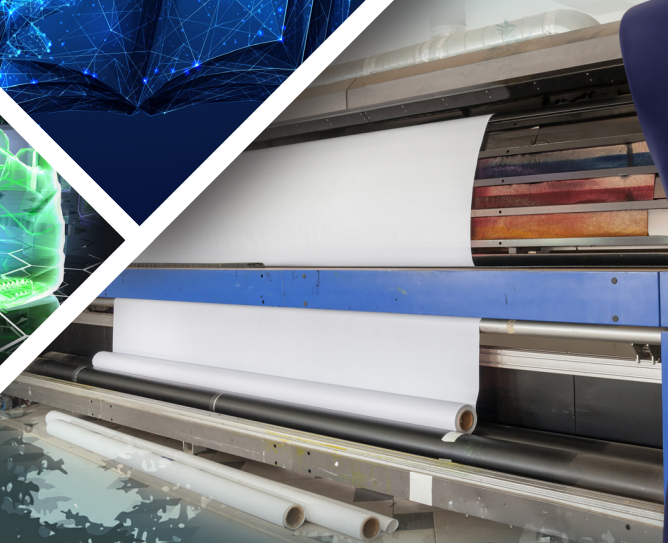




fp&m
seta

Fibre Processing & Manufacturing Sector Education and Training Authority

FUTURE PERFECT
SKILLS DEVELOPMENT



ANNUAL REPORT

2020/2021







higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



ANNUAL REPORT OF THE FP&M SETA FOR THE 2020/21 FINANCIAL YEAR

Publisher: FP&M SETA
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Layout and Design: Busi Ntuli Communications

Printer: Total Print Management

Report Number: RP126/2021

ISBN Number: 978-0-621-49414-3

For submission in terms of the *Public Finance Management Act, 1999 (Act No. 1 of 1999)*.



Honourable Minister Dr Blade Nzimande (MP), Department Higher Education, Science and Technology and Honourable Deputy Minister Buti Kgwaridi Manamela (MP), it is my pleasure and privilege to present to you the Annual Report of the Fibre Processing and Manufacturing Sector Education and Training Authority (FP&M SETA), for the financial year-ended 31st March 2021.

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

A handwritten signature in black ink, appearing to read 'F. Yende', written over a horizontal line.

Ms. Felleng Yende
Chief Executive Officer:
FP&M SETA

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PART A:

GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

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Report Number:	RP126/2021
ISBN Number:	ISBN: 978-0-621-49414-3

2. LIST OF ABBREVIATIONS AND ACRONYMS

ACRONYM	FULL DESCRIPTION
AET	Adult Education and Training
AGM	Annual General Meeting
AGSA	Auditor-General of South Africa
AFS	Annual Financial Statements
ALP	Action Learning Programmes
APP	Annual Performance Plan
AQP	Assessment Quality Partner
ATR	Annual Training Report
AVG	Average
CBD	Central Business District
CBO	Community-Based Organisation
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIA	Certified Internal Auditor
CIMA	Chartered Institute of Management Accountants
CoE	Centre of Excellence
COSATU	Congress of South African Trade Unions
CoS	Centre of Specialisation
CPD	Corporation for Public Deposits
CSTO	Co-ordinating SETA-TVET Office Model
CTFL	Clothing, Textiles, Footwear and Leather
DAC	Department of Arts and Culture
DAFF	Department of Agriculture, Forestry and Fisheries
DHET	Department of Higher Education
DQPs	Development Quality Partners
DUT	Durban University of Technology
ECRRP	Economic Recovery and Reconstruction Plan (ERRP)
EISA	External Integrated Summative Assessment
ERRP	Economic Reconstruction and Recovery Plan
ETD	Education, Training and Development
EXCO	Executive Committee
EXP	Expenditure
FIETA	Forest Industries Education and Training Authority
FP&M	Fibre Processing & Manufacturing
GRAP	Generally Recognised Accounting Practice
HEI	Higher Education Institution
HET	Higher Education and Training
HR	Human Resources
ILDPA	International Leadership Development Project
IPAP III	Industrial Policy Action Plan III
ISOE	Institutes of Sectoral and Occupational Excellence
IT	Information Technology
KZN	KwaZulu-Natal
LMIP	Labour Market Intelligence Partnership
MAPPP	Media, Advertising, Publishing, Printing and Packaging
MIS	Management Information System

