



ANNUAL REPORT

2024 – 2025



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

SERVICES SECTOR EDUCATION
AND TRAINING AUTHORITY

This is more than a report. It is a tribute to the power of possibility when our humanity leads the way.



PEOPLE. PURPOSE. **PROGRESS**

At the heart of every skill developed, every artisan trained, and every workplace transformed, there are people — dreamers, doers, and changemakers. **People.** **Purpose. Progress.** captures this human journey, honouring the voices of learners, facilitators, employers, and communities across South Africa.

In these pages, we centre their stories — real people, real growth — as they shape their futures and contribute to the national vision. Their progress is our purpose.

PRESENTATION OF THE ANNUAL REPORT TO THE MINISTER OF HIGHER EDUCATION AND TRAINING



Dr N Dube-Ncube

Deputy Minister of Higher Education and Training



Mr B K Manamela

Minister of Higher Education and Training



Dr M Gondwe

Deputy Minister of Higher Education and Training

It is my privilege and honour to present, in terms of Section 65 of the Public Finance Management Act, 1999, the 2024/25 Annual Report of the Services Sector Education and Training Authority (Services SETA) to the Minister of Higher Education and Training, Mr. Kgwaridi Buti Manamela.

Mr Sibusiso Dhladhla

Interim Accounting Authority: Services SETA



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

CONTENTS

PART A 01
GENERAL INFORMATION

PART B 34
PERFORMANCE INFORMATION

PART C 78
GOVERNANCE

PART D 100
HUMAN CAPITAL MANAGEMENT

PART E 110
PFMA COMPLIANCE REPORT

PART F 118
FINANCIAL INFORMATION



CAREER GUIDANCE AND ADVOCACY

Offers **career development information and guidance**

Promotes learning pathways in the services sector

Hosts career expos, roadshows, and stakeholder engagements



EMPLOYER AND STAKEHOLDER SUPPORT

Helps employers draft and submit Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs)

Trains **Skills Development Facilitators (SDFs)**

Facilitates partnerships across public, private, and community-based organisations



SECTOR TRANSFORMATION SUPPORT

Drives **youth development, SMME support, and employment equity**

Targets priority groups: **youth, women, people with disabilities, and rural communities**



DEVELOPMENT OF OCCUPATIONAL QUALIFICATIONS

Collaborates with industry to develop and review **occupational qualifications and unit standards**



SKILLS DEVELOPMENT FACILITATION

Develops and updates Sector Skills Plans (SSPs)

Facilitates skills development strategies for employers and industry stakeholders



LEARNING PROGRAMME IMPLEMENTATION

Supports and funds **learnerships, internships, apprenticeships, and skills programmes**

Promotes workplace-based learning and mentorship



DISCRETIONARY AND MANDATORY GRANT FUNDING

Discretionary Grants:
Fund targeted learning programmes aligned to sector needs

Mandatory Grants:
Reimburse employers who submit approved WSPs and ATRs



ACCREDITATION AND QUALITY ASSURANCE

Accredits **training providers and assessment centres**

Ensures training quality through **monitoring, evaluation, and verification**

Works with QCTO (Quality Council for Trades and Occupations) for qualification development

LIST OF TABLES

Table 1. Sector Skills Plan Performance Analysis	39
Table 2. Changes in Priority Actions, 2020/21-2024/25	41
Table 3. Performance by Programme	46
Table 4. Programme 1 Performance	48
Table 5. Programme 2 Performance	54
Table 6. Programme 3 Performance	62
Table 7. Programme 4 Performance	74
Table 8. Linking Performance with budgets	75
Table 9. Revenue Collection	76
Table 10. Capital Investment	76
Table 11. Composition of the Board	82
Table 12. Committees	86
Table 13. Remuneration of board members	87
Table 14. Audit Committee	89
Table 15. Services SETA Sponsorships	94
Table 16: Audit Committee Members	95
Table 17. B-BBEE Compliance Performance Report Information	99
Table 18. Personnel cost by Programme/activity/objective	106
Table 19. Personnel cost by salary band	106
Table 20. Performance Rewards	106
Table 21. Training Costs	107
Table 22. Employment and vacancies	107
Table 23. Employment Changes	108
Table 24. Reasons for staff leaving	108
Table 25. Labour Relations: Misconduct and disciplinary action	108
Table 26. Equity Target and Employment Equity Status	109

LIST OF FIGURES

Figure 1. Accounting Authority Structure	16
Figure 2. Macro Organisational Structure	17
Figure 3. Services SETA Chambers and Sub-sectors	36
Figure 4. Growth in GDP, Q1 2021- Q4 2023 (%)	37
Figure 5. Unemployment rates, Q1 2023 - Q1 2024	37

ORGANISATIONAL HIGHLIGHTS FOR THE 2024-2025 FY

DISCRETIONARY GRANT EXPENDITURE ACCOUNTED FOR

51% OF TOTAL SPEND, UP FROM 48% IN 2023/24



DIRECT BURSARY
MODEL
LAUNCHED,
WORKING
DIRECTLY WITH
UNIVERSITIES
AND TVET
COLLEGES.

12%

REVENUE INCREASE
COMPARED TO
2023/24



Leadership continuity with emphasis on financial stability, stakeholder engagement, and streamlined operations. ✓

Direct bursary model launched, working directly with universities and TVET colleges. ✓

Addressed delays in learner enrolment, project wrap-up, and bursaries allocation through improved processes alignment. ✓



All surplus funds invested with the Reserve Bank account, in line with PFMA requirements.

UP NEXT
> PART A

1. PUBLIC ENTITY'S GENERAL INFORMATION	2
2. LIST OF ABBREVIATIONS/ACRONYMS	3
3. FOREWORD BY THE CHAIRPERSON	5
4. CHIEF EXECUTIVE OFFICER'S OVERVIEW	8
5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT	12
6. STRATEGIC OVERVIEW	14
6.1. Vision	14
6.2. Mission	14
6.3. Values	14
7. LEGISLATIVE AND OTHER MANDATES	15
7.1. Legislative Mandate	15
7.2. Other Legislative Mandate	15
7.3. Policy Mandate	15
8. ORGANISATIONAL STRUCTURE	16
9. ORGANISATIONAL HIGHLIGHTS, CHALLENGES AND MEASURES	18
9.1. Our Strategy	18
9.2. Our Financials	19
9.3. Our Systems	20
9.4. Our People	21
9.5. Our Operations	22
9.6. Our Strategic Projects	27
9.7. Our Sector	29
9.8. Our Outreach	31



PART A

GENERAL INFORMATION

ANNUAL REPORT

2024 – 2025

1. PUBLIC ENTITY'S GENERAL INFORMATION

PUBLIC ENTITY'S CONTACT DETAILS, AUDITORS AND BANKERS:

Registered Name

Services Sector Education and Training Authority

Country of Incorporation and Domicile

South Africa

Physical Address

15 Sherborne Road
Parktown
Johannesburg
2193

Telephone Number

+27 11 276 9600

Email Address

customercare@serviceseta.org.za

Postal Address

P.O. Box 3322
Houghton
Johannesburg
2041

Website Address

www.servicesseta.org.za

External Auditors:

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Auditor-General of South Africa (AGSA)**Physical Address**

4 Daventry Street,
Aerocon Centre,
Lynwood Bridge Office
Park
Lynwood Manor
Pretoria, 0001

Bankers Information:**South African Reserve Bank****SOUTH AFRICAN RESERVE BANK****Physical Address**

370 Helen Joseph Street, Pretoria, 0001

Postal Address

PO Box 427, Pretoria, 0001

**STANDARD BANK****Physical Address**

Riviera Road, Killarney Mall, Killarney, Johannesburg, 2193

BOARD SECRETARY:

Mr Phillip Kwampe



RP181/2025

ISBN: 978-1-77997-878-3

2. LIST OF ABBREVIATIONS/ACRONYMS

4IR	Fourth Industrial Revolution	EOHCB	Employers' Organisation for Hairdressing, Cosmetology and Beauty
AA	Accounting Authority	eQPR	Electronic Quarterly Performance Reporting System
ABP	Association of BEE Professionals	ERM	Enterprise Risk Management
AC	Audit Committee	ERRP	Economic Reconstruction and Recovery Plan
AET	Adult Education & Training	ETDP	Education, Training and Development Programme
AFS	Annual Financial Statements	ETI	Employment Tax Incentive
AGSA	Auditor-General of South Africa	EXCO	Executive Committee
AOP	Annual Operational Plan	FASSET	Finance and Accounting Services Sector Education and Training Authority
APP	Annual Performance Plan	FINCOM	Finance Committee
APR	Annual Performance Report	FISA	Final Integrated Summative Assessments
APSO	African Professional Staffing Organisation	GAAP	Generally Accepted Accounting Principles
ARPL	Artisan Recognition of Prior Learning	GBV	Gender-Based Violence
ATR	Annual Training Report	GDP	Gross Domestic Product
AQP	Assessment Quality Partner	GRAP	Generally Recognised Accounting Practice
B-BBEE	Broad-Based Black Economic Empowerment	GRSC	Governance Risk and Strategy Committee
BEE	Black Economic Empowerment	HEI	Higher Education Institutions
CBO	Community-Based Organisation	HOTELICCA	Hotel, Liquor, Catering, Commercial and Allied Workers Union
CCMA	The Commission for Conciliation, Mediation and Arbitration	HRDS	Human Resource Development Strategy
CEASA	Construction Engineering Association of South Africa	HR	Human Resources
CEO	Chief Executive Officer	HR&EMCO	Human Resources and Remuneration Committee
CET	Community Education and Training College	HRM&D	Human Resource Management and Development
CFO	Chief Financial Officer	HTVF	Hard-To-Fill-Vacancies
CoS	Centres of Specialisation	ICT	Information and Communications Technology
CPD	Continuing Professional Development	ICTSC	Information and Communication Technology Steering Committee
COVID-19	Coronavirus Disease 2019	IEC	International Electrotechnical Commission
D365 FnO	Microsoft Dynamics 365 Finance and Operations	ISO	International Organisation for Standardisation
DDM	District Development Model	ICT	Information and Communication Technology
DG	Discretionary Grant	IT	Information Technology
DHET	Department of Higher Education and Training	IPAP	Industrial Policy Action Plan
DoA	Delegation of Authority	L&D	Learning and Development
DPSA	Disabled People South Africa	M&E	Monitoring and Evaluation
DQP	Development Quality Partner	MOA	Memorandum of Agreement
EAP	Employee Assistance Programme	MOU	Memorandum of Understanding
ECD	Entrepreneurship and Cooperative Development	MTSF	Medium Term Strategic Framework
EISA	External Integrated Summative Assessment		
EM	Executive Manager		
EMC	External Moderation and Certification		

NDA	National Development Agency
NDP	National Development Plan
NGO	Non-Governmental Organisation
NGP	New Growth Path
NLRD	National Learner's Record Database
NPO	Non-Profit Organisation
NQF	National Qualifications Framework
NSA	National Skills Authority
NSFAS	National Students' Financial Aid Scheme
NSDP	National Skills Development Plan
OD	Organisational Design
OFO	Organising Framework for Occupations
OHS	Occupational Health and Safety
PDP	Personal Development Plans
PFMA	Public Finance Management Act
POPIA	Protection of Personal Information Act
PPPFA	Preferential Procurement Policy Framework Act
PPRA	Property Practitioners Regulatory Authority
PRISA	Public Relations Institute of South Africa
PSET	Post-School Education and Training
QDF	Qualification Development Facilitator
QCTO	Quality Council for Trades and Occupations
RPL	Recognition of Prior Learning
SA	South Africa
SAFPA	South African Funeral Practitioner Association
SAPS	South African Police Services
SAQA	South African Qualifications Authority
SATAWU	South African Transport and Allied Workers Union
SARS	South African Revenue Service
SETMIS	Skills Education and Training Management Information System
SCM	Supply Chain Management
SDA	Skills Development Act
SDF	Skills Development Facilitator
SDL	Skills Development Levy
SDP	Skills Development Provider
SEDFA	Small Enterprise Development and Finance Agency



SETA	Sector Education and Training Authority
SIC	Standard Industrial Classification
SME	Subject Matter Expert
SMME	Small, Medium, and Micro Enterprise
SOE	State-Owned Enterprise
SOP	Standard Operating Procedure
SOR	Statement of Results
SP	Strategic Plan
SSP	Sector Skills Plan
TET	Transformation Empowerment Targets
TID	Technical Indicator Description
TRANSCOM	Transformation Committee
TVET	Technical and Vocational Education and Training
UASA	United Association of South Africa
USAf	Universities South Africa
WBLPA	Workplace-Based Learning Programme Agreement
WPPSET	White Paper on Post-School Education and Training
WSP	Workplace Skills Plan

3. FOREWORD BY THE CHAIRPERSON

"We are intensifying our focus on inclusive growth, job creation, poverty reduction, and ethical governance."



It is my pleasure to present the Services SETA Annual Report for the 2024/25 financial year. In the year under review, the Services SETA Board continued to provide valuable oversight of the Services SETAs' strategy, governance, operations and performance. The Services SETAs' strategic focus areas, as expressed in the Sector Skills Plan (SSP) and Annual Performance Plan (APP), were aligned to the National Skills Development Strategy and Plan, as well as the national skills priorities, with a particular focus on youth development, persons living with disabilities, and women.

This year marks the final year of the five-year term of the Board's office, with the term ended on 31 March 2025. We are very proud of the changes we implemented during our tenure at the Services SETA. Therefore, it is essential to reflect on the Board's progress and areas that require closer attention to help the 7th Administration and Services SETA realise these goals.

OVERVIEW OF THE SERVICES SETA'S STRATEGY AND THE PERFORMANCE IN THE SERVICES SECTOR

With regard to the performance of the entity's pre-determined performance targets as contained in the Annual Performance Plan (APP), the Services SETA achieved 40 out of 52 performance targets which translates to 77% of audited performance and 48 out of 64 SLA targets which resulted in a 75% achievement. This represents a 6% decline compared to the 83% achievement in the prior year. Despite this low achievement our learner enrolments in the 2024/25 financial year with learner enrolments increased from 16,891 to 28,060 compared to 2023/24 financial year.. Our throughput rate has declined by 80% when compared to the previous year. We are enhancing our project management function to improve monitoring of learning interventions.

Notwithstanding the fall in performance, significant strides have been made in stabilising the organisation's operations, including reducing the overcommitments the Board inherited, and stabilising the financial position. This progress should provide reassurance

about Services SETA's financial stability. Our apex goal of a clean audit outcome was not achieved.

The employers' contribution to our revenue through skills levies is crucial to improving our financial position. Despite challenging economic conditions, the Services SETA's revenue has grown from a baseline of R1,073 billion in 2020/21 to R2,087 billion in 2024/25. Equally encouraging is the increasing number of employers participating in skills development, as evidenced by the rise in Workplace Skills Plan (WSP)/Annual Training Report (ATR) submissions from 3,925 in 2020 to 4,139 in 2025. This is a testament to our employers' confidence in our processes and systems, and we are proud of our impact on skills development.

The implementation of the organisational design project, which was approved by the Board in 2022, was finalised during the financial year under review. The project sought once again to position the Services SETA as a SETA of excellence and align the organisation's transformation journey. The board acknowledged that the process would be an arduous task but remained committed to it. It is the Board's hope that as employees become increasingly familiar with a renewed configuration and culture of responsibility and accountability, they will find it easier to work towards meeting the Services SETA's mandate.

STRATEGIC RELATIONSHIPS

The Services SETA formed partnerships with universities, Technical and Vocational Education and Training (TVET) colleges, and Community Education and Training (CET) colleges to further strengthen the capacity of supply. More than 30 institutions of higher learning benefited from these partnerships. As part of its strategic intervention, the Services SETA partnered with 11 universities, 7 TVET colleges, and 4 CET colleges with the aim of building capacity within the college sector by providing skills development opportunities to TVET and CET college lecturers and managers. In addition, we offered bursary funding opportunities to 50 TVET lecturers to further their studies.

Furthermore, support was provided to four Centres of Specialisation (CoS), and infrastructure support was extended to three TVET colleges and one CET college. Progress has been made in finalising the construction

of three Skill Development Centres in Mkuze, Dumbé, and Prieska. These centres are located in rural areas to expand access to skills development opportunities. The centres are also linked to a local TVET college to ensure they are adequately utilised.

Partnerships with our employers and labour gained impressive traction. To strengthen working relationships with them, the Services SETA provided ring-fenced support to sector employers, organised labour and professional bodies. Due to this being from last year we will continue collaborating with the Commission for Conciliation, Mediation and Arbitration (CCMA), we offered customised shop stewards training interventions to support worker-initiated skills training initiatives. Sixty individuals representing four trade unions benefited from this intervention.

We have also expanded partnerships and collaborations with other SETAs to improve the delivery of skills development opportunities for our sector, especially in areas where we need to utilise qualifications that fall outside our scope. This initiative is a clear demonstration of our commitment to the goals of the SETA Integrated High Impact Programme, an initiative by the SETA CEOs Association and Chairpersons Forum aimed at deepening Services SETA's impact through collaboration and partnerships.

To this end, the Services SETA would like to extend its national reach, taking into consideration the use of collaborative partnerships and relationships with stakeholders. Furthermore, the Services SETA aims at establishing working relationships with community-based institutions and organisations as a means of reaching potential beneficiaries residing in outlying and rural areas.

The Services SETA has maintained an amiable, open and productive relationship with the Department of Higher Education and Training (DHET), whose advice, guidance and assistance have been greatly appreciated. Our relationship with the National Skills Authority (NSA) has also been equally positive. The NSA, as a key stakeholder, continues to advise us on setting and achieving performance targets, as well as improving our governance at our institution. These professional relationships and strategic interventions

have helped the Board in steering the Services SETA to greater heights.

CHALLENGES FACED BY THE ACCOUNTING AUTHORITY

The Accounting Authority (AA) has tirelessly engaged management on challenges experienced during the financial year under review. The AA approved the request to open windows for discretionary grants and special projects. However, the Services SETA experienced significant delays in implementing these two windows.

The Discretionary Grant (DG) window allocation was also delayed due to errors in the Information and Communication Technology (ICT) system. Notwithstanding the challenges experienced with the special projects, the Services SETA has addressed these mistakes and rectified the organisation's non-responsiveness.

Furthermore, in instances where allegations of gross misconduct were made, the Board emphasised the need to conduct comprehensive investigations through independent providers, followed by consequence management where necessary.

THE STRATEGIC FOCUS OVER THE MEDIUM TO LONG-TERM PERIOD

The Strategic Plan 2020/21 – 2024/25 was underpinned by clear priorities to be implemented in the medium and long term. The Services SETA implemented the five priorities in partnership with our stakeholders:

1. Foster Inter-SETA collaboration and industry partnerships to promote Small, Medium, and Micro Enterprise (SMME) development in the services sector.
2. Secure workplace training opportunities in collaboration with the industry, employers, and the Services SETA.
3. Work with the Quality Council for Trades and Occupations (QCTO) and industry role players to complete and implement registered occupationally directed qualifications.

4. Strengthen collaboration across the Post-School Education and Training (PSET) ecosystems, including Inter-SETA partnerships, to ensure an effective response to priority interventions aligned to the Economic Reconstruction and Recovery Plan (ERRP).
5. Development of an organisational-wide Monitoring & Evaluation (M&E) Framework to improve performance management.

ACKNOWLEDGEMENTS

I want to thank the Services SETA executive management and employees for their commitment and positive response to the Board's vision for the Services SETA. Equally, I would like to thank the out-going Board members, (Mr S De Vries, Mr A Madella, Ms A Karanja, Mr W Dinwa, Ms P Sithole, Ms R Dlamini, Mr T Mtsweni, Mr S Motloun, Mr A Jhatham, Ms J Ford, Ms J Nzimande, Mr K Cowley, Ms N Gogo, Ms N Mcoyi, Mr K Govender) who have consistently displayed tremendous tenacity, agility, and commitment towards fulfilling the Services SETA's goals, and wish them well in their future endeavours.

I would also like to extend a special thank you to the Minister of Higher Education and Training for their guidance and leadership. We remain committed to transforming the Services SETA into a SETA of excellence that has a tangible impact on the ground for all our stakeholders. We remain committed to skills development within the sector. We remain committed to meeting our skills development objectives in line with the National Skills Development Plan (NSDP).



Mr Sibusiso Dhladhla

Interim Accounting Authority
Services SETA

29 August 2025

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW



MR SIBUSISO DHLADHLA
Acting Chief Executive Officer

I am pleased to present the Services SETA Annual Report overview for the year 2024/25. The Annual Report marks the three key milestones with overarching implications for the Post-School Education and Training system. Firstly, it marks the end of the first five years of the National Skills Development Plan 2030 (NSDP) – an outcome/impact-oriented skills development plan for South Africa. Secondly, it heralds the final year of the 2020-25 Services SETA's Accounting Authority. Lastly, it coincides with the final year of the Medium-Term Strategic Framework (2019-24). As a result, this overview will also reflect on the past five years to provide a complete picture of the overall performance of the Services SETA.

The Medium Term Strategic Framework (MTSF) (2019-2024) started on a very sour note with the advent of the COVID-19 pandemic, which had a devastating impact on the global economy, labour market, and, ultimately, livelihoods. As the world adapted to the new reality, business activities resumed about a year after the pandemic outbreak under challenging conditions. Many economies are still recovering from the shock wrought by the pandemic. The education system was equally affected. A five-year trend analysis of the Services SETA's performance clearly demonstrates the impact of these developments on the education system. Services SETA's performance was adversely affected in 2020, with a measly overall rate of 40%. This increased to 80%, 84%, and 83% in 2022, 2023 and 2024, respectively. This year's performance, sadly, dropped to 77%.

However, we have registered a clean audit outcome on performance information for two consecutive years, demonstrating improvement in internal controls and the quality of reported performance information. The total number of enrolled learners increased from 65,000 which is the SP target to 78,569 total for five years achievement in the 2024/25 financial year, with 4,777 entrepreneurs supported in five years period.

"We're committed to maintaining operational and financial stability, enhancing stakeholder relationships, improving project efficiency, and delivering skills development initiatives that meet national and sectoral priorities."



Despite the uneven levels of performance, the Services SETA's administration and governance have significantly stabilised during this period. The Accounting Authority completed its term intact, except for the loss of one member who sadly passed away. A replacement was recommended by the constituency and approved by the Minister. The leadership echelon of the organisation has also been relatively stable, with resignations limited to the chief executive officer level. The CEO and Acting CEO resigned; but to ensure stability; the Acting CEO was appointed. However, the operations of the organisation were not severely affected by these changes. Both the Accounting Authority and management registered positive developments in terms of stakeholder management, with our stakeholder satisfaction surveys indicating a constant improvement in the satisfaction rating score, improving from 74% in 2022/23 to 82% in 2024/25.

We have also managed to align the organisational strategy and structure with the national priorities and strategies. While this initiative aimed to position the organisation in the right footing to effectively execute our mandate – by developing the right structure for the right strategy, it also considered organisational resources in the form of ICT infrastructure, systems and the people. The organisational design project took stock of the current staff complement, assessing areas of staff weaknesses to implement adequate placement and development, interventions and talent retention. The organisation made significant investments in modernising the ICT infrastructure to inculcate a culture of high performance.

OUR GENERAL FINANCIAL REVIEW

Organisational stability resulted in financial stability not seen in the preceding MTSF (2019-2024). The revenue collection increased from R1,073 billion in 2020/21 to R2,087 billion in 2024/25. Improving stakeholder management practices cultivated the attraction and retention of key stakeholders, especially levy-paying enterprises.

OUR SPENDING TRENDS

The spend on direct discretionary grant accounts for 51% of the total expenditure incurred in the 2024/25 financial year. This represents a slight increase from the 48% recorded in the 2023/24 financial year. However, the expenditure incurred for direct discretionary grants is still lower than the approved budget allocated for project spending, indicating that the implementation of projects is not yet fully aligned with disbursements for the same period. Furthermore, this highlights some inefficiencies in the project implementation. We have noticed that our DG employers are not claiming or invoicing as per the tranche model. Management is currently capacitating DG employers to mitigate against this challenge.

Furthermore, mandatory grants expenditure indicates that 53% of the mandatory grants levy portion has been claimed by employers, a figure that has remained stagnant for the past three years.

CAPACITY CONSTRAINTS AND CHALLENGES WE ARE FACING

Services SETA is one of the largest SETAs in terms of scope of coverage – covering 68 Standard Industrial Classification codes. It has the highest number of small, micro and medium companies; many businesses operate informally – the hairdressing industry being one example. As a result, the Services SETA has the largest number of industries to service, including those located in rural areas. As an intermediary, the Services SETA relies on public and private training providers to deliver skills development opportunities. Reaching these fragile businesses has proven to be a challenge. As a result, the majority of training opportunities are grabbed by employers and training providers located in urban areas such as in Gauteng, KwaZulu-Natal and Western Cape. To address these challenges, the Services SETA has partnered with public TVET and CET colleges, municipalities and civic organisations located in rural areas to build skills development centres to expand access to skills development opportunities.

Outdated ICT infrastructure and systems has also contributed to delays in the implementation of projects and data integrity. The Services SETA has embarked on a large-scale ICT systems and infrastructure upgrade encompassing project management and integrated reporting to both expedite project implementation and closure, and improve the quality of reported information. In line with the mandate of the Department of Higher Education and Training to promote the concept of shared services among SETAs, the Services SETA is exploring the possibility of working with the MICTSETA on a shared learner information management platform.

DISCONTINUED KEY ACTIVITIES/ ACTIVITIES TO BE DISCONTINUED

There were no discontinued activities or activities planned for discontinuation in the current year, as all Services SETA operations were reviewed and aligned to support delivery through various manual and online platforms.

NEW OR PROPOSED KEY ACTIVITIES

Leveraging on the solid foundation laid out in the MTSF (2019-2024), the Services SETA is aiming for targeted, impactful interventions. Key among them include:

- › Closer collaboration with the industry, especially employers, to implement occupational qualifications
- › Closer collaboration with the TVET and CET sectors to implement occupational qualifications and expand access to skills development opportunities in rural areas
- › Closer collaboration with trade unions and federations to promote worker-initiated training interventions
- › Support to SMMEs to promote self-employment and business sustainability
- › Enhance access to higher education and training opportunities for missing class learners to improve the pipeline of supply of the future labour force
- › Deepen monitoring and evaluation practices to measure and demonstrate the impact of Services SETA learning interventions

- › Modernisation of ICT systems and infrastructure for effective project management and improved data integrity.

REQUESTS FOR ROLLOVER OF FUNDS

In terms of the PFMA (1999), all accumulated surplus funds as at year-end must be forfeited to the National Treasury should an application for the retention of the surplus funds be denied. The Services SETA will apply to the National Treasury for the retention of accumulated funds as of 31 March 2025. As of March 31, 2025, the accumulated reserves available totalled R3.6 billion. In addition, the Services SETA has commitments amounting to R3.4 billion and will utilise the reserves to settle commitments in future periods.

SUPPLY CHAIN MANAGEMENT

We have a sound Supply Chain Management (SCM) system established and maintained as prescribed by Section 76(4) of the PFMA, with the following processes and systems in place:

- › Approved SCM policy that is reviewed annually for alignment with applicable legislation;
- › Appointed members for the Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee;
- › System automation on how to Request for Quotations (RFQ) to guard against human errors in processes followed and adherence to legislative requirements;
- › Automation of the Tender Management process to be activated in the new financial year;
- › Monthly reviews are conducted on all awards to ensure adherence with legislative and policy requirements; and
- › There were no unsolicited bid proposals submitted for review this year. However, the Services SETA is committed to the government's goal of promoting transformation in the South African economy by opening opportunities to black women, people living with disability and bridging the urban-rural divide. In the year under review, the total spend against transformational imperatives was R178 million, which considers the below:

- + 70% spent on Black owned companies;
- + 36% more than 30% women service providers;
- + 70% spent on Black youth-owned entities;
- + 2% spent on Black suppliers that are owned by persons with disabilities;
- + 9% spend on designated Black suppliers (rural areas, military veterans);
- + 30% spent on EMEs (Exempted Micro Enterprises) - below R10million in revenue; and
- + 13% spent on QSEs (Qualifying Micro Enterprises) - Above R10 million but below R50 million in revenue.

We continue to develop our qualifying suppliers by paying their compliant invoices within 10 days, in line with our internal processes. The goal remains to pay service providers within 15 days of receiving goods or services accompanied by a compliant invoice. Apart from addressing the limited cash flow challenges faced by SMMEs, this intervention also contributes to Black Economic Empowerment (BEE) points on the organisation's scorecard, assisting us in complying with the Broad-Based Black Economic Empowerment (B-BBEE) Act. We are engaging in further interventions in the following financial year.

ALL CONCLUDED UNSOLICITED BID PROPOSALS FOR THE YEAR UNDER REVIEW

No unsolicited bid proposals were submitted for review this year.

WHETHER SCM PROCESSES AND SYSTEMS ARE IN PLACE

According to National Treasury Guidelines, the organisation has strived to maintain a high-performing supply chain management unit.

AUDIT REPORT MATTERS IN THE PREVIOUS YEAR, AND HOW THEY WOULD BE ADDRESSED

The Auditor General of South Africa (AGSA) has issued the Services SETA with a qualified audit opinion for the Annual Financial Statements and No material findings for the Annual Performance Report. The basis of the

opinion was, in the main, as per the following areas of qualification:

- › Disagreement in relation to the adequacy of actions taken to clear legacy balances
- › Disagreement in relation to the method of estimations used to determine and assess the provision
- › Disagreement in relation to the process followed to evaluate DG grants awarded.

Services SETA has embarked on a project to confirm its commitments and ensure that the appropriate status is maintained on each project, accompanied by supporting evidence. As a management team, we have committed to continuously reviewing our internal controls to ensure that the challenges raised in the prior year are adequately addressed.

EVENTS AFTER REPORTING DATE

As at 31 March 2025, the Accounting Authority for the Services SETA had not been appointed. As the Acting CEO, I was appointed to also act as the interim Accounting Authority to approve Annual Financial Statements and the Annual Performance Report. An independent audit committee has been established to oversee finances of the organisation as well as the overall organisational performance. The Services SETA will continue to prioritise closure of legacy projects to clean our commitment register.

CHALLENGES

Except for project management related challenges, there were no other significant challenges

OUTLOOK

DG expenditure not being aligned with implemented projects is a financial challenge resulting in increase in reserves. Measures have put in place to improve coordination between projects implementation and financial departments to closely monitor projects spent.

ECONOMIC VIABILITY

The services sector has proven itself to be resilient in the face harsh economic conditions. This is proven

by consistent increase in revenues collected through skills levy among services sector employers. This calls for the Services SETA to expand skills development opportunities to support the growth of the sector.

ACKNOWLEDGEMENTS

On behalf of the management of the Services SETA, I would like to thank the Ministry and Department of Higher Education and Training for the support provided during the MTSF period. We are also hugely grateful to the outgoing Accounting Authority, which led the Services SETA with utmost prudence and fiduciary responsibility. The achievements recorded above would not have been possible without the support of our stakeholders, employers, professional bodies, labour unions and training providers. We are immensely grateful for their continued support. We also wish to record our appreciation of our staff for the many sacrifices made to ensure that the Services SETA delivers on its mandate, and in compliance with legislative prescripts.



Mr Sibusiso Dhladhla

Acting Chief Executive Officer
Services SETA

29 August 2025



DID YOU KNOW?

Services SETA continues to advance transformation across all occupational levels, from unskilled to top management, ensuring its workforce mirrors South Africa's diverse talent pool.

5. 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 on annual reports issued by the National Treasury.
- › The Annual Financial Statements (Part F) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the Services SETA.
- › The AA is responsible for preparing the annual financial statements and the judgments made in this information.
- › The AA is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance regarding the integrity and reliability of the performance information, human resources information, and the annual financial statements.
- › The external auditors are engaged to express an independent opinion on the annual financial statements.
- › In our opinion, the annual report provides a fair reflection of the operations, performance information, human resources information, and financial affairs of the Services SETA for the financial year ended March 31, 2025.

Yours faithfully,



Interim Accounting Authority and
Acting Chief Executive Officer

Mr Sibusiso Dhladhla

29 August 2025

DID YOU KNOW?

The Services SETA officially recognises Fashion Services as one of its sector classifications, which includes industries such as Modelling Agencies and Fashion Design (not related to clothing) under Standard Industrial Classification (SIC) codes 99046 and 99054, respectively.



6. STRATEGIC OVERVIEW



VISION

A flourishing services sector that cultivates inclusive opportunities for all South Africans.



MISSION

To facilitate skills development for employment and entrepreneurship in the services sector, fostering economic growth.



VALUES

- › Accountability
- › Innovation
- › Integrity
- › Professionalism
- › Inclusivity



7. LEGISLATIVE AND OTHER MANDATES

The Services SETA is established in terms of the Skills Development Act No.7 of 1998. It receives levy income in terms of the Skills Development Levies Act (1999). It is a national public entity established in terms of Schedule 3 (Part A) of the Public Finance Management Act (PFMA) (Act No. 1 of 1991). Therefore, it must conduct its financial affairs in line with the PFMA. PFMA regulates financial management in the national government, provincial governments, and state-owned enterprises (SOEs) to ensure that all their revenue, expenditure, assets, and liabilities are managed efficiently and effectively. It provides for the responsibilities of persons entrusted with the financial management of those governments.

		
 LEGISLATIVE MANDATE	 OTHER LEGISLATIVE MANDATE	 POLICY MANDATE
› Skills Development Act (SDA), 1998 (Act No. 97 of 1998) as amended › Skills Development Levies Act, 1999 (Act No. 09 of 1999)	› South African Qualifications Authority Act, 1995 (Act No 58 of 1995) › National Qualifications Framework Act (Act No 67 of 2008)	› National Development Plan (NDP) › National Skills Development Plan 2030 (NSDP)
› Public Finance Management Act (Act No. 29 of 1999)	› Employment Equity Act, 1998 (Act No 55, 1998)	› Human Resource Development Strategy
	› Broad-Based Black Economic Empowerment Amendment Act, 2003 (Act No. 53 of 2003) as amended.	› New Growth Path
	› Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)	› National Skills Accord › White Paper on Post-School Education and Training (WPPSET)
	› Protection of Personal Information Act, 2013 (Act No. 4 of 2013)	› Economic Reconstruction and Recovery Plan (ERRP)
	› Regulations published in the Government Gazette, No. 35940, 03 December 2012, regarding Monies Received by a SETA and Related Matters	

The National Skills Development Plan(NSDP): 2030 provides a framework for the Services SETA to align its work to the National Development Plan (NDP), New Growth Path (NGP), the National Skills Accord, the ERRP and other mandates such as B-BBEE and other provisions relating to employment equity and the Charter processes in so far as they impact on the services sector.

8. ORGANISATIONAL STRUCTURE

8.1. THE ACCOUNTING AUTHORITY

Figure 1. Accounting Authority Structure

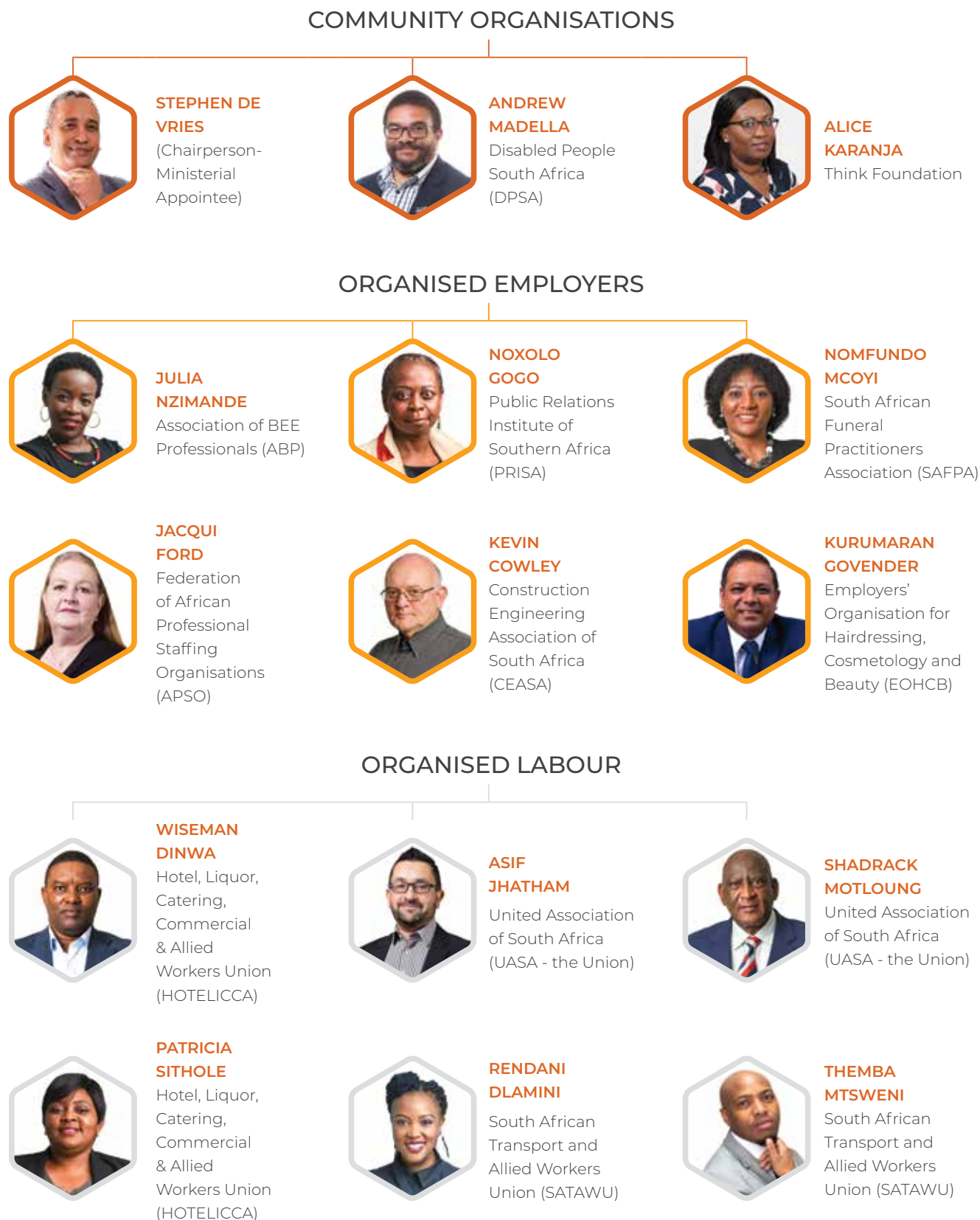
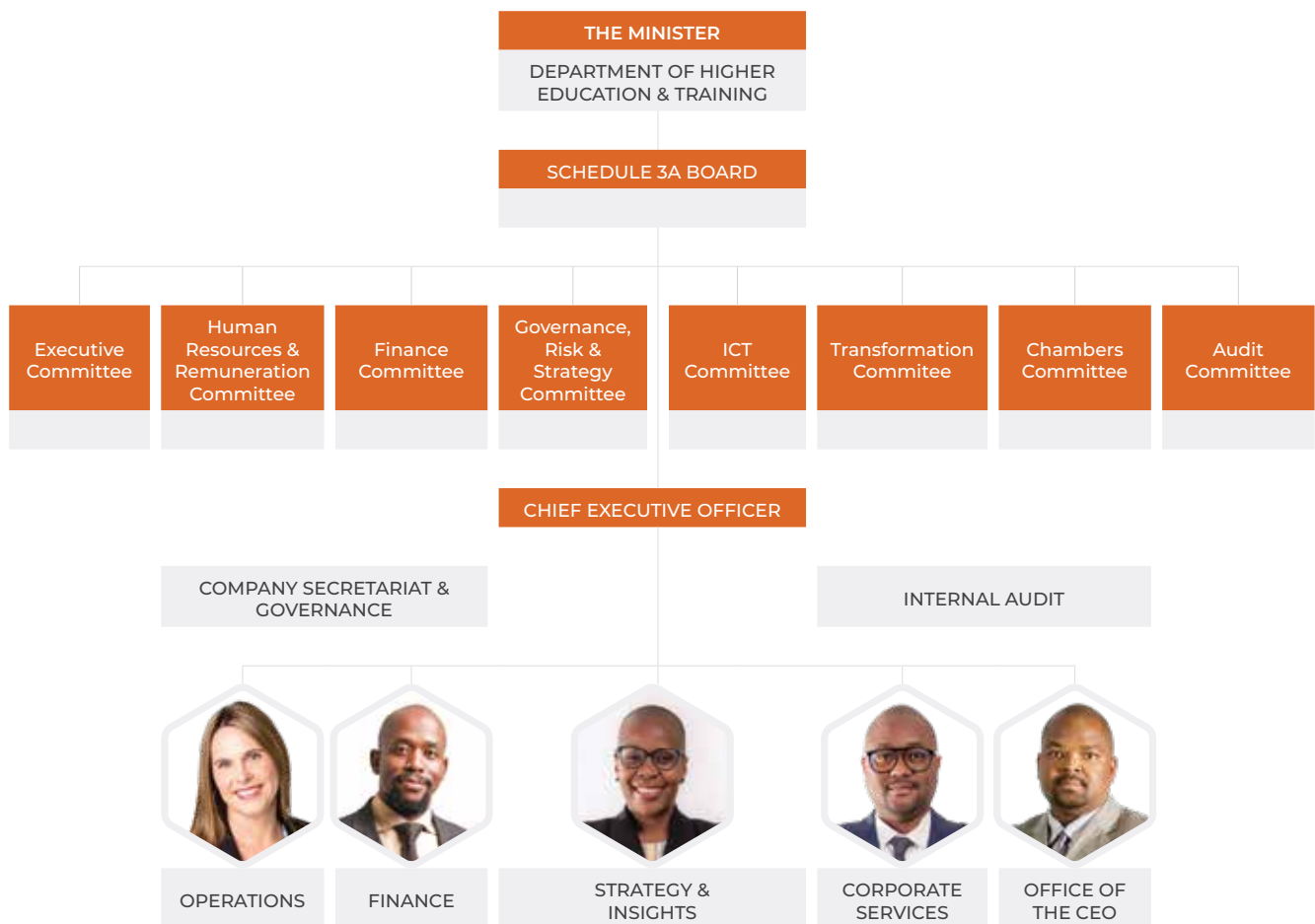


Figure 2. Macro Organisational Structure



Integrating AI into Services SETA's organisational structure may optimise operations, enhance strategic planning, personalise stakeholder engagement, strengthen compliance, and position the sector for 4IR readiness.

