number of learners entered apprenticeship programmes	55	Total achievement: 866 113% of target achieved.
Number of learners completed apprenticeship programmes	171	Total achievement: 853 131% of target achieved.

LINKING PERFORMANCE WITH BUDGETS

Programme/activity/ objective	2022/2023 Budget R'000	2022/2023 Actual Expenditure R'000	2022/2023 (Over)/Under Expenditure R'000	2023/2024 Budget R'000	2023/2024 Actual Expenditure R'000	2023/2024 (Over)/Under Expenditure R'000
Administration	44,818	42,615	2,203	47,567	44,132	3,435
Mandatory grants	72,512	68,198	4,314	76,897	70,935	5,962
Discretionary grants	635,389	271,467	363 922	668,611	392,751	275,860
Total	**752,719**	**382,280**	**370,439**	**793,075**	**507,818**	**285,257**

During the year, there were significant budget constraints under the 10.5% administration. The SETA managed to remain with the approved threshold during the year. Mandatory grants were lower than the budget and all companies that had approved WSPs were paid a mandatory grant. Performance targets under Discretionary grants were met for the year.

REVENUE COLLECTION

During the current financial year, the FP&M SETA received R 387,8 million in Skills Development Levy (SDL) income.

SDL income was monitored against the budget monthly. The SETA remained within the 10.5% administration budget threshold for the 2023/24 financial year.

SDL income was increased by R1,411,000 as a result of the reversal of the provision in the current financial year for firms that fall below the R500,000 threshold level, and receipt of these funds has now accumulated for five years.

Penalties and interest (R4 million) were received by the FP&M SETA because of the late payment of SDL by employers to SARS.

Investment income was above budget, as interest rates were significantly increased in 2023/24.

Other revenue (R47 000) was generated from fees paid by learners to re-write examinations relating to apprenticeship programmes and insurance refunds.

Sources of revenue	2022/2023 Estimate R'000	2022/2023 Actual Amount Collected R'000	2022/2023 (Over)/Under Collection R'000	2023/2024 Estimate R'000	2023/2024 Actual Amount Collected R'000	2023/2024 (Over)/Under Collection R'000
SDL levies	R358,083	R368,676	R (10,593)	R379,736	R387,876	R (8,140)
Penalties and interest	R6,051	R4,307	R1,744	R6,172	R4,091	R 2,081
Investments	R19,872	R25,435	R (5,563)	R25,068	R33,469	R (8,401)
Other revenue	-	R290	R (290)	-	R47	R (47)
Total	**R384,006**	**R398,708**	**R(14,702)**	**R410,976**	**R425,483**	**R(14,507)**

CAPITAL INVESTMENT

In terms of implementing the capital investment and asset management plan of the FP&M SETA, the following progress has been made:

- During the reporting period, all excess funds were transferred monthly to the CPD account of the SETA that is held with the South African Reserve Bank. The excess funds were based on monthly cash flow reports. All interest has been capitalised monthly.
- Assets with a book value of R 64000 were written off in the current financial year.
- All assets were in good condition.
- During the year the asset register was updated monthly and reconciled to Trial Balance monthly.

PART C

GOVERNANCE

INTRODUCTION

Corporate governance embodies the processes and systems by which public entities are directed, controlled, and held to account. In addition to legislative requirements based on the enabling legislation of a public entity and the *Companies Act*, corporate governance is applied through the precepts of the *Public Finance Management Act (PFMA)*. This is run in tandem with the principles contained in the King III and IV Reports on Corporate Governance.

Parliament, the Executive Authority, and the Accounting Authority of the public entity (the FP&M SETA Board) are responsible for corporate governance.

EXECUTIVE AUTHORITY

During the period under review, the FP&M SETA submitted the following documentation, within the stipulated timeframes, to the DHET and Parliament (where applicable):

- Four (4) SETA Quarterly Monitoring Reports (SQMR) for 2023/24.
- FP&M SETA Annual Report 2022/23.
- FP&M SETA Strategic Plan for 2024/25.
- Annual Performance Plan for 2024/25.
- Revised Service Level Agreement for 2024/25.
- Materiality Framework for 2024/25.
- Sector Skills Plan for 2024/25 (Annual Update).
- PIVOTAL List 2024/25.
- Four (4) SETA Quarterly Governance Reports.

THE ACCOUNTING AUTHORITY / BOARD

INTRODUCTION

The FP&M SETA is governed by its constitution, which is aligned to the standard constitution provided to the SETAs by the DHET. The current FP&M SETA Board Committee members have been appointed by the Honourable Minister of Higher Education, Science and Technology, effective 01 April 2020. The term of office for all Accounting Authorities of Sector Education and Training Authorities expires on 31 March 2025.

The structure of the FP&M SETA Board, as outlined in the constitution, is as follows:

- One (1) independent chairperson;
- Six (6) employer representatives;
- Six (6) labour representatives;
- One (1) representative from community organisations; and
- One (1) representative from an interested professional body.

During the year under review, 14 members regularly participated in the meetings and activities of the FP&M SETA Board.

The Board met four times during the period under review.

The Board operated according to the internal policies of the SETA and meetings were conducted in line with the procedures detailed in the constitution. The FP&M SETA subscribed to the principles of good corporate governance as set out in the King IV report and duties were carried out diligently, objectively, and without prejudice.

The FP&M SETA Board took into consideration the inputs and advice of the Standing Committees appointed by it, namely the Executive, Governance & Strategy, Finance, Projects, IT Governance, Quality Assurance, Audit and Risk, and HR and Remuneration Committees. The independent Audit and Risk Committee played an oversight role to ensure the implementation of sound financial policies and procedures, as well as the maintenance of good corporate governance. The Chairpersons of the Standing Committees reported to the Board on matters discussed and resolutions adopted in their respective meetings.

The role of the FP&M SETA Board is as follows:

- Govern and manage the SETA in accordance with the PFMA, the *Skills Development Act*, and any other applicable legislation;
- Ensure that the SETA achieves its predetermined objectives and other targets;
- Provide effective leadership and ensure that the SETA implements the goals of the NSDP and the Performance Agreement with the DHET Minister;
- Provide strategic direction for the SETA;
- Liaise at a leadership level with stakeholders;
- Ensure that the SETA complies with the relevant statutory requirements and the requirements of its constitution;
- Manage institutional risks;
- Monitor the performance of the SETA; and
- Ensure that its members and the members of the Standing Committees, established by the Board, comply with the Code of Conduct set out in Annexure 2 of the FP&M SETA Constitution.

COMPOSITION OF THE BOARD

ADV MICHELLE ODAYAN	
Designation	Independent Chairperson
Date appointed	01 April 2020
Date resigned	Not applicable
Qualifications	Bachelor of Arts (Law) LLB; Advocate of the High Court of South Africa
Area of Expertise	Law; Finance; Strategy; Governance; Project Management; HR Development; Organisational Development; Gender Mainstreaming
Board Directorships	Court-Consult Africa (PTY) Ltd; Indaba-Africa Group (PTY) Ltd; MTR Investments (PTY) Ltd; Play Africa-Children's Museum NPO & People Opposing Women Abuse (POWA) NPO
Other Committees or Task Teams	Chairperson of Board; Chairperson of EXCO; Chairperson of Governance and Strategy Committee
Number of Meetings Attended:	4 of 4

MS MAKHOSI JEAN CHIWASHIRA	
Designation	Community representative
Date appointed	01 April 2020
Date resigned	Not applicable
Qualifications	Personnel & Training Management Diploma; Certificate in Public Relations (PR1; B-BBEE MDP through Unisa SBL (2017) MDP Legacy through Unisa SBL (2021); Assessor; Moderator; Qualified Trainer/ Facilitator
Area of Expertise	Training & Skills Development; B-BBEE expert; Talent & HR; Management; Strategy
Board Directorships	Not applicable
Other Committees or Task Teams	Chairperson of Projects Committee.
Number of Meetings Attended:	3 of 4

MS LINDA THERESA BREMNER	
Designation	Organised Business: Textiles
Date appointed	01 April 2020
Date resigned	Not applicable
Qualifications	Diploma in Nursing; Human Resources Diploma; NL General Textile Technology; Management Development Programme (NQF level 6) DUT Business Studies
Area of Expertise	Human Resources and Training
Board Directorships	Not applicable
Other Committees or Task Teams	Governance and Strategy Committee Member
Number of Meetings Attended:	4 of 4

MS FANISA LAMOLA	
Designation	Independent Member
Date appointed	01 April 2020
Date resigned	Not applicable
Qualifications	B.Com (Corp Fin & Investments); B.Com (Acc) & (Hons)/ CTA; Qualified Chartered Accountant (CA) SA
Area of Expertise	Finance; Audit
Board Directorships	
Other Committees or Task Teams	Chairperson of the Finance and IT Governance Committees
Number of Meetings Attended:	3 of 4

MR NDUDUZO VILINA	
Designation	Organised Labour: SACTWU
Date appointed	01 April 2020
Date resigned	Not Applicable
Qualifications	Diploma in Labour Studies; Diploma in political studies; Bachelor's Degree in Social Science
Area of Expertise	Labour relations
Board Directorships	Not applicable
Other Committees or Task Teams	Finance and IT Governance, Projects, HRREMCO, Governance and Strategy and Quality Assurance Committee Member
Number of Meetings Attended:	1 of 4

MS BONITA NATALIE LOUBSER	
Designation	Organised Labour: SACTWU
Date appointed	01 April 2020
Date resigned	Not Applicable
Qualifications	Diploma in Collective Bargaining; Adult Basic Education Certificate; Diploma in Human Resources; Certificate of Competence in Labour Court Litigation; Degree in Labour Law; Labour Market Laws, Pension Fund; Business Finance Management
Area of Expertise	Labour relations
Board Directorships	Not applicable
Other Committees or Task Teams	Chairperson of Quality Assurance Committee; (Resigned as Committee Chairperson of QA); Governance & Strategy and EXCO member
Number of Meetings Attended:	Alternate Ms. Abieda Abrahams attended 4 of 4 on behalf of Ms Loubser

MS DELIGHT T SIMELANE	
Designation	Organised Labour: SATWU
Date appointed	01 April 2020
Date resigned	Not applicable
Qualifications	Diploma (Personnel Training Management) 1997; Abet Facilitator 1999; Certificate in Computer 2002
Area of Expertise	Training and Skills Development
Board Directorships	Not applicable
Other Committees or Task Teams	Quality Assurance Member; Governance and Strategy Committee Member; HR and Remuneration Committee Member
Number of Meetings Attended:	2 of 4

MS KAREN PEARL MANUEL (COETZEE)	
Designation	Organised Labour: NULAW
Date appointed	01 April 2020
Date resigned	Not Applicable
Qualifications	Diploma in Education/ Educator Development (adult education), (current) Trade Union Practice NQF Level 4 ETDP SETA, DITSELA Labour Institution 13 years, Trade Union Litigation Support & Capacity- Building, UWC Faculty of Law Labour Law & Collective Bargaining, Western Cape Workers College Macro-Economic Module.
Area of Expertise	Labour Relations
Board Directorships	Not applicable
Other Committees or Task Teams	Audit and Risk member
Number of Meetings Attended:	4 of 4

MR KWAZI MLABA	
Designation	Organised Labour: CEPPWAWU
Date appointed	01 April 2020
Date resigned	Not applicable
Qualifications	Intermediate Business Management (M+II) Certificate; Basic Business Management (M+1 Certificate)
Area of Expertise	Labour Relations
Board Directorships	Not applicable
Other Committees or Task Teams	HR and Remuneration Committee Member and Quality Assurance Committee
Number of Meetings Attended:	3 of 4

MS THERESA OTTO	
Designation	Organised Business: TVETSA
Date appointed	01 April 2020
Date resigned	Not Applicable
Qualifications	Qualifications Development Facilitator (QDF). Quality Council Trades and Occupations; Advanced Project Management Course; International Leadership Development Programme, Certificate: Senior Management Development Programme; Post-Graduate Diploma Human Resource Management B Soc Sc (Hons): Criminology
Area of Expertise	Human Resource; Project Management; Teaching and Training
Board Directorships	Not applicable
Other Committees or Task Teams	HRREMCO, Finance, Projects and IT Governance committee member
Number of Meetings Attended:	3 of 4

MR MPUKA RADINKU	
Designation	Organised Business: Publishing
Date appointed	01 April 2020
Date resigned	Not Applicable
Qualifications	BA Honours (University of the Witwatersrand); BA (University of the Witwatersrand); Secondary Teacher Diploma (Soweto College)
Area of Expertise	Management; Publishing management; Research; Material development
Board Directorships	South African Book Development Council Board (Deputy Chairperson); South African Book Fair Board (Executive Director)
Other Committees or Task Teams	Governance and Strategy, Finance, Projects and IT Governance Committee members
Number of Meetings Attended:	3 of 4

DR ABDOOL MAHOMED	
Designation	Organised Business: Printing SA
Date appointed	01 April 2020
Date resigned	Not Applicable
Qualifications	Honours Degree, Dip TAFL, Teaching Diploma and Bachelor of Arts degree; Doctorate and Masters in Education (D.Ed and M.Ed); Masters in Business Administration.
Area of Expertise	Communication, PR, media, and event management; procurement and supply chain.
Board Directorships	SACCI; SATU Pension and Provident Fund; Printing SA / PIFSA
Other Committees or Task Teams	Not applicable
Number of Meetings Attended:	3 of 4

MR FRANCOIS OBERHOLZER	
Designation	Organised Business: Forestry
Date appointed	01 April 2020
Date resigned	Not Applicable
Qualifications	Master of Forestry: Forest Engineering - Oregon State University, Corvallis, Oregon, USA. Thesis topic: Optimisation of Timber Transport and Vehicle Routing. Advisor; B.Sc. (Hons): Forest Harvesting (Cum Laude) Stellenbosch, South Africa. Project topic: Compilation of the Southern African Cable Yarding Safety and Operating Handbook. Advisor. Prof. Dr Loren Kellogg; B.Sc. Forest Management – University of Stellenbosch, Stellenbosch, South Africa.
Area of Expertise	Forestry engineering; Forestry management
Board Directorships	Not applicable
Other Committees or Task Teams	ARC member
Number of Meetings Attended:	1 of 4

MR MIKE TRUELOCK	
Designation	Organised Business: PAMSA
Date appointed	01 April 2020
Date resigned	Not applicable
Qualifications	National Diploma in Organisation and Work-Study; National Diploma in Personnel Management, Industrial Relations; Diploma Programme; Management Development Programme
Area of Expertise	Organisational Development; HR Management; Management Learning and Development
Board Directorships	Santa Barbara Home Owners Association; Truelock Adventures cc; Director: PROTEC
Other Committees or Task Teams	Chairman of the HR and Remuneration Committee; Executive Committee Member; Governance and Strategy Committee member
Number of Meetings Attended:	4 of 4

Two (2) Vacancies:

- Vacant position that needs to be filled by SATU, engagements are unfolding with SATU
- Replacement of Ms. Delight Simelane as she has retired from SATWU

COMMITTEES

During the year under review, the following standing committees were active. These committees provided advice to the Board on matters in their respective areas of expertise.