PART A: GENERAL INFORMATION

MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MTSF	Medium-Term Strategic Framework
NAMB	National Artisan Moderating Body
NDP	National Development Plan
NEET	Not in Employment, Education or Training
NGO	Non-Governmental Organization
NLPE	Non-Levy Paying Entity
NPO	Non-Profit Organization
NQF	National Qualifications Framework
NSA	National Skills Awards
NSDP	National Skills Development Plan
NSDS	National Skills Development Strategy
NSFAS	National Student Financial Aid Scheme
NC	National Certificate
NCV	National Certificate Vocational
OFO	Organising Framework for Occupations
PASA	Publishers Association of South Africa
PFMA	Public Finance Management Act, 1999 (Act No. 1 of 1999)
PIVOTAL	Professional, Vocational, Technical and Academic Learning
PSET	Post-School Education and Training
QAC	Quality Assurance Committee
QCTO	Quality Council for Trade and Occupations
RPL	Recognition of Prior Learning
SAAA	South African Apparel Association
SABC	South African Broadcasting Corporation
SABDC	South African Book Development Council
SACPO	South African College Principals' Association
SACTWU	Southern African Clothing and Textile Workers Union
SADC	South African Development Community
SAGDA	South African Graduates Development Association
SAQA	South African Qualifications Authority
SARS	South African Revenue Service
SATU	South African Typographical Union
SCM	Supply Chain Management
SDL	Skills Development Levy
SETA	Sector Education and Training Authority
SLA	Service Level Agreement
SMME	Small, Medium, and Micro Enterprises
SQMR	SETA Quarterly Monitoring Report
SSA	Sector Skills Advisor
SSP	Sector Skills Plan
TVET	Technical and Vocational Education and Training
UIF	Unemployment Insurance Fund
W&R SETA	Wholesale and Retail Sector Education and Training Authority
WCM	World-Class Manufacturing
WEF	World Economic Forum
WIL	Work-Integrated-Learning
WSP	Workplace Skills Plan

3. FOREWORD BY THE CHAIRPERSON

FORMING THE BASIS FOR LIFELONG LEARNING, INCREASED PRODUCTIVITY AND QUALITY OF WORK



“ This pandemic has magnified every existing inequality in our society – like systemic racism, gender inequality, and poverty, ”

said Melinda Gates.

Few times and events in recent history have brought so many unknowns as the impact of Covid-19 on our social, economic and political lives.

As one of the key players in the skills training industry, the Fibre Processing and Manufacturing (FP&M) SETA has been devoted to continuing to serve our stakeholders during these challenging times. However, we are also dedicating time and resources to meeting the new challenges created by fundamental changes in the marketplace.

Indeed, 2020 and 2021 will surely go down in history, not just for the pandemic, but for the many ways in which people are choosing to stand together. Unemployment and underemployment are rising, and our economies are at real risk. We are also seeing an increase in mental health issues and gender-based violence as a result of mandatory lockdowns.

When I was appointed Chairperson of the FP&M SETA Board in March 2020, by the Honourable Minister of Higher Education and Training, Dr Blade Nzimande, the new coronavirus represented a major challenge to our sector and, of course, for the entire world. My tenure as Chairperson of the Board could not have started on a more challenging note, with a new Board, a new National Skills Development Plan (NSDP) mandate and a global pandemic.

Thanks to the great support from the CEO and all Members of the new FP&M SETA Board, I feel a great sense of honour to be appointed as the Chairperson. Together we strive to serve the sector with dedication by achieving the goal of the FP&M SETA's vision ***“to be recognised as a credible and effective skills development partner ensuring the delivery of service excellence that will produce a highly-skilled world-class workforce through various skills development interventions,”*** and to benefit everyone by optimising and developing diversified training services.