KEY BENEFITS

Strategic Insight – AI supports data-driven planning across SSP, APP, and AOP.

Operational Efficiency – Automates tasks and streamlines service delivery.

Stakeholder Engagement – Personalises communication and improves responsiveness.

Risk & Compliance – Enhances fraud detection and regulatory monitoring.

Informed Leadership – Empowers the CEO and Board with real-time intelligence.

Future Skills – Promotes 4IR readiness and digital workforce development.



9. ORGANISATIONAL HIGHLIGHTS, CHALLENGES AND MEASURES

9.1. OUR STRATEGY

Our strategy involves intense research, strategic planning, and performance reporting. Most of these functions are legislated/regulated – e.g., the development and updates of the SSP, SP, APP, Quarterly Performance Report, and Annual Report.

The organisation successfully met all statutory obligations, including the submission of the SSP, SP, APP, and Annual Report. We also led a successful initiative to develop the overall organisational Annual Operational Plan (AOP), strengthening organisational performance.

Two critical research projects were concluded, informing decision-making within the organisation. These include a Learner Tracer Study and a Stakeholder Satisfaction Survey. These revealed a reasonable level of satisfaction among Services SETA stakeholders, particularly skills development providers and learners. Less impressed were sector employers. Based on these outcomes, the organisation has adopted a customer-centric approach with a clear focus on employers, large and small, and formal and informal.

Seven critical research projects are currently underway. Key among them is the five-year review of the Services SETA's performance against its five-year strategy, as

well as the outcomes of the NSDP 2030. Related to this study is a review of Services SETA's contribution to the growth and transformation of the services sector, with a focus on designated groups and precarious industries or economies, such as the informal sector and SMMEs, including the township economy.

To improve organisational performance and impact, a study currently underway has been commissioned to develop a customised organisational-wide monitoring and evaluation framework. This study is also expected to conclude before the end of the 2025/26 financial year.

The challenge encountered has been the low participation of employers in the research studies. Continuous awareness-raising campaigns have been embarked upon to sensitise employers about the importance of research to improve services delivered. An additional planned intervention is the broader dissemination of research findings to our key stakeholders.

To effectively strengthen the organisational performance and reporting, weekly reporting meetings are held. The development and implementation of the AOP facilitated performance management through bi-weekly tracking of performance against set targets. These interventions helped the organisation improve

its overall organisational performance, and the outcome of the Audit of Predetermined Objectives remained positive with no material findings during the period under review. This was after an improved audit outcome for performance information during 2023/24 from the material findings reported in the 2022/23 financial year. To ensure that the entire organisation understands our mandate, we conducted an organisational-wide Strategy Implementation Workshop, which outlined performance challenges/bottlenecks, as well as mitigation strategies. This engagement will be conducted yearly.

There have been serious challenges in completing performance reporting and submissions to the Department of Planning, Monitoring, and Evaluation, as well as the DHET, due to technical glitches with the online reporting platforms – Electronic Quarterly Performance Reporting System (eQPRS) and SETMIS, respectively. The responsible department is working closely with these national departments to resolve these issues and ensure complete reporting and compliance with legislation. Another area of concern is the quality of the reported data. To address this

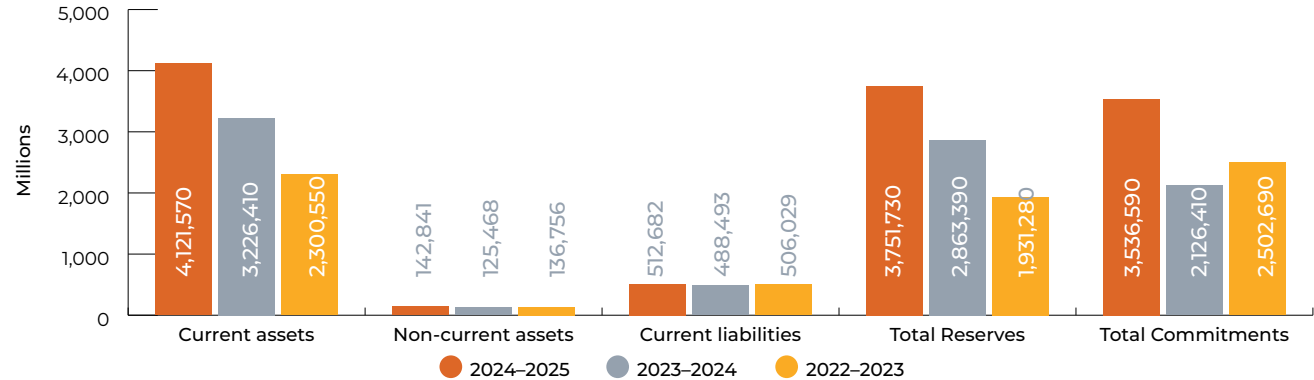
challenge, we are collaborating closely with the ICT department to automate processes, including monitoring and reporting, thereby eliminating human errors. The project is expected to conclude before the end of the 2025/26 financial year.

9.2. OUR FINANCIALS

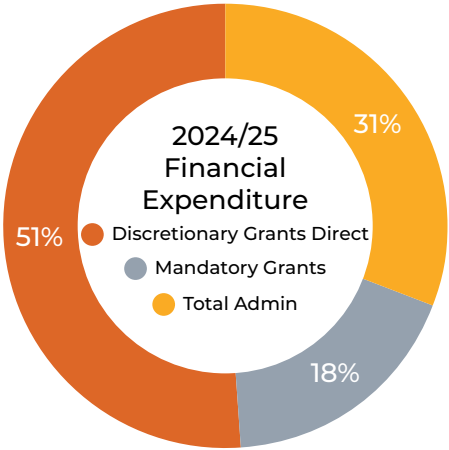
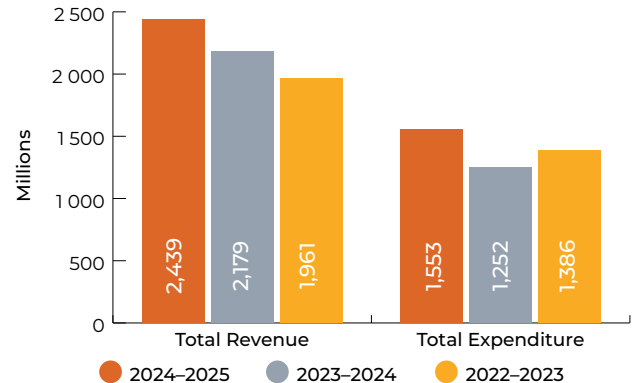
We are primarily funded through Skills Development Levies (SDLs), as provided for by the Skills Development Levies Act. Section 3(1) and 3(4) of the Skills Development Levies Act No. 9 of 1999, as amended, prescribe that registered member employers of the Services SETA pay a skills development levy of 1% of the total payroll cost to DHET through SARS. Employers with an annual payroll cost of less than R500,000 are exempted in accordance with Section 4(b) of the SDLA (1999) as amended. In addition, Services SETA received interest through investments made in line with Section 14(2) of the Skills Development Act (SDA).

The figures below present a three-year trend of our financial performance, position, and commentary on the annual financial statements for the year ended March 31, 2025.

Financial Position 2022/23 – 2024/25



Financial Performance 2022/23 – 2024/25



The continuous increase in current assets is attributable to the availability of funds resulting from the implementation of learning programmes later than initially planned and low disbursement, which in turn leads to low throughput. On average, it takes Services SETA 30 days to settle administration and discretionary grants payables, indicating improved processes linked to the verification of invoices and the processing of payments. Services SETA continues to improve its controls to support suppliers and commits to reducing unnecessary delays. The current ratio is 8.04:1. The commitment balance remains aligned with the reserve balance, which is due to the realisation of measures implemented to reduce legacy commitments.

9.3. OUR SYSTEMS

The primary focus of ICT during the 2024/25 financial year was on laying the groundwork for digital efficiency, integration and security. They advanced the organisation's cybersecurity posture by adopting a Zero Trust Security model and implementing Attack Surface Risk Management. These changes improved compliance with the Protection of Personal Information Act (POPIA), International Organisation for Standardisation (ISO)/International Electrotechnical Commission (IEC) 27001 and related regulations. Cybersecurity awareness training was rolled out to all staff, including leadership, to build a proactive and secure digital culture.

A major milestone was the implementation of Microsoft Dynamics 365 Finance and Operations (D365 FnO)—a cloud-based enterprise platform that replaced the legacy AX 2012 system. This transition supports the organisation's Integrated Information

Management Strategy and is designed to improve financial management, reporting and procurement. While stabilisation is still underway, the move positions the organisation for better data visibility, governance and performance tracking.

Internal Audit findings confirmed progress, with no adverse findings recorded on ICT general controls or the D365 implementation. The Disaster Recovery Plan was successfully tested, further demonstrating improved operational resilience.

The Knowledge Management function was positioned as a key enabler of our operational efficiency and organisational learning. A significant milestone was the organisation-wide records clean-up campaign, which tackled years of accumulated physical files stored across departments, storerooms and offices. Each item underwent a rigorous appraisal process to determine whether it should be digitised, archived or responsibly destroyed. Records of enduring value were systematically captured into the central Records Management System, creating a searchable digital repository now accessible to staff. Targeted training is underway to support the adoption of the system across all business units. In a practical demonstration of sustainability and social contribution, hundreds of high-quality lever arch files recovered during the process were donated in partnership with the Transformation Unit to schools and NGOs across the country. The shift in Knowledge Management marks the Services SETA's broader evolution from administrative efficiency to strategic impact—building systems that safeguard institutional memory, connect internal processes and unlock learning across the organisation.





9.4. OUR PEOPLE

Human Capital Management Department supported the organisation through a year of structural transition, focusing on people development, engagement and internal mobility.

Following the implementation of the new Organisational Design, 97 employees experienced upward movement across various levels. These included internal promotions, the permanent appointment of interns and the internal deployment of external contract staff. This reflects a deliberate shift toward recognising internal capability and creating visible growth pathways.

Employee well-being remained a strong priority. Staff engagement sessions were held to promote inclusion, boost morale, and enhance internal communication. The employee wellness programme expanded its reach with over 54 referrals to professional wellness support, and the staff bursary scheme continued to support professional growth, reinforcing our investment in staff development. These efforts are contributing to a more engaged and capable workforce.

We have also prioritised the role of the work environment in staff wellbeing and service delivery through our facilities management. Facilities Management is now moving toward a longer-term vision where all workspaces support productivity, safety and dignity. The goal is to align infrastructure investments with the employee value proposition, ensuring that the environment supports the people who drive the organisation's performance. Led by the AA, a national compliance and infrastructure assessment was conducted across all our provincial offices. The site visits were conducted, providing insight into building conditions and serving as an opportunity for the AA to engage with our provincial staff and stakeholders.



To strengthen compliance with Occupational Health and Safety (OHS), a dedicated OHS Manager was appointed. This will result in improved oversight, stronger adherence to OHS, and more transparent accountability.



Through our internal Marketing and Communications unit, we have invested in building a connected and informed workforce by driving strategic internal engagement throughout the year. Collaborating with various departments, the unit led campaigns that promoted ethics awareness, performance improvement, wellness, change management and organisational values. Internal staff dialogues, including a landmark session with the AA, enabled open conversation across all levels. Regular mailers and targeted content fostered a culture of accountability, while events such as Wellness Days, the Men's Dialogue and the Staff Recognition Awards reinforced morale and unity.



9.5. OUR OPERATIONS

The 2024/25 financial year Occupational Qualifications was characterised by continual change, learning and growth. On 03 June 2024, the Minister of Higher Education, Science and Innovation extended the last date of enrolment for a list of pre-2009 qualifications by publication in Government Gazette 50742. The extension was for a minimum of 1 year and a maximum of 2 years. A total of 42 pre-2009 Qualifications extended fall under the scope of the Services SETA. On 13 December 2024, a further 7 Services SETA pre-2009 Qualifications were extended, following the publication of Government Gazette 51771. All qualifications were extended for the maximum period of 2 years. As a result, the Services SETA automatically extended the accreditation of Skills Development Providers, and the registration of Constituent Assessors and Moderators associated with these qualifications.

During 2024/25, 1,898 Services SETA-funded learners were enrolled across 13 Occupational Qualifications and 2 Occupational Skills Programmes (excluding trades). This has created a growing pipeline for EISA and Final Integrated Summative Assessments (FISA), providing clear evidence that the transition to Occupational Qualifications is well underway.

MANDATORY GRANTS

A total of 1,555 prior scheme year claims remained valid but required remediation of documentation for

payment. Outstanding declarations of truth, proof of banking details and evidence of implementation often delay reimbursement. Given that claims are valid for 5 years, 29% (448/1,555) of prior scheme year claims expired on 1 April 2025, leaving a balance of 71% (1,107/1,555).

In addition to the above, a total of 83% (4,139/5,005) of applications received in the 2024/25 financial year were approved for payment. From the balance, 35% (300/866) applications were WSP submissions only, which are not eligible for reimbursement, and 65% (566/866) require remediation and will be added to the prior scheme year claims of 1,107, totalling 1,673.

DISCRETIONARY GRANTS

The Services SETA also implemented a new DG funding model and unit cost framework to align with the minimum credit requirements of Occupational Qualifications. The revised model accommodates variable programme durations and stipend rates.

In the year under review, the Services SETA enrolled 26,684 learners across 498 projects and 183 entities, representing a 66% increase in learner enrolments compared to the previous financial year (excluding bursaries). During the same period, 5,432 learners successfully completed their learning programmes. Additionally, project closures were processed for 1,631 learners who successfully completed a learning

programme; however, these learners could not be reported due to delayed project closures. An efficiency measure was introduced, resulting in significant adjustments to reportable completion results.

Concerns over Lead Employers not closing projects within reasonable turnaround times led Operations to conduct a rapid root cause analysis in November 2024. The analysis aimed to identify the reason for projects closing more than 60 working days after the last day of learning. The top three root causes of delay were identified as:

- › Non-compliance with External Moderation and Certification (EMC) requirements;
- › Lead Employer capacity constraints; and
- › Non-compliance with the Tranche Payment Model.

Where project rescue is not possible, the Services SETA concludes Project Termination Reports, which are handed over to the Finance Department for financial reconciliation and subsequently, if applicable, to Legal Services for potential loss recovery.

Looking forward, the focus will be on strengthening the monitoring and management of timely learner enrolment, project start, and project closure. These efforts aim to enhance reportability, drive efficiency, and improve overall performance.

BURSARIES

The Services SETA provided financial support to eligible South African students, particularly those from disadvantaged backgrounds, including the missing middle students which are students who do not qualify for the National Students Financial Aid Scheme (NSFAS) due to the combined household income bracket of R350,000.00 to R600,000.00 being too high for them to qualify, but cannot afford to pay for their own studies. We've funded more than 1,500 bursary beneficiaries who were from public universities and TVET Colleges.

In the past, Services SETA collaborated with external partners to streamline the bursary disbursement

to universities and TVET Colleges. However, this collaboration proved to have its limitations, which resulted in delays in bursary payments to institutions for the respective academic years, amongst others. To remediate these delays and other challenges, the Services SETA decided to engage directly with institutions of higher learning for student recruitment and payments, effective from the 2024 academic year. This approach will strengthen relations between the Services SETA and institutions of higher learning, which will yield positive results beyond the allocation of bursaries.



EMPLOYER FUNDED SKILLS DEVELOPMENT

A range of incentives exists to encourage employers to invest in skills development. Among these, Section 12H of the Income Tax Act offers tax deductions to employers who fund learnerships, internships, and apprenticeships. These deductions apply at both the enrolment and completion stages of the programme, with increased allowances available for learners with disabilities.

To access these benefits, employers are required to submit applications and learner documentation to the Services SETA for verification and enrolment. This process mirrors that of SETA-funded Learning Programmes and is governed by the Workplace-Based Learning Programme Agreement (WBLPA) regulations.

In the 2024/25 financial year, the Services SETA approved 92% (1,577/1,720) of applications received and verified 95% of learner documentation submitted (16,827/17,697). This resulted in the enrolment of 6,027 learners. However, only 28% (1,716/6,027) learners were reportable in the same financial year, as the remainder were linked to agreements approved in the prior year. A key challenge remains the delayed submission of learner documentation by employers, often occurring long after agreements have been approved and WBLPAs have been concluded.

In addition to Section 12H, employers can also benefit from the Employment Tax Incentive (ETI), which aims to reduce the cost of hiring young

work seekers. Furthermore, compliance with SETA-accredited Learning Programmes enables employers to maximise their B-BBEE skills development points, provided they spend the required percentage, 3% or 6% of their annual payroll, depending on their business category, on qualifying programmes. Supporting evidence, including mandatory grant submissions and SETA approvals, remains essential in claiming these incentives.



The Services SETA has made significant progress in advancing the development and registration of occupational qualifications. Through strategic planning, teamwork, and collaboration with key stakeholders, the Unit achieved the following milestones during the reporting period:

- › **Development of 16 Occupational Programmes** - A total of 16 occupational programmes were successfully developed. These programmes are designed to address critical skills gaps and support workforce readiness across various sectors.
- › **Submission of 6 Learnerships for Registration** - Six learnerships were submitted to the DHET for registration, expanding the range of structured learning opportunities available to learners.
- › **Approval of 34 Qualification Assessment Specifications (QAS)** - The approval of 34 QAS documents ensures that assessment practices are standardised and aligned with the outcomes of each qualification, supporting quality assurance in implementation.
- › **QCTO Internship Support Project** - In partnership with the QCTO, the Unit facilitated the placement of 35 interns to support qualifications development activities. This initiative not only strengthened capacity but also provided valuable experiential learning for young professionals.
- › **Registration of 44 Qualifications** - The successful registration of 44 occupational qualifications significantly broadened the Services SETA's qualifications framework, enabling accredited providers to deliver relevant and recognised training.

- › **Availability of 5 EISA Tools** - Five EISA tools were developed and made available, ensuring that learners can be assessed fairly and consistently in line with occupational standards.

Despite the notable achievements, we encountered several challenges that impacted the pace and efficiency of our work:

- › **Delayed Appointment of Qualification Development Facilitators (QDFs)** - The late appointment of QDFs led to delays in initiating and progressing with qualifications development projects, affecting overall timelines.
- › **Delays in Appointing Subject Matter Experts (SMEs)** - The timely involvement of SMEs is critical for ensuring the technical accuracy and relevance of qualifications. Delays in their appointment hindered the development process and extended project durations.
- › **Shortage of Question Papers** - A limited supply of question papers for EISA and other assessments created bottlenecks in the readiness of qualifications for implementation.
- › **Delays from the QCTO** - Prolonged turnaround times from the QCTO in reviewing and approving submissions further delayed the registration and rollout of qualifications.

To address the challenges encountered and enhance future performance, the following recommendations and strategic actions have been proposed:

- › **Timely Provision of Human Resources** - Ensure that QDFs and SMEs are appointed well in advance to allow for uninterrupted development processes. This includes streamlining recruitment and contracting procedures.
- › **Commence Development Activities in Quarter 1** - Initiating qualification development projects at the beginning of the financial year will provide sufficient time for planning, execution, and stakeholder engagement.
- › **Expedite Internal Approvals** - Internal processes, such as signing off on requests and submissions, should be prioritised and completed promptly to avoid unnecessary delays.

- › **Strengthen Stakeholder Engagement through Chambers** - Chambers should take a more active role in engaging industry stakeholders to co-develop criteria and content for all registered qualifications. This will ensure that qualifications remain relevant and industry-aligned.
- › **Expand Question Paper Development Capacity** - Invest in the development of additional question papers and assessment tools to support the growing number of registered qualifications and ensure assessment readiness.
- › **Enhance Collaboration with the QCTO** - Establish regular communication channels and joint planning sessions with the QCTO to improve turnaround times and resolve bottlenecks collaboratively.



WORKPLACE APPROVAL

The Services SETA evaluates and approves workplaces as sites of learning to ensure compliance with the WBLPA Regulations and to align workplace experience with the curriculum requirements of occupational qualifications. The primary objective is to strengthen workplace-based learning outcomes by confirming that workplaces are suitably prepared to support learners and that they contribute meaningfully to learner readiness for the world of work.

The approval process involves a comprehensive assessment of various factors, including the adequacy of physical infrastructure, the availability of tools and equipment, health and safety compliance, adherence to employment and industry regulations, and the presence of qualified mentors who can guide and support learners. Employers are also assessed on their commitment to delivering structured, hands-on learning experiences that complement the occupational curriculum.

A total of 316 workplace approval applications were received. However, non-compliance by Lead Employers and slow response rates in addressing identified gaps continued to impact approval timelines, despite ongoing capacitation efforts aimed at improving employer readiness.

The Services SETA will strengthen compliance and improve implementation efficiency.



SKILLS DEVELOPMENT PROVIDER (SDP) ACCREDITATION

A total of 1,521 SDP accreditation applications for occupational qualifications, allocated by the QCTO, were processed during the 2024/25 financial year. Of these, 1,115 applications were recommended for accreditation, 115 were still under review, and 291 were cancelled due to non-responsiveness, in line with QCTO business rules.

During the reporting period, the Services SETA continued to work closely with the QCTO to manage and support the growing demand for accreditation. This demand remains high, driven by the size of the Services Sector and the widespread use of its qualifications across the economy. As more Occupational Qualifications are realigned and registered, this elevated demand is expected to persist throughout the four-year transition period.

By 31 March 2025, a total of 2,208 SDPs were accredited, covering 52 occupational qualifications and 16 occupational skills programmes. While this reflects encouraging growth, the provincial distribution of accredited providers remains uneven. Gauteng accounts for 58% (1,274) of accredited SDPs, followed by KwaZulu-Natal with 13% (293) and Western Cape with 11% (251). The remaining Provinces account for between 1% and 5%, collectively 18% (390 out of 2,208) of all accredited SDPs, underscoring the need for more targeted interventions to address geographic imbalances and improve access to accredited provision in underrepresented Provinces.

The transition to Occupational Qualifications has also expanded the registration of constituent assessors and moderators to include facilitators and mentors, collectively referred to as SMEs. During the period under review, all 581 SME registration applications received were evaluated and approved, reflecting a 100% registration rate. However, further disaggregation and analysis by role type, location, and qualification remain necessary to assess the adequacy and responsiveness of SME capacity across all qualifications and provinces.



ASSESSMENT CENTRE ACCREDITATION

The transition to occupational qualifications introduced a new requirement for accrediting Assessment Centres. By the end of the previous financial year, 31 March 2024, the QCTO had assigned 26 Assessment Centre accreditation applications for evaluation to the Services SETA.

To support implementation, the Services SETA worked closely with the QCTO to develop transitional requirements, criteria, and processes for Assessment Centre accreditation.

Application evaluations began in 2024/25, and by the end of that year, 78% (233/299) of the total applications received (including those carried over) had been evaluated. Of these, 67% (156/233) were recommended for accreditation.

As a result of this collaboration, the total number of accredited Assessment Centres reached 645 by 31 March 2025. These Assessment Centres span 44 Occupational Qualifications and 16 Occupational Skills Programmes. The provincial distribution of Assessment Centres mirrors that of accredited Skills Development Providers, with a concentration in Gauteng and relatively lower representation in rural provinces, pointing to similar access challenges across the system.



EXTERNAL MODERATION OF LEARNER ACHIEVEMENTS AND CERTIFICATION

External Moderation is a critical quality assurance process that validates the consistency, accuracy, and fairness of learner achievements, based on the evaluation of learner portfolios of evidence for pre-2009 Qualifications. A random sample of learners is selected per cohort to ensure impartial assessment.

In the 2024/25 financial year, the Services SETA externally moderated and issued certificates or statements of results for close to 100% (77,610 out of 77,635) of learners registered by Skills Development Providers as having achieved either full or part qualifications. While this figure aligns with overall learner completions,

most of the demand continues to stem from non-Services SETA-funded Learning Programmes, underscoring the Services SETA's broader role in supporting the national certification system.

This trend is expected to continue over the next four years, following the extension of the last date of enrolment and teach-out period for pre-2009 Qualifications to 30 June 2029.

In line with regulatory requirements, SETAs are mandated to upload learner achievements to the South African Qualifications Authority (SAQA) National Learners' Records Database (NLRD) twice annually, as per the SAQA submission schedule. The Services SETA complied fully with this requirement and maintained a green status for the 2024/25 reporting period.

Verification of qualifications, now a standard practice in recruitment and credential checks, can be requested via SAQA by learners, employers, and verification agencies. Data reliability and completeness remain essential in supporting employment access and ensuring public confidence in the certification process.



EXTERNAL INTEGRATED SUMMATIVE ASSESSMENT (EISA)

EISAs are scheduled based on learner demand, specifically learners who have met all requirements of the occupational curriculum and are deemed ready for final assessment. Critical dependencies for the effective scheduling of EISAs include the availability of accredited Assessment Centres near learners, qualified and experienced SMEs, and the use of approved Assessment Tools.

Two EISAs for the Occupational Certificate: Project Manager NQF Level 5 were conducted. These assessments took place in October and November 2024, with a total of 85 learners participating. The average pass rate was 68%.

Throughout the year, the Services SETA focused on embedding lessons learned from previously conducted EISAs. Key improvements implemented included:

- › Enhanced capacitation of SDPs on pre-EISA readiness requirements;
- › Strengthened monitoring of SDPs with active learner enrolments;
- › Focused capacitation of SMEs involved in assessments; and
- › The implementation of a mandatory mock EISA as a precondition for scheduling.

Looking ahead, the Services SETA will continue to focus on mobilising and capacitating the required supply, namely, accredited Assessment Centres and registered SMEs, and will schedule EISAs informed by an ongoing analysis of the learner pipeline.

As of 31 March 2025, 81% (1,537/1,898) of the Services SETA-funded learners enrolled in occupational qualifications (excluding trades) may be eligible to undergo EISAs. These learners are spread across five Occupational Qualifications under the Services SETA's scope: Project Manager, Beauty Therapist, Commercial Cleaner, Mortician and Office Supervisor. Funded learners are also enrolled in an additional six occupational qualifications that fall under the scope of other SETAs.

Given the complexity of the transition to occupational qualifications, the constant analysis of sector-funded and newly funded enrolments is essential to ensure that EISAs are scheduled in alignment with learner readiness and sectoral demand.

9.6. OUR STRATEGIC PROJECTS

During the 2024/25 financial year, Chamber Operations embarked on a nationwide campaign to build capacity in the college sector to promote uptake of occupational qualifications. This initiative resulted in the Memorandum of Agreement (MOA) with 14 TVET and 7 CET colleges. These colleges will be awarded learning programmes for implementation in the 2025/26 financial year. The MOA extends to supporting the college sector through college staff capacitation, as well as support with infrastructure/ workshops/ internet connectivity/tools.



A dedicated Infrastructure Projects Unit manages all our construction-related projects. These projects can either be greenfield (new project on open field) or brownfield (refurbishments on existing buildings) to promote access to education through the facilities constructed mainly in rural areas.

The four infrastructure projects below were active in the year under review.

- 1. Dumbe Skills Development Centre (Dan Nkosi Skills Development Centre)** – the project was completed and handed over to Mthashana TVET College for operationalisation. In addition, a service provider was appointed to conduct an in-depth business study to assist the TVET college and all other stakeholders involved in operationalising the centre optimally. This skills development centre is valued at R14M.
- 2. Prieska Skills Development Centre** – the project is still under construction and is expected to be completed by the end of October 2025. This centre will be handed over to the Northern Cape Rural TVET College for operationalisation, in collaboration with the Northern Cape Department of Roads and Public Works. The centre is valued at R164M.
- 3. Raymond Mhlaba Skills Development Centre** – the project is still under construction and is projected to be completed by the end of September 2025. The centre will be handed over to the Lovedale TVET College for operationalisation, in collaboration with the Raymond Mhlaba Local Municipality. An agreement has been concluded by the three stakeholders mentioned to facilitate the operationalisation of the centre. The centre's construction value is R12.4M.
- 4. The University of Cape Town** – the project is still in the planning phase of construction. A construction developer has been appointed, and construction is expected to commence within the 2025/26 financial year. The commitment to the project amounts to R73M.

The main challenges faced within the construction industry are the threat of construction mafias, which make working conditions on site unbearable by forcefully soliciting funds from contractors and disrupting work on site. The Services SETA has, in this regard, joined forces with the South African Police Services (SAPS) to proactively respond to this scourge. SAPS has been highly instrumental in stakeholder management as they form part of the project steering committee, where all community-based matters are raised and addressed.

ENTREPRENEURIAL COOPERATIVE AND DEVELOPMENT

The Services SETA continues to excel in the implementation of the District Development Model (DDM), through meaningful collaborations with other public agencies such as the National Development Agency (NDA) and the Small Enterprise Development and Finance Agency (SEDFA), provincial departments and municipalities for impactful eLearning skills development efforts targeting SMMEs, Cooperatives,

Business Start-up entrepreneurs, as well as Non-Profit Organisations. Access to online, customised, entity-specific interventions is enabled through a hybrid on-site implementation, which serves as a skills development outreach programme for township, remote, and rural-based beneficiaries.

Challenges are mainly related to the limitation (from a performance reporting perspective) of only targeting a single representative from an entity (i.e., one member or director from a Cooperative or non-profit organisation (NPO) to represent their organisation and attend the training intervention). Our shortage of supplementary technical equipment, such as functioning printers/scanners, and insufficient routers occasionally poses a challenge in the most rural sites, where collecting supporting learner evidence can be a challenge when collating the required documents to support reporting information.

Despite the minor challenges encountered, performance targets for all entrepreneurship-related sub-programmes were over-achieved for the 2024-25 financial year.



CASE STUDY

ADDRESSING DELAYS IN LEARNER ENROLMENT, PROJECT CLOSURE, AND BURSARY DISBURSEMENT

Services SETA implemented a coordinated process alignment strategy to eliminate bottlenecks in key programme delivery areas. This included:

- › Stricter compliance monitoring
- › Revised project management timelines
- › Direct engagement with universities and TVET
- › Capacity-building workshops
- › Integrated digital tracking systems

9.7. OUR SECTOR

The Services SETA has clustered its operations into six chambers for better servicing of our sector. Chamber operations are the mobilisation engine of the Services SETA. Its function is deeply rooted in constantly engaging industry partners with the view to mobilising them to uptake Services SETA learning interventions.

The nine strategic pillars of the Chambers are as follows;

PILLAR 1: Governance

To realise this pillar, the unit ensured that effective and functional chamber committees were established. All six chamber committees were effective and operational throughout the financial year. Each chamber committee met four times, as per the Services SETA Constitution and with a quorum. Chamber committees made significant contributions to the organisational strategy, including the smooth implementation of funded learning interventions through strategic guidance, stakeholder sensitisation and mobilisation.

PILLAR 2: Stakeholder Engagements

In line with this pillar, the unit held more than 120 engagements with key stakeholders to build capacities to uptake Services SETA learning interventions. Engagements were aimed at both large, medium and small enterprises.

PILLAR 3: Transitioning to Occupational Qualifications with Industry

Participation of the industry in the identification, development, and implementation of occupational qualifications is crucial. Chamber operations engaged industry role players in all these activities.

PILLAR 4: Sector Skills Plan Analysis

Chamber Operations are key custodians of SSPs. They participated effectively in the development of the 2024/25 Sector Skills Plan by mobilising key industry stakeholders to inform this critical strategic document fully. In addition, Chamber Operations has been instrumental in monitoring

the implementation of the sector skills plan through analysis of performance information, jointly with the Skills Planning Unit, and advocating for the strong alignment to address the mismatch between skills demand and supply.

PILLAR 5: Industry/sector Awareness

Industry Sector Awareness is a strategic pillar which is designed to raise awareness about the wide range of opportunities available within specific industry sectors, with a strong emphasis on how these sectors can benefit from targeted skills development interventions. The Chamber Operations department plays a proactive role in identifying and prioritising key industry sectors that require focused support. By targeting these sectors, the department aims to uplift and empower them through tailored skills development strategies that address sector-specific needs, challenges, and growth potential.

Through stakeholder engagement and strategic partnerships, the department ensures that employers, workers, and training providers are well-informed about:

- › Critical and scarce skills within their industries;
- › Relevant qualifications and learning pathways;
- › Funding and support mechanisms available through Services SETA; and
- › And collaborative opportunities for workplace-based learning and capacity building.

PILLAR 6: Rural & Township Economic Revitalisation

Rural & Township Economic Revitalisation is one of the Strategic Pillars within Chamber Operations, wherein SMMES and Startups are targeted as beneficiaries. The motivation for this Pillar emanates from Chamber Committee recommendations, which emphasised the need for entrepreneurship development and support for the SMMES and startups, particularly in rural and township areas. The main industries targeted by this concept from the services SETA's perspective are Hair Care, Beauty, Funeral Services, Cleaning, Gardening, and Real Estate.

The project was initiated in the 2023/24 financial year and finalised in the 2024/25 financial year, wherein 30 Startups and 90 SMMEs were capacitated as per the plan. The programme closed with 27 startups and 78 SMMEs. Through this concept, the Services SETA cultivated MoUs with organisations whose scope was more fitting for enterprise development. These organisations are the Small Enterprise Development Agency (SEDA), the Franchising Association of South Africa (FASA) and the Institute of Business Advisors Southern Africa (IBASA). The MOUs officially came to an end in March 2025.

PILLAR 7: TVET, CETs & Employer Collaboration

The White Paper on Post-School Education and Training advocates for closer collaboration between institutions of learning and employers. SETAs are considered vital mediators and should strive to build strong working relationships between the two constituencies. To advance this goal, the Services SETA has reached out to all 52 TVET colleges and 9 CET colleges in the country to form a partnership for jointly implementing occupational qualifications. Fourteen TVET colleges and seven CET colleges responded to the call for expressions of interest, resulting in an MOA with these institutions.

These agreements aim to implement occupational qualifications through these institutions and build the requisite capacities through various interventions, including short skills programmes, industry exposure, and bursaries. The project is expected to commence in the next financial year, 2025/26.

PILLAR 8: WSP & ATR Employer Capacitation & Support

Chamber Operations recognises that education and training must occur in both the classroom and the workplace. Employers should have a vested interest in improving the skills of their labour force by funding learning interventions for their staff and opening their workplaces for practical training – “turning workplaces into learning places” as per DHET’s mantra. Therefore, the participation

of employers in submitting WSPs and ATRs is imperative.

To achieve this objective, the department supported the Mandatory Grant division in improving the submission rate by engaging the Top 20 levy payers per chamber.

PILLAR 9: Learning Interventions

To address skills gaps in the industry and serve underserved sectors, the Chamber Operations conceptualised several research projects and made a call for expressions of interest. The call for expressions of interest focused on the following industries: the funeral sector, temporary employment services, labour unions and federations, and the hairdressing industry. The following learning interventions were targeted.

TYPE OF LEARNING INTERVENTIONS	NUMBER OF BE BENEFICIARIES TARGETED
University WBL	100
TVET WBL	100
TVET WIL	100
University WIL	500
ARPL	1,659
Learnerships Employed	399
Learnerships Unemployed	1,513
Apprenticeships	100
Bursaries Employed	407
Recognition of Prior Learning (RPL)	4,401
Skills Programme	2,810
Candidacy	100
Artisan	100
Trade Union Support – Non-credit bearing capacitation workshops	1,515
TVET/CET Support – Various interventions	483
Total Beneficiaries Targeted	14,287

Through effective mobilisation of employers, professional bodies, labour and government entities, various learning interventions were awarded to these constituencies through a closed call for expressions of interest. Interventions prioritised included learner-

ships, skills programmes, bur-saries, Artisan Recognition of Prior Learning (ARPL), Recognition of Prior Learning (RPL), and apprenticeships. This initiative contributed to the overall organisational performance, business sustainability, and the supply of a skilled and competent labour force to the industry.

In the year under review, the organisation focused on stabilisation, alignment and the foundation-building necessary for long-term performance. While the

organisation faced transition challenges, including significant system changes and operational pressure, the Services SETA ensured that the right systems, people and platforms were in place to drive service delivery.

While several challenges persist, meaningful progress has been made in creating the conditions necessary for sustained improvement.

9.8. OUR OUTREACH



We supported the delivery and visibility of **28 career development events** across all provinces—13 in rural areas and 15 in urban areas—targeting occupations in high demand and showcasing learning opportunities to youth, educators, parents and communities.

These events were delivered in collaboration with government departments, SETAs, municipalities and educational institutions. They attracted over **11,000 attendees** in total, with highlights including:

This footprint ensured that the Services SETA reached schools, colleges, and communities in both metropolitan areas and hard-to-reach areas.

LAUNCH EVENTS AND STRATEGIC CAMPAIGNS

We also drove the execution and media visibility of flagship organisational events:

- › The **TASEZ Skills Development Project Launch**,

held in Mamelodi, showcased Services SETA's commitment to township-based industrial revitalisation. The project targets 2,200 beneficiaries through structured interventions including learnerships, internships, skills programmes, coaching and mentorship. During the 2024/25 financial year, implementation began with 550 learnerships, marking a critical first step in upskilling young people and enhancing their employability within the automotive hub.

- › The **Gender-Based Violence (GBV) Awareness Campaigns** were initiated as part of a broader, Board-approved Special Projects portfolio aimed at addressing societal challenges through strategic communication and stakeholder mobilisation. The AA approved three GBV-focused projects during its term, signalling a commitment to using education, community mobilisation and art to shift social norms. The first project was launched during the 16 Days of Activism campaign in Inanda, Durban,

and focused on schools and educators using a live theatre production as a powerful medium to provoke dialogue and promote dignity in learning spaces. The second was hosted at Capricorn TVET College in Limpopo, engaging students and lecturers on issues of power dynamics and personal agency. The third project, approved but scheduled for launch in the new financial year, will expand the campaign's reach and reinforce Services SETA's stance on building safe, inclusive spaces. These initiatives affirm the Services SETA's role in using skills development platforms to drive critical social change.