Standing Committee	Number of meetings held	Number of members	Name of members
Executive Committee	6	5	Michelle Odayan (Committee Chairperson) Mike Truelock Theresa Otto Bonita Loubser Kwazi Mlaba Alternative members Delight Simelane
Audit Risk Committee	5	5	Chembe Phiri (Committee Chairperson) Karien de Villiers John Raphela Karen Pearl Manuel (Coetzee) Francois Oberholzer
Governance and Strategy Committee	1	8	Michelle Odayan (Committee Chairperson) Mike Truelock Fanisa Lamola Bonita Natalie Loubser Linda Theresa Bremner Nduduzo Vilina Delight T Simelane Mpuka Radinku
Finance and IT Governance Committees	4	5	Fanisa Lamola (Committee Chairperson) Mpuka Radinku Theresa Otto Nduduzo Vilina Kwazi Mlaba
Projects Committees	4	5	Makhosi Chiwashira (Committee Chairperson) Mpuka Radinku Theresa Otto Nduduzo Vilina Kwazi Mlaba
HR and Remuneration / Ethics Committee	4	6	Mike Truelock (Committee Chairperson) Theresa Otto Rally Moropa Nduduzo Vilina Delight T Simelane Kwazi Mlaba
Quality Assurance Committee	4	9	Bonita Loubser (Resigned as Committee Chair on 17 January 2024) Frans Barnard Kwazi Mlaba Delight T Simelane Nduduzo Vilina Ken Leid Olga Bezuidenhout Jay Deepnarain Frans Barnard (additional) Alternative members Rally Moropa (Alternative chairperson) Vacancy Permanent QAC Chairperson

REMUNERATION OF COMMITTEE MEMBERS

The FP&M SETA based its Standing Committee remuneration structure on the National Treasury guidelines as communicated to the SETAs for the financial year 2023/24. Remuneration is reviewed on an annual basis. Board members qualifying for remuneration are classified as follows:

- Independent Board Members as appointed by the Minister.
- Board members who are not directly employed by the employer or the labour constituencies they represent.

All Board members, including those qualifying for remuneration, are reimbursed for out-of-pocket expenses incurred in fulfilling their duties as Board members. This is in line with the financial policies and procedures of the FP&M SETA. During the period under review, the following Board members received remuneration/reimbursements:

Name	Representation	Remuneration	Total
Adv Michelle Odayan	Board Chairperson Governance and Strategy Committee Chairperson	R229 000	R229 000
Mr Mike Truelock	Board Member	R4 000	R4 000
Ms Linda Theresa Bremner	Board Member	R10 000	R10 000
Ms Makhosi Chiwashira	Projects Chairperson	R67 000	R67 000
Ms Fanisa Lamola	Finance, and IT Governance Chairperson	R63 000	R63 000
Ms Karien De Villiers	Audit and Risk Committee Independent Member	R11 000	R11 000
Mr C Phiri	Audit and Risk Committee Chairperson	R49 000	R49 000
Mr J Raphela	Audit and Risk Committee Independent Member	R5 000	R5 000
TOTAL		**R438 000**	**R438 000**

Mr Chembe Phiri attended Board meetings in his capacity as Audit and Risk Committee Chairperson.

RISK MANAGEMENT

The following risk management strategies have been put in place at the FP&M SETA:

- The dedicated Risk Division, managed by both Legal Manger and M&E Manager implemented the mandate to identify risk and oversee the implementation of risk management strategies and risk-mitigating procedures.
- The Risk Management Policy defining the risk appetite and tolerance levels was implemented successfully.
- A comprehensive Risk Register that reflects both strategic, operational and external risks, with clear actions that need to be taken by assigned risk champions, was updated regularly on the electronic Risk Monitoring Module.
- Risk Assessments were done at Audit and Risk Committee meetings to identify emerging risks and to compile mitigating measures to address the identified risks.
- Internal Audit played an oversight role by evaluating the effectiveness of the risk management processes in place. It also recommended areas of improvement to ensure the efficient realisation of strategic and operational goals. The Internal Audit Coverage Plan is risk-based and addresses high-risk areas identified in terms of the FP&M SETA's Risk Profile.

PROGRESS MADE IN ADDRESSING THE RISKS IDENTIFIED

Risk mitigating measures and action plans were developed during the period under review to address identified risks, thereby increasing the efficacy of internal operations. This contributed to increased efficiencies in addressing external customer queries, a reduction in the response time to queries and an increase in customer satisfaction. The Audit and Risk Committee monitored the effectiveness of the Risk Management and the risk management function. It guided staff in the implementation of risk management strategies. The risks associated with not achieving organisational targets were monitored in a separate risk register and revised and updated in line with progress made.

INTERNAL AUDIT AND AUDIT COMMITTEES

INTERNAL AUDIT FUNCTION

The Internal Auditors, appointed by the FP&M SETA, continued with the implementation of their Three-Year Rolling Internal Audit Plan.

The internal audit function reported to the Audit and Risk Committee in line with the Internal Audit Charter. It provided objective assurance regarding the state of internal control, risk management, and governance processes at the FP&M SETA. The input received from the Internal Auditors and the risks identified, as a result of the extensive internal audits conducted at the FP&M SETA, contributed to the effectiveness of the organisation and strengthened its internal control systems.

KEY ACTIVITIES AND OBJECTIVES OF THE INTERNAL AUDIT

- Review the adequacy and effectiveness of internal control, risk management, and governance processes.
- Provide reasonable assurance on the integrity of financial and operational information.
- Evaluate the adequacy of management controls for the prevention and detection of fraud.
- Provide a source of information, as appropriate, regarding instances of fraud, corruption, unethical behaviour, and irregularities.
- Evaluate the effectiveness of the entire risk management system and make recommendations for improvement.

AUDIT WORK CARRIED OUT

The Internal Auditors conducted audits in line with their 2023/24 internal audit plan. Operational areas that were scrutinised included the (1) AOPO QA (2) SCM (3) Operations objectives was also carried out.

AUDIT AND RISK COMMITTEE

The independent Audit and Risk Committee of the FP&M SETA carried out its duties during the period under review, according to its Audit and Risk Committee Charter. The Audit and Risk Committee ensures that the organisation operates according to a strict ethical code, implements fair practices, and embodies good corporate governance. The Audit and Risk Committee, working with the Board and SETA met four times during the year and was chaired by an independent Chairperson. The Audit and Risk staff, oversees the implementation of relevant and updated policies and procedures across all governance structures and SETA departments. The committee oversees the implementation of sound financial practices, effective risk management, and legal compliance.

KEY ACTIVITIES AND OBJECTIVES OF THE AUDIT AND RISK COMMITTEE

- Monitor the performance of the Internal Audit function.
- Review the Annual Risk Assessment process and prioritise the major risks identified.
- Monitor the implementation of checks and balances to ensure compliance with pertinent laws and regulations.
- Assist the Board in reviewing the integrated reporting and disclosure (sustainability reporting).
- Review the financial statements included in the integrated report and regard all factors and risks that may impact the integrity of the report.

The table on the following page discloses the relevant information on the Audit and Risk Committee members:

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date resigned	Number of meetings attended
Chembe Phiri (Chairperson)	Masters in Business Administration (MBA) – Edinburgh School of Business (Scotland) - CA (SA) – South African Institute for Chartered Accountants - Chartered Accountant (ACCA (UK) - Certificate in Corporate Treasury Management - Association of Corporate Treasurers (ACT) (London) - Certified Internal Auditor - CIA Certificate in Corporate Treasury management Certified Internal Auditor Member of the South African Institute of Chartered Accountant (SAICA) and the Institute of Internal Auditors (IIA)	External – Independent		01 December 2020	Not applicable	4 of 4
Karien de Villiers	Chartered Accountant	External – Independent		Appointment Extended on 01 December 2020	Not applicable	4 of 4
John Raphela	Bachelor of Science Honours Degree in Computer Science. University of the North, Sovenga, 0727 Master of Business Administration (MBA) Degree in Management. North-West University. Master of Infotrmation Technology (MIT) University of Pretoria Member of Information Systems Audit and Control Association (ISACA)	External – Independent		01 December 2020	Not applicable	2 of 4
Francois Oberholzer	Bachelor of Science: Forest Management (University of Stellenbosch), Bachelor of Science (Honours): Harvesting (University of Stellenbosch), Master of Forestry: Forest Engineering (Oregon State University, USA)	External – Employer representative		01 December 2020	Not applicable	2 of 4
Karen Pearl Manuel (Coetzee)	Diploma in Education/ Educator Development (adult education) (current) Trade Union Practice NQF Level 4 ETDP SETA DITSELA Labour Institution 13 years I Trade Union Litigation Support & Capacity- Build Ing Labour Law & Collective Bargaining Macro-Economic Module	External – Employee representative		01 December 2020	Not applicable	4 of 4

COMPLIANCE WITH LAWS AND REGULATIONS

The FP&M SETA has developed policies and procedures to guide financial management, HR management, and the implementation of operational activities. These documents are regularly reviewed to ensure compliance with the relevant laws and regulations. Furthermore, the Internal Auditors continually review the compliance state of the SETA in terms of the approved Internal Audit Coverage Plan. Additional assurance is provided via compliance audits conducted by other government institutions such as the Quality Council for Trades and Occupations - QCTO and the DHET.

The FP&M SETA complies with the reporting requirements as prescribed by the National Treasury and DHET. It has submitted its strategic and annual performance plans, the sector skills plan, and the SETA quarterly financial and performance reports within the regulated timeframes.

Internally, the FP&M SETA has undertaken training interventions to strengthen the capacity of staff to ensure continued compliance with acceptable practices. FP&M SETA staff have also attended meetings and workshops coordinated by DHET, the QCTO SAQA and the Department of Planning, Monitoring and Evaluation – DPME in order to receive information on the latest operational and reporting requirements.

Externally, the FP&M SETA has communicated new developments and changes about skills development legislation to its broader stakeholder base. This has been done through information and training workshops, bulk email and its website. These communications have been designed to equip stakeholders with the necessary information to meet regulatory requirements, thereby encouraging compliance.

The FP&M SETA timeously submitted their quarterly compliance report for the 2023/2024 financial year to the DHET and DPME with evidence according to the SETA Governance standard and the DHET and DPME acknowledged receipt thereof.

FRAUD AND CORRUPTION

The FP&M SETA has a fraud prevention plan in place to guide the entity in its efforts to curb fraudulent behaviour that could lead to financial loss and reputational damage.

The FP&M SETA has a dedicated toll-free number, managed by an independent Service Provider that is accessible to internal and external stakeholders to report activities that may appear to be in contradiction with acceptable practices. The Service Provider sends monthly reports to the SETA according to protocols approved by the Board.

Internally, fraud awareness training was conducted for SETA Staff and ISSAs to increase awareness of the processes to engage with in order to identify and report fraudulent behaviour.

MINIMISING CONFLICTS OF INTEREST

The FP&M SETA has 'Declaration of Interest' practices in place at all levels of the organisation. Staff members are required to disclose their financial interests annually. Additionally, staff in the SCM Division, also declare any interest in transactions entered with service providers. The declaration is printed on the purchase order.

Board and Committee members are required to declare any financial interest or commercial activities that may conflict with their functions at the SETA on an annual basis.

CODE OF CONDUCT

The Code of Conduct contained in the Constitution guides the conduct and performance of members of the Board and Standing Committees. It provides an ethical framework for the functioning of the governance structures of the FP&M SETA. The Code of Conduct is supported by policies and procedures relating to the disclosure of interest and gifts, as well as the confidentiality of information.

The Code of Conduct stipulates that Board and Standing Committee members must:

- Stand in a fiduciary relationship with the FP&M SETA.
- Comply with all applicable laws and regulations that regulate the activities of the SETA.

- Perform their functions fairly, honestly, and in good faith, giving full effect to the obligations and spirit of the Act and the Constitution.
- Protect and promote the reputation of the SETA and promote goodwill towards it.
- Perform their duties conscientiously and in the best interest of the SETA.
- Conduct themselves ethically and in accordance with the principles of good governance.
- Serious or continuous neglect of these duties, or any other misconduct, may result in a member being removed from office or his or her termination of membership of the particular committee of the SETA.