The reporting period 2020/21 will go down in the annals of history for the rigid implementation of the *Disaster Management Act, 2002 (Act No. 57 of 2002)* and the imposition of the *Covid-19 Risk-Adjusted Strategy Regulations* for all PSET institutions that had far-reaching economic and skills development implications for the FP&M sector. On 15th March 2020, His Excellency, The President of the Republic of South Africa, Mr Cyril Ramaphosa, declared the Covid-19 outbreak to be a National State of Disaster and during the period under review escalated the measures to combat the Covid-19 spread and announced the enforcement of a number of Covid-19 risk-adjusted nationwide lockdowns and measures to phase-out higher levels of the lockdown.

As businesses grappled to get to grips with the impact that the Covid-19 pandemic made on markets and Industry, the FP&M SETA also had to adapt to working in vastly different circumstances and surroundings. Fortunately, our business continuity plans have stood the test of time. To support the President's call and bolster efforts to flatten the Covid-19 curve, services continued to be provided remotely through the utilisation of electronic communication platforms. It is noted that training was severely affected, impacting learners, their stipends and possibly the SETA's performance. The year was characterised by a number of DHET risk-adjusted strategies including phasing-in the opening of the workplaces so that learners can return safely to workplaces and training institutions in line with the gradual re-opening as per the lockdown guidelines.

PRESENTING THE 2020/21 ANNUAL REPORT

Despite the Covid-19 challenges we have endured since March 2020, it is indeed a privilege and a honour to present the 2020/21 Annual Report of the Fibre Processing and Manufacturing Sector Education and Training Authority (FP&M SETA) on behalf of the Accounting Authority.

During the past financial year, I am pleased to report that the FP&M SETA has continued to deliver on innovation, efficiencies improved productivity and ameliorated financial management with an eye for cost reduction, an efficient business model and credible processes.

Chief Executive Officer, Ms Felling Yende's proactive and strategic leadership continues to implement innovative and solutions-based processes.

I am honoured to present the 2020/21 Annual Report of the FP&M SETA.

GOVERNANCE

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

As the FP&M SETA Board, we have a fiduciary duty to ensure that the organization operates along with solid principles of good governance and delivers at a high level to meet strategic goals. This includes ensuring that the funds entrusted to us are managed appropriately to address sector skills needs.

PART A: GENERAL INFORMATION

The FP&M SETA has always lived by sound corporate governance practices, as is evident in its structures, policies and procedures and its adherence to standards such as the King Report of Good Governance. This is a testament to our reputation as a well-governed SETA that manages its risks appropriately.

One of the key reasons for our success is the highly effective committee-driven governance structures of the FP&M SETA, which has provided exceptional oversight on the FP&M SETA's activities. The correct balance between continuity and sustainability is important for the SETA to maintain its momentum, while also benefitting from new governance thoughts and perspectives. This could take the FP&M SETA to even greater heights and achievements as a true value-adding partner in the skills development sector.

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

GRATITUDE TO BOARD MEMBERS

Working between the Department of Higher Education and Training and the FP&M SETA Management, Members of the FP&M SETA Board, whose principal importance is to focus on good governance. During the period under review, the board has translated the wishes of stakeholders into workable policies and communicated them to the management and ensured that these are complied with.

The fulfilment of the Board's role as the principal instrument of corporate governance demands that it should set strategic long term objectives of the organization and to plan for their achievement, help arrange and approve resources needed to implement the strategic plans, review the performance of the management to ensure that Board's plans are being effectively and efficiently implemented.

With a mix of the right blend and proportion of the different attributes needed in its membership, I am glad to say that the Board has delivered on its mandate to make the FP&M SETA one of the best performing organizations. We have followed appropriate degrees of accountability accorded to a skills development organization in a democratic society.

I thank my fellow Board Members for their dedicated and committed service, which makes the SETA to continuously being recognised as a benchmark organization for corporate governance.

I am pleased to report that the FP&M SETA Board and its subsidiary committees committed themselves to the highest standards of business integrity, compliance and best practice during the period under review. In the interest of good governance, Board and Committee members are always encouraged to minimise conflict of interest and are required to complete and sign a Declaration of Conflict of Interest form, declaring any potential conflict to the business mandate of the FP&M SETA at every meeting.