- › We officially launched a strategic partnership with **Knysna Local Municipality** through a high-impact event that marked the beginning of a multi-stream skills development initiative tailored to the region's economic priorities. The launch showcased Services SETA's commitment to supporting local government through targeted learnerships, apprenticeships and skills programmes for unemployed youth and is set to reach over 244 beneficiaries. Additional programmes, including a boatbuilding qualification, are set to begin in the new financial year.
- › As part of its Women's Month campaign, the Services SETA launched the ***Women in Service: Empower, Educate, Elevate*** programme in August 2024. Hosted in Gauteng, the event targeted over 240 women across various subsectors, including personal care, real estate, cleaning, marketing, and labour services. The programme focused on sharing real stories of resilience and success while equipping participants with practical knowledge in finance, personal branding, mental health and other critical areas. This strategic launch celebrated women's contribution to the services sector while building capacity for growth and leadership.
- › The **Youth Knowledge Sharing Festival, in partnership with KCFM**, brought together youth, academia, municipalities and industry leaders in a collaborative platform that explored future skills, innovation and the role of young people in shaping the economy.



Each event was supported by a strong visual identity, speaker coaching, social media integration and media liaison to ensure post-event awareness and documentation.

ORGANISATIONAL INSIGHTS

"We are no longer just implementing policy. We're aligning people, systems and strategy to deliver lasting change."

MAMABELE MOTLA

— Executive Manager: Strategy and Insights

At Services SETA, organisational transformation is intentional — backed by data, driven by collaboration, and shaped by strategic foresight. We've evolved beyond compliance to become a learning organisation, improving how we measure, manage and deliver value to the sector we serve.

BUILDING SYSTEMS, PEOPLE & PERFORMANCE FOR IMPACT



STRATEGY IN ACTION

- › Annual Operational Plan (AOP) developed to integrate strategic intent with operational delivery.
- › Organisational-wide Strategy Implementation Workshop held to unblock performance bottlenecks.
- › Maintained reliable performance information with an audit outcome of no material findings for audit of predetermined objectives.



SYSTEMS THAT DELIVER

- › Rolled out Microsoft Dynamics 365 to enhance finance, procurement and data visibility.
- › Cybersecurity posture strengthened with Zero Trust Security model and staff-wide training.
- › Launched a digital records repository following a successful file clean-up campaign.



INSIGHT-LED TRANSFORMATION

- › 2 major research studies completed:
 - + Learner Tracer Study
 - + Stakeholder Satisfaction Survey
- › 7 new research projects underway, including a 5-year impact review and customised M&E Framework development.



CHALLENGES ADDRESSED

- › Introduced on-going performance monitoring to align staff outputs with targets.
- › Addressed low employer participation in research via targeted awareness campaigns.
- › Tackled reporting platform glitches (eQPR & SETMIS) in partnership with DHET and DPME.



POWERED BY PURPOSE. DELIVERED THROUGH STRUCTURE.

Services SETA is aligning its people, platforms and performance for inclusive and measurable impact across the services sector.

UP NEXT

> PART B

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES	34
2. OVERVIEW OF PERFORMANCE	34
2.1. Service Delivery Environment	34
2.1.1. Services Sector Profile	34
2.1.2. Sector Skills Plan	35
2.1.2.1. Economic Profile	35
2.1.2.2. Labour Market Profile	35
2.1.2.3. Drivers of Skills Demand and Supply	36
2.1.2.4. Hard-To-Fill vacancies progress	36
2.1.2.5. Partnerships required to drive skills supply	39
2.1.2.6. SSP Priority Action Plans	39
2.2. Organisational Environment	40
2.3. Key Policy Development and Legislative Changes	40
2.4. Progress Towards Achievement of Institutional Impacts and Outcomes	41
2.4.1. Impact Statement	41
2.4.2. Strategic Outcomes and Outcome Indicators	41
3. INSTITUTIONAL PROGRAMMES PERFORMANCE INFORMATION	44
3.1. Programme 1: Administration	45
3.1.1. Purpose	45
3.1.2. Description of the Programme	45
3.1.3. Outcomes, Outputs and Output Indicators	46
3.2. Programme 2: Skills Planning	51
3.2.1. Purpose	51
3.2.2. Description of the Programme	51
3.2.3. Outcomes, Outputs and Output Indicators	52
3.3. Programme 3: Learning Programmes	59
3.3.1. Purpose	59
3.3.2. Description of the Programme	59
3.3.3. Outcomes, Outputs and Output Indicators	59
3.4. Programme 4: Quality Assurance	71
3.4.1. Purpose	71
3.4.2. Description of the Programme	71
3.4.3. Outcomes, Outputs and Output Indicators	72
3.5. Linking Performance with budgets	73
3.6. Strategy to overcome areas of underperformance	74
4. REVENUE COLLECTION	74
5. CAPITAL INVESTMENT	74



PART B

PERFORMANCE INFORMATION

ANNUAL REPORT

2024 – 2025

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 120 of the Report of the Auditors Report, published as Part F: Financial Information.

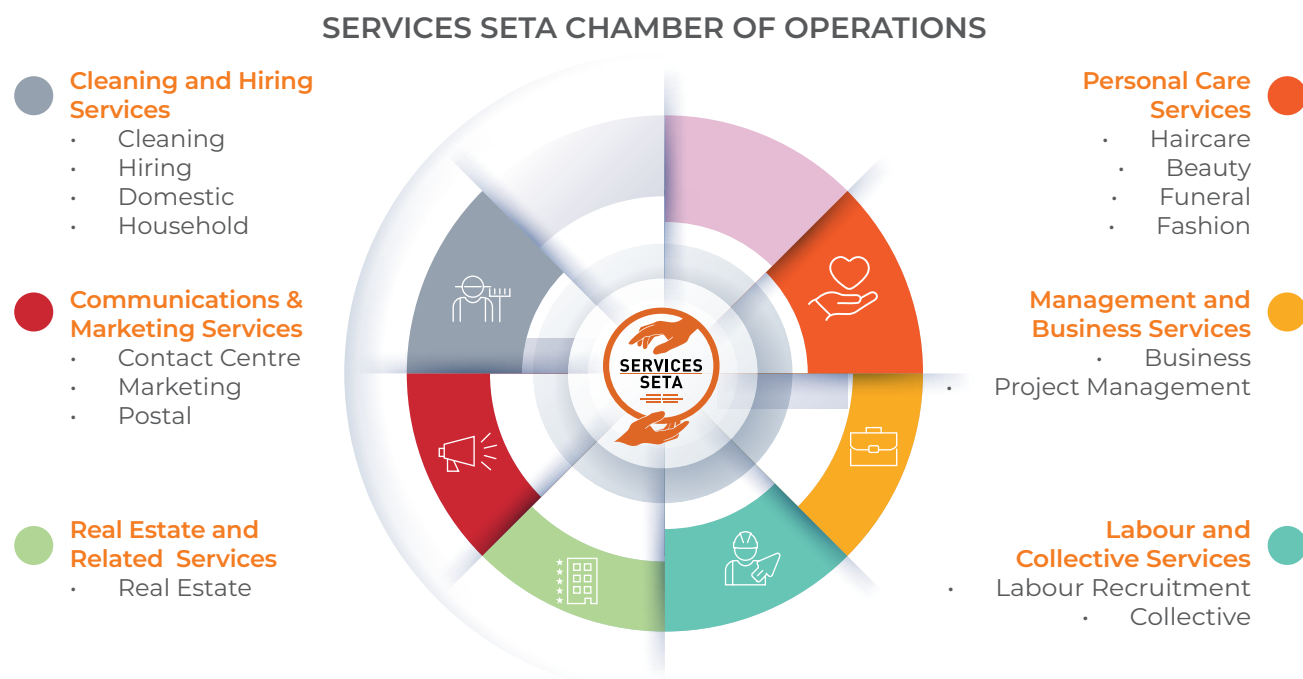
2. OVERVIEW OF PERFORMANCE

2.1. SERVICE DELIVERY ENVIRONMENT

2.1.1. Services Sector Profile

The Services SETA is one of the largest SETAs in terms of the number of employers falling within its scope. Approximately 193,931 employers fall within its demarcation (as of February 2024), which represents an increase of more than 2,000 employers compared to the 2023 financial year, when there were 191,170. The Services SETA scope encompasses 68 Standard Industrial Classification (SIC) Codes, which are organised into six chambers and further categorised into 16 sub-sectors.

Figure 3. Services SETA Chambers and Sub-sectors

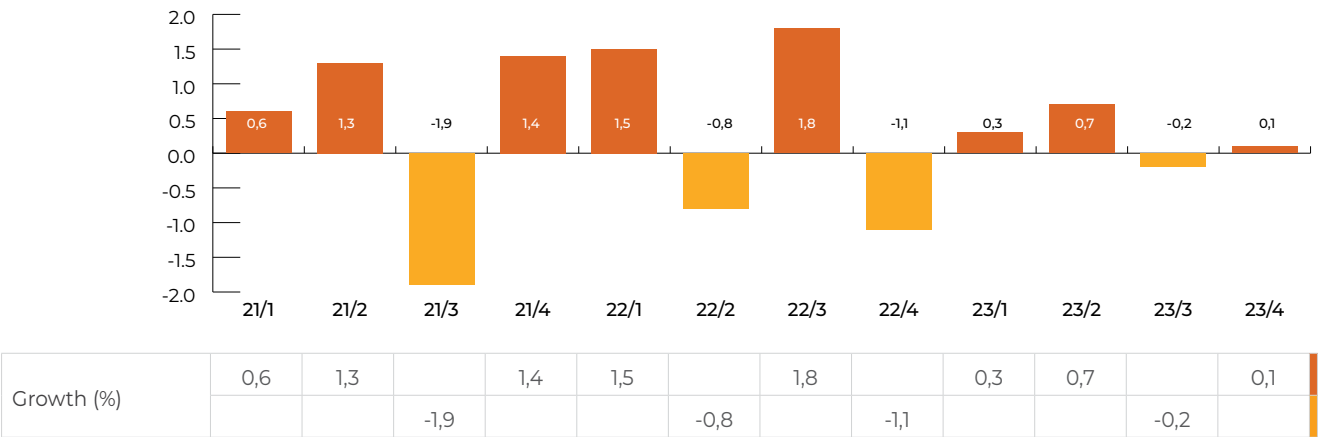


2.1.2. Sector Skills Plan

2.1.2.1. Economic Profile

Analysis of the services industries that fall under the Services SETA purview includes Agriculture, Mining, Manufacturing, Electricity, Construction, Trade, Transport, Finance, Government, and Personal Care. In reference to the services sector in this Sector Skills Plan (SSP), the subsectors mentioned above are included. Figure 2 illustrates the trends in GDP growth and industry contributions.

Figure 4. Growth in GDP, Q1 2021- Q4 2023 (%)

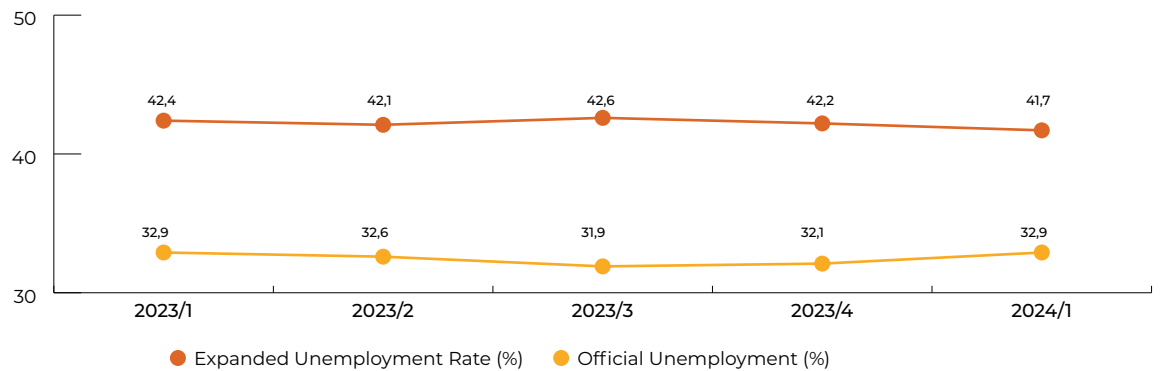


Source (Stats SA, 2024a)

2.1.2.2. Labour Market Profile

In line with the decline in economic growth, unemployment levels have persistently increased over the last two years. As depicted in Figure 3, the expanded unemployment rate is higher than the official unemployment rate. The official unemployment rate increased by 0.2 percentage points to 32.1% in Q4 2023, compared to Q3 2023. The expanded unemployment rate decreased by 0.7 percentage points in Q4 2023, compared to Q3 2023. The official unemployment rate for Q1 2024 stands at 32.9%, a 0.8 percentage point increase from the rate in Q4 2023.

Figure 5. Unemployment rates, Q1 2023 - Q1 2024



Source: Statistics South Africa (2024a)

Precarious jobs, predominantly in the informal sector, are hardest hit. Compared to the same period last year, the expanded unemployment rate decreased by 0.5 percentage points in the first quarter of 2024. More work is needed to stimulate economic growth. Skills development interventions play a central role in this regard by ensuring an adequate supply of a skilled workforce. The Services SETA is monitoring these

developments carefully to ensure an appropriate response from a skills development perspective.

Regarding unemployment by gender, women still bear the harshest brunt. In addition, women, youth, and people with low levels of education are disproportionately affected by unemployment. Unemployed work seekers with no matriculation

certificates accounted for more than half of the total unemployment, followed by those with a matriculation certificate.

Notwithstanding, the informal sector and private households contribute a sizable portion of the employed workforce. This is the industry that is conspicuously dominant in the services sector. Aside from the difficult economic conditions that the sector faces, the services sector remains the largest backbone of employment in South Africa. Key industries with a higher concentration of services sectors, such as private households and finance, account for a substantial number of the employed labour force. However, there is a concerning and consistent decline in employment in the community and social services sector. Employment growth was primarily seen in the trade (109,000), manufacturing (99,000), and private households (44,000) sectors. On the other hand, the most significant job losses occurred in the services and construction industries.

2.1.2.3. Drivers of Skills Demand and Supply

The Services SETA has identified five major change drivers impacting skills within its six Chambers, namely:



1. TECHNOLOGY & DIGITISATION



2. ECONOMIC PERFORMANCE



3. LEGISLATION



4. GLOBALISATION



5. GREEN ENVIRONMENT

The future of the world of work is changing as technology rapidly advances towards the latest trends, such as automation and artificial intelligence,

which will alter traditional roles, leading to some jobs becoming obsolete. To prepare the industry for the evolution of 4IR, modules on ICT have been incorporated into the new, realigned, and developed occupational qualifications. Industries such as call centres, advertising, and marketing are affected by automation and digitisation. The automation implemented in these industries is slowly replacing humans, leaving them out of the job market. However, this evolution is viewed as an effective means of conducting business.

2.1.2.4. Hard-To-Fill vacancies progress

Services sector industries identified a total of 55 hard-to-fill vacancies through the six chambers. The organisation had to address these hard-to-fill vacancies through the implementation of the Annual Performance Plan (APP). From the list of 55, the Accounting Authority (AA) selected the top occupations as their priority occupations for the 2024/25 financial year. The table below illustrates the results from the implementation through the APP, which resulted in:

1. 90% of priority occupations were addressed through our learning interventions, while the remainder (ICT security specialist) was not addressed due to its nature of falling outside of the Services SETA's scope. The organisation has commissioned a research study on the impact of 4IR in the services sector, the results of which we anticipate will assist in addressing this occupation.
2. 56% (31/55) of HTFV were also addressed through our learning interventions. The remaining ones will be carried over to the next financial year, depending on the alignment with 25/26 Sector Skills Plan, to ensure continuity for the 28,060 learners enrolled in various learning interventions. Specifically, 13,4567 of these interventions targeted the sector HTFV, representing 48%. The SETA is committed to improving the alignment of the SSP HTFV with the interventions as per the APP to deliver sector skills in demand.

Table 1. Sector Skills Plan Performance Analysis

CLEANING & HIRING SERVICES			
HARD-TO-FILL VACANCIES	INTERVENTIONS	EMPLOYED LEARNERS	UNEMPLOYED LEARNERS
CLEANING SERVICES MANAGER OFO CODE: 2021-143902	LEANERSHIP	–	49
	SKILLS PROGRAMME	–	99
CLEANING SUPERVISOR (PRIORITY) OFO CODE: 2021-515104	LEANERSHIP	200	49
	SKILLS PROGRAMME	97	–
COMMERCIAL CLEANER OFO CODE: 2021-811201	LEANERSHIP	–	1,195
	SKILLS PROGRAMME	–	299
	RPL	98	–
HEALTHCARE CLEANER OFO CODE: 2021-811202	LEANERSHIP	–	44
SAFETY INSPECTOR OFO CODE: 2021-325705	INTERNSHIPS	–	37
COMMUNICATIONS & MARKETING SERVICES			
HARD-TO-FILL VACANCIES	INTERVENTIONS	EMPLOYED LEARNERS	UNEMPLOYED LEARNERS
COMMUNICATION COORDINATOR OFO CODE: 2021-243201	BURSARIES	2	1
	INTERNSHIPS	2	42
CALL CENTRE MANAGER OFO CODE: 2021-143905	INTERNSHIPS	–	25
CALL OR CONTACT CENTRE AGENT OFO CODE: 2021-422206	LEANERSHIP	–	1,195
	SKILLS PROGRAMME	–	299
MARKETING COORDINATOR OFO CODE: 2021-333908	BURSARIES	9	48
	INTERNSHIPS	–	6
ADVERTISING/PUBLIC RELATIONS MANAGER (PRIORITY) OFO CODE: 2021-122201	INTERNSHIPS	2	2
SOFTWARE DEVELOPER (PRIORITY) OFO CODE: 2021-251201	LEANERSHIP	–	20
	BURSARIES	–	1
MARKETING PRACTITIONER OFO CODE: 2021-243103	INTERNSHIPS	–	185
	BURSARIES	–	8
LABOUR & COLLECTIVE SERVICES			
HARD-TO-FILL VACANCIES	INTERVENTIONS	EMPLOYED LEARNERS	UNEMPLOYED LEARNERS
HUMAN RESOURCE ADVISOR OFO CODE: 2021-242303	INTERNSHIPS	–	237
	BURSARIES	3	6
	CANDIDACY	–	90
INDUSTRIAL RELATIONS ADVISOR (PRIORITY) OFO CODE: 2021-242304	BURSARIES	–	1
TRANSFORMATION MANAGER/ORGANISATION & METHODS ANALYST OFO CODE: 2021-242102	INTERNSHIPS	–	7
HEALTH AND SAFETY OFFICER (Priority) OFO CODE: 2021-226302	BURSARIES	18	–

MANAGEMENT & BUSINESS SERVICES

HARD-TO-FILL VACANCIES	INTERVENTIONS	EMPLOYED LEARNERS	UNEMPLOYED LEARNERS
MANAGEMENT CONSULTANT (Business Analyst, Business Consultant) OFO CODE: 242101	LEANERSHIP	78	144
	BURSARIES	11	27
	SKILLS PROGRAMME	–	40
BUSINESS DEVELOPMENT MANAGER/SALES AND MARKETING MANAGER OFO CODE: 122101	BURSARIES	–	1
	INTERNSHIPS	–	2
E-COMMERCE MANAGER (Entrepreneurial) BUSINESS OPERATIONS MANAGER OFO CODE: 121901	LEANERSHIP	–	176
	SKILLS PROGRAMME	11	–
	BURSARIES	–	2
	INTERNSHIPS	–	38
SMALL BUSINESS MANAGER OFO CODE: 2021-134903	LEANERSHIP	28	3,438
	SKILLS PROGRAMME	–	3,902
	BURSARIES	11	8
	INTERNSHIPS	–	135
PROJECT MANAGER (Priority) OFO CODE: 2021-121905	LEANERSHIP	158	363
	SKILLS PROGRAMME	73	–
	BURSARIES	18	10
	INTERNSHIPS	–	7

PERSONAL CARE SERVICES

HARD-TO-FILL VACANCIES	INTERVENTIONS	EMPLOYED LEARNERS	UNEMPLOYED LEARNERS
BEAUTY THERAPIST OFO CODE: 2021-514201	BURSARIES	–	12
FUNERAL DIRECTOR MORTICIAN (Priority) OFO CODE: 2021-516301	LEANERSHIP	–	135
HAIRDRESSER OFO CODE: 2021-514101	ARTISANS	–	291
	SKILLS PROGRAMME	–	40
IMAGE CONSULTANT OFO CODE: 2021-514210	INTERNSHIP	–	2
SOMATOLOGIST OFO CODE: 2021-514207	BURSARIES	–	1

REAL ESTATE & RELATED SERVICES

HARD-TO-FILL VACANCIES	INTERVENTIONS	EMPLOYED	UNEMPLOYED
AUCTIONEER (Priority) OFO CODE: 333901	LEANERSHIP	35	–
REAL ESTATE AGENT (Priority) OFO CODE: 2021-333402	LEANERSHIP	10	790
	RPL	89	–
	CANDIDACY	–	177

2.1.2.5. Partnerships required to drive skills supply

The Services SETA has partnered with several post-education and training role players, including public, private, and non-profit entities, as well as labour organisations, to deliver skills development for the services sector. Our partnerships model is built around bringing together all key stakeholders in the services sector and the skills planning ecosystem, including government departments, education and training institutions, industry bodies, and sector employers. Our partnerships are informed by a diverse range of factors; however, they primarily serve to support the Services SETA in fulfilling its mandate for skills development. The decision to form partnerships is also informed by

our strategic priorities outlined in our 5-year Strategic Plan, alongside national skills development priorities aimed at addressing social and economic demands.

2.1.2.6. SSP Priority Action Plans

In line with the SSP Framework and Guidelines, the Services SETA has developed SSP Priority Actions over the years. These actions were monitored continuously to track progress. Where sufficient progress had been made, concerned priority actions were retired or modified to align with current developments in the industry and the sector as a whole. Figure 2 provides a high-level analysis of changes to priority actions over the last five years.

Table 2. Changes in Priority Actions, 2020/21-2024/25

CHANGES OVER TIME						
RECOMMENDED ACTIONS		2020/21	2021/22	2022/23	2023/24	2024/25
1	Promote social and circular economy through entrepreneurship and co-operative development initiatives.	➤	✓	✓	⚙	⚙
2	Increase the throughput rate of occupationally directed qualifications through the mobilisation of key industry role players.	➤	✓	✓	✗	✗
3	Improve the supply pipeline by ensuring the relevance of qualifications and the capacitation of training providers, including TVET Colleges.	➤	✓	✓	✗	✗
4	Expand access to skills development to employees and learners residing in rural and peri-urban areas of South Africa.	➤	✓	✓	✗	✗
5	Secure workplace training opportunities in collaboration with the industry, employers, and the Services SETA.	➤	✗	✗	✓	✓
6	Work with QTCO and industry role players to complete and implement registered occupationally directed qualifications	➤	✗	✗	✓	✓
7	Strengthen alignment between industry needs and Services SETA supply through research, implementation, and structured M&E.	➤	✗	✗	✓	⚙

KEY: ✓ Achieved ✗ Unachieved ⚙ Modified

2.2. ORGANISATIONAL ENVIRONMENT

Despite the resignation of the acting Chief Executive Officer (CEO) (Mr Andile Sipengane), who was appointed to ensure operations continue following the resignation of the Services SETA's CEO (Mr Menzi Fakude), who left the organisation in September 2023, the board appointed Mr. Sibusiso Dhladhla from February 2025 to an acting role in the interim till the new board is appointed in the 2025/26 financial year.

The organisation recently underwent an organisational design process, which has been completed successfully. It is intended to equip the Services SETA with a more cohesive, efficient, and adaptable organisational structure. With a foundation of comprehensive job grading, skills audits, and retention strategies, the Services SETA is better positioned to fulfil its mandate within the services sector. These enhancements lay the groundwork for the Services SETA to achieve its 2030 objectives, reinforcing its sustainable impact on skills development within South Africa's services sector.

We continuously upskill our workforce through ongoing training, and we also provide them with bursaries to further their studies. The bursaries are also offered to our employees' children.

Our employees' well-being is crucial for creating a positive and supportive work environment, which in turn leads to increased productivity, job satisfaction, and employee retention. The organisation, through its Employee Assistance Programme, provides access to professional counselling services (including psychologists, therapists, psychiatrists, and financial advisors) for its employees, and these services are also extended to employees' immediate families.

During the financial year under review, the Services SETA continued to develop and maintain its information and communication technology (ICT) systems to ensure the smooth operation of its services, as it is committed to delivering its strategic objectives. These ICT systems will ensure the integration of our work processes.

2.3. KEY POLICY DEVELOPMENT AND LEGISLATIVE CHANGES

There were no key major policy developments or legislative changes that impacted the Services SETA's operations during the financial year under review. However, the process-related implications are noted in the policies of the Quality Council for Trade and Occupations (QCTO) and the South African Qualifications Authority (SAQA) in relation to qualifications. On 24 December 2020, the Minister of Higher Education and Training published Government Gazette No. 44031, indicating the end of the registration life cycle and phase-out of pre-2009 qualifications. These policy changes by the QCTO reflect a significant shift towards a more centralised and standardised system for managing occupational qualifications in South Africa. The goal is to ensure that qualifications are fit for purpose and aligned with the sector's needs.

The ministerial promulgation afforded the Services SETA forty-two historical qualifications and two trade occupational qualifications. Following the initial approval for the extension of these qualifications, the Services SETA requested an extension of the date for additional historical qualifications, aligned with industry demand. Despite this allowance, the industry requested an extension for other historical qualifications not covered in the above Gazette. The request was channelled through QCTO. Furthermore, on December 13, 2024, the Minister published Government Gazette No. 51771, which confirms acceptance of additional requests for extension of learner enrolment of pre-2009 qualifications not included in GG-50742.

The proclamation also allows QCTO, SAQA, and the DHET to consider these within the framework established in Government Gazette 50742. Authorities are developing criteria to guide development quality partners (DQPs) for the extensions. It also provides an opportunity for various industries, through chambers, to submit additional requests where qualifications have not yet been realigned, and for SETAs to assess these requests for submission to the QCTO.

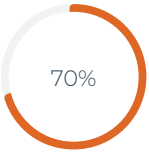
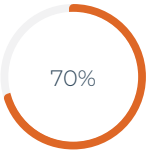
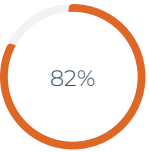
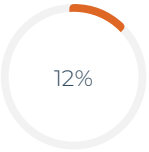
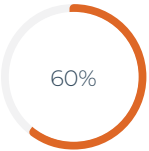
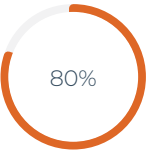
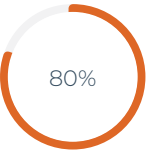
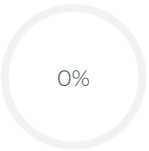
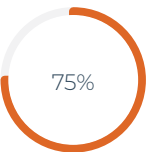
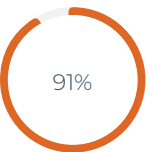
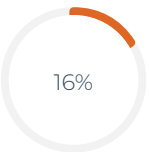
2.4. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

2.4.1. Impact Statement

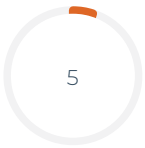
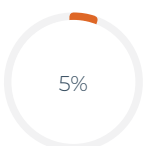
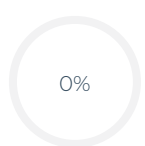
IMPACT STATEMENT	A skilled, competitive, and entrepreneurial workforce that drives the economic growth of the services sector and contributes to improved quality of life and the eradication of poverty
------------------	---

2.4.2. Strategic Outcomes and Outcome Indicators

OUTCOME 1: ENHANCED ORGANISATIONAL CAPABILITIES TO DELIVER THE STRATEGY (NSDP)

OUTCOME INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20 BASELINE	5-YEAR TARGET (2024/25)	AUDITED ACTUAL ACHIEVEMENTS AS AT 31 MARCH 2025 (5-YEAR PERFORMANCE; 2020/21- 2024/25)	VARIANCE	IMPROVEMENTS REQUIRED FOR THE REMAINDER OF THE PLANNING PERIOD
1.1. Quality of financial statements and reliable performance information submitted	Qualified	Clean Audit	Qualified	Clean Audit	Strengthen DG commitments and project monitoring including closures. The audit action plans to be monitored, to ensure improved audit.
1.2. Percentage of staff complement maintained					Organisational Design has recently concluded, assisting in the construction of an organisational structure that is fit for purpose, with adequate posts.
1.3. Percentage alignment between business and ICT strategies					The Services SETA invested heavily in ICT modernisation and prioritised key enabling projects.
1.4. Stakeholder satisfaction rating score	-				The majority of training providers and learners are happy with the new payment system and our turnaround times. Employers are yet to be fully persuaded.
1.5. Effective governance and assurance monitoring system	Governance Report	Governance Report	Governance Report	None	The AA has been very stable and functional, along with its support structures – subcommittees.

OUTCOME 2: ENHANCED MECHANISM FOR EFFECTIVE SKILLS PLANNING THROUGH COLLABORATIVE RESEARCH AND PARTNERSHIPS

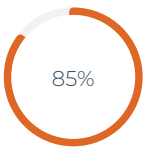
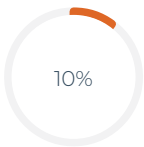
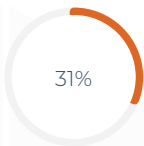
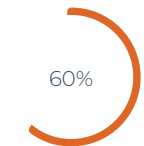
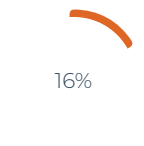
OUTCOME INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20 BASELINE	5-YEAR TARGET (2024/25)	AUDITED ACTUAL ACHIEVEMENTS AS AT 31 MARCH 2025 (5-YEAR PERFORMANCE; 2020/21- 2024/25)	VARIANCE	IMPROVEMENTS REQUIRED FOR THE REMAINDER OF THE PLANNING PERIOD
2.1. Credible and integrated strategic plans developed	Approved SSP, SP and APP	Approved SSP, SP and APP	Approved SSP, SP and APP	None	The Services SETA has managed to adhere to statutory submission dates for all documents as a governance and compliance measure.
2.2. Number of partnerships to broaden access to skills development opportunities	 5	 80	 80	 80	Services SETA has placed a prime focus on partnership as an effective delivery vehicle, hence the high performance in this regard.
2.3. Percentage increase in submissions of WSPs	 -3%	 5%	 0%	 -5%	Performance average reported 0% due to fluctuating performance within the 5 years. Indicating that there has not been an improvement. Closer collaboration with employers and employer bodies is being forged to ensure wider participation by employers in submitting WSPs/ ATRs. Capacitation workshops are also being held to assist employers keen to submit their WSP/ ATRs.

OUTCOME 3: PROMOTE ACCESS TO TECHNICAL AND PROFESSIONAL SKILLS FOR EMPLOYMENT AND ENTREPRENEURSHIP ACROSS THE SERVICE SECTOR

OUTCOME INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20 BASELINE	5-YEAR TARGET (2024/25)	AUDITED ACTUAL ACHIEVEMENTS AS AT 31 MARCH 2025 (5-YEAR PERFORMANCE; 2020/21- 2024/25)	VARIANCE	IMPROVEMENTS REQUIRED FOR THE REMAINDER OF THE PLANNING PERIOD
3.1. Number of learners enrolled in priority occupations	158,334	65,000	78,569	13, 569	There has been a high uptake of Services SETA-funded learning interventions, increasing the number of enrolled learners.

OUTCOME INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20 BASELINE	5-YEAR TARGET (2024/25)	AUDITED ACTUAL ACHIEVEMENTS AS AT 31 MARCH 2025 (5-YEAR PERFORMANCE; 2020/21- 2024/25)	VARIANCE	IMPROVEMENTS REQUIRED FOR THE REMAINDER OF THE PLANNING PERIOD
3.2. Number of entrepreneurs and cooperatives supported	0	3,500	4,777	1,277	The services sector comprises a high number of SMMEs and the informal sector, hence the need to expand access to these business entities.
3.3. Number of interventions embarked upon with employers to improve enrolment in and completion of priority occupations	-	150	1,763	1,613	Services SETA embarked on focused interventions to mobilise the participation of employers in SETA-funded interventions.

OUTCOME 4: ENHANCED QUALITY ASSURANCE EFFICIENCIES TO EXECUTE QCTO DELEGATED FUNCTIONS

OUTCOME INDICATOR	AUDITED ACTUAL PERFORMANCE 2019/20 BASELINE	5-YEAR TARGET (2024/25)	AUDITED ACTUAL ACHIEVEMENTS AS AT 31 MARCH 2025 (5-YEAR PERFORMANCE; 2020/21- 2024/25)	VARIANCE	IMPROVEMENTS REQUIRED FOR THE REMAINDER OF THE PLANNING PERIOD
4.1. Percentage of external moderation and evaluation conducted within specified timelines					There is a concerted effort to improve throughput through timely quality assurance.
4.2. Percentage of developed occupationally directed qualifications aligned to priority skills					Priority is placed on transitioning to occupational qualifications through collaboration with the industry, experts and QCTO.

DID YOU KNOW?

Services SETA procurement practices ensure that over 51% of spend goes to black-owned service providers, supporting transformation and equity in South Africa's economy.

Invoices from SMMEs are paid within 10–15 days, easing cash flow challenges and strengthening small businesses.

3. INSTITUTIONAL PROGRAMMES PERFORMANCE INFORMATION

As will be demonstrated below, the Services SETA has made significant progress toward achieving institutional impact and outcomes. The organisation has achieved 77% during the 2024/25 financial year. The institutional programme performance outlined below illustrates the extent of progress.

The APP comprises four programmes. Programme 1 achieved 88%, Programme 2 achieved 83%, Programme 3 achieved 68%, and Programme 4 achieved 100%, respectively, as demonstrated below.

Table 3. Performance by Programme

PROGRAMME	ACHIEVED	NOT ACHIEVED	TOTAL	%ACHIEVED
Programme 1: Administration	7	1	8	88%
Programme 2: Skills Planning	10	2	12	83%
Programme 3: Learning Programmes	21	9	30	68%
Programme 4: Quality Assurance	2	0	2	100%
Total	40	12	52	77%



DID YOU KNOW?

ECONOMIC RECONSTRUCTION AND RECOVERY PLAN

The ERRP focuses on rebuilding the economy post-crisis, with skills at the heart of recovery. Services SETA contributes by fast-tracking critical and priority skills programmes, particularly in sectors that drive growth such as ICT, business services, and Contact Centre.



3.1. PROGRAMME 1:

ADMINISTRATION

3.1.1. Purpose

The purpose of the administration programme is to enable the delivery of the Services SETA Mandate through the delivery of support services.

3.1.2. Description of the Programme

This programme consists of two sub-programmes, as outlined below:

SUB-PROGRAMME	DESCRIPTION
1.1. Finance	Ensures that reporting on financial matters is in line with legislative requirements.
1.2. Human Resources Management and Development	Facilitates improved organisational performance through people, processes, and systems.
1.3. Information and Communication Technology	Provides an integrated, efficient, and innovative ICT service.
1.4. Marketing and Communications	Expands stakeholder participation by promoting access to services across all sub-sectors and provinces and growing visibility.
1.5. Risk Management & Compliance	To ensure that enterprise-wide risk and fraud management frameworks and mitigation strategies are implemented, strengthen the overall achievement of strategic objectives, and reduce fraud and corruption. Ensures the AA is assured of compliance with statutory and regulatory provisions, as well as internal policies and procedures. Monitored and strengthened to mitigate risk and improve organisational performance.
1.6. Governance	To ensure that governance structures and processes are established, capacitated, and maintained in accordance with the Standard Constitution of the SETA Regulations.

3.1.3. Outcomes, Outputs and Output Indicators

This programme primarily supports Outcome 1: “Enhanced organisational capabilities to deliver the strategy (NSDP)”, but it also supports the implementation of the other four outcomes as a support programme. Outputs and indicators which support the realisation of the outcomes are outlined below:

Table 4. Programme 1 Performance

SUB-PROGRAMME	1.1 FINANCE						
Responsibility	Chief Financial Officer and Executive Manager: Strategy & Planning						
Outcome	Enhanced Organisational Capabilities to Deliver the Strategy (NSDP)						
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25	Reasons for deviations
Financial Statements and performance information report without material error.	1.1.1. No material findings on financial statements and performance information	Qualified (Audited financial year 2021/22)	Qualified (Audited financial year 2022/23)	Unqualified (audited financial year 2023/24)	Qualified (audited financial year 2023/24)	Qualified audit opinion on annual financial statements.	As stated in the Audit Report issued by the Auditor-General in July 2025, relating to the financial year 2023/24, the Services SETA received a Qualified audit opinion on its financial statements, specifically regarding Commitments and Provisions. However, Performance Information received an improved audit outcome with no material matters. The audit action plans are being monitored to ensure improved audits through the governance structures, which provide oversight and a combined assurance process.

SUB-PROGRAMME	1.2. HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT						
Responsibility	Executive Manager: Corporate Services						
Outcome	Enhanced Organisational Capabilities to Deliver the Strategy (NSDP)						
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25	Reasons for deviations
Human resource capacitation	1.2.1. Percentage occupancy maintained	90%	85%	75%	81%	6%	The organisation managed to maintain an 81% occupancy rate, which was 75% of the targeted rate, due to the timely filling of critical positions identified in the approved organogram, informed by the organisational design project that reviewed the structure/organogram.