HEALTH, SAFETY, AND ENVIRONMENTAL ISSUES

The safety and wellness of its employees are key priorities of the FP&M SETA. The FP&M SETA has implemented policies and procedures to ensure the safety of its employees, visitors, and any other person who may be affected by its activities. Productivity and efficiency of employees are closely related to their emotional and physical well-being, and it is therefore of utmost importance to maintain safe working conditions and a productivity-enhancing environment, compliant with all relevant legislation and approved codes of practice.

Measures have been put in place to protect the organisation's human resources, capital assets and intellectual property against exposure to risk that could arise from sub-standard practices, procedures, or conditions.

The FP&M SETA has a functional Health and Safety Committee in place that has complete oversight of overall health and safety measures in the organisation. Comprehensive health policies, including HIV / Aids policies and Covid-19 Health and Safety Workplace Regulations, Disaster Management and Pandemic Emergency Policy, and procedures have been developed to provide adequate control of health and safety risks arising from work activities. Safety and security policies and procedures have been implemented to ensure the safety of staff and assets.

The FP&M SETA Board and Management are committed to providing a safe and healthy work environment that is conducive to increased productivity and performance, and which contributes to the mental and physical well-being of its employees.

SOCIAL RESPONSIBILITY

The FP&M SETA is a public entity that operates within the public arena and manages public funding. As such, the FP&M SETA has a responsibility to act in a way that is socially responsible and to set an example for its partners with whom it engages in skills development activities. The FP&M SETA is dependent on the support of its constituent stakeholders and the community at large, and it is important for the SETA to be considered credible, fair and without prejudice.

As the leading partner in skills development in the fibre processing and manufacturing sector, it is the responsibility of the FP&M SETA to raise awareness amongst its constituent members and skills development partners of the need for an inclusive approach to skills development. The FP&M SETA is the liaison between previously disadvantaged groups (unemployed youth, women, people with disabilities, and people living in rural and township areas) and the providers of skills development (the institutions of higher and further education). To meet the needs of these learners, the SETA has established partnerships with constituent stakeholders, levy paying members, educational institutions and government departments to implement innovative skills development initiatives in rural communities and townships.

The FP&M SETA has also funded, through its discretionary grant strategy, initiatives focused on the development of designated groups, who would ordinarily be excluded from these opportunities. These skills development interventions are implemented in partnership with community-based organisations, levy paying entities and public and private training providers, and provide beneficiaries with the necessary skills to become employable or self-sustainable through the creation of new ventures.

In line with its discretionary grant strategy and budget, the FP&M SETA allocates a special projects budget towards the implementation of skills interventions aimed at assisting people with disabilities, and towards the implementation of skills interventions in rural and township areas.

The FP&M SETA's goal is to make available "future perfect skills development" for all people involved in the broader FP&M community and to break down the barriers to education through focused and accessible skills development interventions.

AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31st March 2024.

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51 (1) (a) (ii) of the *Public Finance Management Act* and Treasury Regulation 27.1. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices. The Charter is reviewed on an annual basis.

AUDIT AND RISK COMMITTEE MEMBERSHIP

The Audit and Risk Committee consists of three (3) external independent (non-executive) members and two (2) members representing Employer and Employee organisations respectively.

INTERACTION WITH OTHER STAKEHOLDERS IN GOVERNANCE AND OVERSIGHT

The Audit and Risk Committee ensured that an acceptable and productive relationship was maintained with other stakeholders in governance and oversight.

Audit and Risk Committee reports were submitted to the Board Accounting Authority. In addition, the Chairperson of the Audit and Risk Committee attended Board meetings during which he reported matters of significant importance to the Board. The Auditor General of South Africa - AGSA also attended Audit and Risk Committee meetings.

THE EFFECTIVENESS OF INTERNAL CONTROL

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the public entity for the period April 2023 to March 2024 revealed that the system of internal control is adequate and effective. The following internal audit reviews were completed during the year under review:

- AOPO Q1
- SCM
- Operations

RISK MANAGEMENT

Management of the Governance, Legal, Risk and Compliance Management unit reported every quarter to the Audit and Risk Committee regarding the management of risks in the department.
All General Managers of FP&M SETA Divisions have risk management as one of their key responsibility areas in their performance agreements, thus instilling a culture of risk management, improving the maturity of the department in the risk management process and managing risk is a structured approach.

In-year Management and Monthly / Quarterly Reports
The public entity has reported monthly and quarterly to the Treasury as is required by the PFMA as well as quarterly to the Audit and Risk Committee.

EVALUATION OF FINANCIAL STATEMENTS

The Audit and Risk Committee's evaluation of the annual financial statements and annual performance report entailed:

a) Review and discussions of the unaudited Annual Financial Statements to be included in the Annual Report, with the Auditor-General and Accounting Officer;

b) Review of any changes in accounting policies and practices;

c) Review of the FP&M SETA's compliance with legal and regulatory provisions; and

d) Review of the unaudited information on pre-determined objectives to be included in the Annual Report.]

AUDITOR'S REPORT

The Audit and Risk Committee has reviewed and discussed:

- The entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved.
- Risk management.
- Governance of the Seta.
- The audited Annual Financial Statements to be included in the Annual Report with the Auditor-General and the Accounting Authority.
- Management letter and Management's response thereto.

The Audit and Risk Committee concurs with and accepts the conclusions of the Auditor-General on the Annual Financial Statements and believes that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.

MR CHEMBE PHIRI
Chairperson of the Audit and Risk Committee
FP&M SETA
31 May 2024

B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	**Response Yes / No**	**Discussion**
Determining qualification criteria for the issuing of licenses, concessions, or other authorisations in respect of economic activity in terms of any law?	No	The FP&M SETA does not issue licenses, concessions, or other authorisations in respect of economic activity
Developing and implementing a preferential procurement policy?	Yes	The FP&M SETA has a Supply Chain Management Policy in place for procurement processes
Determining qualification criteria for the sale of state-owned enterprises?	No	The FP&M SETA does not engage in sales of state-owned enterprises
Developing criteria for entering into partnerships with the private sector?	Yes	The FP&M SETA does partner with private sector organisations and provides discretionary grant funding to support large, medium, and small businesses for skills development initiatives following the FP&M SETA Discretionary Grant Policy.
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad-Based Black Economic Empowerment?	Yes	The FP&M SETA awards discretionary grants for skills development initiatives to a number of small and medium-sized Black-owned enterprises. The Discretionary Grant policy is in place to determine the criterion for awarding grants

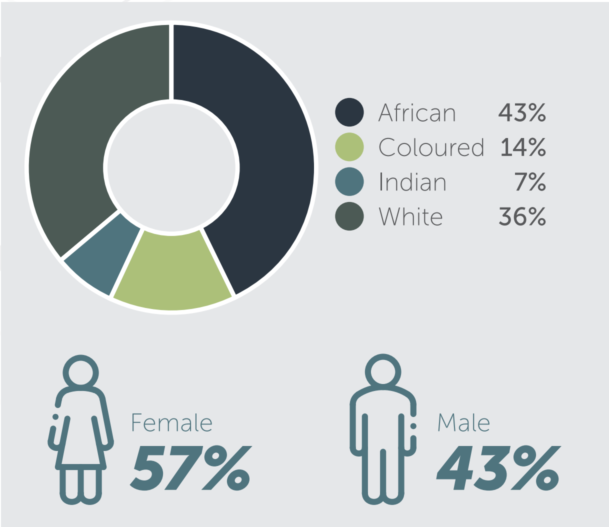
BBBEE COMPLIANCE

In terms of *BBBEE Compliance Act No 53 of 2003*, as amended by Act No. 46 of 2013, the FP&M SETA is measured on the Generic Specialised Scorecard as gazetted by the Department of Trade and Industry and Competition (DTIc).

The SETA BBBEE level status improved from 5 to 4. We strive to ensure meaningful participation in the fibre processing sector and to further create capacity within the broader economic landscape. The certificate expires on 7th September 2024.

MANAGEMENT CONTROL – EMPLOYMENT EQUITY

Our Accounting Authority is represented as follows:



The scores under this element have been satisfactory over the years.

We are cognisant of the fact that equity must be mirrored in all our organisational structures.

The organisation has a well constituted Social & Ethics committee which monitors and tracks the progress of the organisations' Employment Equity Plan. The plan stems from a robust and successful workplace analysis which was aimed at identifying barriers that hinder progress on employment equity. Gender representation at the management level has improved with the appointment of the Legal Manager, Stakeholder Engagement Manager and the Monitoring & Evaluations Manager. The SETA can still do better as the challenge remains partially because of staff turnover. Opportunities are explored to address the identified gaps whenever possible. The inclusion of Disability has proved to be positive as guided by the Economic Active Population (EAP) statistics.

SKILLS DEVELOPMENT

Our employees are our human capital assets and without their dedication the SETA will not be as productive as it is. The SETA needs to invest more rigorously on skills development for its staff. We are exploring ways of putting staff on highly contextualised programmes that will enable them to do their jobs better. These programmes are aimed at creating a skilled workforce. To create a learning culture, our employees are constantly encouraged to further their studies as part of their continuous professional development plan and to assist with succession planning.

PREFERENTIAL PROCUREMENT

FP&M SETA has a Preferential Procurement Policy. Preferential Procurement is incorporated and applied in accordance with the Supply Chain Management Policy. Our measurement is based on suppliers that are awarded via tender or a request for quotation process. We were able to maximise scores on procurement of goods and services from exempted micro-enterprises, enterprises that are 51% owned by Black people and 30% enterprises owned by black women.

Our goal is to ensure that all our suppliers are BBBEE compliant and to continuously assist those that are seeking guidance on compliance.

We also encourage SMMEs that aspire to do business with any government entity to register on the Central Supplier Database as administered by the National Treasury.

DISCRETIONARY GRANT POLICY

The Discretionary Grant Policy makes provision for transformation, prioritising designated transformational groups (black women, youth, rural areas, and townships, when awarding grants.

SUPPLIER ENTERPRISE AND DEVELOPMENT

More initiatives are explored to assist the approved beneficiaries in completing their allocated projects. Transformation is key to the FP&M SETA, and we collaborate with businesses and other government entities that prioritise this transformation pillar.

SOCIO-ECONOMIC DEVELOPMENT

FP&M SETA has contributed towards initiatives in supporting several non-profit and community-based organisations. Our policy is broad and covers both skills development interventions and sponsorships.

BEE COMMISSION

Our organisation successfully submitted its BBBEE Skills Development Compliance Report to the BBBEE Commission as required by the BEE Act, Section 13G (Reporting) (3) which reads "All Sectoral Education and Training Authorities contemplated in the *Skills Development Act 1998 (Act. 97 of 1998)* must report on skills development reporting spending and programmes to the BEE Commission." Recommendations received from the Commission are implemented and we will continue to comply and monitor progress.

HUMAN RESOURCE MANAGEMENT

INTRODUCTION

The objective of the Human Resources division is to develop and maintain effective human resource management policies, processes, and systems. These policies, processes and systems then ensure that the FP&M SETA is adequately staffed and managed, and that those staff members are trained, capacitated, and empowered with relevant skills and knowledge to enable the SETA to achieve its mandate. Harmonious employment relations between employees and management play a crucial role in creating a conducive work environment, thereby yielding an effective, productive and responsive organisation that delivers on its strategic objectives. Employees and management of the SETA are expected to conduct themselves in a manner that is consistent with acceptable ethical standards, and government laws and regulations of South Africa.

OVERVIEW OF HUMAN RESOURCES (HR) MATTERS AT THE PUBLIC ENTITY.

HR's central focus is managing employer employee relationship' and involves rationalising the productive capacity of employees. The SETA is continuously being professionalised with teams affiliated to applicable professional bodies to ensure alignment with the national standards.

Drawing from the set priorities, the following highlights are presented for the year under review:

During the 2023/24 Financial Year, the SETA conducted a diagnostic study into the FP&M SETA working environment and employee satisfaction or employee engagement levels currently being experienced within the SETA. In addition the leadership team also expressed a need to articulate a work strategy model as well as a proposed a Human Resources Strategy, a strategy which is based on a recognition that the workplace and the way we work is in a constant state of change and these changes call upon for a new way of thinking, behaving, working, leading, and managing.

As part of the research objectives, the SETA embarked on a survey. The survey served as an outlet for employees to define the "AS IS" situation analysis of the environment. This provided employees an opportunity to contribute to defining the preferred work model.

WORKFORCE PLANNING FRAMEWORK AND KEY STRATEGIES TO ATTRACT AND RECRUIT A SKILLED AND CAPABLE WORKFORCE

Management's priority and commitment has been the wellness of employees as such management enforced enabling effective flexible and remote working arrangements, which drives employees to move out of their comfort zone and deliver on all their work projects through technology, and they achieved successfully.

Attracting and retaining top talent ensured as the SETA welcomed the appointment of a Legal Manager, Stakeholder Engagement Marketing & Communications Manager, Monitoring & Evaluation Manager, Executive PA and General Manager Projects. The SETA took pride in these appointments, as some were internal promotions.
The internship programme ensures that interns are trained and empowered with the necessary skills, competencies, and experience that prepares them for permanent roles.

All labour matters were dealt with according to policies and other related legislative frameworks. Meetings were held with the labour union to attend to counselling sessions and remuneration matters affecting staff. These conciliatory meetings usually help to build a working relationship between the SETA, staff, and labour.

EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

To ensure that the targets and priorities of the Annual Performance Plan of the organisation are met, individual employee performance is monitored and reviewed through a balanced scorecard system. All employees signed their performance agreements for the year, also aligning these with the respective business units' performance outputs, as well as employees' individual job outputs as outlined in their job profiles. Mid-year performance discussion reviews were conducted, and Management ensures performance outputs focus on tangible deliverables for each employee, and that small work teams remain dynamic and streamlined to deliver on the business objectives

SKILLS DEVELOPMENT FRAMEWORK AND PLANNING

The workplace skills development plan was reviewed and updated during the reporting period. In line with this plan, the HR division working with various divisional heads identified training needs, prioritising the developmental areas identified through the performance evaluation process.