The SETA's governance standards compare very well with the best practices and guides the organization in instilling its values in its daily operations. The FP&M Board remains ultimately accountable to ensure that the Committees meet their oversight obligations, as contemplated in the FP&M SETA Constitution. The Board exercises its powers to ensure that the FP&M SETA's objectives and functions comply with the organization's constitutional, legislative and policy mandates.

To ensure that Board Members have the full capacity and understanding of their fiduciary responsibilities, a FP&M SETA Board Induction Workshop was held in May 2020. The workshop focused on 4IR and its impact on FP&M sub-sectors, Segregation of Powers, King IV and an understanding of corporate culture.

During the year under review, the Board enhanced its track record of sound corporate governance by providing strategic leadership to the organization as required by the *Public Finance Management Act of 1999*, other relevant legislation and codes of good practice.

PERFORMANCE INDICATORS AND TARGETS

It is with pride that I report that the FP&M SETA has achieved 100% of its performance indicators and targets, as contained in the Annual Performance Plan (APP) for the MTEF period 2020/21 - 2024/25 for SETA funded learners.

This is indeed a historic moment, representing a truly outstanding achievement. The SETA's performance demonstrates the FP&M sector's positive contribution to the overarching Government programmes.

Key to the SETA's developmental priorities mandate is the Human Resource Development Strategy; the National Development Plan; the Industrial Policy Action Plan; the outcomes of the Medium-Term Strategic Framework; and in particular, Sector Development Plans.

REPORT OF THE AUDITOR-GENERAL OF SOUTH AFRICA

We are proud to report that we have obtained another clean audit opinion from the AGSA for the 2020/21 financial year. This marks the fifth clean audit opinion from the AG in the last seven years and the third consecutive clean audit opinion. This bodes well for the SETA and we are undoubtedly proud of this remarkable achievement.

Given its short history, and the number of clean audit opinions by the AGSA since 2013, attests to the monitoring and oversight of processes and a strong control environment by the FP&M SETA Management and Board.

The period under review was one of continued consolidation, capacitation and growth. Focused attention was turned to strengthening the core business to enhance performance and service delivery. Continued good governance and accountability were also paramount in pursuit of a favourable audit outcome.

The new Board is committed to providing the necessary leadership and support to Management to ensure that the audit findings of the AGSA will be adequately addressed going forward.

Furthermore, the Board will ensure that Management develops a robust action plan that will be monitored and audited regularly in the new financial year.

FP&M SETA STRATEGIC PLAN

Since its inception in 2011, the FP&M SETA has experienced exceptional growth as an organization and has managed to cement its reputation in the FP&M sector as a credible partner in skills development. At a national level, the FP&M SETA demonstrated its commitment to the implementation of the new National Skills Development Plan (NSDP) through the alignment of its sector skills priorities with national priorities and Government policies.

Our strategy progressively demonstrates that we are closing the gaps that need to be addressed relating to areas such as the increased focus on research, monitoring and impact assessment of SETA interventions, the employability pipeline and the effective use of the Skills Development Levy (SDL), as outlined in the White Paper on Post-School Education and Training.

It is our mandate to ensure that we build a robust and fully integrated post-school education and training system for

the FP&M sector that reflects innovation that is informed by research, and that encourages continued upward growth for all of our industrial sub-sectors.

ONLINE LEARNING & DIGITAL CONNECTIVITY

As you know, although, Covid-19 is first and foremost a health crisis, its impact reverberates in different aspects of life, necessitating impromptu changes in services and deliveries and education is one of the most affected sectors.

The Covid-19 dilemma therefore, challenged innovative organizations to fashion out ways of ensuring that teaching and learning continue, even in the absence of traditional settings.

We realized that learning does not have to take place within a brick-and-mortar building, and thus deployed new methodologies to academically engage learners. This development is in line with the SETA's commitment to providing access to quality skills training to considering the current situation brought about by pandemic however, as we found that online learning solutions are needed now more than ever. We have little choice but to turn to digital channels to continue our everyday business of skills development.

Expectedly, by the time the situation returns to normal when the virus recedes, digital applications will have become more a way of life than just a convenient option that can be used sometimes.