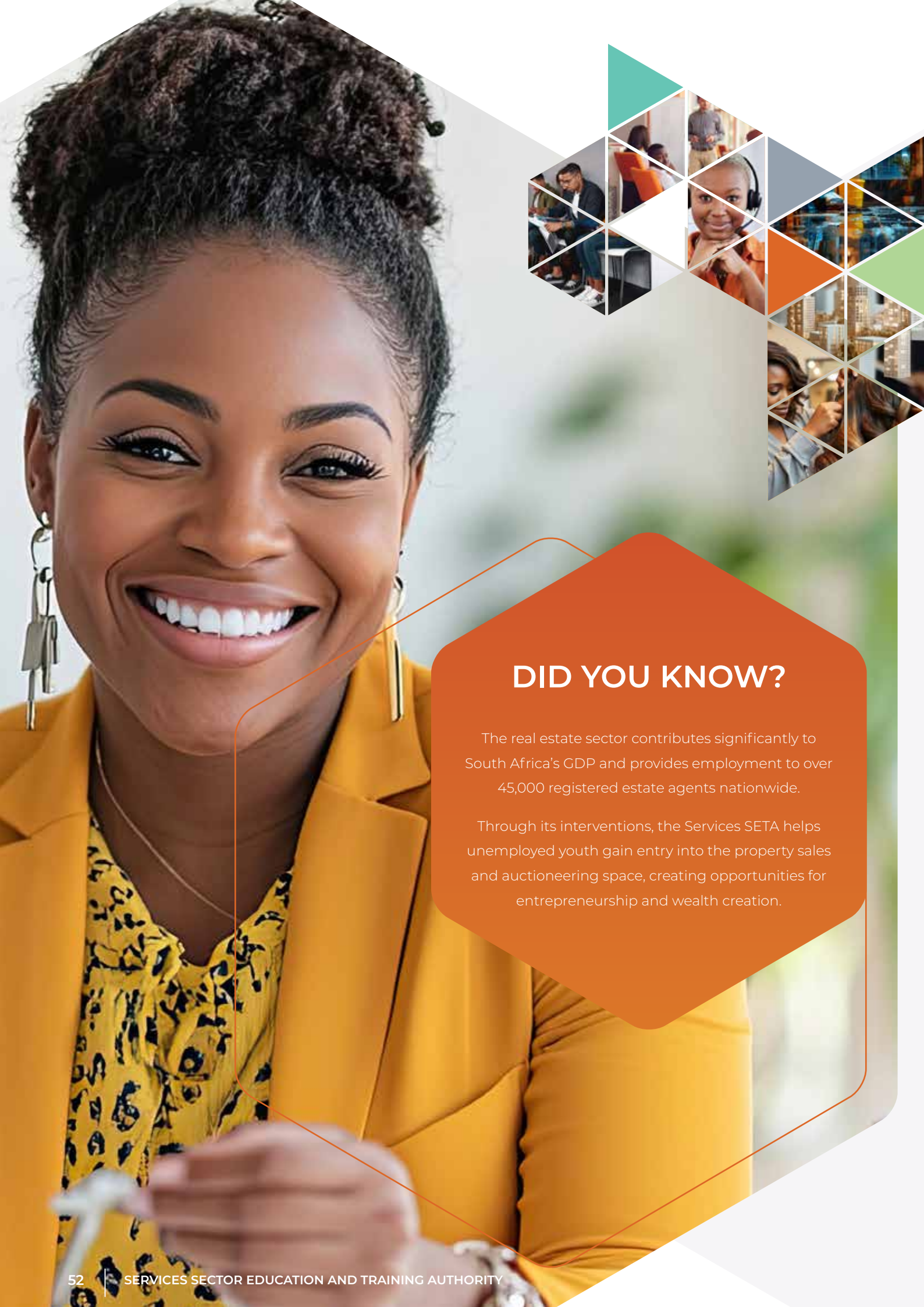
SUB-PROGRAMME	1.2. HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT					
Responsibility	Executive Manager: Corporate Services					
Outcome	Enhanced Organisational Capabilities to Deliver the Strategy (NSDP)					
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25
Human resource capacitation	1.2.2. Percentage of Workplace Skills Plan implemented	-	83%	75%	78%	3%
						The organisation successfully implemented 78% of personal development plans by permitting employees to acquire new and advanced skills to improve and develop their skills. The overachievement was due to high demand for training and good attendance of staff, contributing to investment in staff development as per the Services SETA Workplace Skills Plan.
SUB-PROGRAMME	1.3. INFORMATION AND COMMUNICATION TECHNOLOGY					
Responsibility	Executive Manager: Corporate Services					
Outcome	Enhanced Organisational Capabilities to Deliver the Strategy (NSDP)					
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25
ICT infrastructure and application systems plans to support the Services SETA	1.3.1. Percentage achievement against the prioritised ICT implementation plan	78%	80%	75%	80%	5%
						The ICT unit was able to implement four out of the five approved and prioritised ICT projects. These projects implemented are as follows: 1. Implementation of Phase 4 ISM. 2. MS Power Automate Modern Workloads Tools. 3. Inventor Powered UPS System for the Head Office & Provincial Offices. 4. Enterprise Wi-Fi Network Access Points.

SUB-PROGRAMME	1.4. MARKETING & COMMUNICATIONS					
Responsibility	All Executive Managers					
Outcome	Enhanced Organisational Capabilities to Deliver the Strategy (NSDP)					
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25
Effective stakeholder management	1.4.1. Number of stakeholder engagements	-	171	180	255	75
						Reasons for deviations
						The organisation exceeded the targeted stakeholder engagements by 75 engagements. This was due to a concerted drive to engage the services sector industry role players. The organisation embarked on a nationwide outreach programme to strengthen relationships with key stakeholders and role players. The number of engagements was also increased by the publication of the Discretionary Grant Window 2024/25, as well as capacitation around the transition to occupational qualifications, the sector skills plan, and the clean-up campaign of the commitment register to address the findings, which resulted in the negative audit outcome as per indicator 1.1.1 above.

SUB-PROGRAMME	1.5. RISK AND COMPLIANCE					
Responsibility	Organisational Risk and Compliance and Office of the CEO					
Outcome	Enhanced Organisational Capabilities to Deliver the Strategy (NSDP)					
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25
Enterprise-wide integrated compliance	1.5.1. Percentage of audit and compliance action plans actioned	100%	100%	100%	100%	0%
						Reasons for deviations
						The achievement of the action plans was monitored to ensure improved audit and compliance. With the Audit Task Team responsible for providing oversight: > 26/26 AGSA audit; > 62/62 Internal Audit plans actioned; and > 9/9 compliance action plans actioned.

SUB-PROGRAMME	1.5. RISK AND COMPLIANCE						
Responsibility	Organisational Risk and Compliance and Office of the CEO						
Outcome	Enhanced Organisational Capabilities to Deliver the Strategy (NSDP)						
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25	Reasons for deviations
Enterprise-wide integrated compliance	1.5.2 Percentage of risk action plans actioned	100%	100%	100%	100%	0%	Services SETA combined assurance improved and contributed to the implementation of risks identified, as outlined in the combined risk register. 27/27 risk action plans were actioned. The risk register has identified 27 key risks that necessitate closer monitoring and mitigation. These are monitored quarterly. Affected departments have been proactive in implementing mitigating measures.

SUB-PROGRAMME	1.6. GOVERNANCE						
Responsibility	Office of the CEO and Board Secretariat						
Outcome	Enhanced Organisational Capabilities to Deliver the Strategy (NSDP)						
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25	Reasons for deviations
Effective governance oversight	1.6.1. Quarterly Good Governance Report	4	4	4	4	0	The organisation ensured transparency, accountability, and effective and efficient good governance. The Good Governance Reports were submitted to DHET on time as an oversight tool to monitor good governance at the Services SETA.



DID YOU KNOW?

The real estate sector contributes significantly to South Africa's GDP and provides employment to over 45,000 registered estate agents nationwide.

Through its interventions, the Services SETA helps unemployed youth gain entry into the property sales and auctioneering space, creating opportunities for entrepreneurship and wealth creation.



3.2. PROGRAMME 2:

SKILLS PLANNING

3.2.1. Purpose

To enable the Services SETA and services sector to target relevant skills development. It is responsible for researching skills needs within the Services Sector, issuing the SSP, developing strategic and annual performance plans for the Services SETA, monitoring and evaluating organisational performance and conducting targeted evaluations to strengthen programme improvement in executing its mandate.

3.2.2. Description of the Programme

This programme consists of two sub-programmes, as outlined below:

SUB-PROGRAMME	DESCRIPTION
2.1. Strategy & Planning	The services sector needs to be researched, documented, and communicated annually to enable effective planning across all economic sub-sectors. Sector skills, strategic, annual, and operational performance plans must be aligned and updated annually in compliance with regulatory frameworks.
2.2. Research, planning, monitoring, and reporting	The services sector needs to be researched, documented, and communicated annually to enable effective planning across all economic sub-sectors. Sector skills, strategic, annual, and operational performance plans must be aligned and updated annually in compliance with regulatory frameworks.
2.3. Mandatory Grants	This sub-programme facilitates employer participation in skills development through the annual submission of WSP/ATRs.
2.4. Stakeholder Relations, Marketing and Communications, Provincial Operations and Chamber Operations	Expand stakeholder participation, promoting access to services across all sub-sectors and provinces and growing visibility.

3.2.3. Outcomes, Outputs and Output Indicators

This programme contributes to Outcome 2: “Enhanced mechanisms for effective skills planning through collaborative research and partnerships”. The outcome has three outcome indicators and a five-year target. The alignment of outcomes to the outputs is demonstrated below.

Table 5. Programme 2 Performance

SUB-PROGRAMME	2.1. STRATEGY AND PLANNING						
Responsibility	Executive Manager: Strategy and Planning						
Outcome	Enhanced Mechanism for Effective Skills Planning through Collaborative Research and Partnerships						
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25	Reasons for deviations
Strategy & Planning	2.1.1. Evidence-based SSP, SP and APP	Approved	Approved	Approved	Approved	None	The SP (2025/26–2029/30 planning period), APP, SSP, Budget, and Materiality Framework for the 2025/26 financial year were recommended and approved by the AA and DHET, respectively.



DID YOU KNOW?

The Services SETA funds learnerships, RPL, and candidacy programmes for careers such as Auctioneers and Real Estate Agents, enabling individuals to register legally with the EAAB (Estate Agency Affairs Board).

SUB-PROGRAMME	2.2. RESEARCH, PLANNING, MONITORING AND REPORTING					
Responsibility	Executive Manager: Strategy and Planning					
Outcome	Enhanced Mechanism for Effective Skills Planning through Collaborative Research and Partnerships					
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25
Research, Planning, Monitoring and Reporting	2.2.1. Number of sector research partnerships for Technical Vocational Education and Training (TVET) growth, occupationally directed programmes	2	6	3	5	2
	2.2.2. Number of learners who completed workplace-based learning programmes absorbed into employment or self-employment	6,678	674	1,000	1,027	27
		The research on Analysis of the Responsiveness and Relevance of TVET to Occupational Qualifications to Industry Needs was conceptualised to address research needs on occupationally directed programmes in the TVET sector. The over-achievement was due to more TVET Colleges in need of Research support. Key partners are as follows, with a focus on various occupational qualifications of the services sector: 1. Prodigy Business Services – Provide Research Company; 2. Flavius Mareka TVET College; 3. Northern Cape Urban TVET College; 4. South West Gauteng TVET College; and 5. Vhembe TVET College.				The target overachievement was due to the highly effective outreach and responses that attracted learners to participate in the survey through various communication channels, including social media, email, calls, and direct text messages. The number of learners who have found employment or started their own businesses exceeded the total number that the organisation targeted.

SUB-PROGRAMME		2.2. RESEARCH, PLANNING, MONITORING AND REPORTING					
Responsibility		Executive Manager: Strategy and Planning					
Outcome		Enhanced Mechanism for Effective Skills Planning through Collaborative Research and Partnerships					
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25	Reasons for deviations
Research, Planning, Monitoring and Reporting	2.2.3. Percentage of discretionary grants allocated to develop different skill levels	100%	100%	100%	100%	0%	There is higher spending on elementary levels of skills as opposed to medium and high levels. This aligns with the nature of the services sector's labour force. The majority of workers do not possess a high school level of training or a matric certificate. It is important to expand training opportunities to this workforce. Through the implementation and monitoring of the Sector Skills Plan in relation to the interventions implemented, and considering occupations in high demand and National Qualifications Framework (NQF) levels, the plan will address the level of skills currently not addressed.
	High-level skills	17%	25%	15%	9%	-6%	
	Intermediate level skills	52%	54%	60%	54%	-6%	
	Elementary level skills	31%	21%	25%	37%	12%	

DID YOU KNOW?

Services SETA hosts career guidance fairs annually — showcasing our determination to participate in job creation but more importantly our commitment to creating opportunities for the younger generations because they are the future of our great nation.



SUB-PROGRAMME	2.3. MANDATORY GRANT					
Responsibility	Executive Manager: Core Business					
Outcome	Enhanced Mechanism for Effective Skills Planning through Collaborative Research and Partnerships					
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25
Increased number of employers participating in SETA programmes	2.3.1. Number of WSPs and ATRs approved	4,016	4,096	4,047	4,139	92
	Number of WSPs and ATRs approved for small firms	2,641	2,696	2,640	2,717	77
	Number of WSPs and ATRs approved for medium firms	783	1,007	815	820	5
	Number of WSPs and ATRs approved for large firms	592	393	592	602	10
	2.3.2. Number of SETA-Employer partnerships established	267	464	600	383	-217
Reasons for deviations						The target was achieved due to increased participation in the submission of WSPs and ATRs by both levy- and non-levy-paying firms. The Services SETA embarked on roadshows, offering technical support to employers. This included capacitation support for non-participating employers to submit quality and compliant plans and reports, which increased the approval rate. The organisation needs to strategically and timely align its objectives and delivery mandate with the required partnerships within the sector, government, and all stakeholders critical to delivering the Services SETA mandate.

SUB-PROGRAMME	2.4. STAKEHOLDERS RELATIONS, MARKETING AND COMMUNICATION, PROVINCIAL OPERATIONS AND CHAMBER OPERATIONS						
Responsibility	Executive Manager: Strategic Partnerships and Collaborations						
Outcome	Enhanced Mechanism for Effective Skills Planning through Collaborative Research and Partnerships						
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25	Reasons for deviations
Promote access to skills development opportunities, including in rural areas.	2.4.1. Number of Career Development Practitioners trained	45	44	40	44	4	A total of 44 practitioners were trained on National Certificate: Occupationally Directed Education Training and Development Practices covering Colleges in Gauteng. The overachievement is due to the high level of interest from college staff.
	2.4.2. Number of Career Development Events in rural/urban areas on occupations in high demand	49	30	25	28	3	The organisation hosted and participated in various career exhibitions across the country, covering both rural and urban areas. There was an increased demand for the organisation to participate in exhibitions to increase the Services SETA's accessibility, visibility, and awareness.
	Urban	27	15	10	13	3	
	Rural	22	15	15	15	0	
	2.4.3. Number of capacity-building workshops on Career Development Services initiated	19	24	20	22	2	The capacity-building workshops were conducted in various TVETs and Community Education and Training (CETs) to career practitioners, lecturers, managers and Industry for the capacity of supply transition on occupational qualifications programmes.

SUB-PROGRAMME	2.4. STAKEHOLDERS RELATIONS, MARKETING AND COMMUNICATION, PROVINCIAL OPERATIONS AND CHAMBER OPERATIONS						
Responsibility	Executive Manager: Strategic Partnerships and Collaborations						
Outcome	Enhanced Mechanism for Effective Skills Planning through Collaborative Research and Partnerships						
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25	Reasons for deviations
Promote access to skills development opportunities, including in rural areas.	2.4.4. Number of higher education institutions (HEIs)/TVET/ CET partnerships established	29	42	9	22	13	More University students needed funding. This over-achievement aligns with national priorities, taking into account the high cost of living and the need for increased funding for TVETs and CETs to implement the Learnerships Programme and Internships, respectively, in addition to bursary funding.
	Number of TVET partnerships established	12	20	5	7	2	
	Number of HEI partnerships established	12	13	2	11	9	
	Number of CET partnerships established	5	9	2	4	2	
	2.4.5. Number of SETA offices established and maintained in TVET colleges	-	1	1	1	0	
The Services SETA office at Capricorn TVET College was maintained to ensure functionality and easy access for beneficiaries in the province.							

SUB-PROGRAMME	2.4. STAKEHOLDERS RELATIONS, MARKETING AND COMMUNICATION, PROVINCIAL OPERATIONS AND CHAMBER OPERATIONS					
Responsibility	Executive Manager: Strategic Partnerships and Collaborations					
Outcome	Enhanced Mechanism for Effective Skills Planning through Collaborative Research and Partnerships					
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25
Promote access to skills development opportunities, including in rural areas.	2.4.6. Number of Federations / Trade Unions supported through the relevant skills training interventions	6	6	6	6	0
						The organisations collaborated with the Commission for Conciliation, Mediation and Arbitration (CCMA) to support various interventions in both credit- and non-credit-bearing programmes, aiming to improve and capacitate organised labour employees. In addition, Union members were supported with Bursaries funding for studies, as identified worker-initiated support for their development.



DID YOU KNOW?

Did you know? African females represent the largest share of skilled employees at Services SETA, with 98 currently employed against a target of 100, making them a cornerstone of the organisation's transformation journey.





3.3. PROGRAMME 3:

LEARNING PROGRAMMES

3.3.1. Purpose

The skills development programme aims to deliver the Services SETA's service offerings to the target stakeholders in order to achieve its mandate. The programme is responsible for the disbursement of Services SETA discretionary grants through special

and regular projects for infrastructure development, to expand access to skills development in rural and underserved areas, and pivotal learning interventions.

3.3.2. Description of the Programme

This programme consists of the following sub-programmes:

SUB-PROGRAMME	DESCRIPTION
3.1. Entrepreneurship and Cooperative Development (ECD)	This programme promotes the growth and sustainability of Small, Medium and Micro Enterprises (SMMs) through targeted interventions.
3.2. Special Projects	This sub-programme aims to ensure that transformational imperatives and national priorities are promoted through partnership development and strategic integration, resulting in contracting in respect of learners across learning interventions.
3.3. Learning Programmes Interventions	This sub-programme facilitates the uptake of funded and unfunded learning interventions, which should be improved and monitored to assess the quality of the labour pool provided within the sector.

3.3.3. Outcomes, Outputs and Output Indicators

This programme contributes to: Outcomes 3: "Promote access to technical and professional skills for employment and entrepreneurship across the services sector". The outcome has three outcome indicators and a five-year target. The alignment of outcomes to the outputs is demonstrated below:

Table 6. Programme 3 Performance

SUB-PROGRAMME	3.1. ENTREPRENEURSHIP AND COOPERATIVE DEVELOPMENT						
Responsibility	Executive Manager: Strategic Partnerships and Collaborations						
Outcome	Promote Access to Technical and Professional Skills across the Services Sector						
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25	Reasons for deviations
Increased participation by entrepreneurs in SETA offerings	3.1.1. Number of enterprises funded for skills that enhance their growth/ development/ sustainability of their organisation's activities	783	857	700	944	244	The use of an e-learning platform ensured a wider reach of beneficiaries across all provinces. The Services SETA's deliberate approach to promoting access to skills development opportunities through skills pro-programmes, capacitation, and mentoring workshops with industry and government entities responsible for early childhood development (ECD) ensured an overachievement of this target, specifically among NPOs, due to the increased need to capacitate them for Growth and Sustainability.
	Cooperatives	304	322	300	345	45	
	SMMEs	350	397	300	352	52	
	Community-Based Organisations (CBOs)/Non-governmental organisations (NGOs)/ Non-profit organisations (NPOs)	129	138	100	247	147	

SUB-PROGRAMME	3.1. ENTREPRENEURSHIP AND COOPERATIVE DEVELOPMENT						
Responsibility	Executive Manager: Strategic Partnerships and Collaborations						
Outcome	Promote Access to Technical and Professional Skills across the Services Sector						
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25	Reasons for deviations
Increased participation by entrepreneurs in SETA offerings	3.1.2. Number of enterprises trained on sector and national priority occupations or skills.	61	60	60	62	2	Capacitated the enterprises that embarked on a new venture creation skills programme for the audience falling under the services sector.
	Established or emergent cooperatives	30	30	30	31	1	
	Small and emerging enterprises	31	30	30	31	1	
	3.1.3. Number of people trained on entrepreneurship supported to start their business.	218	274	200	491	291	A larger number of people enrolled in the Entrepreneurial Skills short course to learn techniques and gain insight into how to start their own businesses through the e-Learning platform and capacitation. There was a huge demand for entrepreneurship training programmes, which resulted in over-subscription and the achievement of this training event.

SUB-PROGRAMME	3.2. SPECIAL PROJECTS						
Responsibility	Executive Manager: Strategic Partnerships and Collaborations						
Outcome	Promote Access to Technical and Professional Skills across the Services Sector						
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25	Reasons for deviations
Partnerships established to promote access to skills development opportunities, including rural areas	3.2.1. Number of Centres of Specialisation supported	5	4	4	4	0	Four centres of specialisation were supported to provide an essential service of closing skills gaps in artisanal programmes that are classified as being in high demand.
	3.2.2. Number of TVET Lecturers exposed to the industry through Skills Programmes	42	32	50	69	19	Services SETA is working in collaboration with DHET and QCTO to capacitate TVET lecturers on Occupational Qualifications. This resulted in over 50 lecturers being trained, as this was an intervention to prepare TVET Colleges for the transition into Occupational Qualifications.
	3.2.3. Number of Managers receiving training on curriculum-related studies - TVET	11	15	5	22	17	Services SETA is working in collaboration with DHET and QCTO to capacitate TVET managers on occupational qualifications. This resulted in over five lecturers being trained, as this was an intervention to prepare TVET Colleges for the transition into occupational qualifications.
	3.2.4. Number of TVET colleges Lecturers awarded Bursaries	75	51	50	52	2	Over 50 TVET lecturers were awarded bursaries to study various qualifications at different higher institutions.
	3.2.5. TVET colleges infrastructure development (equipment/ workshops)	3	3	2	2	0	Two TVET colleges were supported with hair dressing equipment to increase and ensure the capacity of supply for the occupational certificate and/or Hairdresser Skills Programme at the TVET Colleges: 1. Capricorn TVET College 2. Elangeni TVET College

SUB-PROGRAMME		3.2. SPECIAL PROJECTS						
Responsibility		Executive Manager: Strategic Partnerships and Collaborations						
Outcome		Promote Access to Technical and Professional Skills across the Services Sector						
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25	Reasons for deviations	
Partnerships established to promote access to skills development opportunities, including rural areas	3.2.6. Number of CET colleges lecturers awarded skills development programmes	10	42	20	40	20	Services SETA is working in collaboration with DHET and QCTO to capacitate CET College lecturers on Occupational Qualifications. This resulted in over 20 lecturers being trained, as this was an intervention to prepare the CET Colleges for the transition into Occupational Qualifications.	
	3.2.7. CET colleges infrastructure development support (equipment/ workshops/ Connectivity/ICT)	1	1	1	1	0	Western Cape CET was supported with furniture to improve capacity, tools of trade and resources to support the implementation of its mandate.	
	3.2.8. Number of Managers receiving training on curriculum-related studies - CET	10	11	5	12	7	Services SETA is working in collaboration with DHET and QCTO on capacitating CET Managers in Occupational Qualifications. This has resulted in over 5 Managers being trained, as this was an intervention to prepare CET Colleges for the transition into Occupational Qualifications.	
	3.2.9. Number of CET learners accessing adult education and training (AET) Programmes	20	51	20	20	0	The 20 CET learners from Mpumalanga CET commenced on the General Education and Training Certificate: Adult Basic Education and Training: Academic Curriculum.	

SUB-PROGRAMME	3.2. SPECIAL PROJECTS					
Responsibility	Executive Manager: Strategic Partnerships and Collaborations					
Outcome	Promote Access to Technical and Professional Skills across the Services Sector					
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25
Partnerships established to promote access to skills development opportunities, including rural areas	3.2.10. Number of Rural Development Projects Initiated	11	13	10	11	1
						Eleven Rural Development projects were implemented to develop the skills of rural communities by exposing them to various learning interventions, thereby improving their livelihoods and creating employment opportunities.
SUB-PROGRAMME	3.3. LEARNING PROGRAMMES					
Responsibility	Executive Manager: Core Business					
Outcome	Promote Access to Technical and Professional Skills across the Services Sector					
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25
Number of learners enrolled in priority occupations	3.3.1. Number of employer-funded learners entered	2,793	2,738	641	1,710	1,069
	3.3.2. Number of learners enrolled in learnership programmes	6,736	4,549	9,488	13,105	3,617
	Unemployed	5,717	3,988	8,465	12,040	3,575
	Worker	1,019	561	1,023	1,065	42
						There was high demand from the industry for the registration of workplace-based learning programmes within the service sector, due to the rapid changes taking place in the sector and the impact of the Fourth Industrial Revolution (4IR). There is a need to upskill the workforce.
						The organisation activated more projects with a higher number of learners in the current financial year. The opening of the DG 2024/25 Window allowed the Services SETA to award new discretionary grant allocations, thereby increasing the number of enrolled learners.

SUB-PROGRAMME	3.3. LEARNING PROGRAMMES						
Responsibility	Executive Manager: Core Business						
Outcome	Promote Access to Technical and Professional Skills across the Services Sector						
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25	Reasons for deviations
Number of learners enrolled in priority occupations	3.3.3. Number of learners completed learnership programmes	1,425	3,014	7,697	1,623	-6,074	The inadequate pipeline of active projects and a competent/throughput rate resulted in the non-achievement in the current financial year. This is due to the fact that the Services SETA has witnessed low enrolment rates in the past three years. This crisis has been averted with the opening of DG 2024/25 in May 2024. This increase in enrolment will result in an increase in the number of learners completing their studies in the next financial year.
	Unemployed	1,313	2,515	6,450	1,479	-4,971	
	Worker	122	499	1,247	144	-1,103	
	3.3.4. Number of learners granted bursaries	1,808	2,523	1,475	1,184	-291	There was not enough pipeline for unemployed continuing learners, and that of employed learners, resulting in under-achievement of the set target. These low rates of enrolment will be addressed through increased resource capacity within the bursary department, as well as the automation of our processes, which will make it easier for learners to access our services.
	Unemployed learners (new enrolments)	1,353	1,660	840	846	6	
	Unemployed learners (continuing)	101	434	320	83	-237	
	Workers (new entries)	354	429	315	255	-60	The target was achieved from the activated pipeline of learners funded from prior years and the successful pass rate of the bursars.
	3.3.5. Number of learners granted Bursaries who completed their studies	654	1,265	525	545	20	
	Unemployed	619	899	336	356	20	
	Worker	35	366	189	189	0	

SUB-PROGRAMME	3.3. LEARNING PROGRAMMES						
Responsibility	Executive Manager: Core Business						
Outcome	Promote Access to Technical and Professional Skills across the Services Sector						
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25	Reasons for deviations
Number of learners enrolled in priority occupations	3.3.6. Number of Internships Entered	2,079	3,279	2,840	3,504	664	The organisation activated more projects with a higher number of learners in the current financial year, resulting in overachievement. There was a drive to promote HEIs, TVETs and CETs on work-integrated learning for learners to complete their qualifications and placement in various workplaces.
	Number of Unemployed learners enrolled on Internships	503	655	835	1,007	172	
	Number of TVET students requiring Work Integrated Learning to complete their qualifications placed in workplaces	1,016	1,953	1,400	1,819	419	
	Number of CET learners enrolled on Internships	-	134	105	164	59	
	Number of University students requiring Work Integrated Learning to complete their qualifications placed in workplaces	560	537	500	514	14	

SUB-PROGRAMME	3.3. LEARNING PROGRAMMES						
Responsibility	Executive Manager: Core Business						
Outcome	Promote Access to Technical and Professional Skills across the Services Sector						
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25	Reasons for deviations
Number of learners enrolled in priority occupations	3.3.7. Number of Internships Completed	182	1,031	1,947	299	-1,648	The inadequate pipeline of active projects and a competent/throughput rate resulted in the non-achievement in the current financial year. This is due to the fact that the Services SETA has witnessed low enrolment rates in the past three years. This crisis has been averted through the opening of the DG 2024/25 Window. New allocations will result in a healthy pipeline of completion.
	Number of Unemployed learners who completed Internships	110	296	422	126	-296	
	Number of TVET students who completed their Work-Integrated Learning Placement	15	371	1,260	129	-1,131	
	Number of CET learners who completed Internships	-	-	40	34	-6	
	Number of University students who completed their Work Integrated Learning Placement	57	364	225	10	-215	

SUB-PROGRAMME	3.3. LEARNING PROGRAMMES					
Responsibility	Executive Manager: Core Business					
Outcome	Promote Access to Technical and Professional Skills across the Services Sector					
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25
Number of learners enrolled in priority occupations	3.3.8. Number of learners enrolled for Skills Programmes	6,656	4,392	3,305	7,977	4,672
	Unemployed	2,631	1,500	1,365	7,071	5,706
	Worker	4,025	2,892	1,940	906	-1,034
	3.3.9. Number of learners completed Skills Programmes	3,194	3,149	5,544	2,129	-3,415
	Unemployed	1,316	1,140	1,932	671	-1,261
	Worker	1,878	2,009	3,612	1,458	-2,154
	3.3.10. Number of unemployed learners enrolled for Candidacy Programmes	157	246	225	267	42
	3.3.11. Number of unemployed learners completed Candidacy Programmes	125	63	86	99	13
	Reasons for deviations					
	The organisation had an oversubscription of activated projects for the unemployed subcategory. The employers that received the offer letters did not respond on time, and they also submitted non-compliant documents which could not be remediated. Therefore, this led to the non-achievement of this indicator. The inadequate pipeline of active projects and a competent/throughput rate resulted in the non-achievement of targets in the current financial year. This is due to the fact that the Services SETA has witnessed low enrolment rates in the past three years. This crisis has been averted through the opening of the DG 2024/25 Investment through industry professional bodies, a partnership with the real estate industry and labour and collective professional bodies ensured a high subscription to this training intervention. The organisation had an adequate project pipeline and a good, competent throughput rate for professional-designated programmes.					

SUB-PROGRAMME	3.3. LEARNING PROGRAMMES						
Responsibility	Executive Manager: Core Business						
Outcome	Promote Access to Technical and Professional Skills across the Services Sector						
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25	Reasons for deviations
Number of learners enrolled in priority occupations	3.3.12. Number of artisan learners enrolled	1,036	1,046	1,000	1,085	85	The organisation activated more projects with a higher number of learners in the current financial year.
	3.3.13. Number of artisan learners completed	1,031	1,179	1,200	62	-1,138	The inadequate pipeline of active projects and a competent/ throughput rate resulted in the non-achievement in the current financial year. This crisis has been averted through the opening of the DG 2024/25 Window. New allocations will result in a healthy pipeline for completion.
	3.3.14. Number of learners enrolled in Recognition of Prior Learning (RPL)/Artisan Recognition of Prior Learning (ARPL)	190	456	5,000	835	-4,165	Interventions activated earlier did not address the pipeline gaps; only during quarter four were RPL/ARPL interventions activated, which could not be finalised on time for implementation. Therefore, this led to the non-achievement of this indicator. Pipeline alignment to be finalised through the Annual Operational Plan, and activations of required interventions to commence earlier.
	3.3.15. Number of learners completed RPL/ARPL	79	60	200	257	57	The organisation had an adequate project pipeline and a good competent throughput rate, leading to the achievement of the indicator.

SUB-PROGRAMME	3.3. LEARNING PROGRAMMES						
Responsibility	Executive Manager: Core Business						
Outcome	Promote Access to Technical and Professional Skills across the Services Sector						
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25	Reasons for deviations
Number of learners enrolled in priority occupations	3.3.16. Number of workers enrolled in AET programmes	450	400	200	103	-97	The employers that received the offer letters did not respond on time, and they also submitted non-compliant documents which could not be remediated. Therefore, this led to the non-achievement of this indicator. The Services SETA will achieve this target in partnerships with the industry through a targeted approach conceptualised towards the end of this financial year.
	3.3.17. Number of workers who completed AET programmes	143	294	100	0	-100	The inadequate pipeline of active projects and the competent/throughput rate resulted in the non-achievement in the current financial year. The future pipeline holds promising prospects. Enrolment rates will continuously be improved. The project with the pipeline was for Unemployed Learners.



DID YOU KNOW?

By prioritising occupations like Project Managers, Call Centre Agents, and Commercial Cleaners, Services SETA addresses both immediate labour market needs and long-term economic goals.





3.4. PROGRAMME 4:

QUALITY ASSURANCE

3.4.1. Purpose

This programme contributes to Outcome 4: “Enhanced quality assurance efficiencies to execute QCTO delegated functions.” This sub-programme aims to accredit skills development providers and fulfil the QCTO’s delegated quality assurance function for learner achievement.

3.4.2. Description of the Programme

This programme consists of two sub-programmes:

SUB-PROGRAMME	DESCRIPTION
4.1 Certifications	Learner achievements are quality-assured in accordance with the QCTO assessment policy and certification process.
4.2 Qualifications development	Support, facilitate and promote the quality of occupational-based learning, work-integrated learning and Professionalisation in the sector

3.4.3. Outcomes, Outputs and Output Indicators

It contributes to **Outcome 4: Strengthened quality partners to improve the supply side**. The outcome has an outcome indicator(s) and a five-year target. The alignment of outcomes to the impact statement is as demonstrated below:

Table 7. Programme 4 Performance

SUB-PROGRAMME	4.1. CERTIFICATIONS					
	Executive Manager: Core Business					
	Enhanced Quality Assurance Efficiencies to Execute QCTO Delegated Functions					
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25
Improve the capacity of skills supply	4.1.1. Percentage of learners receiving certificates/ Statutory Orders and Regulations (SOR)	98%	100%	85%	92%	7%
						The organisation embarked on a deliberate approach to conduct external moderation on time for completed learning programmes and ensure the improved and increased printing of SOR/Certificates for competent learners, resulting in overachievement. The demand was high, at 84,053, and with improved performance in the supply of 77,551, resulting in an overachievement.



DID YOU KNOW?

The Services SETA funds a variety of interventions — from learnerships and skills programmes to internships, bursaries, and candidacy programmes — ensuring both unemployed youth and employed workers benefit.



SUB-PROGRAMME	4.2. QUALIFICATIONS DEVELOPMENT					
Responsibility	Executive Manager: Strategy and Planning					
Outcome	Enhanced Quality Assurance efficiencies to execute QCTO-delegated functions					
Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Audited Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25
Strengthen the development and alignment of SETA qualifications to occupational qualifications in high demand	4.2.1. Number of qualifications developed or aligned to the priority skills	11	11	15	16	1
						With the registered Occupational Qualifications, there was a high need to develop Skills Programmes against the registered Full or Part Qualifications. As a result, 2024/25 development activities produced more skills programmes and resulted in an over-achievement of +7% or 1 above the planned target. The organisation was able to develop: 5 Full Qualifications and 11 Skills Programmes.

3.5. LINKING PERFORMANCE WITH BUDGETS

Table 8. *Linking Performance with budgets*

PROGRAMME/ ACTIVITY/ OBJECTIVE	2024/2025				2023/2024	
	Budget		Actual Expenditure		(Over)/Under Expenditure	
	R'000	R'000	R'000	R'000	Budget	Actual Expenditure
Programme 1	432,102	409,409	22,693	369,465	358,740	10,725
Programme 2	600,783	418,855	181,928	272,900	86,319	186,581
Programme 3	1,232,479	712,530	519,949	1,221,352	802,266	419,086
Programme 4	21,048	11,761	9,287	11,000	4,418	6,582
Total	2,286,412	1,552,555	733,857	1,874,717	1,251,743	622,974

3.6. STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

To address poor organisational performance experienced in the year under review, relative to the previous year, the organisation has engaged in a rigorous process of developing annual operational plans with clear monthly and quarterly milestones. The organisation has also invested heavily in reporting ICT systems to ensure the accuracy and veracity of the information collected and reported. To address adverse

audit findings, the organisation has established an Audit Task Team comprising all executive managers and chairpersons of strategic AA committees such as Audit, Finance and Governance, Risk and Strategy committees. Progress will be monitored on a monthly and quarterly basis, with reports submitted to EXCO and AA, respectively.

4. REVENUE COLLECTION

Table 9. Revenue Collection

SOURCES OF REVENUE	2024/2025			2023/2024		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Levies received	1,965,222	2,150,677	(185,455)	1,883,908	1,967,511	(83,603)
Interest Received	223,454	287,920	(64,466)	60,770	211,384	(150,614)
Total	2,188,676	2,438,597	(249,921)	1,944,678	2,178,895	(234,217)

5. CAPITAL INVESTMENT

Table 10. Capital Investment

INFRASTRUCTURE PROJECTS	2024/2025			2023/2024		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Yearly Expenditure	75,000	25,630	49,370	75,000	30,786	44,214
Total	75,000	25,630	49,370	75,000	30,786	44,214



DID YOU KNOW?

By streamlining its processes, Services SETA reduced delays in learner enrolment, project closure, and bursary payments — ensuring thousands of beneficiaries receive opportunities and support faster than ever before.

Institutional Outcomes Summary

THIS FY WE ACHIEVED A 77% RATE ACROSS FOUR PROGRAMMES

PROGRAMME 1: ADMINISTRATION

88%

PROGRAMME 2: SKILLS PLANNING

83%

PROGRAMME 3: LEARNING PROGRAMMES

68%

PROGRAMME 4: QUALITY ASSURANCE

100%



AS PER MTSF
78,569 LEARNERS
ENROLLED
IN PRIORITY
OCCUPATIONS



TARGET 65,000

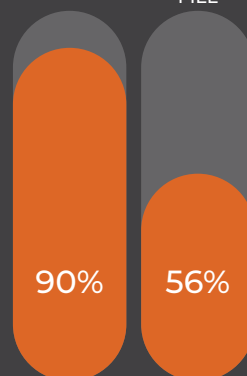
LIESEL KÖSTLICH
— Executive Manager:
Operations

SKILLS DEVELOPMENT INTERVENTIONS



- 90% of priority occupations and 56% of hard-to-fill vacancies addressed through learning interventions; ICT security specialist remains outstanding.
- Strong partnerships established with public, private, and non-profit stakeholders to expand skills development.

PRIORITY HARD-TO-FILL



91%

STAKEHOLDER
SATISFACTION RATING

TARGET 75%



UP NEXT

> PART C

1.	INTRODUCTION	78
2.	PORTFOLIO COMMITTEES	78
3.	EXECUTIVE AUTHORITY	79
4.	THE ACCOUNTING AUTHORITY / BOARD	79
5.	RISK MANAGEMENT	85
6.	INTERNAL CONTROL UNIT	86
7.	INTERNAL AUDIT AND AUDIT COMMITTEES	86
8.	COMPLIANCE WITH LAWS AND REGULATIONS	88
9.	FRAUD AND CORRUPTION	88
10.	MINIMISING CONFLICT OF INTEREST	88
11.	CODE OF CONDUCT	89
12.	HEALTH, SAFETY, AND ENVIRONMENTAL ISSUES	90
13.	COMPANY/BOARD SECRETARY	90
14.	SOCIAL RESPONSIBILITY	91
15.	AUDIT COMMITTEE REPORT	93
16.	B-BBEE COMPLIANCE PERFORMANCE INFORMATION	97



PART C

GOVERNANCE

ANNUAL REPORT

2024 – 2025



1. INTRODUCTION

The Services Sector Education and Training Authority (Services SETA) is a public entity established in terms of the Skills Development Act 97 of 1998 and listed as a Schedule 3A entity as per the Public Finance Management Act 29 of 1999 (PFMA).

The Accounting Authority (AA) is the highest governance structure in the organisation and relies on the support of its established Board Committees which include the Executive Committee (EXCO), Audit Committee (AC), Finance Committee (FINCOM), Human Resources and Remuneration Committee (HR&EMCO), Transformation Committee (TRANSCOM), Governance, Risk and Strategy Committee (GRSC), and Information and Communication Technology Steering Committee (ICT SC).

The AA ensures that the Services SETA maintains effective and transparent systems of risk management and internal controls by having functional governance structures that are supported by an effective Internal Audit and skilled executive management.

The Services SETA's commitment to governance control includes a code of conduct and declarations of conflict of interest. Corporate governance embodies

the processes and systems by which the Services SETA is directed, controlled, and held accountable.

Good corporate governance is key to achieving the Services SETA's objective of facilitating the achievement of skills development in the sector, and it also supports the Services SETA's values of good ethics and accountability.

The AA recognises that ethical and effective leadership is the foundation of corporate governance, and the tone at the top sets the groundwork for good governance. The Services SETA, from its leadership to its staff, both individually and collectively, expects compliance with standards of good ethics that enable the delivery of service to those whose operations it impacts.

During the financial year, management prepared and submitted relevant reports and policies from various departments for the AA's approval in line with the Services SETA Constitution and Delegation of Authority (DoA). The AA is supported in its functions and duties by EXCO and other Board Committees, all of which were functional during the financial year.

2. PORTFOLIO COMMITTEES

Parliament, through the Minister of Higher Education and Training, exercises its oversight role over the department and its public entities. The Portfolio Committee on Higher Education and Training is responsible for overseeing the performance of the DHET, as well as its public entities. The Services SETA reports to the Portfolio Committee when required to comply with the latter's oversight responsibilities.

During the financial year, Services SETA engaged with the Portfolio Committee on 23 August 2024 and 9 October 2024, and all parliamentary questions posed to the Services SETA were answered. In particular, the questions focused on governance and compliance matters, organisational performance and audit matters.

3. EXECUTIVE AUTHORITY

The Minister of Higher Education and Training serves as the Executive Authority for the Services SETA, and the Minister is accountable to Parliament for the activities of the Services SETA. The Services SETA has fulfilled its statutory obligations and made all the required submissions to the Executive Authority, National Treasury and Parliament.

These submissions encompass quarterly and annual reports detailing financial and performance metrics, as well as the Annual Performance Plan (APP), the Sector Skills Plan (SSP), the Strategic Plan (SP), the Service Level Agreement with DHET, and the Annual Report.