Furthermore, the FP&M SETA implemented upskilling and reskilling programmes to develop identified employees for viable future careers using the digital training platforms, designed to create self-motivated, diverse, digitally skilled, and future ready employees. The business has made headway in ensuring that the learning culture is embedded. Employees are continuously offered bursaries annually. At least five (5) employees were funded to further their studies; in line with the business needs and their work areas.

EMPLOYEE WELLNESS, RESILIENCE AND ENGAGEMENT SESSIONS

FP&M SETA has implemented an Employee Wellness Programme to both the employees and their immediate family members and has chosen LYRA (formerly ICAS Southern Africa) as its preferred provider. The Employee Wellness Programme is a tailor-made, confidential and professionally-managed service.

The overall engagement rate, which includes uptake of all services provided, amounted to 40% during the period under review. The most prevalent issues requiring support included mental health, loss issues, organisational and managerial issues requiring healthy engagements to produce possible solutions to a work-life balance.

POLICY DEVELOPMENT

The Human Resources Division makes changes as and when there are changes in the legislation and is continuously monitoring the policy environment and where there are changes, the respective policies are updated accordingly.

HIGHLIGHTED ACHIEVEMENTS

Services are conducted fully online, and the SETA can operate 100% remotely with a hybrid force of employees alternating between working from home and the office. There is significant work towards the purchasing and implementation of integrated management systems (IMS) and enterprise resource planning (ERP).

Throughout the global economic challenges, the SETA managed to retain all staff with full remuneration. No layoffs were experienced during these trying times. The staff complement equalled 64. Management reassured staff of their commitment to staff wellness and safety. During the year under review, we regrettably had three (3) employees retire.

The FP&M SETA participated in a successful Inter-SETA Wellness Sports Day event that took place in November 2023. Wellness services providers were invited by the respective SETAs to offer services to their employees.

FUTURE HR PLANS /GOALS

In the coming financial year, the HR division will continue to improve on the performance management and employee wellness systems in place. It plans to automate the existing performance management system and will provide additional employee wellness events.

The FP&M SETA leadership team expressed a need to develop a full innovative and agile human resources strategy and set the overall direction for the HR function in the Seta.

The HR division will drive the process, identifying and developing plans to fill skills gaps, following placements of staff within the structure as reviewed from time to time.

An important priority is maintaining a non-qualified audit and strive towards a clean audit outcome. Co-operation and good faith in the relationship between the Union and the Employer remain essential to ensure the achievement of optimum results through the working relationship.

HUMAN RESOURCES OVERSIGHT STATISTICS

The public entity must provide the following key information on human resources. All the financial amounts must agree to the amounts disclosed in the annual financial statements. Where considered appropriate provide reasons for variances.

PERSONNEL COST BY PROGRAMME/ACTIVITY/OBJECTIVE

Programme/activity/ objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	47 341	3 251	9.3%	1	3 251
Senior Management	90 889	6 241	17.9%	5	1 248
Professional qualified	127 134	8 731	25%	11	794
Skilled	181 692	12 477	35.8%	26	480
Semi-skilled	54 816	3 765	10.8%	14	267
Unskilled	2 351	161	0.5%	2	81
Other	3 595	247	0,7%	5	49
TOTAL	**507 818**	**34 873**	**100%**	**64**	**545**

* 'Other' refers to Interns

PERSONNEL COST BY SALARY BAND

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	3 251	9.3%	1	3 251
Senior Management	6 241	17.9%	5	1 248
Professional qualified	8 731	25%	11	794
Skilled	12 477	35.8%	26	480
Semi-skilled	3 765	10.8%	14	267
Unskilled	161	0.5%	2	81
Other	247	0.7%	5	49
TOTAL	**34 873**	**100%**	**64**	**545**

PERFORMANCE REWARDS

Programme/activity/objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	344	3 251	11%
Senior Management	337	6 241	5%
Professional qualified	620	8 731	7%
Skilled	874	12 477	7%
Semi-skilled	223	3 765	6%
Unskilled	17	161	10%
Other	0	247	0%
TOTAL	**2 415**	**34 873**	**7%**

TRAINING COSTS

Programme//activity/objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg. training cost per employee
Office of the CEO	3 682	5	0.14%	3	2
Research, Planning & Reporting	7 458	84	1.13%	12	7
Projects	8 265	83	1.01%	16	5
Quality Assurance	6 213	78	1.25%	10	8
Finance	4 941	29	0.58%	7	4
Information Technology	1 633	10	0.64%	3	3
Governance/Risk/Compliance/Legal & M&E	2 418	34	1.37%	5	7
Other	263	268	101 %	6	45
TOTAL	**34 873**	**591**	**2%**	**62**	**10**

Note: The training reported includes both formal and in-house training.

* "Other" includes Internship Programme.

EMPLOYMENT AND VACANCIES

Explanations: Detail the attempts made to fill the posts of senior management and highly skilled supervision and explain why there are no appropriate internal staff to fill the vacancies. Explain how long, at a minimum, vacancies have remained unfilled and the reasons for this. Explain measures taken to successfully attract and retain staff.

Programme/activity/objective	2022/2023 No. of Employees	2023/2024 Approved Posts	2023/2024 No. of Employees	2023/2024 Vacancies	% of vacancies
Top Management	1	1	1	0	0%
Senior Management	6	5	5	1	20%
Professional Qualified	9	10	11	3	27,3%
Skilled	26	27	25	4	16%
Semi-skilled	14	18	14	4	28,6%
Unskilled	2	4	2	0	0%
Other	*4	3	6	4	66,7%
TOTAL	**62**	**68**	**64**	**16**	**25,0%**

* Other refers to interns

EMPLOYMENT CHANGES

Provide information on changes in employment over the financial year. Turnover rates indicate trends in the employment profile of the public entity.

Salary Band	Employment at beginning of the period	Appointments	Terminations	Employment at end of the period
Top Management	1	0	0	1
Senior Management	4	*1	0	5
Professional qualified	9	3	2	9
Skilled	22	4	5	21
Semi-skilled	12	**2	2	14
Unskilled	2	0	1	1
Other	***3	3	2	3
Total	**53**	**13**	**12**	**54**

Explanations: During the year, one employee was promoted from one occupational level /category to another i.e., from Professional qualified to Senior Management following a full recruitment process. Furthermore, during the year, two employees were absorbed from one occupational level /category to another i.e., from Other to Semi-skilled.

* Internal appointments regarded as promotion
** Absorption from Internship to fixed-term contract and one Talent Retention under Semi-skilled from fixed-term contract to full-time contract
*** Other refers to Interns

REASONS FOR STAFF LEAVING

Provide explanations for staff leaving and what attempts are made to replace these staff.

Reason	Number	% of total no. of staff leaving
Death	0	0%
Resignation	2	17%
Dismissal	0	0%
Retirement	3	25%
Ill health	0	0%
Expiry of contract	6	50%
Other	1	8%
Total	**12**	**100%**

Explanations: Staff leave voluntarily or because of contract expiring. Staff retention processes and internal movements, i.e., secondments, re-deployment and acting in senior positions are encouraged. In addition, a full recruitment process is followed whereby internal and external applicants are allowed to apply to replace staff who leave the organisation.

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Nature of Disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written Warning	1
Dismissal	0
Other: Counselling	1

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

Explanations:

- The SETA constantly engages in a process to align Business Operations for Global Technological Changes Fit and review the organisational design and structure as required from time to time.
- Adherence to the approved organogram remains a priority. Staff retention processes and internal movements, i.e., secondments, re-deployment and acting in senior positions are encouraged.
- Staff turn-over allows the SETA to review and merge positions that link or collapse the ones that have grown to address budget shortfalls and prevent lay-offs.
- Where applicable, positions are strengthened by the appointment of fixed-term employees, SSAs and Interns funded through discretionary funding.
- Recruitment of unemployed graduates will be prioritised.

	MALE								FEMALE							
	African		Coloured		Indian		White		African		Coloured		Indian		White	
LEVELS	C	T	C	T	C	T	C	T	C	T	C	T	C	T	C	T
Top Management	0	0	0	0	0	0	0	0	1	1	0	0	0	0	0	0
Senior Management	2	2	0	0	2	2	0	0	1	1	0	0	0	0	0	0
Professional qualified	2	4	0	0	0	0	0	0	5	5	0	0	0	0	3	3
Skilled	7	7	0	0	0	0	1	0	10	10	0	0	3	3	0	1
Semi-skilled	1	1	0	0	0	0	0	0	6	6	1	1	1	1	1	1
Unskilled	0	0	0	0	0	0	0	0	1	1	0	0	0	0	0	0
Other	3	4	0	0	0	0	0	0	1	2	0	0	0	0	0	0
TOTAL	**15**	**18**	**0**	**0**	**2**	**2**	**1**	**0**	**25**	**26**	**1**	**1**	**4**	**4**	**4**	**5**

C: Current | **T:** Target

DISABLED STAFF

Explanations:

- Disability also suggests partial disability and employees on chronic medication.
- Departure of retired staff affected the number of people with disability

LEVELS	DISABLED STAFF			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	0	0	1
Skilled	0	1	4	4
Semi-skilled	0	0	0	0
Unskilled	0	0	1	1
TOTAL	0	1	5	6

C

PART E

PFMA COMPLIANCE REPORT

SUPPLY CHAIN MANAGEMENT

FP&M SETA met all the prescribed SCM legislative requirements; aligned to National Treasury regulations.During the year under review, the following bids were concluded positively:

- Appointment of a service provider for Travel management services.
- Appointment of a service provider of Integrated Management Systems

National Treasury issued Instruction No. 4 of 2022/2023: PFMA Compliance and Reporting Framework and related documents. The details of the Unauthorised, Irregular, Fruitless and wasteful expenditure are detailed below:

INFORMATION ON IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

IRREGULAR EXPENDITURE DISCLOSURE

Description	2023/24 R'000	2022/23 R'000
Opening Balance	1162	
Add: irregular expenditure confirmed	3656	3911
Less irregular expenditure condoned	-4589	-2372
Less irregular expenditure not condoned and removed	-229	-377
Less ireggeular expenditure recoverable		
Less irregular expenditure not recovered and written off		
Closing balance	**0**	**1162**

Irregular expenditure incurred relates to leasehold premises and the irregular appointment of Board member(s) by the Department of Higher Education and Training

RECONCILING NOTES TO THE ANNUAL FINANCIAL STATEMENT DISCLOSURE

Description	2023/24 R'000	2022/23 R'000
Irregular expenditure for the current year	3656	3911
	3656	**3911**

DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE CONDONED

Description	2023/24 R'000	2022/23 R'000
Irregular expenditure condoned	4589	2372
	4589	**2372**

Irregular expenditure has been condoned by National Treasury

DETAILS OF CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE REMOVED - (NOT CONDONED)

Description	2023/24 R'000	2022/23 R'000
Irregular expenditure not condoned and removed	229	377
	229	**377**

Irregular expenditure has been been approved for write off and removal by Board.

FRUITLESS AND WASTEFUL EXPNEDITURE

Description	2023/24 R'000	2022/23 R'000
Opening Balance	0	
Add: Fruitless and wasteful expenditure confirmed	108	
Closing balance	**108**	**0**

During the year, payments were disbursed to two deceased learners This is currently being investigated and attempts to recover the funds are in progress.

PART F

FINANCIAL INFORMATION

Index

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

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT
ON THE FIBRE PROCESSING AND MANUFACTURING SECTOR EDUCATION AND TRAINING AUTHORITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Fibre Processing and Manufacturing Sector Education and Training Authority set out on pages 96 - 134, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Fibre Processing and manufacturing Sector Education and Training Authority as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the *Public Finance Management Act 1 of 1999* (PFMA) and the *Skills Development Act 97 of 1998* (SDA)

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

RESTATEMENT OF CORRESPONDING FIGURES

7. As disclosed in note 22 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2024.

Responsibilities of the accounting authority for the financial statements

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

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

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 92, forms part of our auditor's report

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

12. In accordance with the *Public Audit Act 25 of 2004* (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
13. I selected the following programmes presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected programme that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

PROGRAMME	PAGE NUMBERS	PURPOSE
Programme 2: Skills planning	42 - 45	To ensure that appropriate skills-related research is conducted in order to identify and increase production of occupations in high demand to promote labour absorption. Accurate labour market analysis within the sector will improve enrolment and completion of priority occupations and qualifications. This would improve the responsiveness and planning processes of the sector's post-school education and training system.
Programme 3: Learning programmes and projects	45 - 49	To link education and the workplace in order to develop a skilled and capable workforce for a sustainable, techno-logically-advanced and productive FP&M manufacturing sector. Workplaces must implement occupationally-directed programmes and qualifications to address technical high level and middle level occupations and qualifications in demand, especially for priority occupations.

14. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
15. I performed procedures to test whether:
    - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
    - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included

- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

16. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
17. I did not identify any material findings on the reported performance information for the programmes.

Other matters

18. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievement. This information should be considered in the context of the material findings on the reported performance information.
20. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reason for any underachievement of targets are included in the annual performance report on pages 42 - 55.