We understand that good training services, staffed by well-motivated well-qualified staff, trusted to get on with the job without too much outside interference, is vital for the well-being of future generations. Our mandate is to produce the best skills training tools through robust teaching methods that are periodically reviewed to keep abreast with international standards.

The quality of our training is evident in the ever-consistent numbers. Every year, quality employees and students come out of our training programmes equipped with the necessary tools to pursue their dreams and aspirations.

Indeed, we are living through a difficult time for society and our economies. The crisis around the Covid-19 pandemic has left no one untouched. The virus is not only claiming human lives — it is subjecting organizations to extraordinary stress rarely seen in peacetime. But these challenges only reinforce our resolve to continue working towards the FP&M SETA vision.

PART A: GENERAL INFORMATION

GROWTH PROSPECTS

While the Covid-19 pandemic has placed a great strain on many organizations to simply survive in this challenging and complex business environment, we know we can marshal our energies to think ahead and plan for the future and emerge with the greatest competitive advantage.

As the FP& M SETA, we are looking at all aspects of our organization to determine where and what needs to change to make us faster, stronger and better. If one believes that skills development is the greatest asset, then having the right skills training process, processes and systems in place to drive those changes in work, technology, and employee experience and engagement is critical for success in the new normal.

HANDLE OUR CLIENTS' TRAINING NEEDS

For more than a decade the SETA's strength and deep expertise have enabled us to support our clients through many training projects, and this is no different today.

We continue to handle our clients' training needs, share our knowledge and innovate. With our robust infrastructure and agile working capabilities, we are devoting all our resources to help our clients and partners navigate the current circumstances.

We are confident that we will make a positive contribution even during this time of the pandemic, thanks to our deep skills training knowledge and close client relationships.

In my capacity as Chairperson, I and my fellow Board Members will continue to work to realise the FP&M SETA's priority goals and will focus on:

- Enhancing the role of SETA as a key forum for skills training;
- Helping to adapt the FP&M SETA's process to the requirements of the ever-changing skills development environment across the country;
- Assisting in providing best opportunities for further development of the SETA's training projects;
- Continuing Learning: Providing opportunities, support and capacities for young people to continue learning through non-traditional channels and
- Being an Innovator: Provide skills development opportunities for young people to be creative and innovate around Covid-19 challenges.

I am pleased to report that during the reporting period the FP&M SETA has been instrumental in addressing national priorities such as artisan development,

work-integrated learning and work experience for HET and TVET graduates. The SETA will also continue to support SMMEs and other skills development providers, including public training institutions (TVETs & CETs), to increase the scale of production and distribution of personal protective equipment (PPE). The role of skills has been identified as key in unlocking the potential of the local manufacturing sector, as well as advances brought by the Fourth Industrial Revolution (4IR). The FP&M SETA will need to focus on skills development interventions that will unlock the potential of world-class manufacturing through future and emerging skills.

THE SKILLS DEVELOPMENT JOURNEY

Over the past eight years, the FP&M SETA has proudly walked the skills development journey with dedicated, committed and collaborative stakeholders. Through effective skills development interventions, we have opened the doors to many career opportunities, making a tangible difference to the lives of all South Africans.

STRATEGY AND OPERATIONAL PERFORMANCE

Low skills perpetuate poverty and inequality. That is why the *Skills Development Act* was created to help develop the skills of people in the workplace, enabling them to better their chances of finding work and keeping a job. The Act provides a platform for increasing the volume of education and training for individuals.

Indeed, the benefits of skills training include, reduced absenteeism, increased productivity and efficiency, improved risk management, positive customer service and the recruitment and maintenance of excellent service to stakeholders and entrepreneurship.

Therefore, helping people develop and update their skills makes economic sense. According to the World Bank, to succeed in the 21st century labour market, one needs a comprehensive skill set composed of, cognitive skills, socio-emotional skills, technical skills, and digital skills.

Gender equality has been conclusively shown to stimulate economic growth. Because of this, when women earn more income, the health and education of their children improve. The UN states that women's education is a crucial factor in cutting mortality rates. Therefore, it stands to reason that when women, youth and the disabled are excluded from working, economies are restricted, and poverty continues its cycle.