4. THE ACCOUNTING AUTHORITY / BOARD

The Services SETA Board is the Accounting Authority as established in terms of the SETA Constitution, and it fulfils its duties and responsibilities as provided for in the Public Finance Management Act (PFMA) and Skills Development Act, 97 of 1998, as amended.

The Services SETA Board is governed by the Services SETA Constitution, which is aligned with the standard constitution provided to the SETAs by DHET.

The Minister of Higher Education and Training appointed the Board for a five-year term, commencing on 1 April 2020 and ending on 31 March 2025. The AA performs oversight over the affairs of the Services SETA, as well as retaining full and effective control and management of the Services SETA in accordance with applicable legislation.

The AA is also responsible for formulating and reviewing the strategic direction, ensuring that the Services SETA delivers on the requirements of the Skills Development Act, 97 of 1998, as amended, and adheres to the PFMA.

The role of the Board includes:

- › Responsibility for the performance of the Services SETA;
- › Effective control and management of the Services SETA;
- › Ensures that the Services SETA carries out its fiduciary duties;
- › Formulates, monitors and reviews the strategic direction of the Services SETA;
- › Formulates and/or monitors and reviews annual budgets and plans, risk policy and major plans of action;
- › Ensures that financial statements are prepared;
- › Monitors the performance of the Chief Executive Officer (CEO);
- › Ensures strategic and operational objectives of sustainable performance and meeting the needs of the Services SETA's stakeholders; and
- › Assesses organisational performance and risks.

COMPOSITION OF THE BOARD

Table 17. Composition of the Board

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	TERM ENDED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS (LIST THE ENTITIES)	OTHER COMMITTEES OR TASK TEAMS	NO. OF MEETINGS ATTENDED
Mr Stephen de Vries	Chairperson- Ministerial Appointee	1 April 2020	31 March 2025	Master of Public Administration	Leadership Skill, Corporate Governance, Stakeholder Relations, Risk and Compliance Management	Ministerial Appointee	› Executive Committee	16/16
Mr Andrew Madella	Community Organisations	1 April 2020	31 March 2025	› BA Honours: › Public › Administration, › Higher Diploma in Social Work › (Equivalent to › Honours degree), › BPhil in Values › Analysis and › Policy, › Postgraduate › Diploma in Poverty › Land and Agrarian › Studies, › Postgraduate › Diploma in › Disability Studies	Human Resources, Transformation, Leadership Skills, Stakeholder Relations, Organisational and mobilisation	Disabled People South Africa (DPSA)	› Executive Committee › Human Resources and Remuneration Committee › Transformation Committee	16/16
Ms Alice Karanja	Community Organisations	1 April 2020	31 March 2025	BA Honours: Industrial Sociology	Human Resources, Research, Strategic Planning & Implementation	Think Foundation	› Executive Committee › Human Resources and Remuneration Committee › Governance, Risk and Strategy Committee	16/16

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	TERM ENDED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS (LIST THE ENTITIES)	OTHER COMMITTEES OR TASK TEAMS	NO. OF MEETINGS ATTENDED
Mr Wiseman Dinwa	Organised Labour	1 April 2020	31 March 2025	Master of Arts: Labour Policy and Globalisation.	Corporate Governance, Labour Law, Risk Management, Secretariat, Bargaining skills, organisational and Mobilisation	Hotel, Liquor, Catering, Commercial & Allied Workers' Union (HOTELICCA)	› Executive Committee › Finance Committee › Governance, Risk and Strategy Committee	16/16
Ms Patricia Sithole	Organised Labour	1 April 2020	31 March 2025	Diploma: Paralegal	Office Administration, Secretariat, Labour Law	Hotel, Liquor, Catering, Commercial & Allied Workers' Union (HOTELICCA)	› Finance Committee › Governance, Risk and Strategy Committee	16/16
Ms Rendani Dlamini	Organised Labour	1 April 2020	31 March 2025	› SAMTRAC › Diploma › Occupational Health and Safety (Diploma in progress)	Occupational Health and Safety Bargaining Skills Organisational and Mobilisation	South African Transport and Allied Workers' Union (SATAWU)	› Human Resources and Remuneration Committee › Transformation Committee	16/16
Mr Themba Mtsweni	Organised Labour	1 April 2020	31 March 2025	Diploma: Financial Accounting	Financial Management, Bargaining Skill Organisational and Mobilisation, Labour Law	South African Transport and Allied Workers' Union (SATAWU)	› Human Resources and Remuneration › Audit Committee › Information and Communication Technology Steering Committee	16/16

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	TERM ENDED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS (LIST THE ENTITIES)	OTHER COMMITTEES OR TASK TEAMS	NO. OF MEETINGS ATTENDED
Mr Shadrack Motlouni	Organised Labour	1 April 2020	31 March 2025	› Certificate: Nursing Science › Certificate in AMA Guide Evaluation of Permanent Impairment and Disability Assessment › Certificate in Local Government Administration and Management. › Diploma in Environmental Health and Safety Management.	Strategic Planning & Implementation, Corporate Governance, Labour Law, Risk Management, Bargaining skills, organisational and Mobilisation	United Association of South Africa (UASA-the Union)	› Transformation Committee › Human Resources and Remuneration Committee	16/16
Mr Asif Jhatham	Organised Labour	1 April 2020	31 March 2025	BCom Honours: Accounting	Finance Management, Auditing, Procurement, Strategic Planning & Implementation, Corporate Governance, Labour Law, Risk Management, Bargaining skills, organisational and Mobilisation	United Association of South Africa (UASA-the Union)	› Finance Committee › Human Resources and Remuneration Committee	15/16
Ms Jacqui Ford	Organised Business	1 April 2020	31 March 2025	Management Advancement Program	Leadership Skill, Strategy, Human Resources, Compliance Management, Stakeholder Relations	Federation of African Professional Staffing Organisation (APSO)	› Information and Communication Technology Steering Committee › Executive Committee › Human Resources and Remuneration Committee	11/16

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	TERM ENDED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS (LIST THE ENTITIES)	OTHER COMMITTEES OR TASK TEAMS	NO. OF MEETINGS ATTENDED
Ms Julia Nzimande	Organised Business	1 April 2020	31 March 2025	Masters in law	Legal Services, BEE Compliance, Strategy, Research	Association of BEE Professionals (ABP)	› Transformation Committee › Finance Committee	16/16
Mr Kevin Cowley	Organised Business	1 April 2020	31 March 2025	Master of Arts: Labour Practices	Leadership Skill, Strategy, Human Resources, Labour Law, Bargaining Skills, Compliance Management, Stakeholder Relations	Construction Engineering Association of South Africa (CEASA)	› Governance, Risk and Strategy Committee › Human Resources and Remuneration › Audit Committee	16/16
Ms Noxolo Gogo	Organised Business	1 April 2020	31 March 2025	› PRISA › Membership › Certificate for Accredited Public Relations (APR), › Diploma › In Education	Stakeholder Relations, Communication, Training	Public Relations Institute of Southern Africa (PRISA)	› Transformation Committee › Governance, Risk and Strategy Committee	16/16
Ms Nomfundo Mcoyi	Organised Business	1 April 2020	31 March 2025	Diploma in Education	Leadership Skills, Human Resources, Stakeholder Relations, Risk and Compliance Management, Financial Management	South African Funeral Practitioners Association (SAFPA)	› Governance, Risk, and Strategy Committee › Finance Committee	14/16
Mr Kumaran Govender	Organised Business	1 April 2023	31 March 2025	Trade Tested - Certificate of Hairdressing	Hairdressing, Business Management, Stakeholder Relations	Employers' Organisation for Hairdressing, Cosmetology & Beauty (EOHCB)	› Transformation Committee › Finance Committee	16/16

COMMITTEES

Table 12. Committees

COMMITTEE	NO. OF MEETINGS HELD	NO. OF MEMBERS	NAME OF MEMBERS
Executive Committee	25	5	1. Stephen De Vries 2. Andrew Madella 3. Alice Karanja 4. Jacqui Ford 5. Wiseman Dinwa
Finance Committee	5	6	1. Asif Jhatham 2. Wiseman Dinwa 3. Julia Nzimande 4. Nomfundo Mcoyi 5. Patricia Sithole 6. Kumaran Govender
Audit Committee	11	6	1. Kgotlo Rabothata 2. Themba Mtsweni 3. Kevin Cowley 4. Oupa Galane 5. Nadira Singh 6. Thandazile Mkhize
Governance, Risk and Strategy Committee	6	7	1. Nomfundo Mcoyi 2. Kevin Cowley 3. Patricia Sithole 4. Alice Karanja 5. Noxolo Gogo 6. Wiseman Dinwa 7. Shadrack Motloun
Human Resources and Remuneration Committee	9	7	1. Themba Mtsweni 2. Asif Jhatham 3. Andrew Madella 4. Alice Karanja 5. Rendani Dlamini 6. Jacqui Ford 7. Kevin Cowley
Transformation Committee	4	6	1. Noxolo Gogo 2. Shadrack Motloun 3. Rendani Dlamini 4. Julia Nzimande 5. Andrew Madella 6. Kumaran Govender

REMUNERATION OF BOARD MEMBERS

Table 13. Remuneration of board members

NAME	REMUNERATION	OTHER ALLOWANCE	OTHER RE-IMBURSEMENTS	TOTAL
Stephen de Vries	453,000.00	-	883,000.00	1,336,000.00
Andrew Madella	343,000.00	104,000.00	64,000.00	511,000.00
Alice Karanja	343,000.00	136,000.00	232,000.00	711,000.00
Wiseman Dinwa	338,000.00	120,000.00	328,000.00	786,000.00
Patricia Sithole	150,000.00	129,000.00	243,000.00	522,000.00
Rendani Dlamini	150,000.00	104,000.00	252,000.00	506,000.00
Themba Mtsweni	254,000.00	97,000.00	113,000.00	464,000.00
Shadrack Motlounq	150,000.00	91,000.00	324,000.00	565,000.00
Asif Jhatham	205,000.00	158,000.00	137,000.00	500,000.00
Jacqui Ford	298,000.00	56,000.00	139,000.00	493,000.00
Julia Nzimande	150,000.00	112,000.00	284,000.00	546,000.00
Kevin Cowley	150,000.00	128,000.00	131,000.00	409,000.00
Noxolo Gogo	262,000.00	107,000.00	200,000.00	569,000.00
Nomfundo Mcoyi	197,000.00	134,000.00	136,000.00	467,000.00
Kumaran Govender	150,000.00	112,000.00	251,000.00	513,000.00
Total	3,593,000.00	1,588,000.00	3,717,000.00	8,898,000.00

5. RISK MANAGEMENT

The Services SETA has a risk management policy and strategy in place. The purpose of this document is to articulate the Services SETA's risk management philosophy and to identify, assess, monitor, and manage risks, thereby adopting a comprehensive approach to risk management. We acknowledge that risk management is a systematic and formalised process.

The organisation conducts regular risk assessments on a monthly and quarterly basis to review the relevance of risks, assess the effectiveness of their controls and/or mitigating strategies, and identify any emerging risks.

Our AC oversees the overall system of risk management, with a focus on mitigating unacceptable levels of risk. They also receive and consider reports from the Enterprise Risk and Compliance Management department every quarter, where the top risks are presented, the effectiveness of their controls is assessed, and recommendations are given on the controls and mitigating strategies. This committee also takes cognisance of the limits for risk appetite and tolerance set by the Board. It independently

monitors the effectiveness of the risk management system through internal audits, which must conduct an annual review.

There has been an improvement in the management of risk, which has translated into enhanced performance in the Services SETA's management reports, particularly in the way risks are reported. Management also makes decisions that are risk-based and recognises, in the planning phases of the APP, the importance of risk management. Quarterly combined assurance forum sessions are held to review the risks already identified in the Combined Risk Register and the effectiveness of the controls related to them. These sessions help improve the entity's performance and, in other instances, prevent the occurrence of specific risks.

6. INTERNAL CONTROL UNIT

The Services SETA is responsible for establishing and implementing a system of internal controls designed to provide reasonable assurance of the integrity of performance information. Services SETA's control environment encompasses various governance functions and operational management practices, including (but not limited to):

- › Internal Audit;
- › Enterprise Risk Management (ERM) and combined assurance;
- › Strategic execution and performance management;

- › Governance of stakeholder engagement and management;
- › Information technology (IT) management and ICT governance;
- › Ethics and fraud risk management; and
- › Regulatory compliance.

The scope of the work to be performed by the Internal Audit will be based on its risk assessment (with management input) as approved by the AC to achieve full effectiveness. Audit coverage and any other areas are risk-based as directed and approved by the AC.

7. INTERNAL AUDIT & AUDIT COMMITTEES

The objective of the Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve the Services SETA's operations. The internal audit aims to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. Internal Audit helps the Services SETA achieve its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes.

Internal Audit assists the AA in achieving the objectives of the institution by evaluating and developing recommendations for enhancement or improvement of the processes through which:

- › Objectives and values are established and communicated;
- › The accomplishment of objectives is monitored;
- › Accountability is ensured; and
- › Corporate values are preserved.

In carrying out audits, the scope of work of the Internal Audit is to determine whether the Services SETA's network of risk management, control systems, and governance processes, as designed and represented by management, is adequate and functioning in an effective manner to provide reasonable assurance that:

- › Significant risks relating to achieving the Services SETA's strategic objectives are appropriately identified and managed. Interaction with the various governance groups within the organisation occurs as needed.
- › Significant financial, operational, managerial, performance and information technology information is accurate, reliable, and timely.
- › The actions of Services SETA's employees follow Services SETA's policies, procedures, and applicable laws, regulations, and governance standards.
- › Resources and assets are acquired and disposed of economically, used efficiently, and protected adequately.
- › The results of operations or programmes are consistent with the established goals and objectives of the Services SETA and are being carried out effectively and efficiently.
- › Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Services SETA.
- › Information and the means used to identify, measure, analyse, classify, and report such information are reliable and have integrity.
- › The Services SETA's fraud prevention plan is implemented and operating effectively and efficiently; and

- › Assets, revenue, income, and interests of the Services SETA are accounted for and safeguarded against fraud, corruption, losses of all kinds, wastage, inefficient administration, and any other causes.

Internal Audit undertook the following audits in the 2024/25 financial year:

- › Financial Statement Review Q1 and Q2;
- › Discretionary Grant Commitment Q2 Adjustment;
- › Supply Chain Management;
- › Irregular, Fruitless and Wasteful Expenditure

assessments and determination;

- › Audit of Performance information QPR 1 & QPR 2;
- › Review of planning strategic Documents (APP & SP) for 2025/26;
- › Pre- and post-project implementation review AX 365;
- › Follow-up review on External and Internal Audit; and
- › Enterprise Risk Management.

The AC has conducted a performance assessment on the internal audit, which was satisfactory.

AUDIT COMMITTEE

Table 14. Audit Committee

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	IF INTERNAL, POSITION IN THE PUBLIC ENTITY	DATE APPOINTED	TERM ENDED	NO. OF MEETINGS ATTENDED
1. Mr Kgotlo Rabothata	B Compt Honours in Accounting, CA(SA)	External	N/A	1 October 2020	31 March 2025	12/12
2. Mr Themba Mtsweni	Diploma: Financial Accounting	Internal	Board Member	1 October 2020	31 March 2025	10/12
3. Mr Kevin Cowley	Masters in Human Resources Management	Internal	Board Member	1 October 2020	31 March 2025	10/12
4. Mr Oupa Galane	MPhil: Accounting Sciences	External	N/A	1 October 2020	31 March 2025	12/12
5. Ms Nadira Singh	BCompt Honours in Accounting, CA(SA)	External	N/A	1 October 2020	31 March 2025	12/12
6. Ms Thandazile Mkhize	BCompt Honours in Accounting, CA(SA)	External	N/A	1 October 2020	31 March 2025	9/12



Did You KNOW?

NEW GROWTH PATH

The New Growth Path (NGP) prioritises job creation as the central driver of economic recovery. Services SETA supports this mandate by directing discretionary grants and partnerships towards labour-intensive services sub-sectors, creating pathways for youth and women to enter sustainable employment.

8. COMPLIANCE WITH LAWS AND REGULATIONS

The organisation has tasked the Governance, Risk and Strategy Committee (GRSC) with providing overall oversight of the compliance and risk management functions. A legislative universe, along with an Annual Compliance Plan, is developed annually, listing relevant legislation that impacts our business. This

plan outlines when each piece of legislation listed in the universe will be assessed, the owner of the legislation, and if any areas of non-compliance are identified, what action will be taken to remedy that area, along with the timelines for taking that action.

9. FRAUD AND CORRUPTION

The Services SETA has a Fraud Prevention Plan in place, which is reviewed annually and approved by the Board. This plan outlines the process for reporting unethical conduct by a member of the Services SETA.

A whistleblower line is in place, allowing members of the public and internal staff to report incidents of fraud and corruption anonymously. The phone number is listed on each internal staff member's email

address and on the website. Posters and pamphlets of any Services SETA promotional materials also include the whistle-blower line number to ensure that it is widely advertised. An independent entity manages the whistleblower line, and the reports are received by the Ethics Committee, an internal committee that scrutinises them against the Whistleblower Policy. The reports are then submitted to the GRSC and the AC.

10. MINIMISING CONFLICT OF INTEREST

The Services SETA manages conflicts of interest through two mechanisms. The first is through the annual declarations that employees submit to the Human Resources Capital Management department. These declarations are then analysed, and a report is presented to the relevant governance committees. No significant conflicts of interest were reported in the year under review.

The second mechanism is the Ethics Committee, established under the CEO's office and represented by Legal Services, Risk and Compliance management and Corporate Services managers. The committee meets quarterly to assess ethical matters affecting the Services SETA, including conflicts of interest, and reports to the Governance, Risk, and Compliance Committee every quarter. To date, the committee has reported no significant issues.

KNYSNA SKILLS DEVELOPMENT LAUNCH

Over 244 youth are being trained in learnerships, apprenticeships, and skills programmes under a landmark partnership with Knysna Local Municipality, launched in 2025. Programmes include a pioneering boatbuilding apprenticeship, with new intakes set for the next financial year.

"This isn't just training—it's the start of something big for our community," said Zintle, 22, an apprentice from Hornlee.



IN FOCUS:

11. CODE OF CONDUCT

The Services SETA has a code of conduct that all employees are expected to uphold. The code of conduct is presented during all employees' induction sessions and is shared with all staff members. The code of conduct serves as a guideline for employees on what is expected of them from an ethical perspective, both in their conduct and in their relationships with others. Compliance with the code of conduct is expected to enhance professionalism and help ensure confidence in the Services SETA. Specifically, compliance with the Code of Conduct enhances the integrity, accountability, and transparency of employees, prevents corrupt practices and the risk of reputational damage, fosters ethical decision-making, adherence to organisational procedures, and further enhances public trust.

The Services SETA values are fundamental to how the organisation conducts its business and all activities. The values are regularly reviewed to ensure they remain relevant. To promote good ethics management, an ethics committee was established that reports to the GRSC and the AC.

The Services SETA has a disciplinary code and procedure policy that outlines the procedural framework through which the Services SETA can exercise its authority in instances where employees have breached the code of conduct by deviating from the standard of conduct expected of them. The disciplinary code and procedure policy stipulates that:

- › Management has the responsibility for and the authority to take disciplinary action relating to employees' conduct.
- › In exceptional circumstances, if the employer cannot reasonably be expected to comply with these guidelines, the employer may, for such exceptional circumstances, dispense with these disciplinary formalities.
- › Any employee who commits an act of misconduct or is guilty of omission that falls short of an acceptable standard of conduct required of the employee may be subject to appropriate disciplinary action.
- › The application of discipline may take any of the following forms, depending upon the circumstances of the case, the frequency and/or the severity of the misconduct:
 - + Counselling
 - + Verbal warning
 - + Written warning
 - + Final written warning
 - + Suspension without pay in the case of very serious offences only, as an alternative to dismissal
 - + Demotion
 - + Dismissal

12. HEALTH, SAFETY, AND ENVIRONMENTAL ISSUES

In accordance with the Occupational Health and Safety Act (Act 85 of 1993), the Services SETA established an Occupational Health & Safety Committee as prescribed by the Act to ensure compliance and maintain a well-established, healthy, and safe working environment. Formal appointments were made, and training for the members is underway.

LEGAL APPOINTMENTS

- › The Provincial Operations Managers have been appointed in terms of section 16 (2) of the Occupational Health and Safety Act. Health and Safety Representatives were appointed.
- › Training and re-training are underway for the Occupational Health and Safety Committee, Health and Safety Representative, First Aiders, Basic fire fighters and Fire marshals.

OCCUPATIONAL HEALTH & SAFETY (OHS) INSPECTIONS

- › A hazard identification and risk assessment were conducted to identify hazards and risks to which employees are exposed, and measures that must

be implemented to mitigate or reduce such hazards and risks were put in place.

- › OHS Inspections were conducted in seven offices, including the Head Office. OHS risks were identified, and recommendations were provided for implementation.
- › The following measures are to be implemented to reduce the identified risks:
 - + Occupational hygiene surveys, such as indoor air quality, ventilation, and illumination, will be conducted by an approved inspection authority.
 - + Ergonomics risk assessment.

A mandatory agreement, in accordance with Section 37(2) of the OHS Act and our OHS specification, has been formulated for Service Providers to ensure the health and safety of all. OHS weekly awareness is communicated to employees to foster a healthy and safe culture. Dates for the planned emergency evacuation drill and OHS Committee meetings are to be communicated.

13. COMPANY/BOARD SECRETARY

The role of the Secretary to the Accounting Authority entails:

- › Determining the annual calendar for the AA and its Committee meetings and activities.
- › Preparation and distribution of AA packs for meetings.
- › Recording minutes of the AA and its Committees.
- › Maintenance of statutory records.
- › Conduct the annual performance evaluation process for the AA and its Committees.
- › Facilitate the induction of new AA members and develop mechanisms for providing continuous education and training to members, thereby improving and maintaining the effectiveness of the AA.
- › Guiding AA members in terms of their fiduciary responsibilities and duties.
- › Managing conflicts of interest.

14. SOCIAL RESPONSIBILITY

Services SETA's mandate also involves addressing and upholding the transformation national agenda, which includes assuming responsibility for reducing poverty, creating sustainable jobs, and improving the lives of South African communities, particularly the most vulnerable.

Thus, the socio-economic development contributions of Services SETA align with the organisation's Transformation Strategy and contribute to its overall goals and objectives. Whether monetary or non-monetary, the organisation's contributions are purposefully intended to be impactful, inclusive, and progressive, guaranteeing sustainability. According to the B-BBEE Codes of Good Practice, the Services SETA qualifies to claim socio-economic development BEE points on the scorecard under the pillar, which the organisation consistently optimises. The Transformation unit coordinates activities under the administration of the Chief Executive Officer, who approves at their discretion. The Accounting Authority sub-board's Transformation Committee also provides oversight.

BERGRIVIER HIGH SCHOOL

At the beginning of the 2024/25 financial year, the organisation contributed a monetary donation of R50,000.00 to Bergrivier High School in support of their 75th anniversary celebration. The school is based in the Wellington region of the Western Cape. The population is composed of 67% coloured people, 16.2% black Africans, 15.4% white, and less than 1% Indians, suggesting that the majority population in the area is made up of coloured people, who are defined as black people under the B-BBEE Amendment Act, 2013 (Act No. 46 of 2013). The school falls within quintile 4, which means it receives a relatively small amount of funding from the government and is therefore permitted to charge school fees. Due to poverty in the township, amongst other social challenges, the majority of parents are struggling to fund their children's education, resulting in the school operating on a very restricted budget. This is why the school

relies on corporate and public sector sponsorships to fund activities of this nature.

MASON LINCOLN SPECIAL SCHOOL, IN COMMEMORATION OF NELSON MANDELA INTERNATIONAL DAY

South Africa celebrates former President Nelson Mandela's birthday annually in July. July 18th has been declared Nelson Mandela International Day. Mason Lincoln is a special school situated in Umlazi, V section, which caters for the physically challenged, visually impaired, autistic, intellectually impaired (mild), persons with epilepsy and learners with albinism. During July, the organisation partnered with the Finance and Accounting Services Sector Education and Training Authority (FASSET) and other sister SETAs on one initiative, ensuring that the collective efforts had a maximum impact at the school. The Services SETA made a monetary contribution of R50,000.00 towards this significant initiative, which aimed to provide resources catering to persons with disabilities, including infrastructure upgrades.

MIDRAND RAINBOW PRIDE

The Services SETA has made strides in the transformation front and is embracing diversity in and outside the organisation. Embracing diversity means advocating for others and creating equitable conditions for everyone. This is reflected in the organisation's Employment Equity Policy, which was drawn and guided by the Employment Equity Act 55 of 1998, amongst other relevant policies. For Services SETA, the elimination of unfair discrimination extends beyond business operations to all areas within which the organisation operates. The partnership/ participation in the Midrand Rainbow Pride encouraged young people (Youth) within the community to embrace their sexuality, finding comfort in the fact that government institutions, such as the Services SETA, are in full support. A cash contribution of R 68,000.00 was made to ensure the awareness event was a success.

Below outlines the sponsorships made in the year under review:

Table 15. Services SETA Sponsorships

NAME OF INSTITUTION	SPONSORSHIP	NATURE OF SPONSORSHIP	VALUE OF SPONSORSHIP	OBJECTIVE	PROVINCE
Institute for Construction and Real Estate Knowledge (NPC)	Africa Valuation Conference, 2025	Monetary	R180,000.00	Showcase Services SETA's commitment to skills development in the property valuation industry and stakeholder engagement.	Gauteng
KCFM	KCFM's 28th Anniversary Banquet	Monetary	R6,500.00	Enhancing strategic partnerships and support for local media	Western-Cape
National Skills Authority (NSA)	2025 National Skills Awards	Monetary	R100,000.00	Services SETA's commitment to sector collaboration and national recognition platforms.	Gauteng
Department of Higher Education & Training	Skills Summit and launch of Services SETA's integrated High-impact Projects	Monetary	R300,000.00	Contribute to the promotion and launching of sector-wide high-impact projects to industry partners and all relevant stakeholders in the skills development ecosystem.	Gauteng
RKC Projects in partnership with LinkedIn and Microsoft	Knowledge Sharing Festival 2025	Monetary	R100,000.00	Youth empowerment by providing vital digital skills and employability tools.	Western Cape
Mitchell's Plain Community Advice and Development Project	Career Expo	Monetary	R 100,000.00	Community development and social responsibility.	Western Cape
Northern Cape Office of the Premier	Launch of a learning programme by the Northern Cape Office of the Premier	Monetary	R1,500,000.00	Supporting the launch of the learning programme benefiting 650 (first intake) and 105 (second intake) on-boarded learners, highlighting the significant impact in the province.	Northern Cape
South African Association of Health and Skincare Professionals	3rd Beauty Indaba Conference	Monetary	R120,000.00	Supporting the organisation's strategic objectives of industry engagement and transformation.	Gauteng
Making Us Youth Organization (MUYO)	"Women in Service: Empower, Educate, Elevate" event	Monetary	R932,000.00	Promoting women's empowerment through financial literacy, health, entrepreneurship, and leadership.	Gauteng

NAME OF INSTITUTION	SPONSORSHIP	NATURE OF SPONSORSHIP	VALUE OF SPONSORSHIP	OBJECTIVE	PROVINCE
Nelson Mandela University	TVET & CET capacitation project (Workshops to support the transition from legacy qualifications to occupational qualifications)	Monetary	R277,793.00	Strengthening partnerships within the PSET landscape.	Eastern Cape
Southern African Society for Cooperative Education (SASCE)	WIL Africa Conference 2024	Monetary	R75,000.00	Strengthen Services SETA's positioning in the Work Integrated Learning space and enhance visibility among key stakeholders involved in internships, apprenticeships, and skills development.	Western Cape

15. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2025.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year 12 number of meetings were held.

Table 16: Audit Committee Members

NAME OF MEMBER	NUMBER OF MEETINGS ATTENDED
Rabothata, K CA (SA) (Chairperson) (term ended 31 March 2025)	12
Cowley, K (AA member) (term ended 31 March 2025)	10
Galane, O (MPhil: Accounting Sciences) (term ended 31 March 2025)	12
Mkhize, T CA (SA) (term ended 31 March 2025)	9
Mtsweni, T (AA member) (term ended 31 March 2025)	10
Singh, N CA (SA) (term ended 31 March 2025)	12

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from section 55(1)(a) of the PFMA and Treasury Regulation 27.1.

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

FINANCIAL REPORTING

The Audit Committee oversees the annual reporting process, and, in particular, must:

- › Review management reporting and cashflows;
- › Have regard to all factors and risks that may impact on the integrity of the annual report, including factors that may predispose management to present a misleading picture, significant judgments and reporting decisions made, monitoring or enforcement actions by a regulatory body, any evidence that brings into question previously published information, forward-looking statements or information;
- › Review the annual financial statements before submission to the Auditor-General;
- › Review significant or unusual transactions and accounting estimates in the annual financial statements;
- › Obtain adequate explanations from management for all significant variances in the financial budget or plan;

- › Comment in the annual report on the accounting practices and the effectiveness of the internal financial controls and the Committee's evaluation of the annual financial statements;
- › Satisfy itself that the annual financial statements give a true and fair view of the financial activities and financial position of the Services SETA;
- › Ensure that the Services SETA complies with the legal and regulatory provisions such as the PFMA;
- › Review and recommend to the Accounting Authority for approval the report of the Chairperson of the Audit Committee's which is included in the Annual Report;
- › Recommend the annual report for approval by the Accounting Authority; and
- › Review the Services SETA's performance against predetermined objectives on a quarterly basis.

RISK MANAGEMENT

Risk Management is achieved through the process of identification of corrective actions, and suggested enhancements to the controls and processes.

The Audit Committee:

- › Considers the risk management policy and plan;
- › Assesses the risk management process regularly;
- › Takes cognisance of the limits for risk appetite and tolerance set by the Accounting Authority; and
- › Ensures that there are processes in place to enable complete, timely, relevant, accurate and accessible risk disclosure.

The Committee is an integral component of the risk management process, and specifically the Committee must assess:

- › The effectiveness of the documented processes and outcomes surrounding key risks at least annually;
- › Compliance with legislation pertaining to risk and risk management;
- › Risk areas of the institution's operations as covered in the scope of internal and external audits;
- › Financial reporting risks;

- › Internal financial controls;
- › Fraud risk as it relates to financial reporting;
- › IT risk as it relates to financial reporting; and
- › The design, implementation and monitoring of the risk management process (both strategic and operational).

COMPLIANCE

The Audit Committee ensures that the management of Services SETA has established the necessary checks and balances to ensure that there is compliance with pertinent laws and regulations, that its affairs conducted ethically, and that effective controls against conflicts of interest and fraud are maintained.

The specific steps involved in carrying out this responsibility include:

- › Assessing policy documents, which should incorporate compliance with laws, regulations, ethics, policies and rules regarding conflicts of interest;
- › Assessing compliance with the above laws and regulations;
- › Taking note of significant cases of employee and Accounting Authority conflicts of interest, misconduct, fraud and the resolution of these cases;
- › Assessing the Internal Auditor's written reports regarding the scope of reviews of compliance, any significant findings, and the resolution and follow-up on findings and recommendations;
- › Assessing developments and changes in the law relating to the responsibilities and liabilities of management and to assess and review the extent to which the management is meeting its obligations; and
- › Assessing developments and changes in the various rules, regulations and laws which relate generally to the Services SETA's operations and assessing and reviewing the extent to which the Services SETA is complying with such laws.

COMBINED ASSURANCE

The Committee ensures that a combined assurance model is applied to provide a coordinated approach

to all assurance activities, and in particular, the Committee:

- › Ensures that the combined assurance received is appropriate to address all the significant risks facing the Services SETA;
- › Ensures that the assurance efforts of the internal auditors and the Auditor-General are sufficiently coordinated to avoid duplication of efforts and to ensure that the combined assurance is maximised; and
- › Monitors the relationship between the external assurance providers and the Services SETA.

THE EFFECTIVENESS OF INTERNAL CONTROL

The system of internal control was not entirely effective for the year under review. During the year under review, several deficiencies in the system of internal control and/or deviations from there from were reported by the Auditor-General South Africa. In certain instances, the matters reported previously have not been fully and satisfactorily addressed.

THE QUALITY OF IN YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORTS SUBMITTED IN TERMS OF THE PFMA.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the management of the Services SETA during the year under review. It was however noted that material findings were raised by AGSA during final audit in relation to the non-compliance with GRAP for disclosure notes to the financial statements, disagreement on process to clear previous qualification on commitment balances and bursary provision, non-compliance with legislation and material errors on the annual performance report as a result of internal control deficiency.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The audit committee has:

- › Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Authority;

- › Reviewed the Auditor-General of South Africa's management report and management's response thereto;
- › Reviewed changes in accounting policies and practices
- › Reviewed the entities compliance with legal and regulatory provisions;
- › Reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

INTERNAL AUDIT

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

The Audit Committee assessed and made recommendations in respect of:

- › The functioning and overall efficiency and effectiveness of the internal control system;
- › The functioning of the Internal Audit Department;
- › The identification of risk areas of the Services SETA's operations, which are to be covered by the scope of internal audits;
- › The adequacy, reliability and accuracy of the financial information provided to the Accounting Authority;
- › The cooperation and coordination between internal and external audit functions, and their cooperation and coordination pertaining to the management of the Services SETA;
- › Any accounting and auditing concerns identified through internal audits;
- › The Audit Committee must review and confirm the Internal Audit's Terms of Reference and the Internal Audit Plan and must review and confirm the resources required to implement such plans;

- › The Audit Committee must draw up a recommendation for the Accounting Authority regarding the appointing and removing the internal auditors.

AUDITOR-GENERAL OF SOUTH AFRICA

The Audit Committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues. The critical areas for the engagements was in relation to addressing the previous year's qualification areas on commitment disclosure and bursary provision.

The Audit Committee is responsible for overseeing the external audit process and in this regard the Committee must:

- › Review and accept the terms of engagement for external audit;
- › Review the audit plans, report, and fees of the Auditor-General ensuring that value is provided to the Services SETA;
- › Monitor and report on the independence of the external auditors in the financial statements;
- › Assess the performance and effectiveness of the external audit function;
- › Ensure that key matters arising from the external audit's management reports are being adequately addressed and implemented by the Services SETA;
- › Identify risk areas of the Services SETA's operations, which are to be covered by the scope of external audits;
- › Define the scope and results of the external audit and its effectiveness, as well as the independence and objectivity of the external auditors;
- › Assess the cooperation and coordination between internal and external audit functions, and their cooperation and coordination pertaining to the management of the Services SETA;
- › Assess any accounting and auditing concerns identified by the Auditor-General; and
- › Develop a direct, strong and candid relationship with the external auditors and its communication with them.
- › Facilitate independence from management of the Services SETA and encourage the external auditors to speak freely, regularly and confidentially with the Audit Committee.



Kgotlo Rabothata

Chairperson of the Audit Committee
Services SETA

31 July 2025

BONOLO MOKOENA, LIMPOPO

"There were nights I studied by candlelight. Services SETA didn't just fund my studies—it validated my dreams."

A Services SETA bursary recipient, Bonolo graduated with a BCom Accounting degree and is now a qualified chartered accountant. She mentors young girls through her non-profit, empowering them to pursue finance careers.



IN FOCUS:

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

Table 17. B-BBEE Compliance Performance Report Information

SERVICES SETA'S APPLICATION OF CODE OF GOOD PRACTICE (B-BBEE CERTIFICATE LEVELS 1 – 8):		
Criteria	Answer	Attachment
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law	No	This does not apply to the Services SETA, as a Schedule 3A entity.
Developing and implementing a preferential procurement policy	Yes	There is no Preferential Procurement Policy in existence at the Services SETA. Preferential Procurement is done in accordance with the Supply Chain Management Policy. Furthermore, the Implementation Guide: Preferential Procurement Regulations 2022, which introduced the application of specific goals, is in use and aligned with the goods and services to be procured. The specific goals are strategically set to accelerate transformation and improve supplier diversity, meaning that the organisation sources goods and services from a diverse range of suppliers, including those from different racial and gender backgrounds.
Determining qualification criteria for the sale of state-owned enterprises	No	This does not apply to the Services SETA, as a Schedule 3A entity.
Developing criteria for entering into partnerships with the private sector	Yes	Application of specific goals and criteria in the procurement process.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment	Yes	The Discretionary Grant Policy is in place and covers transformation imperatives the organisation aims to address, as well as the empowerment targets. Furthermore, organisations that promote transformation in their operations are given preference.



DID YOU KNOW?

Services SETA strengthened its mandate by building new Skills Development Centres in the communities and offering bursary funding for TVET lecturers, including providing support to Centres of Specialisation while driving inclusive growth in the public college system.

MAKHAYA BLAAI
— Acting Executive Manager: Office of CEO

1.	INTRODUCTION	100
2.	HUMAN RESOURCE OVERSIGHT STATISTICS	104

UP NEXT

> PART D



PART D

HUMAN CAPITAL MANAGEMENT

ANNUAL REPORT

2024 – 2025

1. INTRODUCTION

HR PRIORITIES FOR THE YEAR UNDER REVIEW AND THE IMPACTS

- › Closure of the Organisational Design (OD) Project marks a pivotal transformation aimed at aligning the Services SETA's structure, processes, and workforce capabilities with its strategic objectives. The project provided the organisation with an enhanced framework to better serve its mission of skill development within South Africa's services sector. By addressing structural inefficiencies, clarifying roles, and enhancing organisational agility, the organisation is better positioned to respond to the evolving needs of the sector and achieve its long-term goals.
- › The OD project established a more cohesive and strategically aligned structure that reduces redundancy and enhances operational efficiency. By realigning departments and roles, the organisation can operate with improved clarity and co-ordination. This transformation supports quicker decision-making, better communication across functions, and an agile response to changes in the sector.
- › The comprehensive skills audit provided valuable insights into the current capabilities and skill gaps within the Services SETA's workforce, especially in leadership and technical roles. The audit's findings have identified targeted training and professional development plans. Addressing these gaps is essential for fostering a competent workforce capable of meeting the organisation's current and future needs.
- › The Organisational Design Project's success underscores the importance of a holistic approach to change that encompasses structure, people, and culture. By integrating these elements, the organisation is well-positioned to achieve sustainable growth and a stronger impact in the services sector. This project has not only provided the Services SETA with a fit-for-purpose structure but has also set a new standard for continuous improvement, operational efficiency, and strategic agility.

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

- › Building a stronger workforce in the services sector demands a strategic and multifaceted approach. By embracing technological advancements, promoting inclusivity, and showcasing career growth, the organisation attracted and retained the skilled talent needed to drive innovation and progress.
- › During the organisational design project, job profiles were reviewed and updated, and clear roles of individuals in the organisation were defined. Employees were then placed in positions that aligned with their skills, expertise, and experience, which helped retain talent. A large number of employees were promoted to higher positions, which was also a way to retain talent.
- › The organisation is demonstrating a commitment to employees' professional growth by offering opportunities for development and reskilling, which helps to retain employees.
- › A recognition award ceremony was held in July 2024 to recognise high performers and talent.

EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

- › The Services SETA has an established performance management policy that seeks to ensure alignment between individual performance and the achievement of organisational goals. Services SETA's performance management system provides a framework that aims to encourage a high-performance culture by raising the performance levels of individuals to a higher level and developing the organisation's capacity and ability to sustain superior performance.
- › The Human Capital Management department provides ongoing performance awareness workshops to remind all employees of the performance management system, which must be complied with to ensure effective management of employee performance.

- › The performance management system is automated, and all employee performance contracts and performance assessments are recorded on the platform, which (1) standardises performance management templates and (2) allows employees and their line managers to upload their performance information and provide the necessary approvals easily.
- › Services SETA's performance management system gives guidance to managers on how to manage poor performance and the development of individual Performance Development Plans, which can be recorded based on the outcomes of the performance assessment and discussion between the employee and management.