PROGRAMME 2: SKILLS PLANNING

Targets achieved: 73% Budget spent 91%		
KEY INDICATOR NOT ACHIEVED	PLANNED TARGET	REPORTED ACHIEVEMENT
Number of WSPs and ATRs approved for small firms	600	593
Number of WSPs and ATRs approved for medium firms	400	363
Number of WSPs and ATRs approved for large firms	340	306

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS

Targets achieved: 97% Budget spent 54%		
KEY INDICATOR NOT ACHIEVED	PLANNED TARGET	REPORTED ACHIEVEMENT
Number of unemployed learners completed work experience / internship programmes	530	529

MATERIAL MISSTATEMENTS

I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for programme 3: learning programmes. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

REPORT ON COMPLIANCE WITH LEGISLATION

21. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
22. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
23. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
24. I did not identify any material non-compliance with the selected legislative requirements

OTHER INFORMATION IN THE ANNUAL REPORT

25. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
26. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
27. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
28. I did not receive the other information prior to the date of this auditors report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information to be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

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

Auditor-General

Pretoria
31 July 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

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

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

Professional judgement and professional scepticism

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

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

LEGISLATION	SECTIONS OR REGULATIONS
Treasury regulations	Treasury reg 16A6.1 Treasury16A3.2 (fairness) Treasury reg16A3.2(a) and b Treasury reg R16A6.3(a), (b)(c) &(e) Treasury reg 16A6.4 Treasury reg 16A6.5 Treasury reg 16A6.6 Treasury reg 16A.7.1 Treasury reg 16A.7.3 Treasury reg 16A.7.6 Treasury reg 16A.7.7 Treasury reg 16A.8.3 Treasury reg 16A.8.4 Treasury reg 16A9.1(b) (ii), (d), (e) Treasury reg 16A9.1(d), (e) & (f) Treasury reg 16A9.2(a)(ii) Treasury reg 8.2.1 Treasury reg 8.2.2 Treasury reg 29.1(a) &(c) Treasury reg 29.3.1 Treasury reg 30.1.1 Treasury reg 30.1.3(a), (b) & (d) Treasury reg 30.1.3(b) Treasury reg 30.1.3(d) Treasury reg 30.2.1 Treasury reg 31.1.2(c) Treasury reg 31.2.1 Treasury reg 31.3.3 Treasury reg 33.1.1 Treasury reg 33.1.3
PFMA instruction note 3 of 2021/22	Paragraph 4.1 Paragraph 4.2(b) Paragraph 4.3 Paragraph 4.4 and Paragraph 4.4(c), (d)
PFMA SCM instruction note 03 of 2021/22	Definition Paragraph 4.1 Paragraph 4.2(b) Paragraph 4.3 and 4.4 Paragraph 4.4© Paragraph 4.4(d) Paragraph 7.2

LEGISLATION	SECTIONS OR REGULATIONS
SCM Instruction note 02 of 2021/22	Paragraph 3.2.1 Paragraph 3.2.4 Paragraph 4.1
SCM instruction note 3 of 2016	Note 3 Note6
National Treasury Instruction 01 of 2021/2022	Paragraph 4.1
Treasury Instruction note 11 of 2020/21	Paragraph 3.1 Paragraph 3.4(b) Paragraph 3.9
National Treasury Instruction 5 of 2020/21	Paragraph 1 Paragraph 2 Paragraph 4.8 Paragraph 4.9 Paragraph 5.3
National Treasury Instruction 07 of 2017/18	Paragraph 4.3
National Treasury Instruction 4A of 2016/17	Paragraph 6
National Treasury Instruction 4 of 2015/16	Paragraph 3.4
Practice Note 7 of 2009/10	Paragraph 4.1.2
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA	PFMA 35(4) PFMA 38(1)(b) PFMA 44 PFMA 45(b) PFMA 51(1)(b)(ii) PFMA 51(1)(e)(iii) PFMA 52(b) PFMA 54(2)(c), (d) PFMA 57(b) PFMA 55(1)(a), (b) PFMA 55(1)(a), (b)
PPPFA	Definition "acceptable tender Section 2(1)(a) and (b) Paragraph 2(1)(f)
Preferential Procurement Regulation 2011	Regulation 9(1), 9(5)

LEGISLATION	SECTIONS OR REGULATIONS
Preferential Procurement Regulation 2017	under functionality Regulation 4(1), 4(2) Regulation 5(1), 5(3), 5(6), 5(7) Regulation 6(8) Regulation 7(8) Regulation 8(2), 8(5) Regulation 9(1) Regulation 10(1) Regulation 11(1)
Preferential Procurement Regulation 2022	Regulation 4(4)
CIDB Act	Section 18(1)
CIBD Regulations	Regulation 17 Regulation 25(7A)
SBD	SBD 62 issued in 2015/16
Sita Act	Section 7(3)
Public Service regulation	Regulation 18(1), (2)
PRECCA	Section 34(1)
Grant regulations	GNR.990 2(1) GNR.990 3(3) & 4 GNR.990 4(3), 8 GNR.990 6(9)(iii)

Statement of Responsibility

The Accounting Authority is responsible for the preparation of the FP&M SETA's annual financial statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements.

The external auditors are engaged to express an independent opinion on the financial statements of FP&M SETA.

The annual financial statements of the FP&M SETA set out on pages 96 - 134 have been approved by the Board on 31 July 2024.

Felleng Yende
Chief Executive Officer

Michelle Odayan
Board Chairperson

Statement of Financial Position
as at 31 March 2024

	Note(s)	2024 R '000	2023 Restated* R '000
Assets			
Current Assets			
Cash and cash equivalents	5	397 729	443 480
Receivables from non-exchange transactions	6	21	32
Receivables from exchange transactions	7	509	467
Inventories	8	49	67
		398 308	**444 046**
Non-Current Assets			
Property, plant and equipment	3	1 175	1 136
Intangible assets	4	615	418
		1 790	**1 554**
Total Assets		**400 098**	**445 600**
Liabilities			
Current Liabilities			
Payables from exchange transactions	10	5 368	4 735
Trade and other payables from non-exchange transactions	9	79 847	44 119
Provisions	11	10 634	10 182
		95 849	**59 036**
Total Liabilities		**95 849**	**59 036**
Net Assets		**304 249**	**386 564**
Reserves			
Admin Reserve	30	1 790	1 554
Discretionary Reserve	30	302 459	385 010
Total Net Assets		**304 249**	**386 564**

* See Note 22

Statement of Financial Performance

	Note(s)	2024 R '000	2023 Restated* R '000
Revenue			
Revenue from exchange transactions			
Other revenue	13	47	290
Finance income	14	33 469	25 435
Total revenue from exchange transactions		**33 516**	**25 725**
Revenue from non-exchange transactions			
Transfer revenue			
Skills development levy (SDL) revenue	15	387 896	368 676
SDL penalties and interest received	16	4 091	4 307
Total revenue from non-exchange transactions		**391 987**	**372 983**
Total revenue	**12**	**425 503**	**398 708**
Expenditure			
Employee related costs	17	(18 970)	(18 047)
Depreciation and amortisation		(4 658)	(3 745)
Lease rentals on operating lease	20	(3 871)	(4 940)
Employer grants and project expenses	18	(463 686)	(339 666)
Loss on disposal of assets and liabilities		(64)	(53)
General Expenses	19	(16 569)	(15 830)
Total expenditure		**(507 818)**	**(382 281)**
Surplus/(deficit) for the year		**(82 315)**	**16 427**

NB: As at 31 March 2023 , the Discretionary grant reserve amount comprised R 382 million Discretionary grant commitments. The Seta obtained the necessary approvals to retain the Discretionary grant reserves and disburse the funding in subsequent periods as and when Projects reach certain milestones for payments. Any deficit for the current year is as a result of disbursement of prior approved Discretionary grant reserves.

Statement of Changes in Net Assets

	Administration reserve	Employer grant reserve	Discretionary Grant reserve	Total reserves	Accumulated surplus	Total net assets
	R '000	R '000	R '000	R '000	R '000	R '000
Balance at April 1, 2022	**1 397**	**-**	**368 740**	**370 137**	-	**370 137**
Changes in net assets						
Allocation of unappropriated surplus / (deficit) - note 24	5 773	23 990	(13 336)	16 427	16 427	32 854
Transfer to Discretionary reserves : excess funds	(5 616)	(23 990)	29 606	-	-	-
Net income (losses) recognised directly in net assets	157	-	16 270	16 427	16 427	32 854
Surplus/(Deficit) for the year	-	-	-	-	(16 427)	(16 427)
Total recognised income and expenses for the year	157	-	16 270	16 427	-	16 427
Total changes	157	-	16 270	16 427	-	16 427
Opening balance as previously reported	1 554	-	-	1 554	-	1 554
Adjustments						
Opening Balance as previously reported	-	-	382 166	382 166	-	382 166
Prior year adjustments (Note 22)	-	-	2 844	2 844	-	2 844
Restated* Balance at April 1, 2023 as restated*	**1 554**	**-**	**385 010**	**386 564**	**-**	**386 564**
Changes in net assets						
Allocation of unappropriated surplus / (deficit) - note 24	6 780	26 028	(115 123)	(82 315)	82 315	-
Transfer to Discretionary reserves: excess funds	(6 544)	(26 028)	32 572	-	-	-
Net income (losses) recognised directly in net assets	236	-	(82 551)	(82 315)	82 315	-
Surplus/(Deficit) for the year	-	-	-	-	(82 315)	(82 315)
Total recognised income and expenses for the year	236	-	(82 551)	(82 315)	-	(82 315)
Total changes	236	-	(82 551)	(82 315)	-	(82 315)
Balance at March 31, 2024	1 790	-	302 459	304 249	-	304 249
Note(s)	30		30			

* See Note 22

Cash Flow Statement

	Note(s)	2024 R '000	2023 Restated* R '000
Cash flows from operating activities			
Receipts			
Cash receipts from stakeholders		391 945	372 998
Other cash receipts from stakeholders		47	290
Interest income		33 469	25 435
		425 461	398 723
Payments			
Grants and project payments		(427 624)	(351 542)
Compensation of employees		(18 841)	(17 887)
Payments to suppliers and other		(19 792)	(20 720)
		(466 257)	(390 149)
Net cash flows from operating activities	23	**(40 796)**	**8 574**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(813)	(721)
Purchase of other intangible assets	4	(4 142)	(3 235)
Net cash flows from investing activities		**(4 955)**	**(3 956)**
Net increase/(decrease) in cash and cash equivalents		**(45 751)**	**4 618**
Cash and cash equivalents at the beginning of the year		443 480	438 862
Cash and cash equivalents at the end of the year	5	**397 729**	**443 480**

* See Note 22

Statement of Comparison of Budget and Actual Amounts

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 revenue	-	-	-	47	47	
Finance Income	20 568	4 500	25 068	33 469	8 401	33.1
Total revenue from exchange transactions	**20 568**	**4 500**	**25 068**	**33 516**	**8 448**	
Revenue from non-exchange transactions						
Transfer revenue						
SDL revenue	368 826	10 910	379 736	387 896	8 160	33.2
SDL penalties and interest received	6 172	-	6 172	4 091	(2 081)	33.3
Retained Surplus	-	382 099	382 099	-	(382 099)	33.10
Total revenue from non-exchange transactions	**374 998**	**393 009**	**768 007**	**391 987**	**(376 020)**	
Total revenue	**395 566**	**397 509**	**793 075**	**425 503**	**(367 572)**	
Expenditure						
Personnel	(20 369)	-	(20 369)	(18 970)	1 399	33.5
Depreciation and amortisation	(3 012)	-	(3 012)	(4 658)	(1 646)	33.8
Lease rentals on operating lease	(6 785)	-	(6 785)	(3 871)	2 914	33.9
Employer grant and project expenses	(347 999)	(397 509)	(745 508)	(463 686)	281 822	33.4
General expenses	(17 401)	-	(17 401)	(16 569)	832	33.6
Total expenditure	**(395 566)**	**(397 509)**	**(793 075)**	**(507 754)**	**285 321**	
Operating deficit	-	-	-	**(82 251)**	**(82 251)**	
Gain on disposal of assets	-	-	-	(64)	(64)	33.7
Surplus / (Deficit) for the year	-	-	-	**(82 315)**	**(82 315)**	
Actual amount on comparable basis as presented in the budget and actual comparative statement	-	-	-	**(82 315)**	**(82 315)**	

Accounting Policies

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 91(1) of the *Public Finance Management Act (Act 1 of 1999).*

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 as read with Directive 5.

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

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

1.1 PRESENTATION CURRENCY

These financial statements are presented in South African Rand, which is the functional currency of the entity and rounding has been made to the nearest thousand (R'1000).

1.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets (including leasehold improvements) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost and is subsequently carried at cost less accumulated depreciation and any impairment losses.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at 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.
When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

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

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

Item	Depreciation method	Average useful life
Office furniture and fittings	Straight line	1-5 years
Motor vehicles	Straight line	1-3 years
Office equipment	Straight line	1-4 years
Computer equipment	Straight line	1-3 years
Leasehold improvements	Straight line	Over lease term
Artwork and signage	Straight line	1-5 years

The residual value,and the useful life and depreciation method of each asset are reviewed at the end of each reporting date.If the expectations differ from the previous estimates, the change is accounted for as a change in accounting estimate. The entity assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable service amount of the asset. Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 INTANGIBLE ASSETS

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.

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.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

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

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

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	Term of Licence

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

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

1.4 FINANCIAL INSTRUMENTS

DEFINITIONS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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

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

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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

CLASSIFICATION

The entity 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
Cash and Cash equivalents	Financial asset measured at amortised cost
Other receivables	Financial asset measured at amortised cost

The entity 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
Trade and other payables exchange	Financial liability measured at amortised cost
Trade and other payables non exchange	Financial liability measured at amortised cost

INITIAL RECOGNITION

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

INITIAL MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

GAINS AND LOSSES

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

IMPAIRMENT AND UNCOLLECTIBILITY OF FINANCIAL ASSETS

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

DERECOGNITION

Financial assets

The entity derecognises financial assets using trade date accounting. The entity derecognises a financial asset only when:

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

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses, are offset.

FINANCIAL LIABILITIES

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished - i.e. when the obligation specified in the contract is discharged, cancelled, expired or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-Exchange Transactions (Taxes and Transfers).