Therefore, the FP&M SETA understands, that done right, skills development can reduce unemployment and underemployment, increase productivity, and improve standards of living and reduce gender inequality by ending discrimination towards women, and providing equal opportunities for education and employment.

Our Sector Skills Plan (SSP), based on credible data and empirical research, has allowed the FP&M SETA to address, through optimal planning - the sector skills gap.

During the period under review, the FP&M SETA has partnered with many organizations, institutions, both TVET and HET institutions, Government departments and community stakeholders to build a truly integrated, high-quality post-school education and training platform, all contributing to sector growth.

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

In the period under review, we responded to the call for greater efficiencies in the FP&M SETA Discretionary Grant funding model, ensuring it is deployed in a manner that provides a return on investment (ROI) for our stakeholders.

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

HIGHLIGHTS OF ACHIEVEMENTS

It is our impact on the lives of learners that lies at the heart of everything we do. I am delighted to report that an increasing number of learners are registering and completing FP&M SETA occupationally-directed qualifications; more specifically in learnerships and apprenticeship programmes.

The completion of such programmes lead to direct jobs. During the reporting period, 2,789 learners (2598 SETA funded learners and 191 industry funded learners) registered for learnership programmes and 3,138 learners (2601 SETA funded learners and 537 industry funded learners) successfully completed learnerships. Since establishment in 2011, 28,768 learners have registered for learnership programmes. The FP&M SETA also recorded achievements

with regards to entries and completion rates against its artisan programmes with 263 entries and 274 completions. Given the Covid-19 lockdown regulations, it is commendable that the FP&M SETA has met the targets for these output indicators.

It is encouraging to report that a large number of our employers are adhering to our call for "making every workplace, a training space" by taking on an increasing number of graduates for work experience, internships and work-integrated learning-programmes.

During tough economic times, I commend our employers and workplaces for providing our learner graduates with the requisite practical and workplace experience exposure and for coaching and mentoring these young minds to adapt to the discipline of workplace practice.

Employers must be commended for opening up their workplaces to 1,864 learners who were given an opportunity to register or complete work experience, internship or work-integrated-learning (WIL TVET/HET) programmes within the FP&M sector. I am also pleased that we have continued to support our NSFAS partnership, which resulted in a number of our unemployed and financially challenged learners completing bursary programmes.

BURSARY GRANTS

I am pleased that our strategic partnership with NSFAS continues to prosper. We have committed approximately R20.8 million to support our students in a number of higher education institutions that study qualifications aligned to our skills development scope. 604 learners benefitted from our bursary grants during the period under review, ensuring that learners were able to graduate with tertiary occupational qualifications.

Employers have also benefited from their partnership with FP&M SETA contributing to both the skills development and motivation of their employees. This has enabled employees to make a lasting and tangible contribution to organizational growth, productivity and prosperity.

FOOTPRINT AT TVET COLLEGES

The public TVET College and University system are central to the government's programme of skilling and re-skilling the youth and adults. Our strategy aims to purposefully support these institutions by establishing strategic collaborations and partnerships with a number of higher education and training institutions such as TVET colleges, Universities and Universities of Technology.

PART A: GENERAL INFORMATION

This will advance the vision and objectives of the post-school education and training system.

The FP&M SETA, as part of the DHET–SETA Directorate, is providing excellent leadership and guidance in establishing a best practice model for the implementation of the Co-ordinating SETA TVET Office Model (CSTO Offices), for national roll-out to all TVET Colleges across South Africa.

I am also pleased that the FP&M SETA, in partnership with Jet Education Services, is undertaking further research to consolidate the CSTO Office Model.

TVET colleges have an important task in equipping their lecturers to meet industry needs. During the reporting period, the FP&M SETA also implemented lecturer capacity building programmes to improve the education, training and development practices and capacity of TVETs for occupationally-directed programmes.

STAKEHOLDER INTERACTION

The FP&M SETA Board emphasizes stakeholder engagement, playing a critical role in guiding and informing strategic decision-making on the implementation of its skills development mandate in the sector.