EMPLOYEE WELLNESS PROGRAMMES

- › The Services SETA, through its Employee Assistance Programme, provides access to professional counselling services (psychologists, therapists, psychiatrists, and financial advisors) for its employees. These services are extended to employees' immediate families. This programme is designed to address the wellness issues of employees and create a healthy working environment.
- › The top 6 presenting problems for this reporting period were:
 1. Stress.
 2. Organisational issues.
 3. Mental Health/Psychological.
 4. Relationship Issues.
 5. Trauma/Personal.
 6. Health Related.
- › Employee wellness issues are causing a significant impact on day-to-day work performance, including long periods of absenteeism and mistakes, which pose a risk to organisational performance.
- › Webinars were conducted to create awareness and education on specific topics like harassment, bullying, financial wellness and how to deal with bereavement/ loss of a loved one.

LEARNING AND DEVELOPMENT

- › Learning and development (L&D) is a function within an organisation that is responsible for empowering employees' growth and developing their knowledge, skills, and capabilities to drive better individual and organisational performance. The Services SETA supports and encourages its employees to develop and enhance their knowledge by pursuing further studies, training and research opportunities in line with the National Skills Development Strategy objectives. This is also a strategic objective to retain capable and qualified employees who also subscribe to the values of integrity and ethical behaviour.
- › Services SETA is of the view that investing in learning and development opportunities can increase chances for career advancement and confidence in work performance for its employees. For the organisation, benefits include a capacitated and skilled workforce that continues to improve work performance. Services SETA also recognises the importance of soft skills, as well as ensuring a focus on areas such as Diversity Management, Customer Service, and Communication Skills.
- › Below are the learning interventions often pursued to improve employee knowledge and skills:
 - + Bursaries;
 - + Short Courses;
 - + Webinars;
 - + Seminars and Conferences;
 - + Workshops;
 - + Self-development; and
 - + Professional Bodies Associations/Affiliations.
- › Services SETA submits a Workplace Skills Plan (WSP) and Annual Training Report (ATR) to the ETDP SETA. This helps us, as an organisation, be accountable for the training and development undertakings we facilitate each year.

POLICY DEVELOPMENT

The department has developed three new policies in the reporting period. The Bereavement Policy, the Overtime Policy and the Occupational Health and Safety Policy. All other Human Resources policies were reviewed by governance structures and approved, except for the Performance Management Policy, where the Accounting Authority required management to conduct a benchmarking exercise with other organisations to determine the payment of performance incentives.

HIGHLIGHT ACHIEVEMENTS

1. Achievement of both Human Capital Management and Annual Performance Plan (APP) targets for the reporting period.
 - a. Percentage Occupancy Maintained: 82% achievement (APP target of 75%).
 - b. Percentage of Personal Development Plans implemented: 78% achievement (APP target of 75%).

2. Successful implementation of the Organisational Design Project.

The Organisational Design Project has successfully equipped the Services SETA with a more cohesive, efficient, and adaptable organisation structure. With a foundation of comprehensive job grading, skills audits, and retention strategies, the Services SETA is better positioned to fulfil its mandate within the services sector. These enhancements lay the groundwork for the Services SETA to achieve its 2030 objectives, reinforcing its sustainable impact on skills development within South Africa's services sector.

3. Maintenance of a clean audit of human resources processes.

There were no material findings on human capital management processes.

4. Review and approval of human resources (HR) policies

The department reviewed and approved HR policies to ensure they remained relevant, compliant,

and effective. This involved addressing potential gaps and promoting best practices within the organisation.

5. Maintaining good relations with labour

The organisation established and maintained good relations with the union, focused on open and honest communication, building trust through consistent actions, and engaging in good-faith negotiations, while also understanding the legal obligations and valuing the union's perspective.

Management also established regular communication channels and proactively "checked in" with union representatives to build rapport and address potential issues early.

6. Strengthening organisational wellness support.

The department strengthened organisational wellness support within the organisation, focusing on creating a supportive environment, offering resources, and fostering a culture of well-being through initiatives such as wellness webinars on mental health and financial wellness, team-building activities, and comprehensive wellness days.

7. Competitive remuneration and staff benefits

Management provided guidance to the Board committees on compensation decisions, including salary increases and benefits. Management analysed the internal and external market data to ensure that compensation and benefits are competitive and equitable. They kept up to date on changes in employment law and ensured that compensation and benefits practices were compliant.

CHALLENGES FACED BY THE PUBLIC ENTITY

1. Full implementation of the performance management process.
2. Negative organisational audit outcomes.
3. Poor organisational culture.
4. Employee disengagement.

5. Facility management and maintenance.
6. Poor implementation of the communication framework.
7. Supporting leadership
8. Delayed recruitment of top management positions

FUTURE HR PLANS /GOALS

1. Approval of the Performance Management Policy
Management and labour have reviewed the Performance Management Policy. The ideas sponsored by the Board regarding payment of performance incentives have been incorporated into the policy. The policy will be presented to the Board pending its approval.

2. Implementation of the post-organisational design (OD) project

The post-OD project is envisioned to optimise human resource excellence and address challenges identified during the implementation of the OD project. Several challenges were identified that not only require re-evaluating existing HR policies and procedures but also addressing deep-seated cultural and leadership bottlenecks that hinder performance.

The project was planned to achieve the following:

- + Conduct a detailed review of current HR policies to ensure that they support organisational goals;
- + A thorough scan of the organisation's culture and leadership capabilities;
- + An in-depth evaluation of the performance management process to uncover the root causes of staff resistance;
- + Alignment of the existing skillset with the new structure;

- + Creating a healthy and strong organisational culture;
- + Improving the performance management process to align with the organisational strategy;
- + Targeted job grading of specific positions that had added responsibilities; and
- + Change management.

3. Improving organisational culture and employee engagement

The organisation aims to cultivate a culture of high performance, where employees feel valued and are encouraged to share ideas and take risks.

Improving a poor organisational culture requires a united effort by the organisation. The implementation of the post-OD project will support strategies to enhance the organisational culture to the desired stage.

4. Facility management and maintenance

The organisation is facing a significant challenge in upgrading and sustaining its ageing facilities, which has resulted in non-compliance with safety regulations, environmental standards, and other legal requirements.

The organisation was working on various solutions that would remedy the current situation of our facilities, which would promote the following:

- + Ensuring a safe and healthy work environment for employees;
- + Ensuring compliance with safety regulations.
- + Optimising space utilisation; and
- + Managing maintenance and repair costs.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

2.1. PERSONNEL-RELATED EXPENDITURE

Table 18. Personnel cost by Programme/activity/objective

PROGRAMME/ACTIVITY/OBJECTIVE	TOTAL EXPENDITURE FOR THE ENTITY	PERSONNEL EXPENDITURE	PERSONNEL EXP. AS A % OF TOTAL EXP.	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE
	(R'000)	(R'000)	(R'000)		(R'000)
PROGRAMME 1 Administration	409 418	191 696	12,35%	148	1 295
PROGRAMME 2 Skills Development & Planning	140 748	7 010	0,45%	10	701
PROGRAMME 3 Learning Learning Programmes	991 339	31 544	2,03%	86	367
PROGRAMME 4 Quality Assurance	11 059	389	0,03%	2	195

Table 19. Personnel cost by salary band

LEVEL	PERSONNEL EXPENDITURE	% OF PERSONNEL EXP. TO TOTAL PERSONNEL COST	NO. OF EMPLOYEES 31 MARCH 2025	AVERAGE PERSONNEL COST PER EMPLOYEE
General Workers	3,954,989.60	2%	16	247,186.85
Drivers	248,675.34	0	2	124,337.67
Administrators	3,946,639.76	2%	12	328,886.65
Officers	38,256,889.91	18.25%	65	588,567.54
Senior Officers	73,739,031.31	35.2%	93	792,892.81
Managers	50,935,659.06	24.30%	39	1,306,042.54
Senior Managers	26,051,490.36	12.4%	15	1,736,766.02
Executive Managers	9,834,335.36	4.7%	3	3,278,111.79
Chiefs	2,615,510.01	1.24%	1	2,615,510.01
Total	209,583,220.71	100%	246	11,018,301.88¹

Table 20. Performance Rewards

PROGRAMME//ACTIVITY/ OBJECTIVE	PERFORMANCE REWARDS	PERSONNEL EXPENDITURE	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST
	(R'000)	(R'000)	(R'000)
General Workers	101.00	3,955.00	3%
Drivers	11.00	249.00	5%
Administrators	114.00	3,947.00	3%
Officers	1,488.00	38,256. 00	4%
Senior Officers	2,979.00	73,739.00	4%
Managers	2,081.00	50,936.00	4%
Senior Managers	668.00	26,051.00	3%
Executive Managers	241.00	9,834.00	2%
Chiefs	56.00	2,616.00	2%
Total	7,739	209,583.00	4%

¹ Average cost per employee will differ due to salary brackets within the bands ,some costs will be lesser that the average amount

Table 21. Training Costs

PROGRAMME//ACTIVITY/OBJECTIVE	PERSONNEL EXPENDITURE	TRAINING EXPENDITURE	TRAINING EXPENDITURE AS A % OF PERSONNEL COST	NO. OF EMPLOYEES TRAINED	AVG. TRAINING COST PER EMPLOYEE
	(R'000)	(R'000)			
Performance reviews and contracts	0	0	0%	121	0
Media coaching	15,569,399.00	375,000.00	2.40%	9	41,667.00
HCM policy reviews	0	0	0%	153	0
Diversity management and inclusion	70,428,914.00	79,695.00	0.11%	154	517.50
Occupational qualifications info session	0	0	0%	154	0
ESG & Sustainability workshop	2,160,760.00	24,000.00	1.11%	1	24,000.00
Financial wellness	0	0	0%	104	0
Employee Mental Health & Wellbeing Conference	1,041,203.00	12,073.00	1.16%	1	12,073.00
Knowledge Management Imbizo	1,890,042.00	21,500.00	1.13%	5	4,300.00
Archivist Conference	1,041,203.00	12,500.00	1.16%	1	12,500.00
Assessor	8,578,176.00	91,575.00	1.07%	35	2,616.00
Data analysis	660 366.00	12,720.00	1.90%	1	12,720.00
Practical labour law	2,512,492.00	29,000.00	1.15%	2	14,500.00
Public Sector Audit and Risk Indaba	15,678,978.00	181,695.00	1.16%	24	7,571.00
HR data analysis with Excel and Power BI	1,426,205.00	73,585.00	5.10%	4	18,398.00
Advanced minute taking	2,496,322.00	18,630.00	0.75%	18	1,035.00
MS Excel	2,082,406.00	23,000.00	1.02%	20	1,150.00
Advanced course in construction contracts	2,082,406.00	22,600.00	1.08%	2	11,300.00
Project management for the built environment	1,041,203.00	33,135.00	3.18%	1	33,135.00
SDF	6,522,965.00	87,966.00	1.35%	19	4,630.00
Induction	0	0	0%	28	0
Job evaluation	0	0	0%	14	0

Table 22. Employment and vacancies

PROGRAMME/ACTIVITY/OBJECTIVE	2023/2024 NO. OF EMPLOYEES 31 MARCH 2024	2024/2025 APPROVED POSTS	2024/2025 NO. OF EMPLOYEES 31 MARCH 2025	2024/2025 VACANCIES	% OF VACANCIES
Executive Manager	5	6	4	2	33%
Senior Manager	12	15	15	0	0%
Manager	37	41	39	2	5%
Senior Officer	64	102	93	9	9%
Officer	55	90	65	25	28%
Administrator	44	22	14	8	36%
General Workers	19	25	16	9	36%
Total	236	301	246	55	18%

The organisation has two senior-level vacancies. Currently, internal potential candidates have been identified and appointed to fill these senior positions in an acting capacity. The Accounting Authority and the Minister of Higher Education and Training jointly appoint the Chief Executive Officer (CEO). The other Executive Manager position is currently vacant and will be appointed by the Acting CEO.

The CEO position has been vacant for two years. The position was advertised for an acting role as the period was too short to advertise for a five-year term. Interviews were conducted, and candidates' leadership skills were assessed, with alignment with the Services SETA culture and values being evaluated. The recommended candidate was not a good fit for the organisation, and the Minister did not approve the appointment.

The Executive Manager position has been vacant for six months. The recruitment process will commence upon the appointment of the CEO. There are suitable and appropriate internal staff members available to fill these vacancies.

EMPLOYMENT CHANGES

During the Organisational Design Project, some positions were upgraded in the organisational structure, and employees were correctly placed. The job grading process led to 53 employees receiving upward movements through direct placements.

Table 23. Employment Changes

SALARY BAND	NO. OF EMPLOYEES 31 MARCH 2024	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT THE END OF THE PERIOD 31 MARCH 2025
Executive Manager	5	0	1	4
Senior Manager	12	3	0	15
Manager	37	6	4	39
Senior Officer	64	31	2	93
Officer	55	11	1	65
Administrator	44	7	37	14
Drivers and general workers	19	0	3	16
Total	236	58	*48	246

REASONS FOR STAFF LEAVING

Table 24. Reasons for staff leaving

REASON	NUMBER	% OF THE TOTAL NO. OF STAFF LEAVING
Death	0	0%
Resignation	6	67%
Dismissal	1	11%
Retirement	2	22%
ill health	0	0%
Expiry of contract	0	0%
Other	0	0%
Total	9	100%

At the Services SETA, employees are leaving due to the lack of personal growth opportunities within the same industry.

Table 25. Labour Relations: Misconduct and disciplinary action

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal warning	1
Written warning	4
Final written warning	1
Dismissal	1
Total	7

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

The organisation has a high number of African females at the skilled level compared to other races. The targets set are a means to close the equity gap identified.

Table 26. Equity Target and Employment Equity Status

LEVELS	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	2	0	0	0	0	0	0
Senior management	10	10	0	1	0	1	0	0
Professional qualified	11	12	0	1	0	1	2	2
Skilled	35	42	5	8	3	4	1	2
Semi-skilled	5	8	1	2	0	1	0	1
Unskilled	2	8	0	1	0	0	0	0
Total	64	82	6	13	3	7	3	5

LEVELS	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	0	0	0	0	0	0	0
Senior management	7	9	0	0	0	0	1	1
Professional qualified	19	20	3	3	2	2	3	3
Skilled	98	100	10	12	2	4	4	5
Semi-skilled	6	8	2	3	0	2	0	2
Unskilled	13	14	1	2	0	1	0	1
Total	143	151	16	20	4	9	8	12

LEVELS	DISABLED STAFF			
	Male		Female	
	Current	Target	Current	Target
Top management	0	0	0	0
Senior management	0	0	0	0
Professional qualified	2	2	0	1
Skilled	2	2	2	2
Semi-skilled	0	1	3	3
Unskilled	0	0	0	0
Total	4	5	5	6



“At Services SETA, equity is not just a target — it is a commitment. We continue to invest in building a workplace where African women at skilled levels are empowered, and where inclusivity shapes our growth and service to the nation.”

SIBUSISO DHLADHLA
— ACEO, Services SETA

UP NEXT

> PART E

1.	IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES	110
1.1.	Irregular expenditure	110
1.2.	Fruitless and wasteful expenditure	111
1.3.	Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) &(iii)	112
2.	LATE AND/OR NON-PAYMENT OF SUPPLIERS	113
3.	SUPPLY CHAIN MANAGEMENT	113
3.1.	Procurement by other means	113
3.2.	Contract variations and expansions	114



PART E

PFMA COMPLIANCE REPORT

ANNUAL REPORT

2024 – 2025

1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1. IRREGULAR EXPENDITURE

a. Reconciliation of irregular expenditure

DESCRIPTION	2024/2025	2023/2024
	R'000	R'000
Opening balance	1,284,093	1,901,883
Adjustment to the opening balance	-	-
Opening balance as restated	1,284,093	1,901,883
Add: Irregular expenditure confirmed	102,108	215,211
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	(797,876)	(833,001)
Less: Irregular expenditure recoverable ¹	-	-
Less: Irregular expenditure not recoverable and written off	-	-
Closing balance	588,325	1,284,093

Irregular expenditure incurred in the current year relates to the following matters:

- › SCM - Legal Panel tender award not in compliance with legislation.
- › Commitment - Allocations with inadequate board approval (DG02 & DG03).
- › Commitment - Allocations not open and fair (DG-SP).
- › SCM - Infrastructure professionals tender award not in compliance with Legislative prescripts.
- › SCM - awards with variations above the 15% limit.
- › SCM - Electrical maintenance panel tender award not in compliance with SCM prescripts.
- › Grant Regulation - exceeding the 7.5% DG support costs limit.

RECONCILING NOTES

DESCRIPTION	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure that was under assessment	-	-
Irregular expenditure that relates to the prior year and is identified in the current year	-	-
Irregular expenditure for the current year	102,108	215,211
Total	102,108	215,211

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

DESCRIPTION	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	102,108	215,211
Total	102,108	215,211

¹ Transfer to receivables

As at 31 March 2025, the Accounting Authority had approved for the Services SETA to make a submission to the National Treasury for condonation in relation to the following matters:

7. SCM - Legal Panel tender award not in compliance with legislation.
8. Commitment - Allocations with inadequate board approval (DG02 & DG03).
9. Commitment - Allocations not open and fair (DG-SP).
10. SCM - Infrastructure professionals tender award not in compliance with Legislative prescripts.
11. SCM - awards with variations above the 15% limit.
12. SCM - Electrical maintenance panel tender award not in compliance with SCM prescripts.

The only matter still requiring investigation review is in relation to exceeding the 7.5% limit as per the Grant Regulation.

c. Details of irregular expenditure condoned

No irregular expenditure was condoned by the National Treasury or the Accounting Authority.

d. Details of irregular expenditure removed - (not condoned)

DESCRIPTION	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure NOT condoned and removed	797,876	833,001
Total	797,876	833,001

The irregular expenditure of R798 million, which exceeded the 7.5% DG support costs limit for historical periods, was approved for removal from the register by the Accounting Authority. This was due to Services SETA showing, in FY2023-24, that the irregular expenditure had not occurred.

e. Details of irregular expenditure recoverable

No irregular expenditure incurred was identified as recoverable from any official.

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

No irregular expenditure incurred was written off in the current financial year.

g. Details of disciplinary or criminal steps taken because of irregular expenditure

DISCIPLINARY STEPS TAKEN
Officials who were identified as having breached their roles and responsibilities underwent a disciplinary process.

1.2. FRUITLESS AND WASTEFUL EXPENDITURE

a. Reconciliation of fruitless and wasteful expenditure

DESCRIPTION	2024/2025	2023/2024
	R'000	R'000
Opening balance	4,481	4,281
Adjustment to opening balance	-	-
Opening balance as restated	4,481	4,281
Add: Fruitless and wasteful expenditure confirmed	-	200
Less: Fruitless and wasteful expenditure recoverable ²	-	-
Less: Fruitless and wasteful expenditure not recoverable and written off	(4,481)	-
Closing balance	0	4,481

1. Two DG projects court order settlement (time-value of money and taxed costs) – R4.37 million
2. OUTA Legal costs – R101 thousand

RECONCILING NOTES

DESCRIPTION	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment	-	4,281
Fruitless and wasteful expenditure that relates to the prior year and is identified in the current year	-	-
Fruitless and wasteful expenditure for the current year	-	200
Total	0	4,481

b. Details of fruitless and wasteful expenditure (under assessment, determination, and investigation)

DESCRIPTION ³	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	4,481
Fruitless and wasteful expenditure under investigation	-	-
Total	0	4,481

No fruitless and wasteful expenditure incurred in the current year.

c. Details of fruitless and wasteful expenditure recoverable

DESCRIPTION	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure recoverable	-	-
Total	-	-

No fruitless and wasteful expenditure incurred was identified as recoverable

d. Details of fruitless and wasteful expenditure not recoverable and written off

DESCRIPTION	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure written off	4,481	-
Total	4,481	-

e. Details of disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

DISCIPLINARY STEPS TAKEN
The investigation into fruitless and wasteful expenditure incurred in FY2024/25 did not identify an official to be responsible. No fruitless and wasteful expenditure incurred in the current year.

1.3. ADDITIONAL DISCLOSURE RELATING TO MATERIAL LOSSES IN TERMS OF PFMA SECTION 55(2)(B)(I) &(III)⁴

Services SETA incurred no material losses under the reporting period.

³ Group similar items

⁴ Information related to material losses must also be disclosed in the annual financial statements.

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

DESCRIPTION	NUMBER OF INVOICES	CONSOLIDATED VALUE
		R'000
Valid invoices received	3,196	1,029,976
Invoices paid within 30 days or the agreed period	3,070	1,005,271
Invoices paid after 30 days or the agreed period	6	592
Invoices older than 30 days or the agreed period (<i>unpaid and without dispute</i>)	1	284
Invoices older than 30 days or the agreed period (<i>unpaid and in dispute</i>)	-	-

Reasons for late payment of invoices are:

1. System errors
2. Outstanding supporting documents
3. Changes to banking details
4. Delays in approvals

3. SUPPLY CHAIN MANAGEMENT

3.1. PROCUREMENT BY OTHER MEANS

PROJECT DESCRIPTION	NAME OF SUPPLIER	TYPE OF PROCUREMENT BY OTHER MEANS	CONTRACT NUMBER	VALUE OF CONTRACT R'000
Renewal of CaseWare License	Adapt IT (Pty) Ltd	Deviation	PO-057649	118.00
Provisioning a licensed application for backups, and Disaster Recovery as a Service (DRAAS)	Afrocentric Intellectual Property (Pty) Ltd.	Deviation	PO-058106	804.00
Training in software management for both ERM and compliance tools	Exclaim Innovations and Solutions (Pty) Ltd.	Deviation	PO-058058	60.00
Provisioning of printing services	ITEC Tiyende Telecommunications (Pty) Ltd	Deviation	PO-058465	189.00
Additional armed security guard	Inkunzi Ebomvu VIP Protection	Deviation	PO-058336	138.00
Training for AFS preparation	Adapt IT (Pty) Ltd	Deviation	PO-058552	62.00
Investment conference (Venue)	Premier Resort Knysna (Pty) Ltd	Deviation	PO-058988	339.00
Provisioning of printing services	ITEC Tiyende Telecommunications (Pty) Ltd	Deviation	PO-059246	94.00
Access to raw economic data	Quantec Enterprises (Pty) Ltd	Deviation	PO-058527	297.00
Implement the post Organisational Design project	SPT Consulting	Deviation	PO-00000243-1	342.00
Total				2,443.00

3.2. CONTRACT VARIATIONS AND EXPANSIONS

PROJECT DESCRIPTION	NAME OF SUPPLIER	CONTRACT MODIFICATION TYPE (EXPANSION OR VARIATION)	CONTRACT NUMBER	ORIGINAL CONTRACT VALUE	VALUE OF PREVIOUS CONTRACT EXPANSION/S OR VARIATION/S (IF APPLICABLE)	VALUE OF CURRENT CONTRACT EXPANSION OR VARIATION
				R'000	R'000	R'000
Security assessments	Mthidlha Group VIP and Security	Variation	PO-057203	809.00	0	52.00
Assess and align the contents of the Services SETA policies and standard operating procedures	Kgoroadira Mudau Inc	Variation	Proc T637	4,497.00	0	250.00
Total				5,306.00	0	302.00



MATERIAL LOSSES

NO MATERIAL LOSSES INCURRED DURING THE REPORTING PERIOD.



NO NEW FRUITLESS OR WASTEFUL EXPENDITURE IN 2024/25



PFMA COMPLIANCE HIGHLIGHTS

R797.9 million



HISTORICAL IRREGULAR EXPENDITURE REMOVED
NO AMOUNTS WERE RECOVERABLE DURING THIS FY; SOME OFFICIALS WERE DISCIPLINED

SUPPLIER PAYMENTS

R1.03 billion



3,196 VALID INVOICES RECEIVED

PAID ON TIME: 3,070 INVOICES ✓

PAID LATE: 6 INVOICES (R592K) ✓

UNPAID WITHOUT DISPUTE: 1 INVOICE (R284K) ✓

Late payment causes: System errors, missing documents, banking changes, and approval delays.

"Together, we will build a culture of compliance that inspires trust, safeguards resources, and delivers value to all our stakeholders."

TSHEOLA MATSEBE
— CFO



UP NEXT

> PART F

REPORT OF THE EXTERNAL AUDITOR	118
ANNEXURE TO THE AUDITOR'S REPORT	124
ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL	126
ACCOUNTING AUTHORITY'S REPORT	128
ANNUAL FINANCIAL STATEMENTS	131



PART F

FINANCIAL INFORMATION

ANNUAL REPORT

2024 – 2025



REPORT OF THE THE AUDITOR - GENERAL TO THE PARLIAMENT ON SERVICES SECTOR EDUCATION AND TRAINING AUTHORITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

QUALIFIED OPINION

1. I have audited the financial statements of the Services Sector Education and Training Authority set out on pages 133 to 185, which comprise the statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets and the 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, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Services Sector Education and Training Authority as at 31 March 2025, 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 of 97 of 1998 (SDA).

BASIS FOR QUALIFIED OPINION

Discretionary grants commitment

3. Discretionary grants commitments were not correctly accounted for in terms of GRAP 1, Presentation of financial statements, as the public entity did not account for the commitment correctly which resulted in commitments disclosed in note 28 to the financial statements being overstated by R39 394 000.

4. In addition, I was unable to obtain sufficient appropriate audit evidence for discretionary grant commitments as the public entity did not maintain accurate and complete records of the adjustment and contractual information used to determine the commitments. I could not confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the discretionary grant commitments stated at R3 424 633 000 (2024: R2 052 207 000).

Provisions

5. The public entity did not account for discretionary grant provisions in accordance with GRAP 19, Provision, contingent liabilities and contingent assets for the current and prior year. The method of estimations for discretionary grant provisions was not determined and assessed correctly. Furthermore, discretionary grant expenditure as disclosed in note 25 to the financial statements was misstated as a result of this. I was unable to determine the full extent of the misstatement to discretionary grant provisions stated at R95 343 000 and discretionary grant expenditure stated at R794 847 000 in the financial statement as it was impracticable to do so.

Irregular Expenditure

6. Not all irregular expenditure was included in note 35 to the financial statement, as required by section 55(2)(b)(i) of the PFMA. The process for awarding of discretionary grants was not adhered to as the public entity incorrectly awarded these contracts as special projects, resulting in irregular expenditure of R578 941 000. Furthermore, not all submissions for special projects were evaluated. I was unable to determine the full extent of the

irregular expenditure that occurred during the financial year as it was impracticable to do so.

CONTEXT FOR OPINION

7. 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.
8. 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.
9. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

10. 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 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.
11. 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

12. 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.
13. 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 126, forms part of my auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

14. 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.
15. I selected the following programmes presented in the annual performance report for the year ended 31 March 2025 for auditing. I selected programmes 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 Development and Planning	53 – 60	To enable the Services SETA and Services Sector to target relevant skills development. It is responsible for researching skills needs within the Services Sector, issuing the Sector Skills Plan, developing strategic and annual performance plans for the Services SETA, monitoring, and evaluating organisational performance and conducting targeted evaluations to strengthen programme improvement in executing its mandate.
Programme 3: Learning Programmes	61 – 72	The purpose of the skills development programme is to deliver the Services SETA service offerings to the target stakeholders to achieve the mandate. The programme is responsible for disbursement of Services SETA discretionary grants through special and regular projects for infrastructure development, to expand access to skills development in rural and underserved areas, and pivotal learning interventions.
Programme 4: Quality Assurance	73 – 75	This programme contributes to Outcome 5: "Enhanced Quality Assurance efficiencies to execute QCTO delegated functions." The purpose of this sub-programme is to accredit skills development providers and fulfil the QCTO delegated quality assurance of learner achievement's function.

16. 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.

17. 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.

18. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

19. I did not identify any material findings on the reported performance information for the selected programmes.

OTHER MATTERS

20. I draw attention to the matter below.

Achievement of planned targets

21. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements. This information should be considered in the context of the material findings on the reported performance information.
22. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 56 – 72.

Programme 2: Skills Planning

Targets achieved: 83%		
Budget spent: 71%		
KEY INDICATOR NOT ACHIEVED	PLANNED TARGET	REPORTED ACHIEVEMENT
2.2.3. Percentage of discretionary grants allocated at developing different skills levels – High level skills	15%	9%
2.2.3. Percentage of discretionary grants allocated at developing different skills levels – Intermediate level skills	60%	54%
2.3.2. Number of SETA-employer partnerships established	600	383

Programme 3: Learning Programmes

Targets achieved: 68%		
Budget spent: 43%		
KEY INDICATOR NOT ACHIEVED	PLANNED TARGET	REPORTED ACHIEVEMENT
3.3.3 Number of learners completed learnerships programmes – Unemployed	6450	1479
3.3.3 Number of learners completed learnerships programmes – Worker	1247	144
3.3.4 Number of learners granted bursaries – Unemployed learners (continuing)	320	83
3.3.4 Number of learners granted bursaries – Workers (new entries)	315	255
3.3.7 Number of internships completed – Number of TVET students completed their Work-Integrated Learning placement	1947	299
3.3.7 Number of internships completed – Number of CET learners completed internships	40	34
3.3.8 Number of learners enrolled in Skills Programmes – Worker	1940	906
3.3.9 Number of learners completed Skills Programmes – Unemployed	1932	671
3.3.9 Number of learners completed Skills Programmes – Worker	3612	1 458
3.3.13 Number of artisan learners completed	1200	62
3.3.14 Number of learners enrolled RPL/ARPL	5000	835
3.3.16 Number of workers enrolled AET programmes	200	103
3.3.17 Number of workers completed AET programmes	100	0

Material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information 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

24. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

25. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

26. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report

27. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements and annual report

28. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and

supported by full and proper records, as required by section 55(1) (a) and (b) of the PFMA.

29. Material misstatements of related parties, financial instrument, risk management, contingencies, donor funding unspent balance and prior period adjustment identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statement receiving a qualified opinion.

Expenditure management

30. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R102 108 000 as disclosed in note 35 to the annual financial statements, as required by section 51 (1) (b) (ii) of the PFMA. The irregular expenditure disclosed in the financial statements relates to the public entity exceeding the 7.5% limit of the project administration budget and the process for awarding of discretionary grants was not adhered to as the public entity incorrectly awarded these contracts as special projects.

31. Prepayments were made before services were received, in contravention of treasury regulation 31.1.2(c).

OTHER INFORMATION IN THE ANNUAL REPORT

32. The Accounting Authority is responsible for the other information included in the annual report. The other information 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.

33. My opinion on the financial statements and my reports on the audit of the annual performance report and 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.

34. 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.
35. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

36. 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.
37. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
38. The public entity did not prepare accurate and complete financial statements that were supported and evidenced by reliable information. This is evidenced by material misstatements identified on various financial statement line items.
39. Oversight of responsibility regarding financial reporting and compliance was not adequately exercised, as the controls in place did not prevent or detect internal control deficiencies, resulting in material misstatements and non-compliance.
40. The public entity did not review and monitor compliance with applicable laws and regulations.
41. Management did not implement adequate reviews to ensure that the reported achievements are valid and accurate.

Auditor-General

Pretoria

31 July 2025



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
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b); 66(3)(c)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a); 16A6.2(b); Regulation 16A6.3(a); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; Regulation 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A 9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); Regulation 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; Regulation 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); Regulation 32.1.1(c); 33.1.1; 33.1.3
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Second Amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Instruction No. 1 of 2021/22	Paragraph 4.1
National Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1 (b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulation 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

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

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

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

The Accounting Authority acknowledge that it is ultimately responsible for the system of internal financial control established by the Services SETA and place considerable importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, the Accounting Authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures

and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Services SETA and all employees are required to maintain the highest ethical standards in ensuring the Services SETA's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Services SETA is on identifying, assessing, managing and monitoring all known forms of risk across the Services SETA. While operating risk cannot be fully eliminated, the Services SETA endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The Accounting Authority has reviewed the Services SETA's cash flow forecast for the year to March 31, 2026 and, in the light of this review and the current financial position, it is satisfied that the Services SETA has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The external auditors are responsible for independently reviewing and reporting on the Services SETA's annual financial statements. The annual financial statements have been examined by the Services SETA's external auditors and their report is presented on pages 120-127.

The annual financial statements set out on page 133-135, which have been prepared on the going concern basis, were approved by the Accounting Authority on July 31, 2025 and were signed on its behalf by:



Mr Sibusiso Dhladhla

Acting Chief Executive Officer
Services SETA



Mr Sibusiso Dhladhla

Interim Accounting Authority
Services SETA



ACCOUNTING AUTHORITY'S REPORT

The members submit their report for the year ended 31 March 2025.

1. INCORPORATION

The Services SETA was incorporated on 01 March 2000 and obtained its certificate to commence business on the same day. The Services SETA was established in terms of Section 9(1) of the Skills Development Act, 1998 (Act No. 97 of 1998) as amended. The current license period ends on 31 March 2030, as per the Government Gazette no. 42589 issued on 22 July 2020.

2. REVIEW OF ACTIVITIES

MAIN BUSINESS AND OPERATIONS

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

The operating results and state of affairs of the Services SETA are fully set out in the attached annual financial statements and do not, in our opinion, require any further comment.

3. GOING CONCERN

We draw attention to the fact that at 31 March 2025, the Services SETA had a surplus of R886 million and that the total assets exceeded total liabilities by R3,7 billion

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will

be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Services SETA to continue as a going concern is dependent on a number of factors. The most significant of these are disclosed in note 33 of these financial statements

4. SUBSEQUENT EVENTS

As the term of the Accounting Authority ended on 31 March 2025, all subsequent events would be disclosed by the Services SETA in the annual financial statements. Refer to note 34 for details.

5. MEMBERS' INTEREST IN CONTRACTS

The Accounting Authority complies with the Services SETA declaration of interest policy annually and during each meeting held.

6. ACCOUNTING POLICIES

The annual financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

7. ACCOUNTING AUTHORITY

The Accounting Authority of the Services SETA during the year were as follows:

NAME	NATIONALITY	CHANGES
De Vries, Stephen	Masters of Public Administration (Chairperson of AA)	Term ended 31 March 2025
Kevin Cowley	Masters of Arts: Labour Practices	Term ended 31 March 2025
Wiseman Dinwa	Master of Arts: Labour Policy and Globalisation	Term ended 31 March 2025
Rendani Dlamini	SAMTRAC Diploma Paralegal Practice	Term ended 31 March 2025
Jacqui Ford	Management Advancement Programme	Term ended 31 March 2025
Noxolo Gogo	BA: Communications	Term ended 31 March 2025
Kumaran Govender	Trade Tested Certificate of Hairdressing	Term ended 31 March 2025
Asif Jhatham	BCom Honours: Accounting	Term ended 31 March 2025
Alice Karanja	BA Honours: Industrial Sociology	Term ended 31 March 2025
Andrew Madella	BA Honours: Public Administration	Term ended 31 March 2025
Shadrack Motloun	Nursing Science	Term ended 31 March 2025
Themba Mtsweni	Dip: Financial Accounting	Term ended 31 March 2025
Julia Nzimande	Masters in Law	Term ended 31 March 2025
Patricia Sithole	Dip: Paralegal	Term ended 31 March 2025
Nomfundo Zondo	Dip: Education	Term ended 31 March 2025

8. CORPORATE GOVERNANCE

GENERAL

The accounting authority is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting authority supports the highest standards of corporate governance and the ongoing development of best practice.

The Services SETA confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The Accounting Authority discusses the responsibilities of management in this respect, at Board meetings and monitor the Services SETA's compliance with the code on a three-monthly basis.

BOARD OF DIRECTORS

The Accounting Authority:

- › retains full control over the Services SETA, its plans and strategy;
- › acknowledges its responsibilities as to strategy, compliance with internal policies, external laws

and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the Services SETA;

- › is of a unitary structure comprising:
 - + non-executive directors, all of whom are independent directors as defined in the Code;
 - and
 - + executive directors.

CHAIRPERSON AND CHIEF EXECUTIVE

The Chairperson is a non-executive and independent member of the Accounting Authority (as defined by the Code).

The roles of Chairperson and Chief Executive are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

INTERNAL AUDIT

The Services SETA has outsourced its internal audit function to Lunika Inc. who was retained through an new award process. This is in compliance with the Public Finance Management Act, 1999.

9. BANKERS

Standard Bank of South Africa (operational requirements) South African Reserve Bank (investment of surplus funds)

10. AUDITORS

Auditor General of South Africa will continue in office for the next financial period.

11. INVESTIGATIONS

During the current financial year, internal investigations were concluded in relation to certain allegations pertaining to procurement irregularities from prior

years. The investigation reports provided certain recommendations, which required the Accounting Authority to institute disciplinary hearings for affected staff members. The disciplinary inquiry, which was chaired by an independent Chairperson, concluded with no guilty charges set out.

The annual financial statements set out on page 131, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 July 2025 and were signed on its behalf by:



Mr Sibusiso Dhladhla

Acting Chief Executive Officer
Services SETA



Mr Sibusiso Dhladhla

Interim Accounting Authority
Services SETA

ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2025

		2025	2024 RESTATED*
	NOTE(S)	R'000	R'000
Assets			
Current Assets			
Inventories	3	121	237
Receivables from exchange transactions	4	5,279	5,727
Receivables from non-exchange transactions	5	17,109	9,617
Cash and cash equivalents	6	4,099,062	3,210,830
		4,121,571	3,226,411
Non-Current Assets			
Property, plant and equipment	7	100,474	97,263
Intangible assets	8	42,367	28,205
		142,841	125,468
Total Assets		4,264,412	3,351,879
Liabilities			
Current Liabilities			
Payables from exchange transactions	9	44,467	36,342
Payable from non-exchange transactions	10	290,299	243,467
Donor funding unspent balance	14	22,917	14,079
Provisions	12	154,999	194,605
		512,682	488,493
Total Liabilities		512,682	488,493
Net Assets		3,751,730	2,863,386
Reserves			
Revaluation reserve	13	7,257	4,954
Employer Grant Reserve	14	1,474	1,482
Administration reserve	14	81,482	66,054
Discretionary Grant reserve	14	3,661,517	2,790,896
Total Net Assets		3,751,730	2,863,386

STATEMENT OF FINANCIAL PERFORMANCE

		2025	2024 RESTATED*
	NOTE(S)	R'000	R'000
Revenue from exchange transactions			
Other income	15	7,264	715
Interest received - investment	16	280,656	210,669
Total revenue from exchange transactions		287,920	211,384
Revenue from non-exchange transactions			
Transfer revenue			
Skills Development levy income	17	2,087,577	1,932,674
Skills Development levy: Penalties and interest	18	31,562	26,656
Other income: non-exchange	19	31,538	8,179
Total revenue from non-exchange transactions		2,150,677	1,967,509
Total revenue	20	2,438,597	2,178,893
Expenditure			
Employer grants & project expenses	25	(1,143,146)	(891,256)
Loss on disposal of assets	7	(394)	(2,046)
Administration expenses	21	(409,015)	(358,440)
Total expenditure		(1,552,555)	(1,251,742)
Surplus for the year		886,042	927,151

STATEMENT OF CHANGES IN NET ASSETS

	REVALUATION RESERVE	EMPLOYER GRANT RESERVE	ADMINISTRATION GRANT RESERVE	DISCRETIONARY GRANT RESERVE	TOTAL RESERVES	ACCUMULATED SURPLUS/ DEFICIT	TOTAL NET ASSETS
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance as previously reported	-	1,017	65,951	1,848,390	1,915,358	-	1,915,358
Adjustments							
Prior year adjustments 27	-	-	-	15,919	15,919	-	15,919
Balance at April 1, 2023 as restated*	-	1,017	65,951	1,864,309	1,931,277	-	1,931,277
Changes in net assets							
Surplus for the year	-	-	-	-	-	927,151	927,151
Application of unappropriated surplus/(deficit)	-	235,708	(104,361)	795,808	927,155	(927,151)	-
Reallocation of unappropriated surplus/(deficit)	-	(235,243)	104,464	130,779	-	-	-
Fair value adjustment	4,954	-	-	-	4,954	-	4,954
Total changes	4,954	465	103	926,587	932,109	(4)	932,105
Restated* Balance at April 1, 2024	4,954	1,482	66,054	2,790,896	2,863,386	-	2,863,386
Changes in net assets							
Surplus for the year	-	-	-	-	-	886,042	886,042
Application of unappropriated surplus/(deficit)	-	259,709	(128,153)	754,485	886,041	(886,041)	-
Reallocation of unappropriated surplus/(deficit)	-	(259,717)	143,581	116,136	-	-	-
Fair value adjustment	2,303	-	-	-	2,303	-	2,303
Total changes	2,303	(8)	15,428	870,621	888,344	1	888,345
Balance at March 31, 2025	7,257	1,474	81,482	3,661,517	3,751,730	1	3,751,731
Note(s)	13	14	14	14			

* See Note 30

CASH FLOW STATEMENT

		2025	2024 RESTATED*
	NOTE(S)	R'000	R'000
Cash flows from operating activities			
Receipts			
Grants		2,125,901	1,957,153
Interest income		281,597	209,792
Other receipts		1,005	407
		2,408,503	2,167,352
Payments			
Employee costs		(224,804)	(200,525)
Administration expenses		(202,850)	(155,453)
Employer grant and project expenditure		(1,068,232)	(880,653)
		(1,495,886)	(1,236,631)
Net cash flows from operating activities	26	912,617	930,721
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(6,580)	(2,395)
Purchase of other intangible assets	8	(17,805)	(4,192)
Net cash flows from investing activities		(24,385)	(6,587)
Net increase/(decrease) in cash and cash equivalents		888,232	924,134
Cash and cash equivalents at the beginning of the year		3,210,830	2,286,696
Cash and cash equivalents at the end of the year	6	4,099,062	3,210,830

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

BUDGET ON ACCRUAL BASIS

	APPROVED BUDGET	ADJUSTMENTS	FINAL BUDGET	ACTUAL AMOUNTS ON COMPARABLE BASIS	DIFFERENCE BETWEEN FINAL BUDGET AND ACTUAL	REFERENCE
	R'000	R'000	R'000	R'000	R'000	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	193	-	193	7,264	7,071	36 & 15
Interest received - investment	223,261	-	223,261	280,656	57,395	36 & 16
Total revenue from exchange transactions	223,454	-	223,454	287,920	64,466	
Revenue from non- exchange transactions						
Transfer revenue						
Skills development levy - income	1,965,222	-	1,965,222	2,087,577	122,355	36 & 17
Skills development levy - Interest & Penalties	-	-	-	31,562	31,562	36 & 18
Other income - non exchange	-	-	-	31,538	31,538	
Total revenue from non-exchange transactions	1,965,222	-	1,965,222	2,150,677	185,455	
Total revenue	2,188,676	-	2,188,676	2,438,597	249,921	
Expenditure						
Personnel cost	(217,253)	-	(217,253)	(230,639)	(13,386)	36 & 23
Employer grant and project expenses	(1,823,896)	-	(1,823,896)	(1,104,203)	719,693	36 & 25
Administration expenses	(245,264)	-	(245,264)	(217,319)	27,945	36 & 21
Total expenditure	(2,286,413)	-	(2,286,413)	(1,552,161)	734,252	
Operating surplus	(97,737)	-	(97,737)	886,436	984,173	
Loss on disposal of assets	-	-	-	(394)	(394)	7
Surplus before taxation	(97,737)	-	(97,737)	886,042	983,779	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(97,737)	-	(97,737)	886,042	983,779	

SIGNIFICANT ACCOUNTING POLICIES

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

1.1. BASIS OF PREPARATION

The annual 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 annual 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, which is the functional currency of the Services SETA.