PRESENTATION

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.
In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.5 TAX

No provision has been made for taxation, as the SETA is exempt from income tax in terms of Section 10 of the *Income Tax Act*.

1.6 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

OPERATING LEASES - LESSEE

Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.7 INVENTORIES

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

Inventory primarily comprise of consumables and office stationery that is not used at year end.

1.8 SHARE CAPITAL / CONTRIBUTED CAPITAL

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

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

- Administration reserve
- Employer grant reserve
- Discretionary 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 SDL payments are set aside in terms of the Skills Development Act and the regulations issued in terms of the Act, for the purpose of:

Purpose of total SDL payments from employer	% Allocation 23/24	% Allocation 22/23
Administration costs of the SETA	10.50 %	10.50 %
Mandatory grants	20.00 %	20.00 %
Discretionary grants and projects	49.50 %	49.50 %
	80.00 %	**80.00 %**

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to pay for its administration costs.

Interest and penalties received from SARS are utilised for discretionary grants. Other income received is utilised in accordance with the original source of the income.

The net surplus/(deficit) is allocated to the administration reserve, the mandatory grant reserve and the discretionary fund reserve based on the above. The amount retained in the administration reserve equates to the net book value of property, plant and equipment and intangible assets. Excess cash reserves are transferred to the discretionary reserve.

Surplus funds in the employer grant reserve are transferred to the discretionary reserve at the end of the financial year. An amount is retained in the employer grant reserve to pay for projects that are committed at year end as per the commitments register.

1.9 EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

DEFINED CONTRIBUTION PLANS

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.10 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 30.

1.11 COMMITMENTS

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements and these include discretionary grant contracts that are non-cancellable or only cancellable at significant cost. The commitment value is calculated using the contract value less any payments or adjustments. Contracts are removed in the commitments register when the FP&M Seta has no contractual obligation to another party due a cancellation, expiry of contract or discharge of contractual obligations under the contract.

1.12 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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.

MEASUREMENT

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

INTEREST, ROYALTIES AND DIVIDENDS

Revenue arising from the use by others of entity assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.13 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

LEVY INCOME

In terms of section 3(1) and 3(4) of the *Skills Development Levies Act, 1999 (Act No. 9 of 1999*), registered member companies of the SETA pay a skills development levy (SDL) of 1% of the total payroll cost to the South African Revenue Services (SARS). 80% of SDL are paid over to the SETA (net of the 20% contribution to the National Skills Fund).

The SETA refunds amounts to employers in the form of grants, based on information received from SARS. Where SARS retrospectively amends the information on SDL collected, it may result in grants that have been paid to certain employers that are in excess of the amount the SETA is permitted to have granted to employers. A receivable relating to the overpayment to the employer in earlier periods is raised at the amount of such grant over payment, net of bad debts and provision for irrecoverable amounts.

Revenue is adjusted for inter SETA transfers due to employers changing SETAs. Such adjustments are separately disclosed as inter SETA transfers. The amount of the inter SETA adjustment is calculated according to the Standard Operating Procedures issued by the Department of Higher Education & Training (DHET) on 15 May 2007.

When a new employer is transferred to the SETA, the SDL transferred by the former SETA are recognised as revenue and allocated to the respective category to maintain its original identity. The SDL transfer is measured at the fair value of the consideration received.

SDL income is recognised when it is probable that future economic benefits will flow to the SETA and these benefits can be measured reliably. This occurs when the DHET either makes an allocation or payment, whichever comes first, to the SETA, as required by Section 8 of the *Skills Development Levies Act, 1999 (Act No. 9 of 1999).*

PENALTIES AND INTEREST

Interest and penalties on SDL is recognised on the earlier of the time the DHET makes the allocation or payment of the funds in the bank account of the SETA.

GOVERNMENT GRANTS AND OTHER DONOR INCOME

Conditional government grants and other conditional donor funding received are recorded as deferred income when they become receivable and are then recognised as income on a systematic basis over the period necessary to match the grants with the related costs which they are intended to compensate. Unconditional grants received are recognised when the amounts have been received.

1.14 ACCOUNTING BY PRINCIPALS AND AGENTS

IDENTIFICATION

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

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

IDENTIFYING WHETHER AN ENTITY IS A PRINCIPAL OR AN AGENT

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

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

RECOGNITION

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

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

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.15 COMPARATIVE FIGURES

Where necessary, comparative figures have been re-stated, adjusted or reclassified to achieve fair presentation and to conform to changes in presentation that arise due to changes in accounting policies, errors,reporting standards and legislation

1.16 UNAUTHORISED EXPENDITURE

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised 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 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless 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.

1.18 IRREGULAR EXPENDITURE

Irregular expenditure as defined in Section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

(a) this Act; or
(b) the *State Tender Board Act, 1968 (Act No. 86 of 1968)*, or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year-end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year-end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

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.

1.19 BUDGET INFORMATION

The Entity is typically subject to budgetary limits in the form of appropriations or budget authorisation's (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives. The approved budget covers the fiscal period from 2023-04-01 to 2024-03-31.

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.

1.20 RELATED PARTIES

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of three spheres of government in South Africa , only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions. Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

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

All transactions with the related parties are disclosed whether or not they at arms lenght or in the ordinary course of business.

1.21 EVENTS AFTER REPORTING DATE

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

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

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

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

1.22 SIGNIFICANT JUDGEMENTS

SEGMENT REPORTING

FP&M SETA does not have an activity or unit that meets the definition of a 'segment' as defined, as FP&M SETA administrative units and functional departments do not undertake activities that generate economic benefits or services potential separately from the SETA. Management has assessed that FP&M SETA operates as one segment both from a service and geographical point of view. Management has not divided the financial information into different segments as required by GRAP 18. We draw the reader's attention to Note 6 , 9 ,10 , 23 where revenue, expenses, trade and other receivables and trade and other payables are allocated into administration, mandatory and discretionary grant activities.

1.23 GRANTS AND PROJECT EXPENDITURE

GRANTS AND PROJECT EXPENDITURE

A registered employer may recover a maximum of 20% of its total levy payment as a mandatory employer grant (excluding interest and penalties) by complying with the grant criteria in accordance with the *Skills Development Act, 1998* as amended SETA Grant Regulations regarding monies received and related matters (The SETA Grant Regulations).

MANDATORY GRANTS EXPENDITURE

The grant expenditure is recognised when the employer has submitted an application for a grant in the prescribed form within the legislated cut off period and the application has been approved. Grants are equivalent to 20% of the total levies contributed by employers to the SETA during the corresponding financial period. Any untilised mandatory grant income is swept to Discretionary grant reserves.

DISCRETIONARY PROJECT EXPENDITURE

A SETA may out of surplus monies and in accordance with criteria as defined in the SETA Grant Regulations allocate funds to employers and other associations or organisations. The criteria for allocating funds are approved by the SETA Board. Where necessary it can be required of interested employers, associations or organisations to complete and submit a funding application for consideration and approval by the SETA.

A SETA allocates discretionary grants to employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period. Discretionary grant expenditure is recognised as expenses in the period in which they are incurred, in which the conditions are met.

PROJECT EXPENDITURE COMPRISE:

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

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

RETROSPECTIVE ADJUSTMENTS BY SARS

The SETA refunds amounts to employers in the form of grants, based on information from SARS. Where SARS retrospectively amends the information on levies collected, it may result in grants that have been paid to certain employers that are in excess of the amount the SETA is permitted to have granted to employers. A receivable relating to the overpayment to the employer in earlier periods is raised as the amount of such grant overpayment, net of bad debts and provision for irrecoverable amounts.

Adjustments to revenue already recognised, arise from the completion of a South African Revenue Services (SARS) internal review process, and/or the outcome of an external appeal or objection process undertaken by employer companies.

Adjustments to revenue include any refunds that become payable as a result of the completion of a review, appeal or objection process. Refunds are recovered directly from monthly revenues by SARS, and the SETA recognises revenue on net basis as and when it becomes receivable. The SETA has no access to or control to the appeal or review process carried on by SARS, and hence could not reasonable be expected to have access to reliable information at the initial stage of recognition.

COMMITMENTS

Commitments are disclosed where FPM SETA, in the normal course of operations, entered into contractual agreement with entities relating to grants or where there is a contractual letter of award. Commitments are measured at the amount the entity would pay to settle future obligations as per contractual relationship with the beneficiaries. Commitments are included in the disclosure note to the financial statements. Commitments are derecognised when either the grant programmes are terminated through a signed termination agreement, or when the contractual obligation is fully paid.

Commitments are disclosed where the SETA has, in the normal course of its operations, entered into a contractual agreement with entities related to project expenses which are yet due for payment. Commitments are accounted for as contingent liabilities in terms of GRAP 19.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE IN THE CURRENT YEAR

- Revised GRAP 25 on Employee Benefits and related IGRAP 7 on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.
- Amendments to GRAP 1 on Presentation of Financial Statements as a result of changes agreed as part of developing the Guideline on The Application of Materiality to Financial Statements.
- Improvements to the Standards of GRAP, 20.
- Guideline on Accounting for Landfill Sites.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Office furniture and fittings	1 282	(1 238)	44	1 282	(1 201)	81
Motor vehicles	497	(466)	31	497	(450)	47
Office equipment	3 819	(3 167)	652	3 448	(2 780)	668
Computer equipment	3 653	(3 205)	448	3 438	(3 098)	340
Artwork	279	(279)	-	279	(279)	-
Total	**9 530**	**(8 355)**	**1 175**	**8 944**	**(7 808)**	**1 136**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Deprecia-tion	Total
Office furniture and fittings	81	-	-	(37)	44
Motor vehicles	47	-	-	(16)	31
Office equipment	668	397	(2)	(411)	652
Computer equipment	340	416	(62)	(246)	448
	1 136	**813**	**(64)**	**(710)**	**1 175**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Deprecia-tion	Total
Office furniture and fittings	231	23	(39)	(134)	81
Motor vehicles	81	-	-	(34)	47
Office equipment	369	645	-	(346)	668
Computer equipment	625	53	(13)	(325)	340
	1 306	**721**	**(52)**	**(839)**	**1 136**

4. INTANGIBLE ASSETS

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	11 241	(10 626)	615	7 099	(6 681)	418
Total	**11 241**	**(10 626)**	**615**	**7 099**	**(6 681)**	**418**

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software	418	4 142	(3 945)	615
	418	**4 142**	**(3 945)**	**615**

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software	91	3 235	(2 908)	418
	91	**3 235**	**(2 908)**	**418**

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2024 R'000	2023 R'000
Petty cash on hand	17	3
Bank balances	6 760	21 844
Investments	390 952	421 633
	397 729	**443 480**

Investments are held with the Corporation of Public Deposits (CPD) , is available on demand and is subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equalivents comprise of cash on hand, bank balances and deposits held on call with CPD.

6. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2024 R'000	2023 R'000
Mandatory grant Receivables	2	32
Interseta receivables	19	-
	21	**32**

7. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Deposits	435	435
Prepaid expenses	26	-
Sundry debtors	48	32
	509	**467**

8. INVENTORIES

Stationery and other consumables	49	67

Inventory comprises paper, kitchen items and other consumables.

Inventories reconciliation		
Opening balance	67	27
Purchases	44	83
Authorised consumption	(62)	(43)
Closing balance	**49**	**67**

9. TRADE AND OTHER PAYABLES FROM NON EXCHANGE TRANSACTIONS

Trade payables from non- exchange transactions relate to mandatory and discretionary grant liabilities other than those that are accounted for as grants received in advance (conditional grants received).

Non-exchange payables are as follows:		
Mandatory grant payables	25	-
Discretionary grant payables	672	15 720
Discretionary grant accruals	73 232	23 190
Accrual for mandatory grants	5 918	5 209
	79 847	**44 119**

10. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	406	712
Accrued expense: Administrative expenses	4 745	3 901
Accrued expense: Salary deductions payable	51	-
Accrued expense: Operating lease straight lining	166	122
	5 368	**4 735**

11. PROVISIONS

	Perfomance bonus	Levies from exempt companies	Total
Reconciliation of provisions: 2024			
Opening balance	2 641	7 541	10 182
Amount paid	(2 415)	(1 411)	(3 826)
Additions	2 544	1 734	4 278
	2 770	**7 864**	**10 634**
Reconciliation of provisions: 2023			
Opening balance	2 481	7 222	9 703
Amount paid	(2 046)	(1 416)	(3 462)
Additions	2 206	1 735	3 941
	2 641	**7 541**	**10 182**

During the financial year the SETA received SDL income from companies whose gross salary cost is less than R500 000. DHET issued guidance to all SETAs indicating that these funds must continue to be accounted for as liabilities for a period of 5 years unless the related companies claim back these funds during this 5 year period. Thereafter the SETA can recognise these funds as income if they are not claimed. At 31 March 2024 the amount claimable was R 7.8m (2022/23: R7.5m).

Bonus provision and subsequent payment is calculated on an annual basis inline with the Performance Management Policy/Procedure.