My report recognises that the objectives of the FP&M SETA strategy can only be achieved with the co-operation and coordination of all key stakeholders, including employers of both public and private entities, labour, as well as other stakeholders such as Higher Education Institutions, NGOs, co-operatives and community-based organizations.

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

During the period under review, the total revenue, including income from skills development levies was approximately R251,6 million. I am pleased to report that the FP&M SETA Board has approved approximately R243 million towards skills development interventions in the sector during the 2020/21 financial year.

When compared with the previous financial year's budget of R420 million, the FP&M SETA worked with a very constrained budget during the 2020/21 year and I am most complimentary

of the tremendous effort of both staff and stakeholders in improving the overall performance of the organization.

It is the strategic objective of the FP&M SETA to disburse funds to support projects that advance sectoral priorities, occupations in demand and the MTSF (Medium Term Strategic Framework) government priorities.

Despite the impact of Covid-19 on the FP&M SETA budget, the FP&M SETA has improved its capability to manage both mandatory and discretionary grant disbursements and has produced a solid foundation for continuous improvement of future skills development.

THANKING ALL OUR STAKEHOLDERS

Allow me to take this opportunity to sincerely thank all our stakeholders and learners for showing confidence in me by entrusting me with the onerous but honourable and noble task of taking the lead in strengthening our organization for the next years and lifting it to higher levels.

At the FP&M SETA, we are taking every possible precaution to protect our employees, stakeholders and service providers and skills trainees – teleworking, using masks, social distancing, frequent hand-washing and much more.

FUTURE OUTLOOK

Looking ahead to 2021, we are preparing to address the outcomes of the National Skills Development Plan (NSDP).

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

I think that our biggest challenge going forward will be managing health and safety and the impact of Covid-19 in the education and training landscape.

APPRECIATION

I also extend my congratulations to the CEO on her appointment by the Honourable Minister of Higher Education, Science and Technology, Dr Blade Nzimande. Ms Yende is a thoroughly deserving CEO, given the sustainable high performance of the organization since her appointment in May 2013.

My gratitude goes to the CEO, her management team and all employees for their hard work and commitment over the past year. Their dedication has enabled the organization to continue to deliver at the highest level.

I would be remiss if I did not thank employers and the trade unions for their participation in SETA-funded programmes. Your participation and willingness to hire and create opportunities for learners is greatly appreciated. I am also very grateful to our providers, who constantly innovate and raise the bar, ensuring that these SETA-funded programmes are held in high esteem by both employers and the economy as a whole.

I would also like to urge FP&M SETA stakeholders to attend our Annual General Meeting (AGM). This is a wonderful opportunity to engage with FP&M SETA stakeholders and the Board. It also provides an opportunity to raise issues or concerns.

One cannot think back on 2020/21 without remembering that while in many respects it was a good year for the FP&M SETA, it was also a year that marked a period of lockdown due to the Covid-19 pandemic. We will not slow down our efforts to deliver on our commitments and support our clients and skills development partners.

I would like to place on record my sincere appreciation and gratitude to the new Board Members for diligently exercising their oversight role. I am positive that the good work of the FP&M SETA will continue and set the trend for the new Board to perform and deliver on a challenging NSDP mandate.

I also wish to thank our Honourable Minister of Higher Education, Science and Technology, Dr Nzimande, for his exceptional leadership, and the DHET for their support during a very challenging period in global history. The role played by the AGSA and Internal Audit Committee is also greatly appreciated and acknowledged.

The SETA will and must continue to drive its mandate, taking heed to employers' warning that their main opportunities will be lost should we not continue to address skills shortages. And in the end, I'm going to give the last word to the singer-sage John Lennon. If you only remember one of these aphorisms, this is the one that most succinctly captures endurance, perspective and hope: **"Everything will be okay in the end. If it's not okay, it's not the end."**

Take care and stay safe.