The figures are rounded off to the nearest thousand as a form of presentation. These accounting policies are consistent with the previous period.

1.2. GOING CONCERN ASSUMPTION

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

1.3. COMPARATIVE FIGURES

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

1.4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets 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 Services SETA; and
- › the cost of the item can be measured reliably.
- › Property, plant and equipment is initially measured at cost.

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

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.

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.

SUBSEQUENT MEASUREMENT

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land and building which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Land and Buildings are revalued every three years, with the residual value assessed on an annual basis in order to identify any significant changes to the properties.

SIGNIFICANT ACCOUNTING POLICIES

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

REVALUATIONS

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of land and building is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

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

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

The revaluation surplus in equity related to a specific item of Land and Building is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of land and building is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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

DEPRECIATION

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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 method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the Services SETA. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The Services SETA assesses at each reporting date whether there is any indication that the Services SETA expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the Services SETA revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

IMPAIRMENT LOSS

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

An impairment loss of an asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

SIGNIFICANT ACCOUNTING POLICIES

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

The Services SETA assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, the Services SETA shall estimate the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Services SETA shall consider external and internal sources of information.

An impairment loss shall be recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease.

DERECOGNITION

Items of property, plant and equipment are de-recognised 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.

The Services SETA separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 22).

1.5. INTANGIBLE ASSETS

An asset is identifiable if it either:

- › is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or

- › arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the Services SETA or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

RECOGNITION

An intangible asset is recognised when:

- › it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Services SETA; and
- › the cost or fair value of the asset can be measured reliably.

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (systems created specifically for Services SETA) is recognised when:

- › it is technically feasible to complete the asset so that it will be available for use (timeline when the system will be completed).
- › there is an intention to complete and use the system.
- › there is an ability to use the system.
- › it will generate probable future economic benefits or service potential, such.

SIGNIFICANT ACCOUNTING POLICIES

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

- › there are available technical, financial and other resources to complete the development and to use the system.
- › the expenditure attributable to the asset during its development can be measured reliably.

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

AMORTISATION

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

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.

The Services SETA discloses relevant information relating to assets under development, in the notes to the financial statements (see note 8).

DERECOGNITION

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 intangible assets is included in surplus or deficit when the asset is derecognised.

1.6. FINANCIAL INSTRUMENTS

Financial instruments for Services SETA are any contract that gives rise to a financial asset and a financial liability. A financial asset is:

- › cash held by Services SETA;
- › 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 Services SETA.

A financial liability is any liability that is a contractual obligation to:

- › deliver cash or another financial asset to another entity; or
- › exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the Services SETA.

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 the Services SETA in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

CLASSIFICATION

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

SIGNIFICANT ACCOUNTING POLICIES

	2025		2024 RESTATED*
	NOTE(S)	R'000	R'000
Class	Category		
Receivable from exchange (excluding prepayment)	Financial asset measured at amortised cost		
Receivable from non-exchange (DG)	Financial asset measured at amortised cost		
Cash and cash equivalent	Financial asset which comprises of cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are measured at cost		

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

Class	Category
Payables from exchange	Financial liability measured at amortised cost
Payable from non-exchange (DG)	Financial liability measured at amortised cost
Provisions (DG)	Financial liability measured at amortised cost
Donor funding liability	Financial liability measured at amortised cost

INITIAL AND SUBSEQUENT RECOGNITION OF FINANCIAL INSTRUMENTS

The Services SETA recognises a financial asset or financial liability in its financial statements when the Services SETA becomes a party to the contractual provisions of the instrument. The instrument is recognised on trade date for accounting purposes.

The Services SETA initially 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.

The Services SETA measures all financial assets and financial liabilities after initial recognition using the amortised cost except for cash, which is subsequently measured at cost.

GAINS AND LOSSES

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 OF FINANCIAL INSTRUMENTS

The Services SETA, annually assesses all financial instruments for indicators of impairment. The impairment consideration would be the current carrying value and the expected future cash inflow/outflow.

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 financial instrument is reduced by the impairment loss directly for all instruments except for Receivables. The carrying amount of receivables is reduced through the use of a provision for bad debt account.

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

SIGNIFICANT ACCOUNTING POLICIES

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

impairment was recognised, the previously recognised impairment loss is reversed 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

A financial instrument is derecognised by Services SETA when it has been uncollectable or not claimable for a period of 5 years. The carrying amount of the financial instrument is written off to surplus or deficit for the period. Receivables are written off against the provision for bad debt account.

Subsequent recovery or collection of amounts previously written off are accounted for against income or expenditure.

PRESENTATION

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 Services SETA 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.

1.7. 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.

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.

1.8. INVENTORIES

Inventories, which is stationery, is 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.

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 weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the Services SETA.

1.9. CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and current accounts balances.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks which are available on demand.

1.10. RESERVES

Reserves are sub-classified in the financial position between the following funds:

- › Administration reserve
- › Employer grant reserve

SIGNIFICANT ACCOUNTING POLICIES

- › Discretionary reserve
- › Revaluation reserve

This sub-classification is 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 levies are set aside in terms of the Skills Development Act and the regulations issued in terms of the Act. Interest and penalties received from South African Revenue Services (SARS) and interest received on investments are utilised for discretionary grants and projects. Other income received are utilised in accordance with the original source of the income.

The net surplus/deficit is allocated to the discretionary fund reserve in terms of the Grant Regulations. The administration reserve comprises the future depreciation of all administration property, plant and equipment and amortisation of administrative intangible assets.

A further amount is disclosed in the employer grant reserve for newly registered member companies participating after the legislative cut-off date and new scheme year levies received for the period ending 31 March. Refer to note 26 for disclosure of this contingent liability.

At the end of the financial period, any unspent or uncommitted funds must be transferred to the National Treasury unless approval is granted to retain them.

1.11. PAYABLES

Payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier.

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been

paid, invoiced or formally agreed with the supplier, including amounts due to employees.

In terms of the SETA Grant Regulation, Mandatory grant payables are allocations made to employers that have submitted an application for a Workplace Skills Planning and Annual Training Report grant in accordance with the requirements of the Regulation and prescribed format. The grant must be claimed by the employer within the Regulation prescribed period, the Services SETA then transfers unclaimed grant funds to the Discretionary Grant reserve.

ACCRUALS FOR EMPLOYEE ENTITLEMENT

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

Accrual for mandatory grants and discretionary grant payable are recognised under payables from non-exchange transactions.

1.12. DONOR FUNDING

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

1.13. PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- › the Services SETA has a present obligation as a result of a past event;

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

SIGNIFICANT ACCOUNTING POLICIES

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

- › 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.

PROVISIONS - LEVIES EXEMPT EMPLOYERS

Exempt employers' provision includes employers who continued paying skills development levies even though they are exempt in terms of the Skills Development Act and have not participated in mandatory grants. The provision remains in the accounting records of Services SETA for a period of five years and thereafter is written off as per the requirements of the Tax Administration Act.

PROVISION - DISCRETIONARY GRANTS EXPENDITURE

At each financial year end, the Services SETA evaluates the uncertainty of timing and amount of expenditure transactions in order to determine correct classification. The analysis is on tranches with milestones that are partially achieved at the end of the financial year. The partial achievement would create an obligation for Services SETA to settle. Using the tranche model for milestones the Services SETA makes the best estimations of the probable outflow of economic benefits.

PROVISION - LEARNER BURSARIES

The Services SETA basis its calculations of the bursary provision on information that is applicable for that specific financial year.

GRAP 19 DEFINES A CONTINGENT LIABILITY AS

- a. a possible obligation that arises from past events, and whose existence will be confirmed only by

the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or

- b. a present obligation that arises from past events but is not recognised because: (i) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or (ii) the amount of the obligation cannot be measured with sufficient reliability.

CONTINGENCIES - LITIGATIONS

The Services SETA discloses litigation matters that are open at the end of each financial year. The estimates are based on written confirmations from the appointed law firms.

CONTINGENCIES - RETENTION OF SURPLUS FUNDS

The SETA Grant Regulation defines a surplus as a favourable residual balance in the statement of financial performance for the financial year ending on 31 March less current liabilities and commitments to training of learners in programmes funded from discretionary funds. The accumulated surpluses not used in a specific financial year are swept into the Discretionary Grant reserve for future project implementation.

1.14. COMMITMENTS

The Services SETA has operational and DG project commitments that are regarded to meet the definition of a contingency and are further described below.

DG PROJECT - COMMITMENT

A liability is recognised for grant payments once the specific criteria set out in the SETA Grant Regulations have been complied with between Services SETA and a third party. The SETA Grant Regulation defines a commitment as a contractual obligation that exists at the end of the financial year that will oblige the SETA to make a payment or payments in the ensuing year.

SIGNIFICANT ACCOUNTING POLICIES

The Grant Regulation also defines a contractual obligation as a written agreement with specific terms between a SETA and a third party undertaken to perform something in relation to a discretionary project for which a SETA will be obligated to make payment against the discretionary grant.

At each financial year end, all written contracts whose performance terms/milestones have not yet been delivered/not yet due are not accrued for but disclosed as a commitment in the notes to the financial statements.

OPERATIONAL COMMITMENT

The contracts disclosed as operational and capital commitments are made up of the below types of commitments

- a. Fixed amount contracts that are effective for longer than one financial period, relating to goods and services for the benefit of the organisation.
- b. Fixed amount element of contracts with rate based portion, which are effective for longer than one financial period, relating to goods and services for the benefit of the organisation.
- c. Request for quotations (RFQ) purchase orders that are not completed by the end of the financial year relating to goods or services for the benefit of the organisation.

The rate-based elements of a contract or purchase orders are excluded from the commitment balance as the future value of the contract is undeterminable.

1.15. REVENUE FROM EXCHANGE TRANSACTIONS

The type of revenue from exchange that the Services SETA currently receives is investment income, mandatory grant refund and insurance recoveries.

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

MEASUREMENT

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

INTEREST INCOME

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non- exchange transactions is classified based on the nature of the underlying transaction.

1.16. 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.

INTER-SETA TRANSFERS

Revenue is adjusted for transfers of employers between SETA's that arise due to misallocation to a SETA on registration for skills development levy or changes to their business that result in a need to change SETA's. Such adjustments are disclosed separately as inter-seta transfers. The amount of the inter-seta transfers is calculated according to the most recent Standard Operating Procedure as issued by the Department of Higher Education and Training (DHET).

SKILLS DEVELOPMENT LEVY

In terms of sections 3(1) and 3(4) of the Skills Development Levies (SDL) Act, 1999 (Act no.09 of 1999), registered member companies pay a skills development levy of 1% of the total payroll cost to SARS, who collects the levies on behalf of DHET.

SIGNIFICANT ACCOUNTING POLICIES

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

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

The split of the levies allocated is as follows:

Administrative levies	10.5%	10.5%
Mandatory grant levies	20%	20%
Discretionary grant levies	49.5%	49.5%
	80%	80%
Contribution to the National Skills Fund	20%	20%
	100%	100%

LEVIES - INTEREST AND PENALTIES

Interest and penalties are economic benefits or service potential received or receivable by Services SETA, as determined by the South African Revenue Services, as a consequence of the breach of laws or regulations and is recognised on the basis of the skills development levy.

1.17. ADMINISTRATION, GRANTS AND PROJECT EXPENDITURE

MANDATORY GRANT EXPENDITURE

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

DISCRETIONARY GRANT AND PROJECT EXPENDITURE

The funding for discretionary grants and project stems from the 49.5% of the total levies paid by employers, mandatory grant that employers do not claim, the surplus of administration levies not utilised, investment income and other income generated by Services SETA not utilised at year end.

The Services SETA allocates discretionary grant to employers, education and training providers who have submitted an application for discretionary grant in the prescribed form within the agreed-upon cut-off period.

The grant allocation consists of costs related directly to the specific contract, costs that are attributable to contract activity in general and can be allocated to the project, such other costs as are specifically chargeable to the Services SETA under the terms of the contract.

A maximum of 7.5% of the Discretionary Grant funding shall be allocated to support the implementation of discretionary grant projects. The support costs shall be in line with the administration costs as defined by the Grant Regulations.

ADMINISTRATIVE EXPENDITURE

The funding for administrative expenditure is derived from 10.5% of the total levies paid by the employers and investment income earned during each financial year. Administration expenses consist of the operational expenditure incurred by the Services SETA. Operational expenditure includes employee costs for non-project implementation units, consulting costs, operational travel and capital expenditure, amongst others.

SIGNIFICANT ACCOUNTING POLICIES

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

1.18. FRUITLESS AND WASTEFUL EXPENDITURE

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines, etc. (as applicable).

The Services SETA discloses fruitless expenditure as and when transactions that meet the definition are identified. The expenditure is tracked on a fruitless and wasteful expenditure schedule. The process for determination, assessment, recommendation, recovery and removal is detailed in the Loss Control Function policy and standard operating procedure.

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 when recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19. 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. PFMA;
- b. Treasury Regulation;
- c. Grant Regulation; or
- d. Any other relevant legislative prescripts.

Per the Services SETA Loss Control Policy and Procedure, the entity must institute an investigation into the occurrence of the irregular expenditure within

30 days from being identified and report the outcome of the investigation to the governance structures within 3 months.

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.

1.20. BUDGET INFORMATION

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

The approved budget covers the fiscal period from 2024/04/01 to 2025/03/31.

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

SIGNIFICANT ACCOUNTING POLICIES

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

1.21. RELATED PARTIES

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

Transactions are disclosed as related party transactions where the Services SETA has, in the normal course of its operations, entered into transactions with entities related to the Department of Higher Education and Training Authority, payments to members of the Accounting Authority and key management. In addition, inter-seta transactions are disclosed as related party transactions due to employers moving from one SETA to another.

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

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

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

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

1.23. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. The use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the annual financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

2. NEW STANDARDS AND INTERPRETATIONS

2.1. STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after April 1, 2025 or later periods:

STANDARD/ INTERPRETATION:	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT:
Amendments - Improvements to Standards of GRAP	April 1, 2009	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	April 1, 2009	Unlikely there will be a material impact
iGRAP 22 Foreign Currency Transactions and Advance Consideration	April 1, 2025	Unlikely there will be a material impact
GRAP 104 (as revised): Financial Instruments	April 1, 2025	No material impact

3. INVENTORIES

Stationery

Inventory balance reconciliation

Opening balance

Acquisition during the year

Consumption during the year

	121	237
Opening balance	237	374
Acquisition during the year	183	124
Consumption during the year	(299)	(261)
	121	237

4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Prepayments

Deposits

Accrued investment income

Other receivables

Prepayments	2,824	2,617
Deposits	189	189
Accrued investment income	1,827	2,769
Other receivables	439	152
	5,279	5,727

Municipal deposits are for the below properties

Bloemfontein

Johannesburg

Nelspruit

Port Elizabeth

Bloemfontein	33	33
Johannesburg	124	124
Nelspruit	28	28
Port Elizabeth	4	4
	189	189

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

Other non-financial asset receivables included in receivables from exchange transactions above are as follows:

Prepayments	2,824	2,617
Financial asset receivables included in receivables from exchange transactions above	2,266	2,921
Total receivables from exchange transactions	5,279	5,727

The previously stated figure for other receivables in FY2023-24 was R13K. Refer to note 30 for details.

TRADE AND OTHER RECEIVABLES PLEDGED AS SECURITY

No trade and other receivables were pledged as security for the current and prior year.

TRADE AND OTHER RECEIVABLES IMPAIRED

As at 31 March 2025, an amount of R9,687.13 (FY2024: R2,859.18) for other receivables was written off due to it being irrecoverable.

5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

DG Bursary receivable	8,761	8,761
DG Project prepayment	7,561	-
Inter-SETA transfer receivable	466	70
Mandatory grants receivable - SARS adjustment	321	786
	17,109	9,617

Other non-financial asset receivables included in receivables from non-exchange transactions above are as follows:

MG receivable - SARS adjustment	321	786
InterSETA receivable	466	70
DG project prepayment	7,561	-
	8,348	856
Financial asset receivables included in receivables from non-exchange transactions above	8,761	8,761
Total receivables from non-exchange transactions	17,109	9,617

The previously stated figure for DG receivable in FY2023-24 was R0K. Refer to note 30 for details.

DG project prepayment - at year end there were projects that had tranche 1 paid while not all required documents were submitted. The decision made was to manage the risk of high learner dropout rate. The receivable does not meet the definition of a financial instrument, as its expenditure already incurred and settled.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

DG Bursary receivable - there was assessment of statements of bursars who were previously funded to establish allocation of payments to the bursars. Historically, there were delays in verification of documents to support payments which resulted in bursars finding alternative funding avenues. This resulted in Services SETA payments being partially utilised and a portion being refundable to Services SETA. The financial asset is recoverable and has no indicators of impairment. Refer to note 32 on the assessment of risk of recoverability.

MANDATORY GRANT RECEIVABLE RECONCILIATION

Mandatory grants receivable arise as a result of SARS adjustments subsequent to the Services SETA having paid out the grants. The receivable is set off against future mandatory grants payable by the Service SETA to the employer concerned. Provision for bad debt is raised for entities that have become dormant or are indicated to be undergoing liquidation proceedings.

MG Receivable	332	896
Provision for Bad Debt - MG	(11)	(110)
	321	786

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	10	13
Bank balances	178,123	493,568
Short-term deposits	3,920,929	2,717,249
	4,099,062	3,210,830

Cash on hand constitutes petty cash that is spread across ten provincial offices, including head office.

Short-term deposit is funds held mainly at the Reserve Bank (CPD account), which is a call account and does not require notice periods. Other call account is within standard bank used for day-to-day cashflow management.

As required in terms of Treasury Regulation 31.2, the Services SETA holds bank accounts with financial institutions approved by the National Treasury. The Skills Development Act Regulations state that the Services SETA may, if not otherwise specified in

the PFMA, invest the money in accordance with the Investment Policy approved by the Accounting Authority. Short-term deposits are invested in line with the Investment Policy.

Services SETA does not have any overdraft balances. No cash and cash equivalent were pledged as collateral in the current or prior years.

Except for petty cash, all cash balances that remain unused at end of the financial year are included in the DG reserves calculation. These funds are specifically reserved for DG projects.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

7. PROPERTY, PLANT AND EQUIPMENT

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	40,475	-	40,475	36,890	-	36,890
Buildings	65,119	(21,623)	43,496	66,401	(16,815)	49,586
Building machinery	2,767	(2,317)	450	2,767	(2,539)	228
Furniture and fixtures	19,216	(17,317)	1,899	19,260	(17,884)	1,376
Motor vehicles	16,218	(12,739)	3,479	16,382	(13,086)	3,296
Office equipment	9,175	(7,118)	2,057	10,453	(8,437)	2,016
Computer equipment	21,250	(13,974)	7,276	19,932	(16,903)	3,029
Computer networks	8,520	(7,178)	1,342	8,520	(7,678)	842
	182,740	(82,266)	100,474	180,605	(83,342)	97,263

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2025

	OPENING BALANCE	ADDITIONS	DISPOSALS	REVALUATIONS	REASSESSMENT OF ASSETS	DEPRECIATION	TOTAL
Land	36,890	-	-	3,585	-	-	40,475
Buildings	49,586	-	-	(1,282)	-	(4,808)	43,496
Building machinery	228	-	-	-	349	(127)	450
Furniture and fixtures	1,376	298	(4)	-	1,065	(836)	1,899
Motor vehicles	3,296	-	(16)	-	1,671	(1,472)	3,479
Office equipment	2,016	241	-	-	601	(801)	2,057
Computer equipment	3,029	6,041	(374)	-	1,347	(2,767)	7,276
Computer networks	842	-	-	-	1,062	(562)	1,342
	97,263	6,580	(394)	2,303	6,095	(11,373)	100,474

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2024

	OPENING BALANCE	ADDITIONS	DISPOSALS	REVALUATIONS	DEPRECIATION	IMPAIRMENT REVERSAL	TOTAL
Land	39,915	-	-	(3,025)	-	-	36,890
Buildings	48,655	-	-	4,954	(4,023)	-	49,586
Building machinery	364	-	-	-	(136)	-	228
Furniture and fixtures	1,378	463	(5)	-	(719)	259	1,376
Motor vehicles	2,989	-	-	-	307	-	3,296
Office equipment	3,253	57	(7)	-	(1,287)	-	2,016
Computer equipment	3,039	1,875	(290)	-	(1,595)	-	3,029
Computer networks	1,304	-	-	-	(462)	-	842
	100,897	2,395	(302)	1,929	(7,915)	259	97,263

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

PLEDGED AS SECURITY

No Services SETA property, plant and equipment assets are pledged as security:

DEPRECIATION RATES

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Land		Not depreciated
Buildings	Straight-line	20 - 30
Building machinery	Straight-line	5 - 25
Furniture and fixtures	Straight-line	5 - 25
Motor vehicles	Straight-line	5 - 25
Office equipment	Straight-line	5 - 25
Computer equipment	Straight-line	3 - 25
Computer network	Straight-line	3 - 25

REVALUATIONS

The effective date of the revaluations will be Monday, March 31, 2025. The properties have been assessed for market and residual values. The market value assessment was conducted for two properties (Nelspruit office and Midrand land) while all other properties had their residual value assessed.

Land and buildings are re-valued independently every three (3) years.

Revaluations were performed by independent valuers, from the firm DDP Property Valuation. The experts that conducted the valuation are as follows:

- › Malcom Gardiner - SACPVP No.:4330
- › Beukes Kuit - SACPVP No.:7331
- › Andrew Taylor - SACPVP No.:4967
- › Antonie Oosthuizen - SACPVP No.:7821
- › Arno Terblanche - SACPVP No.:8303
- › Henco Pieters - SACPVP No.:8489
- › Andries Fick - SACPVP No.:6170
- › Nicholas Peel - SACPVP No.:8066
- › Mari Botha - SACPVP No.:8248

METHOD OF VALUATION

The net normalised income of the property is determined based on the assumption that the property is fully let at open market rentals, market escalation applies and incurs market related operating costs. The net normalised income is then capitalised into perpetuity using a market-related capitalisation rate to reflect the open market value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

Change in Accounting estimate**Property, plant and equipment that was fully depreciated and reassessed****(Historical and New NCA)**

Building Machinery (36 items)	2	331
Computer equipment (415 items)	-	956
Computer networks (69 items)	26	891
Furniture & fittings (1368 items)	-	1,024
Motor vehicle (9 items)	206	1,635
Office equipment (292 items)	141	948
	375	5,785

Depreciation reassessment - current year and future years

Building machinery	77	331
Computer equipment	665	956
Computer networks	376	891
Furniture & fittings	278	1,024
Motor vehicles	652	1,635
Office equipment	279	948
	2,327	5,785

In the current year an independent valuator firm was sourced to assist the Services SETA to determine the future usability of the large number of aged items of PPE. The process identified new values and expected additional useful lives that the SETA considered when performing reassessment of the assets.

EXPENDITURE INCURRED TO REPAIR AND MAINTAIN PROPERTY, PLANT AND EQUIPMENT**Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance**

Building maintenance	5,474	5,203
Motor vehicle maintenance	1,934	1,930
Cleaning of properties	2,909	2,351
	10,317	9,484

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

8. INTANGIBLE ASSETS

	2025			2024		
	Cost /Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost /Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	90,027	(71,036)	18,991	84,838	(78,257)	6,581
Computer software under development	23,376	-	23,376	21,624	-	21,624
TOTAL	113,403	(71,036)	42,367	106,462	(78,257)	28,205

RECONCILIATION OF INTANGIBLE ASSETS - 2025

	OPENING BALANCE	ADDITIONS	TRANSFERS	AMORTISATION	TOTAL
Computer software	6,581	-	16,053	(3,643)	18,991
Computer software under development	21,624	17,805	(16,053)	-	23,376
	28,205	17,805	-	(3,643)	42,367

RECONCILIATION OF INTANGIBLE ASSETS - 2024

	OPENING BALANCE	ADDITIONS	DISPOSALS	TRANSFERS	AMORTISATION	TOTAL
Computer software	15,035	-	-	1,647	(10,101)	6,581
Computer software under development	20,824	4,192	(1,745)	(1,647)	-	21,624
	35,859	4,192	(1,745)	-	(10,101)	28,205

Intangible assets in the process of being developed

Customer Experience system (D365)	4,844	462
Corporate Identity and Brand Protection system	631	-
Tender Management Module (D365)	240	-
Memo Automation System	964	964
Remote Monitoring System	16,697	16,698
Finance & Operations Module (D365)	-	3,500
	23,376	21,624

OTHER INFORMATION

Fully amortised intangible assets reassessed (12 items historical and New NCA)	-	1,302
--	---	-------

The additions to Intangible assets under development in FY2023-24 was previously disclosed at R231K. Refer to note 30 for details.

No item of software was identified to be impaired in the current year

USEFUL LIVES IN YEARS

Straight line method of amortisation over a range of **3 - 25 years**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

9. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	7,520	1,521
Accrued employee costs	6,777	3,388
Other payables	1,918	1,690
Accrued leave pay	9,480	7,033
Accrued expense - admin expenses	18,772	22,710
	44,467	36,342

The previously stated figure for accrued expenses in FY2023-24 was R28.9 million. Refer to note 30 for details.

Financial liability payable included in payables from exchange transactions

Trade payables	7,520	1,521
Other payables	1,918	1,690
Accrued expenses	18,772	22,710
	28,210	25,921

Employee related costs are excluded from financial liability disclosure as they do not meet the definition of a financial instruments.

Through review of all payables categories at year end, no impairment loss was identified as settlement of the liabilities is certain.

10. PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Accrued expenses - DG	130,268	97,605
Trade payables - DG	33,226	47,483
Mandatory grant payable	125,230	98,287
Inter-SETA payable	1,575	92
	290,299	243,467

The previously stated figure for accrued expenses (DG) in FY2023-24 was R13.4 million. Refer to note 30 for more details.

The donor funding disclosure is now being correctly separately disclosed to align with requirements of GRAP. Refer to note 11.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

Financial liability included in payables from non-exchange transactions

Trade payables (DG)	33,226	47,483
Accrued expenses (DG)	130,268	97,605
	163,494	145,088

Mandatory Grant payable and Inter-SETA payables are driven by the Grant Regulation and there is no contractual agreement between Services SETA and the creditors. The payable thus does not meet the definition of financial instrument.

In the current year, the Services SETA embarked on a process to trace learners that had historical stipend owed to them. After unsuccessfully attempting to finding the learners using a third-party provider, a decision was made that balance of R9,9 million previously disclosed as a stipend payable had prescribed and written off in the current year.

11. DONOR FUNDING UNSPENT BALANCE

The donor funding relates partnerships between Services SETA and (i) the North-West Department of Economic Development, Environment, Conversation and Tourism (DEDECT) and (ii) the KwaZulu National Department of Economic Development, Tourism and Environmental Affairs (KZN EDTA)

Unspent conditional grants and receipts comprises of:

Unspent donor fund	22,917	14,079
Movement during the year		
Balance at the beginning of the year	14,079	2,974
Additions during the year	14,629	12,900
Income recognition during the year	(5,791)	(1,795)
	22,917	14,079

The grants received are geared towards Candidacy and Skills Programme projects for DEDECT and Unemployed learnership and Candidacy projects for KZN EDTEA. The funds received are conditional and recognised as a liability, and the liability is realised to revenue when the corresponding expenditure is incurred and the conditions of the grant are met.

At year end the KZN EDTEA project was still in progress (not all milestones had been completed at year end) while the DEDECT project was in the finalisation stage.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

12. PROVISIONS

RECONCILIATION OF PROVISIONS - 2025

	OPENING BALANCE	ADDITIONS	UTILISED DURING THE YEAR	REVERSED DURING THE YEAR	CHANGE IN ESTIMATE	TOTAL
DG expenditure	45,941	-	(42,530)	-	-	3,411
Exempt employers	50,601	14,647	(11,326)	-	2,323	56,245
DG bursaries	98,063	-	-	(2,720)	-	95,343
	194,605	14,647	(53,856)	(2,720)	2,323	154,999

RECONCILIATION OF PROVISIONS - 2024

	OPENING BALANCE	ADDITIONS	UTILISED DURING THE YEAR	CHANGE IN ESTIMATE	TOTAL
DG expenditure	38,522	7,419	-	-	45,941
Exempt employers	52,802	9,672	(12,547)	674	50,601
DG bursaries	-	98,063	-	-	98,063
	91,324	115,154	(12,547)	674	194,605

PROVISION FOR EXEMPT LEVY EMPLOYERS

This provision is for employers who, even though they are not obliged to pay the skills development levy (SDL) because their payroll is less than R500 thousand, amongst others, still contribute towards the SDL. The provision covers contributions made over a period of five years. The amounts contributed can be measured reliably, however, what is uncertain is the timing. This is due to the process that requires the employers to engage directly with SARS. Any exempt contributions older than five years and not claimed are swept to discretionary reserves.

PROVISION ON DG EXPENDITURE

In the current financial year, the Services SETA entered into multiple contractual obligations with employers and training providers for the implementation of its learning interventions. The learning interventions range from a week's training to three years training duration. At year-end, there were employers and training providers who had partially fulfilled their contractual obligation of the learning interventions. The partial fulfilment demonstrated, sufficient evidence existed, that they would satisfy their contractual obligation in full when it becomes due. The provision

estimate amount is measured based on activities proportionality covered between the last claim and the end of the reporting period.

PROVISION ON DG BURSARIES

The provision for bursaries is in relation to reported bursars that are as compliant and considers newly entered and continuing learners at the end of the financial year.

The Services SETA entered into contractual agreements with institutions of higher learning and third parties to grant bursaries to qualifying students. At year-end the implementing partners had provided qualifying students, whose fees are expected to be settled within the next 12 months. The outflow of economic benefits can be estimated reliably and will be confirmed once fee statements are available.

FINANCIAL LIABILITY INCLUDED IN PROVISIONS

The provision for exempt employers is excluded from financial liability disclosure as the provision is based on Grant Regulation requirements and there is no contractual agreements with the employers, thus not meeting the definition of a financial instrument.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

DG grant provision - is bursary provisions on contractual obligations Services SETA has with 3rd parties for the recruitment of learners requiring bursary funding. There are no indicators of impairment of the balance as at 31 March 2025.

The DG Expenditure Provision - is expenditure incurred for projects through contractual obligations with training providers, partial fulfilment of training by providers at end of the financial year resulted in the provision.

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000
Discretionary Grants Provision	95 343	98 063
DG Expenditure Provision	3 411	45 941
	98 754	144 004

13. REVALUATION RESERVE

The reserve on revaluation of property owned by Services SETA is disclosed as below

Opening balance	4,954	-
Change during the year	2,303	4,954
	7,257	4,954

14. ACCUMULATED SURPLUS

ALLOCATION OF THE SURPLUS/(DEFICIT) FOR THE YEAR TO RESERVES - 2025

	ADMINISTRATION RESERVE	EMPLOYER GRANT RESERVE	DISCRETIONARY GRANT RESERVE	TOTAL
Skills development levy income	-	-	-	-
› Administration levy income	273,992	-	-	273,992
› Grant levy income	-	522,038	-	522,038
› Discretionary grant levy	-	-	1,291,547	1,291,547
Penalties and interest	-	-	31,562	31,562
Investment income	-	-	280,656	280,656
Other income	7,264	15,779	15,759	38,802
Total income	281,256	537,817	1,619,524	2,438,597
Administration expenses	(409,015)	-	-	(409,015)
Employer grants expenses	-	(278,108)	-	(278,108)
Project expenses	-	-	(865,039)	(865,039)
Loss on disposal of assets	(394)	-	-	(394)
	(128,153)	259,709	754,485	886,041

	ADMINISTRATION RESERVE	EMPLOYER GRANT RESERVE	DISCRETIONARY GRANT RESERVE	REVALUATION RESERVE	TOTAL
Opening balance	66,054	1,482	2,790,896	4,954	2,863,386
Surplus/(deficit) for the year	(128,153)	259,709	754,485	-	886,041
Revaluation surplus - fair value adjustment	-	-	-	2,303	2,303
Reallocation of funds to reserve	143,580	(259,717)	116,137	-	-
	81,481	1,474	3,661,518	7,257	3,751,730

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

ALLOCATION OF THE SURPLUS/(DEFICIT) FOR THE YEAR TO RESERVES - 2024

	ADMINISTRATION RESERVE	EMPLOYER GRANT RESERVE	DISCRETIONARY GRANT RESERVE	REVALUATION RESERVE	TOTAL
Skills development levy income	-	-	-	-	-
› Administration levy income	253,663	-	-	-	253,663
› Grant levy income	-	483,204	-	-	483,204
› Discretionary grant levy	-	-	1,195,807	-	1,195,807
Penalties and interest	-	-	26,657	-	26,657
Investment income	-	-	210,669	-	210,669
Other income	715	6,325	1,854	-	8,894
Total income	254,378	489,529	1,434,987	-	2,178,894
Administration expenses	(355,417)	-	-	-	(355,417)
Employer grants expenses	-	(253,821)	-	-	(253,821)
Project expenses	-	-	(571,921)	-	(571,921)
Loss on disposal of assets	(301)	-	(1,746)	-	(2,047)
Prior period error - note 27	(3,021)	-	(65,513)	-	(68,534)
Net surplus/(deficit) allocated	(104,361)	235,708	795,807	-	927,154

	ADMINISTRATION RESERVE	EMPLOYER GRANT RESERVE	DISCRETIONARY GRANT RESERVE	REVALUATION RESERVE	TOTAL
Opening balance	65,951	1,017	1,848,391	-	1,915,359
Prior period error - Note 27	-	-	15,919	-	15,919
Surplus/(deficit) for the year	(104,361)	235,708	795,807	-	927,154
Revaluation surplus on property	-	-	-	4,954	4,954
Reallocation of funds to reserve	104,464	(235,243)	130,779	-	-
	66,054	1,482	2,790,896	4,954	2,863,386

15. OTHER REVENUE - EXCHANGE

Other income - exchange	7,264	715
-------------------------	-------	-----

The major movement in income is due to reassessment on assets that was done in the current year that resulted in values that are higher than depreciation incurred in the current year.

The previously started amount for MG refund for FY2023-24 was R332K. Refer to note 30 for details.

The amount included in other revenue arising from exchanges of goods or services are as follows:

MG - Refund	539	468
Insurance Recoveries	629	230
Admin Write-off	-	17
Movement in assets	6,096	-
	7,264	715

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

16. INVESTMENT REVENUE

Interest revenue

Bank	280,656	210,669
------	---------	---------

The amount included in Investment revenue arising from exchange transactions amounted to R281 million (FY2023-24 R211 million)

17. LEVIES

Admin Levies - Current	274,880	253,377
Inter-seta transfers-in	57	9
Inter-seta transfers-out	(204)	(12)
Employer grant - Exempt Employers	(741)	289
	273,992	253,663
Mandatory Grants Levies - Current	523,728	482,659
Inter-seta transfers-in	108	17
Inter-seta transfers-out	(388)	(23)
MG - Exempt Employers	(1,411)	550
	522,038	483,204
Discretionary Grants Levies - Current	1,295,730	1,194,458
DG - Inter SETA Transfer In	268	43
DG - Exempt Employers	(3,492)	1,362
Inter-seta transfer-out	(959)	(56)
	1,291,547	1,195,807
	2,087,577	1,932,675

18. FINES, PENALTIES AND FORFEITS

Penalties	15,103	14,356
Interest	16,459	12,300
	31,562	26,656

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

19. OTHER INCOME FROM NON-EXCHANGE TRANSACTIONS

DG Project Income	5 792	1 795
Mandatory grants write-off	15 779	6 325
DG Recoveries	15	-
Discretionary grant write-off	9 952	60
	31 538	8 180

The major balances that make up other income from non-exchange transactions are as below:

Mandatory grant write off - the Mandatory Grant Payable is carried for 5 years, should employers not submit compliant Work Training Plans or Annual Training Reports as per the required timelines, then the balance of year six are written off. The Income Tax Administration Act, sec 190 is applied by the Services SETA. The years written off for FY2025 was 2019 and for FY2024 was 2018.

DG Project Income - The Services SETA has conditional grant agreements with (i) North-West Department of Economic Development, Environment, Conversation and Tourism (DEDECT) and (ii) Kwa-Zulu National Department of Economic Development, Tourism and Environmental Affairs (KZN EDTEA). The income disclosed is equivalent to the expenditure incurred in the financial year.

Discretionary grant write off - The balance is normally for any payables that have prescribed and are approved for write off. In the current financial year, the stipend payable linked to historical balances for learner's stipend was written off. The Services SETA had engaged a third party with capabilities to trace individuals, with no success, resulting to decision to write off the payable.