12. REVENUE

	2024 R'000	2023 R'000
Other revenue	47	290
Interest received - investment	33 469	25 435
SDL revenue	387 896	368 676
SDL penalties and interest	4 091	4 307
	425 503	**398 708**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Other revenue	47	290
Interest received - investment	33 469	25 435
	33 516	**25 725**
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
SDL revenue	387 896	368 676
SDL penalties and interest	4 091	4 307
	391 987	**372 983**

13. OTHER INCOME

	2024 R'000	2023 R'000
Testing certificates - non-exchange	28	41
Insurance refund - exchange	19	249
	47	**290**

14. FINANCE INCOME

Interest revenue		
Interest from deposits and bank	33 469	25 435

15. SKILLS DEVELOPMENT LEVY (SDL) REVENUE

Administration - SDL received from SARS	50 909	48 388
Administration - Inter SETA transfer in	3	-
Employer grants - SDL grants received from SARS	96 958	92 188
Employer grants - Inter SETA transfer in	5	-
Discretionary grants - SDL received from SARS	240 009	228 100
Discretionary grants - Inter SETA transfers in	12	-
	387 896	**368 676**

16. SDL PENALTIES AND INTEREST RECEIVED

SDL interest income	1 600	1 837
SDL penalties income	2 491	2 470
	4 091	**4 307**

17. EMPLOYEE RELATED COSTS

Basic	13 537	12 854
Incentive Bonus	428	399
Bonus provision	1 460	1 330
Medical aid - company contributions	757	725
UIF	49	52
Workmens compensation	42	45
SDL	168	159
Leave pay provision charge	283	287
Short term benefit	1 556	1 503
Other short term costs	384	367
Cellphone allowances	81	78
Acting allowances	16	38
Car allowance	209	210
	18 970	**18 047**

Note
Project payroll costs of R 16 million are disclosed in note 18.1. These costs relate to employees that administer projects.

18. EMPLOYER GRANT AND PROJECT EXPENSES

	2024 R'000	2023 R'000
Discretionary Grant Expenses		
Administrative project costs (18.1)	22 431	19 452
Discretionary grant expenses	370 320	252 016
	392 751	**271 468**

NB: Administrative project expenses relates to Discretionary grant expenditure. Included in Administrative project costs are payroll costs of R 16 million (2023: R 15 million). Refer to note 18.1.

Mandatory grant expenditure		
Mandatory grant to employers	70 935	68 198
Employer grant and project expenses for the period	**463 686**	**339 666**

18.1 ADMINISTRATIVE PROJECT SALARY COSTS

Basic Salaries	11 821	11 303
Leave accrual	62	122
Medical Aid	712	684
Bonus Accrual	1 085	877
UIF	55	57
SDL	149	140
Short term benefits	1 912	1 665
Cellphone allowances	37	38
Acting Allownace	47	51
Car Allowance	292	332
	16 172	**15 269**

19. GENERAL EXPENSES

	2024 R'000	2023 R'000
Internal audit fees (1)	467	470
Advertising	61	80
Auditors remuneration (2)	2 782	3 601
Bank charges	49	51
Cleaning	372	154
Audit committee fees	43	64
Legal Fees	187	533
Board fees	395	394
Insurance	133	151
Repairs and maintenance	-	5
Fuel and oil	6	20
Consultant fees (2)	1 111	175
Postage and courier	62	30
Printing costs	28	26
Management information systems	3 752	2 799
Stationery	63	15
Security	536	528
Staff welfare	14	3
Subscriptions and membership fees	1 245	1 108
Telephone	676	564
Staff training and development costs	272	374
Travel costs	358	220
Electricity	1 038	543
QCTO expenses (4)	2 549	2 208
catering and refreshments	83	91
Office expenses (3)	287	1 623
	16 569	15 830

1. Internal audit costs relate to costs aligned to the 3 year rolling plan.
2. Consulting costs increased due to costs incurred for HR strategy consults and employee placement fees.
3. Office expenses decreased due to moving costs incurred in the prior year.
4. QCTO costs increased due the increase in levy income.

20. LEASE RENTAL ON OPERATING LEASE

The operating leases relates to building premises used as office accommodation in our two regional offices and head office.

The Cape Town lease was extended to March 2025.

	2024 R'000	2023 R'000
Reconciliation of future minimum lease payments		
Not later than on year	3 459	2 777
	-	2 443
Later than one year and not later than 5 years	-	-
	3 459	**5 220**
Lease payments on operating leases		
Contractual payments made during the year	3 871	4 940

21. RELATED PARTIES

Relationships	
Member	**Refer to members' report note**
DHET	Controlling Entity
TVETs	Under common control by DHET
Universities	Under common control by DHET
University of South Africa	Under common control by DHET
QCTO	Under common control by DHET
SAQA	Under common control by DHET
NSFAS	Under common control by DHET
NSF	Under common control by DHET
Department of Science and Technology and entities under its control	Under common control by DHET
SETAs	Under common control by DHET
Adv Michelle Odayan	Accounting Authority Chairperson
Ms Makhosi Chiwashira	Accounting Authority Member
Ms Linda Theresa Bremner	Accounting Authority Member
Ms Fanisa Lamola	Accounting Authority Member
Mr Nduduzo Vilina	Accounting Authority Member
Bonita Natalie Loubser	Accounting Authority Member
Ms Deight T Simelane	Accounting Authority Member
Ms Karen Pearl Manuel	Accounting Authority Member
Mr Kwazi Mlaba	Accounting Authority Member
Teboho Cosmas Maroele	Accounting Authority Member
Ms Theresa Otto	Accounting Authority Member
Mpuka Radinku	Accounting Authority Member
Mr Fancois Oberholzer	Accounting Authority Member
Mr Mike Truelock	Accounting Authority Member
Mr Cheme Phiri	Audit committee Chairperson
Ms Karien De Villiers	Audit committee member
Mr John Raphela	Audit committee member

Definition of controlling entity and entites under common control: As the Minister is the Executive Authority of the Department of Higher Education and Training this entity is related to all other entities (and their controlled/jointly controlled entities) for which the Minister of Higher Education and Training is the executive authority and, more broadly, to all other entities controlled by the national executive.

Related party transactions

Related Party

2023/24	Nature of relationship	Transaction type	Transaction	Balances/ Comittments
Tvet Colleges	Entity under common control	Discretionary Grant	39 250	(39 081)
Higher education Institutions	Entity under common control	Discretionary Grant	12 397	(10 531)
Community Colleges	Entity under common control	Discretionary Grant	1 629	(2 266)
Funding Institutions	Entity under common control	Discretionary Grant	1 946	(1 084)
Sector Education and Training Authorities	Entity under common control	Discretionary Grant	75	19
QCTO	Entity under common control	Administration	2 549	-
SAQA	Entity under common control	Administration	6	-
Subtotal			57 852	(52 943)
			57 852	**(52 943)**

2022/23	Nature of relationship	Transaction type	Transaction	Balances/ Comittments
Tvet Colleges	Entity under common control	Discretionary Grant	27 227	(45 575)
Higher education Institutions	Entity under common control	Discretionary Grant	11 104	(7 005)
Community Colleges	Entity under common control	Discretionary Grant	514	(1 567)
Funding Institutions	Entity under common control	Discretionary Grant	1 827	(2 459)
Sector Education and Training Authorities	Entity under common control	Discretionary Grant	183	-
QCTO	Entity under common control	Administration	2 208	-
SAQA	Entity under common control	Administration	6	-
Subtotal	-	-	43 069	(56 606)
			43 069	**(56 606)**

*SFP is the transaction value recognised in the statement of Financial performance.
The above transactions occurred under terms that were no less favourable than those available in similar arm's length dealings.

BOARD MEMBERS

2024	Attendance fee	Total R'000
M Odayan (Chairperson)	229	229
Mike Truelock	4	4
F Lamola	63	63
C Phiri	22	22
M Chiwashira	67	67
Linda Bremner	10	10
AUDIT COMMITTEE	-	-
C Phiri (Chairperson)	27	27
K De Villiers	11	11
John Raphela	5	5
	438	**438**

2023	Attendance fee	Total R'000
M Odayan (Chairperson)	377	377
F Lamola	43	43
C Phiri	17	17
M Chiwashira	52	52
AUDIT COMMITTEE	-	-
C Phiri (Chairperson)	43	43
K De Villiers	13	13
John Raphela	8	8
	553	553

EXECUTIVE MANAGEMENT

2024	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Post-employment benefits	Acting Allowance	Total
CEO - Dr Felleng Yende	1 935	773	277	266	-	3 251
GM: Projects - Mr William Malema	500	-	29	64	19	612
GM: Research, planning and reporting - Mr PK Naicker	1 245	119	270	18	-	1 652
CFO - Mr Avinash Gangoo	1 104	99	132	49	-	1 384
GM : Projects - Ms SJ Kau	1 098	29	73	138	-	1 338
CIO - Mr Bongani Masango	977	90	173	15	-	1 255
	6 859	**1 110**	**954**	**550**	**19**	**9 492**

2023	Basic salary	Bonuses and performance related payments	Other short- term employee benefits	Post- employment benefits	Acting Allowance	Total
CEO - Dr Felleng Yende	1 778	718	269	247	-	3 012
GM: Governance, compliance, risk and legal - Mr Schalk Burger	98	112	18	4	138	370
GM: Projects - Mr Joe Rametsi	652	85	116	10	66	929
GM: Research, planning and reporting - Mr PK Naicker	1 149	112	255	17	-	1 533
GM : Projects - Ms SJ Kau	478	-	37	56	-	571
CFO - Mr Avinash Gangoo	1 026	81	123	41	-	1 271
CIO - Bongani Masango	904	73	161	14	-	1 152
	6 085	**1 181**	**979**	**389**	**204**	**8 838**

NB. Mr William Malema was Acting GM Projects from 1 August 2023 to 30 September 2023. He was then appointed as GM Projects from 1 October 2023.

22. PRIOR-YEAR ADJUSTMENTS

Presented below are those items contained in the statement of financial position, statement of financial performance that have been affected by prior-year adjustments. In the prior year discretioanary grant accruals and expenditure was over stated by R 2 844 000. The commitments balance has also been restated Refer to commitment note no 31. The effect of the restatement is disclosed below:

STATEMENT OF FINANCIAL POSITION

2023	Note	As previously reported	Correction of error	Restated
Trade payables from non exchange	9	(26 034)	2 844	(23 190)
Discretionary grant reserve	30	(382 166)	(2 844)	(385 010)
		(408 200)	**-**	**(408 200)**

STATEMENT OF FINANCIAL PERFORMANCE

2023	Note	As previously reported	Correction of error	Restated
Discretionary grant expenditure	18	274 312	(2 844)	271 468

23. CASH (USED IN) GENERATED FROM OPERATIONS

	2024 R'000	2023 R'000
(Deficit) surplus	(82 315)	16 427
Adjustments for:		
Depreciation and amortisation	4 658	3 745
Gain on sale of assets and liabilities	64	53
Movements in provisions	452	479
Changes in working capital:		
Inventories	18	(40)
Receivables from exchange transactions	(45)	(113)
Other receivables from non-exchange transactions	11	269
Payables from exchange transactions	633	90
Trade and other payables from non-exchange	35 728	(12 336)
	(40 796)	**8 574**

24. ALLOCATION OF NET SURPLUS / (DEFICIT)

2023/24	Administration reserve	Employer reserve mandatory grants	Discretionary reserve	Total per statement of performance
Total income				
SDL revenue	50 912	96 963	240 021	387 896
SDL penalties and interest received	-	-	4 091	4 091
Other revenue	-	-	47	47
Finance income	-	-	33 469	33 469
Total income	50 912	96 963	277 628	425 503
Total expenses				
Administration expenses	(44 132)	-	-	(44 132)
Employer grants and project expenses	-	(70 935)	(392 751)	(463 686)
	6 780	**26 028**	**(115 123)**	**(82 315)**

2022/23	Administration reserve	Employer reserve mandatory grants	Discretionary reserve	Total per statement of performance
Total income				
SDL revenue	48 388	92 188	228 100	368 676
SDL penalties and interest received	-	-	4 307	4 307
Other revenue	-	-	290	290
Finance income	-	-	25 435	25 435
Subtotal	48 388	92 188	258 132	398 708
Total Expenses				
Administration expenses	(42 615)	-	-	(42 615)
Employer grants and project expenses	-	(68 198)	(271 467)	(339 665)
	5 773	23 990	(13 335)	16 428

25. SURPLUS FUNDS TRANSFERABLE TO NATIONAL TREASURY

Surplus funds due to National Treasury	2024 R'000	2023 R'000
Cash and Cash equivalents	397 729	443 480
Receivables from non - exchange transactions	21	32
Receivables from exchange transactions	509	467
less current liabilities	(95 849)	(59 036)
	302 410	**384 943**

Notwithstanding the accumulated surplus above , FP&M Seta has at year end commitments in the form of contracts with various service providers as indicated in note 30, the below reflects the accumulated surplus after taking into account the impact of these commitments

Commited amounts as at 31 March 2024	2024 R'000	2023 R'000
Commitments - Refer to note	301 882	378 967
Net Surplus / (deficit) after commitments	588	5 976

NB. In the prior year the surplus was understated stated and has been restated together with the effect on the commitment balance.

26. FINANCIAL INSTRUMENTS DISCLOSURE

CATEGORIES OF FINANCIAL INSTRUMENTS

2024

Financial assets	At amortised cost	At cost
Trade and other receivables from exchange transactions	483	467
Other receivables from non-exchange transactions	-	-
Cash and cash equivalents	397 729	443 480
	398 212	**443 947**

Financial liabilities	At amortised cost	At cost
Trade and other payables from exchange transactions	(2 341)	(2 137)
Trade and other payables from non-exchange transactions	(73 904)	(38 910)
	(76 245)	**(41 047)**

Financial instruments in statement of financial performance	At amortised cost	At cost
Interest income (calculated using effective interest method) for financial instruments at amortised cost	33 469	25 435

27. RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT

In the course of the SETA operations it is exposed to interest rate, credit, liquidity and market risk. The SETA has developed a comprehensive risk strategy in terms of Treasury Regulation 28.1 in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

LIQUIDITY RISK

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

2023/24	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	More than 2 years
Trade and other trade payables from exchange transactions	(2 341)	(2 341)	(2 341)	-	-
Trade and other payables: Non-exchange	(73 904)	(73 904)	(73 904)	-	-
	(76 245)	**(76 245)**	**(76 245)**	**-**	**-**

2022/23	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	More than 2 years
Trade and other trade payables from exchange transactions	(2 137)	(2 137)	(2 137)		-
Trade and other payables: Non-exchange	(38 910)	(38 910)	(38 910)	-	-
	(41 047)	(41 047)	(41 047)	-	-

CREDIT RISK

Financial assets, which potentially subject the SETA to the risk of non-performance by counter parties and thereby subject to credit concentrations of credit risk, consist mainly of cash and cash equivalents, investments and accounts receivable. The maximum exposure to credit risk is equal to the carrying amount of the financial instruments.Trade receivables have been adequately assessed for impairment.