20. TOTAL REVENUE

Other income - exchange	7 264	715
Interest received - investment	280 656	210 669
Skills Development Levy - Income	2 087 577	1 932 674
Skills Development Levy - Penalties & Interest	31 562	26 656
Other income: non-exchange	31 538	8 179
	2 438 597	2 178 893

The amount included in revenue arising from exchanges of goods or services are as follows:

Other income - exchange	7 264	715
Interest received - investment	280 656	210 669
	287 920	211 384

The amount included in revenue arising from non-exchange transactions is as follows:

Skills Development Levy - Income	2 087 577	1 932 674
Skills Development Levy - Penalties & Interest	31 562	26 656
Other income: non-exchange	31 538	8 179
	2 150 677	1 967 509

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

21. ADMINISTRATION EXPENSES

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000
Advertising and promotional material	33,396	14,765
Auditors' remuneration (Refer to note 22)	10,936	8,225
Bank charges	264	213
Consulting and professional fees	35,926	42,799
Rentals	614	683
Insurance	1,069	3,022
Venue hire, catering and refreshments	2,308	1,587
IT expenses	28,833	19,485
Donations	3,859	1,004
Printing and stationery	816	591
Security	14,993	7,456
Staff welfare	482	362
Subscriptions and membership fees	125	114
Communication expenses	13,944	9,357
Training & development	5,281	5,317
Travel and accommodation	8,105	4,972
Office tools	692	178
Electricity, rates & taxes	6,454	11,496
Admin write off	10	3
Repairs & maintenance (Refer to note 20)	10,317	9,485
Employee costs (Refer to note 21)	191,696	181,107
Quality Council for Trades and Occupations fee 0.5%	13,719	12,290
Governance fees	12,785	9,641
Depreciation and amortisation - admin related assets	12,391	14,288
	409,015	358,440

The previously stated amount for admin expenses for FY2023-24 was R355 million. Refer to note 30 for details.

22. REPAIRS AND MAINTENANCE

Cleaning of properties	2,902	2,351
Motor vehicle expenses - repairs, petrol & license	1,934	1,930
Repairs of buildings and fuel for the generators	5,474	5,203
	10,310	9,484

23. EMPLOYEE COSTS

Salaries and wages	163,694	141,342
Medical aid contributions	28,369	27,398
Compensation for Occupational Injuries and Diseases	431	395
Leave pay provision charge	3,236	309

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000
Allowances		
› Basic education allowance	3,482	3,207
› Other fringe benefits	4,330	4,077
› Pension contributions - Defined contribution plan	16,619	15,559
› Housing benefits and allowances	10,479	10,259
Reallocate to DG	(38,943)	(21,439)
	191,697	181,107

24. AUDITORS' REMUNERATION

Internal audit fees	3,462	2,401
External audit fees	7,474	5,824
	10,936	8,225

25. EMPLOYER GRANTS AND PROJECT EXPENSES

Employer grants and project expenses for the year is stated after accounting for the following:

OVERALL EXPENDITURE

Mandatory grant expenses	278,108	253,821
DG direct expenses	794,847	600,921
DG support expenses	70,191	36,514
	1,143,146	891,256

The previously stated amount for DG direct expenses in FY2023-24 was R536 million. Refer to note 30 for details.

The discretionary grant support costs expenditure consists of the following elements:

DG SUPPORT EXPENDITURE

Legal fees	21,866	3,489
DG - Employee Costs	38,943	21,439
DG - Stationery & Consumables (Inc Certificates)	220	170
DG - Travel and accommodation	5,692	4,141
DG - Transportation Costs	846	322
DG - interest and penalties incurred	-	200
Depreciation and amortisation (DG-related assets)	2,625	6,753
	70,192	36,514

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

The discretionary grant direct expenditure consists of below elements:

DG direct expenditure

Learnerships - Unemployed PA	418 245	174 644
Learnerships - Employed PA	11 221	11 826
Apprenticeship and trade test PA	86 057	127 569
Bursaries - Unemployed PA	9 162	105 978
Internships - Unemployed entering internships - PA	18 754	12 823
Internships - FET college interns - PA	57 508	33 183
Internships - FET Graduate Placement (NCV) - PA	10 377	36 826
Internships - Work Integrated Learning (Universiti	12 519	-
Internship - SETA own	3 085	2 252
Adult Education and Training - PA	-	3 514
Recognition of Prior Learning - PA	3 820	852
Skills programmes - Employed PA	12 142	35 243
Skills programmes - Unemployed PA	95 570	11 970
Candidacy programme - PA	9 224	2 105
Co-ops Support	1 625	901
Infrastructure Development - Direct	25 138	33 517
Qualification Development - Direct	10 613	4 163
Sponsorships - Direct	2 182	3 200
Research studies	5 105	356
Infrastructure Development - Indirect	493	-
Non-credit bearing projects	2 007	-
	794 847	600 922

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000
26. CASH GENERATED FROM OPERATIONS		
Surplus	886,042	927,151
Adjustments for:		
Depreciation and amortisation	15,016	18,015
Loss on disposal of assets	394	2,046
Movements in provisions	(39,606)	103,282
Other non-cash movements - asset reassessment	(6,097)	-
Asset revaluation loss	-	3,025
Other non-cash items	-	(94)
Non-cash items -insurance asset replacement	-	(155)
Changes in working capital:		
Inventories	116	136
Receivables from exchange transactions	448	(2,277)
Other receivables from non-exchange transactions	(7,492)	408
Payables from exchange transactions	8,126	10,701
Payables from non-exchange transactions	46 832	(142 622)
Donor funding unspent balance	8 838	11 105
	912,617	930,721

27. CONTINGENCIES

The Services SETA discloses the below contingent liabilities:

DHET AND EMPLOYERS, REPRESENTED BY BUSINESS UNITY SOUTH AFRICA ('BUSA') CASE

In October 2019, BUSA won a court case against DHET where the department's decision to decrease the mandatory grant levies and grants percentage was decreased from 50% to 20% in terms of section 4(4) of the Seta grant regulations was set aside. The court did not decide on the mandatory levy or grant percentage to be applied from the court date onwards.

The effect of the ruling is that the Minister would have to decide on the percentage for mandatory grants in consultation with the sector. The Minister has not yet decided on the mandatory grant percentage.

DHET continues to show the mandatory levies portion as 20% in the 2024/25 financial year in the levy download information. The Services SETA continued

to pay and accrue mandatory grants at 20% in the 2023/24 financial year in the absence of a revised percentage, which is aligned with the approved annual performance plan.

The mandatory grant expenditure in note 25, and the mandatory grant liability in note 10 were calculated using mandatory grant percentage of 20%.

The Services SETA therefore discloses a contingent liability in regard to the amount of the mandatory grants payable to qualifying levy payers from the date of the court decision to the year-end. This is disclosed as a liability as the intention of the litigants, BUSA, was to increase the mandatory grant percentage from 20%. The timing and amount of this contingent liability is uncertain, and no reasonable estimate can be made at this point.

Currently the department is in discussions with BUSA in regard to the mandatory grant percentage.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

FIRST-TIME EMPLOYER REGISTRATIONS

The Skills Development legislation allows an employer, registering for the first time, six months to submit an application for a mandatory grant. At the reporting date it is estimated that, as a result, an additional mandatory grant expenditure of R1.5 million (2023/24: R1,5 million) will be payable, should the employers submit compliant reports. The amount is reliant on the number of submissions received and approved.

LITIGATION MATTERS

Claims by various service providers against the Service SETA with a total exposure amounting to R49 million (2023/24: R24 million). The timing and possibility of reimbursement is unknown as it is dependent on the courts/arbitration process.

The prior year balance was previously disclosed at R32 million. Refer to note 30 for more details

DESCRIPTION OF MATTER		
Cost payable due to alleged damages - matter still pending before the High Court	17 181	17 181
Claim in relation to an award for training of learners	3 000	3 000
Action for damages in the High Court - alleged breach of contract by Services SETA	2 307	3 475
Interdict issued to stop construction of chicken-run farm on community land	2 833	-
Labour court matter - unfair dismissal	2 500	-
Historical claim on contract - 2012 (matter renewed in current year)	21 589	-
	49 410	23 656

RETENTION OF SURPLUS FUNDS AS AT 31 MARCH 2025

In terms of the Public Finance Management Act (1 of 1999), as amended, all accumulated surplus funds as at year- end must be forfeited to the National Treasury should an application for the retention of surplus funds be denied. The Services SETA will submit an application for the retention of accumulated funds as at 31 March 2025 to the National Treasury.

In addition to the below line items, the Services SETA has commitments amounting to R3.4 billion (2024: R2.1 billion)

National Treasury's Instruction note No. 12 of 2020/21 issued in September 2020, clarified that the surplus funds should be determined as follows:

DESCRIPTIONS		
Cash and cash equivalents	4 099 062	3 210 830
Receivables from exchange transactions	5 279	5 727
Receivables from non-exchange transactions	17 109	9 617
Payables from exchange transactions	(44 469)	(36 343)
Payable from non-exchange transactions	(290 299)	(243 467)
Unspent donor funding liability	(22 917)	(14 079)
Provisions	(154 999)	(194 605)
	3 608 766	2 737 680

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

28. COMMITMENTS

The Services SETA commitments consist of operating & capital commitments and discretionary grant commitments.

Already contracted for but not provided for:

NON-PROJECT RELATED COMMITMENT

Operational commitment	108,028	54,829
Assets	3,585	16,563
	111,613	71,392

PROJECTS RELATED COMMITMENT

DG Commitment	3,424,633	2,052,207
---------------	-----------	-----------

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

					2025		2024 RESTATED*
					NOTE(S)	R'000	R'000
2025 R'000	AUDITED 23/24 CLOSING BALANCE	ADJUSTMENT OF OPENING BALANCE 24/25	ADJUSTED OPENING BALANCE	NEW APPROVALS	AMENDMENTS	EXPENDITURE	TOTAL COMMITMENTS
Unemployed learnership	667,962	(154,085)	513,877	936,873	(3,845)	(405,307)	1,041,598
Employed Learnership	92,740	(24,509)	68,231	41,894	(20,247)	(11,221)	78,657
Artisan Apprenticeship	490,537	(52,889)	437,648	449,712	(21,104)	(85,035)	781,221
Trade test	18,018	(4,941)	13,077	104,545	(4,797)	(1,756)	111,069
Internship - HET	82,251	(25,627)	56,624	66,844	(9,774)	(18,871)	94,823
Internship - Nated	234,116	(37,272)	196,844	205,447	(22,761)	(62,286)	317,244
Internship - TVET / Workplace	72,477	1,167	73,644	42,862	(10,794)	(10,360)	95,352
Bursaries: Employed	40,149	(394)	39,755	-	(3,840)	(1,387)	34,528
Bursaries: Unemployed - Honours	26,581	(2,998)	23,583	6,390	(5,645)	-	24,328
Adult Education and Training	10,994	(1,751)	9,243	1,440	(994)	-	9,689
Recognition of Prior Learning	13,685	(933)	12,752	45,176	(719)	(3,859)	53,350
Skills programmes: Employed	109,059	(19,003)	90,056	11,280	(11,700)	(11,553)	78,083
Skills programmes: Unemployed	29,118	(7,818)	21,300	171,968	(2,340)	(76,141)	114,787
Candidacy	66,397	(811)	65,586	27,374	(23,403)	(9,224)	60,333
Other Financial Services	175	-	175	-	-	-	175
Regulatory Board Exam							
Special Projects	218,421	(18,379)	200,042	93,312	(18,733)	(21,829)	252,792
Qualification development	7,845	(210)	7,635	6,295	(543)	(9,230)	4,157
Research	5,321	-	5,321	8,383	(667)	(4,415)	8,622
Non-Credit bearing	11,975	(300)	11,675	44,318	(2,608)	(16,489)	36,896
Internship - University WIL	23,500	-	23,500	35,310	(420)	(10,613)	47,777
Infrastructure	127,228	1,011	128,239	-	198	(2,685)	125,752
Bursaries - Mixed employment status	5,329	46,856	52,185	18,630	(11,986)	(6,644)	52,185
Business Advisory Services	1,215	-	1,215	-	-	-	1,215
	2,355,093	(302,886)	2,052,207	2,318,053	(176,722)	(768,905)	3,424,633

Adjustment to audited opening balance - refer to note 30 for reasons for the adjustments to the opening balance.

RATE-BASED CONTRACTS

Prior to 01 April 2021, the Services SETA had contracts that were not capped by nature, for goods and services provided by suppliers. A rate per commodity was applied to these contracts. This type of contracts resulted from the impracticability of reliable estimating quantities that would be required during the duration of the contracts. The budgeting process for the organisation is directly linked to the overall annual performance targets on the annual performance plan. These rate-based contracts were linked to the overall budgeting process.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

EXPENDITURE DIFFERENCE BETWEEN NOTE 25 AND 28

Expenditure on the commitment note is different to the DG direct expenditure disclosed on note 25 by R26 million, this is due to payments made for discretionary grants that do not give rise to a commitment, comprising mainly of short skills programs, bursaries and legacy projects that are no longer on the commitment schedule.

Admin commitment	111,613	77,204
DG commitment	3,424,633	2,052,207
	3,536,246	2,129,411

This committed expenditure relates to DG projects, assets and operational requirements and will be financed by available allocations from DHET, retained surpluses, existing cash resources and funds internally generated.

The implementation of these commitments will be phased in, based on the APP targets for a financial year. 80% of DG funding has to be allocated to PIVOTAL programmes, in line with the Grant Regulation No. 35940, sub-regulation 6(12).

29. RELATED PARTIES**RELATIONSHIPS**

Members of the Accounting Authority	Refer to Accounting Authority report
Ultimate controlling entity	Department of Higher Education and Training Authority
Other departments with significant influence	National Treasury
Key stakeholders	Other 20 SETA's; QCTO
Significant affiliates	All Public Higher Education and Training Institutions (HET)
Members of key management	Sipengane A - Acting Chief Executive Officer
	Matsebe T - Chief Financial Officer
	Kostlich L - Executive Manager Operations
	Motla M - Executive Manager Strategy and Insights
	Dhladhla S - Executive Manager Corporate Services
	Blaai M - Acting Executive Manager OCEO

By virtue of the Services SETA being a National Public entity related to entities and departments in the National spheres of government, it is considered related to DHET, National Skills Authority, QCTO, other SETAs, public universities, TVET colleges and CETs. The transactions are consistent with normal operating relationships between the entities and are undertaken on terms and conditions that are normal for such transactions.

Higher Education and Training Institutions - exempt entities

Transactions relation to allocations to Discretionary Grant have terms and conditions that are similar to other grantees.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

RELATED PARTY BALANCES

Inter-SETA payables

FASSET	(501)	-
MICT SETA	(1,050)	(23)
CHIETA	-	(69)
LGSETA	(23)	-

The inter-SETA payable refers to a payable as a result of levy payers that have been transferred from the services sector to another sector.

TVET AND UNIVERSITIES PAYABLES

Sefako Makgatho University	-	(66)
University of Witwatersrand	-	(66)
University of Johannesburg	(450)	(57)
Ethekwini TVET college	-	(653)
Motheo TVET college	-	(2,852)
West Coast TVET college	(258)	(858)
Goldfields TVET college	-	(846)
Tshwane University of Technology	-	(2,243)
Cape Peninsula University	(552)	(40)
Durban University of Technology	(144)	(66)
Vhembe TVET college	-	(1,825)
University of Western Cape	-	(64)
University of Limpopo	-	(66)
Walter Sisulu University	-	(312)
Orbit TVET college	-	(22)
Mpumalanga Community Education and Training (CET) College	(220)	-
Eastern Cape Community Education and Training (CET) College	(185)	-

Commitments with related parties

TVETs	260,540	229,141
Universities	243,450	249,365
CETs	30,078	10,335

Refer to note 28 for more details on DG commitments. The above balances relate to the discretionary grants awarded to the providers. Refer to note 30 for prior period adjustments to commitment balances.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

INTER-SETA RECEIVABLE

MQA	33	33
MICT	-	37
CATHSSETA	265	-
CETA	169	-
ETDPSETA	229	136

The inter-SETA receivable refers to a receivable as a result of levy payers that have been transferred from another sector into the services sector.

The ETDPSETA receivable specifically relates to the MG refund due to Services SETA for its own levy contributions and submission of WSP/ATR.

RELATED PARTY TRANSACTIONS**Levy income, penalties and interest**

Levies	2,087,577	1,932,674
Fines, Penalties and Forfeits	31,562	26,656

Purchases from related parties

TVETs - linked to commitments	(25,752)	(43,522)
Universities - linked to commitments	(32,860)	(81,123)
CETs - linked to commitments	(3,276)	(1,604)

QCTO 0.5% as per Grant Regulation

QCTO Fees (0.5%)	13,719	12,290
------------------	--------	--------

Refer to note 28 for more details in relation to DG transactions with TVETs, Universities and CETs. Refer to note 30 for prior period adjustments to DG expenditure.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

REMUNERATION OF MANAGEMENT MANAGEMENT CLASS: BOARD MEMBERS

2025	BOARD & EXCO	HR & REMCO	FINANCE COMMITTEE	TRANSFORMATION COMMITTEE	GOVERNANCE, RISK & STRATEGY COMMITTEE	OTHER ENGAGEMENTS	TOTAL
Name							
De Vries, S (Chairperson)	453	-	-	-	-	883	1,336
Madella, A	343	72	-	32	-	64	511
Karanja, A	343	72	-	-	64	232	711
Dinwa, W	338	-	72	-	48	328	786
Sithole, P	150	-	65	-	64	243	522
Dlamini, R	150	72	-	32	-	252	506
Mtsweni, T	254	97	-	-	-	113	464
Motlounge, S	150	-	-	32	59	324	565
Jhatham, A	205	56	102	-	-	137	500
Ford, J	298	56	-	-	-	139	493
Nzimande, J	150	-	80	32	-	284	546
Cowley, K	150	64	-	-	64	131	409
Gogo, N	262	-	-	43	64	200	569
Zondo, N	197	-	56	-	78	136	467
Governder, K	150	-	80	32	-	251	513
	3,593	489	455	203	441	3,717	8,898

2024	BOARD & EXCO	HR & REMCO	FINANCE COMMITTEE	TRANSFORMATION COMMITTEE	GOVERNANCE, RISK & STRATEGY COMMITTEE	OTHER ENGAGEMENTS	TOTAL
Name							
De Vries, S (Chairperson)	428	-	-	-	-	840	1,268
Madella, A	323	40	-	24	-	40	427
Karanja, A	323	48	-	-	48	96	515
Dinwa, W	305	-	56	-	40	168	569
Sithole, P	107	-	56	-	48	139	350
Dlamini, R	115	48	-	32	-	155	350
Mtsweni, T	227	65	-	-	-	88	380
Motlounge, S	107	-	-	32	62	163	364
Jhatham, A	152	40	70	-	11	48	321
Ford, J	323	40	-	-	-	115	478
Nzimande, J	107	-	56	32	8	196	399
Cowley, K	115	48	-	-	56	115	334
Gogo, N	227	-	-	43	56	112	438
Zondo, N	168	-	56	-	40	32	296
Governder, K	107	-	48	32	8	155	350
	3,134	329	342	195	377	2,462	6,839

The term of the current Accounting Authority came to an end as at 31 March 2025.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

MANAGEMENT CLASS: AUDIT COMMITTEE

2025				
Name	Audit committee fees	Other engagements	Travel claims	Total
Rabothata, KA CA (SA) -(Chairperson)	83	304	38	425
Cowley, K (AA member)	69	21	-	90
Mkhize, T CA (SA)	62	83	-	145
Galane, O (MPhil: Accounting Sciences)	83	181	-	264
Mtshweni, T (AA member)	69	21	-	90
Singh, N CA (SA)	83	181	-	264
	449	791	38	1,278

2024				
Name	Audit Committee fees	Other engagements	Travel claims	Total
Rabothata, KA CA (SA) -(Chairperson)	62	180	29	271
Cowley, K (AA member)	48	-	-	48
Mkhize, T CA (SA)	35	-	-	35
Galane, O (MPhil: Accounting Sciences)	62	63	-	125
Mtshweni, T (AA member)	48	-	-	48
Singh, N CA (SA)	55	63	-	118
	310	306	29	645

The term of the current Audit Committee ended on 31 March 2025.

MANAGEMENT CLASS: EXECUTIVE MANAGEMENT

2025				
Name	Emoluments	Pension, Medical aid & UIF	Performance incentive	Total
Sipengane A (Acting Chief Executive Officer)* ²	1,979	333	51	2,363
Matsebe T (Chief Financial Officer)	2,330	230	56	2,616
Motla M (Executive - Strategy & Insight)	2,070	317	62	2,449
Dhladhla S (Acting CEO) * ⁴	2,143	290	58	2,491
Kostlich L (Executive - Operations)	2,353	247	69	2,669
Blaai M (Acting Executive - OCEO)* ³	1,884	176	45	2,105
	12,759	1,593	341	14,693

2024				
Name	Emoluments	Pension, Medical aid & UIF	Performance incentive	Total
Fakude M (Chief Executive Officer)* ¹	1,545	179	161	1,885
Matsebe T (Chief Financial Officer)	2,049	220	128	2,397
Motla ML (Executive - Strategy & Insights)	1,967	302	128	2,397
Dhladhla S (Executive - Corporate Services)	2,026	271	128	2,425
Kostlich L (Executive - Operations)	2,232	238	141	2,611

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		2025	2024 RESTATED*	
		NOTE(S)	R'000	R'000
2024				
Name	Emoluments	Pension, Medical aid & UIF	Performance incentive	Total
Sipengane A (Acting CEO) * ²	2,135	221	128	2,484
Blaai M (Acting Executive - OCEO) * ³	1,555	167	91	1,813
	13,509	1,598	905	16,012

*Refer to note 30 for correction of the Executive Management

*1 - Chief Executive Officer resigned as at 30 September 2023

*2 - Resigned from Services SETA 31 January 2025

*3 - Currently serving as Acting Executive Manager OCEO from 01 November 2023

*4 - Currently serving as Acting CEO since 01 February 2025

30. PRIOR-YEAR ADJUSTMENTS

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

- i. DG expenditure and DG accruals - Employers and training providers delay submission of invoices and supporting documents related to project implementation. This then resulted in invoices being received in the current year but relating to prior years, confirmed through inspection of all supporting documents.
- ii. Admin expenditure, admin accruals and Intangibles - Providers that do not provide a fixed monthly service have been identified to delay submission of invoices and supporting documents, even with annual communication that is published on the Service SETA website for the timely submission of invoices.

During the current financial year, as payments are processed, invoices relating to work done in prior periods which are confirmed through inspection of supporting documents are processed to the correct accounting period.

In relation to the assets, the Services SETA embarked on a project to upgrade its financial system and create a Customer Experience system with work commencing in February 2024, however invoices for milestones completed were only submitted in current financial year due to delays in submission by implementing partner.

- iii. DG expenditure, receivable from non-exchange transactions and DG provisions - In the prior year, Services SETA received a qualification in relation to the considerations used for the determination of bursary provisions. The Service then embarked on a detailed review of all inputs used for FY2022, FY2023 and FY2024 in the determination of provisions.

The review identified some transactions should have been accounted for as accruals, as at the end of a specific financial year the Services SETA had adequate documents available for certain transactions to meet the definition of an accrual.

The detailed review of the learner statement of accounts identified that some learners recruited by Services SETA received funding from Services SETA and other institutions for the same academic year. This resulted in Services SETA raising a receivable for the specific amounts paid.

After the consideration of accruals and receivables, the balances of the provision were recalculated using all available information for a specific financial year.

- iv. Other income and receivables from exchange transactions - In the prior years, Services SETA had not performed any annual confirmation of

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

MG refund receivables at the end of each year. During the current year's finalisation process for the financial statement submission, EDTP SETA shared outstanding receivable balances for the MG refund, which indicated an outstanding balance for FY2024.

- v. Donor funding liability and other income from non-exchange transactions - In the prior years, Services SETA had lumped the donor fund liability with Payables from non-exchange transactions without disclosing any income recognition as and when expenditure is incurred.

During the current year income recognition in relation to donor funding for FY2023 and FY2024 was accounted for correctly. However, through audit, it was identified that separate disclosure for donor funding was required per GRAP requirements.

All of the above changes have an effect on the reserves, cash generated from operations note, commitment opening balances, related party note, risk management note and irregular expenditure note.

STATEMENT OF FINANCIAL POSITION

2023				
	Note	As previously reported	Correction of error	Restated
Property, plant and equipment		100,897	-	100,897
Intangible assets		35,859	-	35,859
Payables from exchange		(25,641)	-	(25,641)
Cash and cash equivalents		2,286,696	-	2,286,696
Payables from non-exchange		(265,940)	(123,122)	(389,062)
Provisions		(221,602)	130,277	(91,325)
Inventory		374	-	374
Receivable from exchange		3,453	-	3,453
Receivable from non-exchange		1,264	8,762	10,026
Reserves		(1,915,360)	(15,917)	(1,931,277)
		-	-	-

2024				
	Note	As previously reported	Correction of error	Restated
Property, plant and equipment		97,263	-	97,263
Cash and cash equivalents		3,210,830	-	3,210,830
Payables from non-exchange		(173,381)	(84,165)	(257,546)
Provisions		(222,685)	28,080	(194,605)
Intangible assets		24,244	3,962	28,206
Payables from exchange		(28,880)	(7,463)	(36,343)
Inventory		237	-	237
Receivable from exchange		5,591	136	5,727
Receivable from non-exchange		856	8,761	9,617
Reserves		(2,914,075)	50,689	(2,863,386)
		-	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

STATEMENT OF FINANCIAL PERFORMANCE

2024				
	Note	As previously reported	Correction of error	Restated
Levies, interest & penalties		1,959,331	-	1,959,331
Investment income		210,669	-	210,669
Other income - exchange transactions		579	136	715
Other income - non exchange transactions		6,385	1,794	8,179
Administration expenses		(355,419)	(3,019)	(358,438)
Loss on disposal of assets		(2,046)	-	(2,046)
Employer grants & project expenses		(825,742)	(65,514)	(891,256)
Surplus for the year		993,757	(66,603)	927,154

STATEMENT OF CHANGES IN NET ASSETS

2023				
	Note	As previously reported	Correction of error	Restated
Reserves				
Administrative reserve		65,951	-	65,951
Employer grant reserve		1,017	-	1,017
Discretionary grant reserve		1,848,391	15,917	1,864,308
		1,915,359	15,917	1,931,276

2024				
	Note	As previously reported	Correction of error	Restated
Reserves				
Administrative reserve		62,092	3,962	66,054
Employer grant reserve		1,482	-	1,482
Discretionary grant reserve		2,845,547	(54,651)	2,790,896
Revaluation reserve		4,954	-	4,954
		2,914,075	(50,689)	2,863,386

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

CASH FLOW FROM OPERATIONS NOTE

Due to the adjustments made to admin and DG expenditure, net working capital movement changed as shown below:

	AS PREVIOUSLY REPORTED	CORRECTION OF ERROR	RESTATED
Surplus for the year	993,755	(66,604)	927,151
Depreciation and amortisation	18,015	-	18,015
Movement in provision	1,083	102,199	103,282
Asset revaluation loss	3,025	-	3,025
Admin write off - net off receivables and payables	(20)	20	-
DG write off - net off receivable and payable	(60)	60	-
Changes in WC - Inventory	137	-	137
Changes in WC - Receivables for exchange transactions	(2,138)	(139)	(2,277)
Changed in WC - Receivables from non-exchange transactions	408	-	408
Changes in WC - Payables for exchange transactions	3,238	7,463	10,701
Changes in WC - Payables from non-exchange transactions	(92,559)	(50,063)	(142,622)
Loss on disposal of assets	2,046	-	2,046
Changes in WC- Donor funding unspent balance	-	11 105	11 105
Other non-cash movements - asset insurance replacement	(169)	14	(155)
Non-cash item - unreconciled	-	(95)	(95)
	926 761	3 960	930 721

LITIGATION DISCLOSURE

During the current year audit, it was identified that the litigation balances disclosed included legal fees. Legal fees are future costs that may or may not be incurred by the Services SETA based on the litigation proceedings.

The balances that were disclosed for FY2024 were reviewed against the confirmations issued by the law firms and it was identified that of the original litigation balance of R32 million, the amount of R8.7 million related to legal fees and needed to be removed from the litigation disclosure.

RELATED PARTIES

Due to the adjustments relating to DG expenditure for invoices received in the current financial year for work done in prior years, adjustment to expenditure was done. Also, a full commitment confirmation project was undertaken to ensure accuracy and completeness of all balances that should be disclosed by Services SETA. These changes resulted in the adjustment of the balances disclosed in the related party note.

Another element noted in the current financial year, was the erroneous exclusion of Mr Blaai M from the Executive Management disclosure note, as he started acting as Executive Manager - OCEO from 01 November 2023.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

Below is the changes that affect balances included in the related party note:

	AS PREVIOUSLY REPORTED	CORRECTION OF ERROR	RESTATED
Commitment balance - TVET	238,862	(9,721)	229,141
Commitment balance - Universities	186,923	62,442	249,365
Commitment balance - CETs	10,654	(309)	10,345
Commitment expenditure - TVET	35,749	7,773	43,522
Commitment expenditure - Universities	3,134	77,989	81,123
Commitment expenditure - CETs	1,324	280	1,604
Executive Management	14,199	1,813	16,012
	490,845	140,267	631,112

RISK MANAGEMENT NOTE

The invoices received in the current financial year relation to work done in prior years, the reallocation of expenditure to the relevant financial periods affected the liquidity risk disclosure linked to Payables from exchange and Payables from non-exchange (DG).

The donor funding liability was previously incorrectly disclosed as part of Payables from non-exchange, and now is separately disclosed to align with requirements of GRAP. Provisions were previously excluded from financial liability disclosure and in the current year through audit process the GRAP disclosure requirements was addressed.

LIQUIDITY RISK

	AS PREVIOUSLY REPORTED	CORRECTION OF ERRORS	RESTATED
Payables from exchange transactions	(28 880)	2 959	(25 921)
Payables from non-exchange transactions (DG)	(75 002)	(70 086)	(145 088)
Donor Funding liability	-	(14 079)	(14 079)
Provisions - DG	-	(144 004)	(144 004)
	(103 882)	(225 210)	(329 092)

COMMITMENT BALANCE

The adjustments is partly due to services rendered in previous periods with invoices only being submitted in the current financial year. Also, a full commitment confirmation project was undertaken to ensure accuracy and completeness of all balances that should be disclosed by Services SETA. These changes resulted in the adjustment of the commitment balance.

Refer to note 28 for a breakdown of the changes to the commitment balance.

Below is the overall net effect of the adjustments.

	AS PREVIOUSLY REPORTED	CORRECTION OF ERRORS	RESTATED
Balance per commitment note	2,355,093	(302,884)	2,052,209

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

IRREGULAR EXPENDITURE

Opening balance	1,262,018	1,901,883
Adjustments made	22,076	-
Restated opening balance	1,284,094	1,901,883

The adjustment made to the opening balance of irregular expenditure is due to services rendered in previous periods with invoices only being submitted in the current financial year. Also, a full commitment confirmation project was undertaken to ensure the accuracy and completeness of all balances that should be disclosed by Services SETA. These changes resulted in the adjustment of the irregular expenditure balance for FY2023-24.

31. FINANCIAL INSTRUMENTS DISCLOSURE

CATEGORIES OF FINANCIAL INSTRUMENTS

Financial assets - amortised cost

Cash and cash equivalents	4 099 062	3 210 830
Receivables from exchange transactions	2 266	2 921
Receivable from non-exchange transactions	8 761	8 761
	4 110 089	3 222 512

Financial liability - amortised cost

Payables from exchange transactions	28 210	25 921
Payables from non-exchange transactions (DG)	163 494	145 088
Donor funding liability	22 917	14 079
Provisions (DG)	98 754	144 004
	313 375	329 092

Analysis of financial assets that are past due as at the end of the reporting period but not impaired

2025	CURRENT 0 - 30 DAYS	30 - 60 DAYS	MORE THAN 120 DAYS	TOTAL
Receivable from non-exchange transactions	-	-	8 761	8 761
2024	CURRENT 0 - 30 DAYS	30 - 60 DAYS	MORE THAN 120 DAYS	TOTAL
Receivable from non-exchange transactions	-	-	8 761	8 761

32. RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Services SETA treasury maintains flexibility in funding by maintaining availability under investments.

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

Cash flow forecasts and management accounts are prepared in order to ensure there is adequate cash available for day to day transactions and that budget management is aligned with the approved Annual Performance Plan.

March 2025

	CARRYING AMOUNT	6 MONTHS OR LESS	6 MONTHS OR MORE	OVER 1 YEAR
Payables from exchange transactions	(28 210)	(28 210)	-	-
Payables from non-exchange transactions (DG)	(163 494)	(163 494)	-	-
Donor funding liability	(22 917)	(22 917)	-	-
Provisions - DG	(98 754)	(98 754)	-	-
	(313 375)	(313 375)	-	-

March 2024

	CARRYING AMOUNT	6 MONTHS OR LESS	6 MONTHS OR MORE	OVER 1 YEAR
Payables from exchange transactions	(25 921)	(25 921)	-	-
Payables from non-exchange transactions (DG)	(145 088)	(135 136)	-	(9 952)
Donor funding liability	(14 079)	(14 079)	-	-
Provisions - DG	(144 004)	(144 004)	-	-
	(329 092)	(319 140)	-	(9 952)

CREDIT RISK

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

The Services SETA's trade receivable from exchange made up of staff debt that is recovered monthly through agreed debt repayment plans or through recovery from the pension fund. The other element is accrued income which is raised purely due to the timing of receipt at year end.

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

Financial instrument	2025	2024
Cash and cash equivalent	4,099,061	3,210,829
Trade receivables from exchange	2,266	2,921
Trade receivable from non-exchange DG	8,761	8,761

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

The bursary receivable (receivable from non-exchange transaction) relates to FY2023, though the balance is past due the below considerations were considered by Services SETA to ensure recoverability:

- 1) Services SETA has offered and awarded institutions of higher learning bursaries to be allocated on an annual basis. The ongoing engagements with the institutions provide a basis for the collectability of the debt.
- 2) Partial recovery of the original overall debt from institutions already received by Services SETA, provides evidence of the recoverability of the receivable.
- 3) The intension of Service SETA is to recover the full balance within the new financial year.

MARKET RISK

Interest rate risk

As the Services SETA has significant interest-bearing assets, being cash and cash deposits, the Services SETA's income and operating cash flows are substantially affected by changes in market interest rates. The monthly cashflow projections and management accounts assist the Services SETA to monitor how to spend its funds while earning interest from banks.

33. GOING CONCERN

We draw attention to the fact that at March 31, 2025, the Services SETA had an surplus of R886 million and that the Services SETA's total assets exceed total liabilities by R3,7 billion.

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

The ability of the Services SETA to continue as a going concern is dependent on a number of factors. The going concern assessment was based on the below considerations.

1. The budget to support the APP for the financial year 2025-26 was submitted for approval by the Executive Authority. The overall expenditure required for the next 12 months is estimated at R3.1 billion, which will be funded from estimates levies to be received throughout the financial year and the accumulated surpluses.
2. The current license period ending 31 March 2030 provides confirmation that there is no indication of withdrawal of financial support by the Executive Authority.
3. The current ratio is 8.24:1 as current assets exceed current liabilities by R3.8 billion
4. The Services SETA has a positive balance of R913 million in relation to cash flows from operating activities.
5. The Services SETA does not have any long-term borrowings
6. The critical positions vacant as at 31 March 2025, are those of the Chief Executive Officer and Executive Manager, OCEO.
7. As at 31 March 2025, there were no changes to the Grant Regulation or other legislation that could have a negative effect on the Services SETA.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

34. EVENTS AFTER THE REPORTING DATE

As at 31 March 2025 the only know non-adjusting event after reporting date is the requirement for Services SETA to submit to the National Treasury as application for the rollover of accumulated surpluses by 30 September 2025. Any new non-adjusting events know during the preparation of financial statements will be disclosed as part of the AFS of March 2025.

35. UNAUTHORISED, IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

Irregular expenditure	102,108	215,211
Fruitless and wasteful expenditure	-	200
Closing balance	102,108	215,411

*Refer to reconciling notes in the annual report

ADDITIONAL NARRATIVES

RESTATEMENT OF OPENING BALANCES

The adjustments are partly due to services rendered in previous periods, with invoices only being submitted in the current financial year. Also, a full commitment confirmation project was undertaken to ensure accuracy and completeness of all balances that should be disclosed by Services SETA. These changes resulted in the adjustment of the Special Projects not awarded in an open and fair process irregular expenditure balance.

IRREGULAR EXPENDITURE FY2025

The irregular expenditure disclosed for FY2024-25 is linked to active awards that were identified as irregular in the prior periods: (1) SCM - Extension of contracts that exceeded the allowed variation

limit of 15% (contracts terminated 31 May 2024); (2) Commitment - Projects initiated without adequate evidence for Board approval (continuation of all awards), (3) SCM Infrastructure panel not evaluated per SCM prescripts (award terminates by end of May 2025), (4) Commitment - Allocations made for unsolicited proposals that cannot demonstrate openness and fairness principles of the Grant Regulation on the process followed (continuation of all awards), (5) SCM awards

- › the inclusion in the awarded panel bidders that submitted late documents (continuation of all awards), and (6) SCM awards - panel award that was evaluated by officials not formally appointed as part of the Bid Evaluation Committee and (7) Grant Regulation - exceeding the 7.5% limit of DG support costs..

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2025	2024 RESTATED*
NOTE(S)	R'000	R'000

36. BUDGET DIFFERENCES

MATERIAL DIFFERENCES BETWEEN BUDGET AND ACTUAL AMOUNTS

The final budget in the Statement of Comparison of Budget and Actual amounts represents the amount presented to the Accounting Authority and approved by the Minister of DHET to address the FY2024-25 APP.

The below variances are based on the year-to-date budget and not the budget for the year.

TOTAL REVENUE

The total revenue for the year amounted to R2.4 billion as compared to the budget of R2.1 billion. The favourable variance of 11.4% comprises R64 million from interest income on investments due to cash remaining in the bank for longer periods. The other element of the variance amounting to R185 million is from levies received that exceeded the estimated budget.

TOTAL EXPENDITURE

Actual expenditure for the year amounted to R1.5 billion compared with the budget amount of R2.3 billion, with a variance of 32%. The movement amounting to R739 million is due to below:

1. Payroll expenditure

The actual expenditure for the year amounted to R231 million, versus the budget for the year amounting to R217 million resulting in an unfavourable variance of R13 million. The variance is due to Organisational Design and the additional appointments of officials linked to the OD structure.

2. Employer grant and project expenses

Project grant and mandatory grant disbursements for the year amounted to R1.1 billion as compared to

the budget amounting to R1.8 billion resulting in a favourable variance of R720 million. The main reason for the variance is the DG direct expenditure due to low claims for active projects and majority of allocations only being made in Q3 and Q4 of a financial year.

3. Administrative expenditure

The actual expenditure for the year amounted to R217 million versus the budget for the year amounting to R245 million with a favourable variance of R28 million. The variance is due to savings on Professional and Consultancy fees.

37. B-BBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

38. TAXATION

The Services SETA is a Schedule 3A entity that is exempt from Income Tax requirements. The entity makes monthly payments to SARS in relation to PAYE, UIF and SDL.

39. INVESTIGATION

During the current financial year, internal investigations were concluded in relation to certain allegations pertaining to procurement irregularities from prior years. The investigation reports provided certain recommendations, which required the Accounting Authority to institute disciplinary hearings for affected staff members. The disciplinary inquiry, which was chaired by an independent Chairperson, concluded with no guilty charges set out.



DID YOU KNOW?

FUNERAL CHAMBER

Funeral services in South Africa are a R10 billion industry, employing thousands of undertakers, morticians, and directors who are essential in providing dignified services to families.



NOTES



Address
15 Sherborne Rd, Parktown,
Johannesburg, 2193



Telephone
011 276 9600



E-mail:
customercare@serviceseta.org.za

The Services SETA prioritises people, including beneficiaries, artisans, employees, and communities, while aligning their experiences with national development goals.