Financial assets exposed to credit risk at year-end were as follows:

Financial instrument

	2024 R'000	2023 R'000
Receivables from exchange transactions	483	467
Cash and Cash equivalents	397 729	443 480

2023/24 Age Analysis	Current	30 to 60 days	60 to 90 days	90 to 120 days	More than 120	Carrying Amount
Receivables from exchange transactions	48	-	-	-	435	483
Cash and cash equivalents	397 729	-	-	-	-	397 729
Gross before impairment	397 777	-	-	-	435	398 212
	397 777	**-**	**-**	**-**	**435**	**398 212**

2022/23 Age Analysis	Current	30 to 60 days	60 to 90 days	90 to 120 days	More than 120	Carrying Amount
Receivables from exchange transactions	32				435	467
Cash and cash equivalents	443 480					443 480
Gross before impairment	443 512				435	443 947
	443 512				**435**	**443 947**

The SETA limits its Treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury through the approval of their investment policy in terms of Treasury Regulation. The SETA's exposure is continuously monitored by the Executive Committee. Credit risk with respect to SDL paying employers is limited due to the nature of the income received. The SETA does not have any material exposure to any individual or counter-party. The SETA's concentration of credit risk is limited to the industry in which the SETA operates. No significant events occurred in the industry during the financial year that may have an impact on the accounts receivable that has not been adequately provided for. Accounts receivable are presented net of allowance for doubtful debt. No receivables are held as security for Seta liabilities and also no collateral is held by the seta as security for receivables.

Interest rate risk

The SETA manages its interest rate risk by investing in the financial institutions approved by National Treasury.

The SETA's exposure to interest rate risk and the effective interest rates on financial instruments at statement of financial position date are as follows:

2023/24	Interest bearing amount	Effective interest rate	Non-interest bearing amount
Financial assets			
- Receivables from exchange transactions	-	- %	483
- Cash and cash equivalents	397 729	8.17 %	-
Financial liabilities			
- Trade and other trade payables from exchange transactions	-	- %	(2 341)
- Trade and other payables (non-exchange)	-	- %	(73 904)
	397 729	8.17 %	(75 762)

2022/23	Interest bearing amount	Effective interest rate	Non-interest bearing amount
Financial assets			
- Receivables from exchange transactions	-	- %	467
- Cash and cash equivalents	443 480	6.04 %	-
Financial liabilities			
- Trade and other trade payables from exchange transactions	-	- %	(2 137)
- Trade and other payables (non-exchange)	-	- %	(38 910)
	443 480	6.04 %	(40 580)

Fair value and market risk

Market risk

The SETA is exposed to fluctuations in the employment market, for example, sudden increases in unemployment and changes in the wage rates. No significant events occurred during the year that the SETA is aware of.

Fair values

The SETA's financial instruments consist mainly of cash and cash equivalents, account and other receivables, and account and other payables. No financial instruments were carried at an amount in excess of its fair value.

No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial instruments.

The following methods and assumptions are used to determine the fair value of each class of financial instruments:

Cash and cash equivalents: The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets.

Accounts receivable: The carrying amount of accounts receivable, net of allowance for impairment, approximates fair value due to the relatively short-term maturity of these financial assets. Interest is levied at the prescribed rate as determined by the Act should employers pay SDL late. This interest is then transferred to the SETA via DHET.

Accounts payable: The carrying amount of account and other payables approximates fair value due to the relatively short-term maturity of these financial liabilities

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28. 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 Minister of Higher Education and Training had approved the Seta licence until 31 March 2030.

29. UNAUTHORISED ,IRREGULAR , FRUITLESS AND WASTEFUL EXPENDITURE

National Treasury issued Instruction No. 4 of 2022/2023: PFMA Compliance and Reporting Framework and related documents. The details of the Unauthorised, Irreguar, Fruitless and wasteful expenditure will be detailed in the Annual Report.

	2024 R'000	2023 R'000
Irregular expenditure - Refer to reconciling note in Annual report	3 656	3 911
Fruitless and wasteful expenditure - Refer to reconciling note in Annual report	108	-
	3 764	3 911

30. CONTINGENCIES

CONTINGENT LIABILITIES

Outcome of the Minister of Higher Education and Training (DHET) and employers, represented by Business Unity South Africa ('BUSA') case

Busa had challenged the fact that the Minister had reduced the mandatory grant payout from 50% to 20%. They went to court in October 2019 and there was a court ruling that the Minister's decision to reduce the mandatory grant payout is set aside. There was no further information provided in the court ruling for example there was no information about what rate to use if the Ministers decision is set aside and also no information about from which date should the ruling be applied. It cannot be determined what the amount of the contingency should be. The Minister is currently in discussion with Busa on this matter.

SURPLUS FUNDS

We have on the 31 May 2024 submitted an application to the DHET for retention of surplus funds and to retain funds used for internal projects.

	2024 R'000	2023 R'000
Administrative reserve	1 790	1 554
Discretionary reserve	302 459	385 010
	304 249	386 564

In terms of Section 53 (3) of the PFMA, public entities listed in Schedule 3A and 3C to the PFMA may not retain cash surpluses that were realised in the previous financial year without obtaining the prior written approval of National Treasury. National Treasury issued Instruction No.12 of 2020/2021 to repeal the National Treasury Instruction No.6 of 2017/2018 on the retention of cash surpluses. This new Treasury Instruction takes effect from the date of issue for surpluses realised in the current financial year and subsequent financial years whichever is applicable. According to this Treasury Instruction the surplus is based on cash and cash equivalents plus receivables less current liabilities at the end of the financial year.

As at 31 March 2024 FP&M SETA had a surplus of R 302,4 million of which R 301,9 miilion is committed. Refer to Note 25 for the detailed calculation of the surplus.

31. COMMITMENTS

Of the balance of R 302,4 million(2022/23, restated, R 385 million) available in the discretionary reserves at the end of March 2024, R 301,9 million (2022/23, restated, R 379 million) (refer to the table on the following page) has been approved and contractually committed. Amounts for expenses that have already been contracted or incurred and therefore included in grant expenses in the statement of financial performance, are also indicated.

ADDITIONAL INFORMATION PERTAINING TO NOTE 31

Contractual Commitments as at 31 March 2024										
Interventions	Opening Balance A/P Audited AFS	Cumulative Restatements	Restated Balance	Additions 23-24	Additions 23-24 Admin	Adjustments	Sweepings	Expenditure 23-24	Cumulative Restatements	Closing Balance
AET	1,537,400.00	28,000.00	1,565,400.00	2,635,500.00	-	-	(361,600.00)	(2,917,000.00)	-	922,300.00
Apprenticeships	122,928,413.09	740,500.00	123,668,913.09	43,074,635.00	-	-	(11,400,960.00)	66,089,259.20	-	89,253,328.89
Bursaries	19,029,273.77	63,839.00	19,093,112.77	15,085,271.00	-	-	(2,448,086.00)	(15,743,096.77)	-	15,987,201.00
Learnerships	93,147,940.00	901,033.33	94,048,973.33	91,898,650.00	100,000.00	-	(8,389,473.33)	(103,036,952.00)	-	74,621,198.00
Qualifications Development	16,786,496.37	-	16,786,496.37	1,720,279.00	-	-	-	(1,718,210.66)	-	16,788,564.71
Skills Programmes	32,294,544.89	473,100.92	32,767,645.81	42,203,200.00	-	-	(2,488,498.00)	(41,364,811.00)	-	31,117,536.81
Temporary Employer/ Employee Relief Scheme (TERS)	312,034.98	-	312,034.98	-	-	-	-	(179,000.00)	-	133,034.98
Work Integrated Learning (HET)	10,824,442.49	14,400.00	10,838,842.49	12,471,400.00	590,400.00	-	(2,746,268.92)	(13,148,397.00)	-	8,005,976.57
Work Integrated Learning (TVET)	27,276,346.00	233,064.00	27,509,410.00	40,368,000.00	1,868,400.00	-	(2,384,920.00)	(43,367,285.00)	-	23,993,605.00
Workplace Experience / Internship	23,043,407.38	896,800.00	23,940,207.38	24,794,812.50	1,927,800.00	-	(3,048,287.38)	(31,198,500.00)	-	16,416,032.50
Non Pivotal / Sectoral Priorities	28,941,978.25	(506,113.00)	28,435,865.25	44,353,632.04	-	-	(1,846,714.48)	(46,298,735.33)	-	24,644,047.48
Total	**376,122,277.22**	**2,844,624.25**	**378,966,901.47**	**318,605,379.54**	**4,486,600.00**	**-**	**(35,114,808.11)**	**(365,061,246.96)**	**-**	**301,882,825.94**
		Note 22								

Contractual Commitments as at 31 March 2023

Interventions	Opening Balance A/P Audited AFS	Cumulative Restatements	Restated Balance	Additions 22-23	Additions 22-23 Admin	Adjustments	Sweepings	Expenditure 22-23	Cumulative Restatements	Restated Balance
AET	1,894,800.00	-	1,894,800.00	2,478,000.00	-	-	(213,300.00)	(2,622,100.00)	28,000.00	1,565,400.00
Apprenticeships	115,618,372.00	-	115,618,372.00	64,498,287.00	-	-	(9,455,065.00)	(47,733,180.91)	740,500.00	123,668,913.09
Bursaries	21,916,514.41	-	21,916,514.41	12,785,650.00	300,000.00	-	(2,740,882.22)	(13,232,008.42)	63,839.00	19,093,112.77
Learnerships	92,197,900.00	-	92,197,900.00	84,674,800.00	-	-	(13,203,280.00)	(70,521,480.00)	901,033.33	94,048,973.33
Qualifications Development	20,203,276.37	-	20,203,276.37	100,000.00	-	1,100,000.00	(1,100,000.00)	(3,516,780.00)	-	16,786,496.37
Skills Programmes	28,279,002.69	-	28,279,002.69	34,155,000.00	250,000.00	-	(3,226,165.70)	(27,163,292.10)	473,100.92	32,767,645.81
Temporary Employer/ Employee Relief Scheme (TERS)	440,194.98	-	440,194.98	-	-	-	(28,800.00)	(99,360.00)	-	312,034.98
Work Integrated Learning (HET)	9,032,735.92	-	9,032,735.92	9,288,000.00	251,100.00	-	(256,171.44)	(7,491,221.99)	14,400.00	10,838,842.49
Work Integrated Learning (TVET)	29,426,476.00	-	29,426,476.00	24,408,000.00	1,280,000.00	-	(338,700.00)	(27,499,430.00)	233,064.00	27,509,410.00
Workplace Experience / Internship	13,198,847.38	-	13,198,847.38	24,840,000.00	626,400.00	-	(1,391,280.00)	(14,230,560.00)	896,800.00	23,940,207.38
Non Pivotal / Sectoral Priorities	33,640,314.90	-	33,640,314.90	34,439,121.00	-	-	(839,594.11)	(38,297,863.54)	(506,113.00)	28,435,865.25
Total	**365,848,434.65**	**-**	**365,848,434.65**	**291,666,858.00**	**2,707,500.00**	**1,100,000.00**	**(32,793,238.47)**	**(252,407,276.96)**	**2,844,624.25**	**378,966,901.47**
									Note 22	

In the prior year accruals were overstated. This has been subsequently reversed as a prior period error. Refer to note 22 of the AFS.

32. CHANGE IN ESTIMATE

PROPERTY, PLANT AND EQUIPMENT

The estimated useful life of property and plant assets was revised by management during the year taking into account the physical condition and expected usage of the asset. The impact of the change is a decrease in depreciation for the current year amounting to R 269000 and the depreciation expense for future periods is expected to increase by the same amount.

ASSET CLASS

	Carrying Value before revision of estimate	Carrying Value after revision of estimate	Impact of change in estimate
Computer equipment	320	448	128
Furniture and Fittings	10	44	34
Office equipment	565	652	87
Motor Vehichle	14	31	17
	909	**1 175**	**266**

33. BUDGET DIFFERENCES

Variances between the approved budget amounts and actual amounts can be analysed as follows:

33.1 Interest Income (un-favourable): Interest income increased due to the increase in interest rate.
33.2 SDL Income (un-favourable): The Levy revenue is 2 % above budgeted as levies had shown an increasing trend in the current financal year. Levies were also 5% greather than the previous year
33.3 SDL penalties and interest received: This typically varies depending on level of non-compliance by companies
33.4 Employer grant and project expenses: Discretionary grant expenditure represents payments on tranches claimed by companies.
33.5 Personnel expenses: Payroll costs are currently lower due to vacancies that existed
33.6 General expeses: As a result of cost pressures the focus was to curtail costs resulting in savings for the year
33.7 Variance due to write off of assets
33.8 Depreciation cost increased due to purchase of new assets and licences for the new MIS system
33.9 Savings due to rental of smaller premises.
33.10 FP&M Seta received approval to retain the surplus funds for 2022/2023. The surplus funds were utilised to fund discretionary commitments. The spending of these funds is included the actual discretionary grant expenditure for the year

34. EVENTS AFTER REPORTING DATE

There were no matters identified post year end that will impact the Annual Financial Statements.

FIBRE PROCESSING & MANUFACTURING SECTOR EDUCATION AND TRAINING AUTHORITY

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

fp&m seta

Fibre Processing & Manufacturing Sector Education and Training Authority

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