Advocate Michelle Odayan

Chairperson

FP&M SETA

31st July 2021

4. OVERVIEW BY THE CHIEF EXECUTIVE OFFICER

SKILLS TRAINING PROGRAMMES ARE KEY TO ANY ORGANIZATION'S LEGACY AND TALENT PIPELINE



“ With work-from-home surfacing as the new normal and the wave of digitisation across various segments, reskilling has become the need of the hour. Everyone has to develop new skills as learning is the mantra for survival. ”

*Rishikesh Kumar,
Entrepreneur, Founder and ChiefExecutive of Xtraliving.*

A NEW BOARD AND SKILLS STRATEGY

On 01st April 2020, a new Board and Chairperson was appointed to oversee the strategic and operational outputs of the organization until 31st March 2025.

The reporting period commenced with the implementation of a new skills strategy – the National Skills Development Plan (NSDP) and the new SETA landscape with effect from 01st April 2020, with the SETA strategy focusing on greater co-operation between education and training institutions and the workplace. The overall goal of the skills development system is to create “decent work”, by effectively connecting education to technical training to labour market entry to workplaces and lifelong learning.

We partnered with many organizations, institutions, government departments and community stakeholders to build a truly integrated, high-quality post-school education and training platform, all contributing to sector growth. As Jack Welch – an American businessman who led General Electric through two decades of extraordinary corporate prosperity, once said, “*Good business leaders create a vision, articulate the vision, passionately own the vision, and relentlessly drive it to completion.*” An organization’s strategy determines its deliverables, through the identification of the what, where, when and why of an organization’s reason for existence.

Figures aside, education and skills will always remain at the heart of the FP&M SETA skills strategy and we must act now, and act together.

THE IMPACT OF THE COVID-19 VIRUS LOCKDOWN ON THE IMPLEMENTATION OF THE SETAs MANDATE

The period under review commenced with the Honourable President of the Republic of South Africa, Mr Cyril Ramaphosa, declaring the Covid-19 outbreak to be a National State of Disaster. On the occasion of announcing further economic and social measures in response to the Covid-19 pandemic, on 21st April 2020, Honourable President Ramaphosa also announced a 4-month holiday for companies’ skills development levy contributions. A directive was issued to all SETAs and stakeholders to continue with the payment of learner stipends. The submission of the Workplace Skills Plans (WSP) and Annual Training Reports (ATR) normally submitted by employers on 30th April every year was further extended to 31st July 2020, in light of the nationwide lockdown.

The above measures resulted in a mid-term review of the budget and the submission of a revised Strategic Plan for the period 2020/21-2024/25 and Annual Performance Plan for 2020/21 in July 2020. The significant reduction in the budget did compromise the SETA’s ability to implement its full mandate resulting in a reduction of output indicators and targets.

SETAs were requested to work with social partners to ensure that as lockdown measures eased, learners returned to workplaces and training institutions in line with the gradual re-opening as per lockdown guidelines and the DHET Adjusted Risk Strategy of phasing-in the opening of the workplaces. In terms of the above measures and regulations and the SETAs’ obligations under the *Occupational Health and Safety Act, 1993* was to provide as far as reasonably practicable a safe and healthy work environment that is without risk to employees, learners and persons who enter the SETAs’ offices.

ECONOMIC STIMULUS FOR SMME AND FP&M COMPANIES

The economic impact of Covid-19 included a decline in exports, production, the viability of businesses, job retention and job creation. As the coronavirus pandemic wreaked havoc globally, the FP&M SETA, which is responsible for the facilitation of skills development in 13 industrial sub-sectors, prepared an economic stimulus-response in collaboration with the Department of Higher Education, Science, Technology and Innovation. The SETA supported a number of SMMEs and other skills development providers, including public training institutions (TVETs), to manufacture masks through its garment construction projects.

Many unemployed learners completed their training in garment construction and coffin-making and were absorbed in employment, whilst others have been assisted in establishing co-operatives and provided with SMME starter packs. The funding allowed some SMMEs to manufacture 1 million masks for the Department of Education. As a result of the SETA interventions, 350 employed learners from two companies were re-skilled and able to sustain their employment avoiding possible retrenchment. As part of community social investment and to assist with the health crisis, these funded projects donated facial masks for distribution to communities and charitable organizations in need as a way of giving back – supporting those that could not afford masks. Approximately 8000 masks were received. It must also be noted that the local clothing and textiles industry was given a growth opportunity with the need

PART A: GENERAL INFORMATION

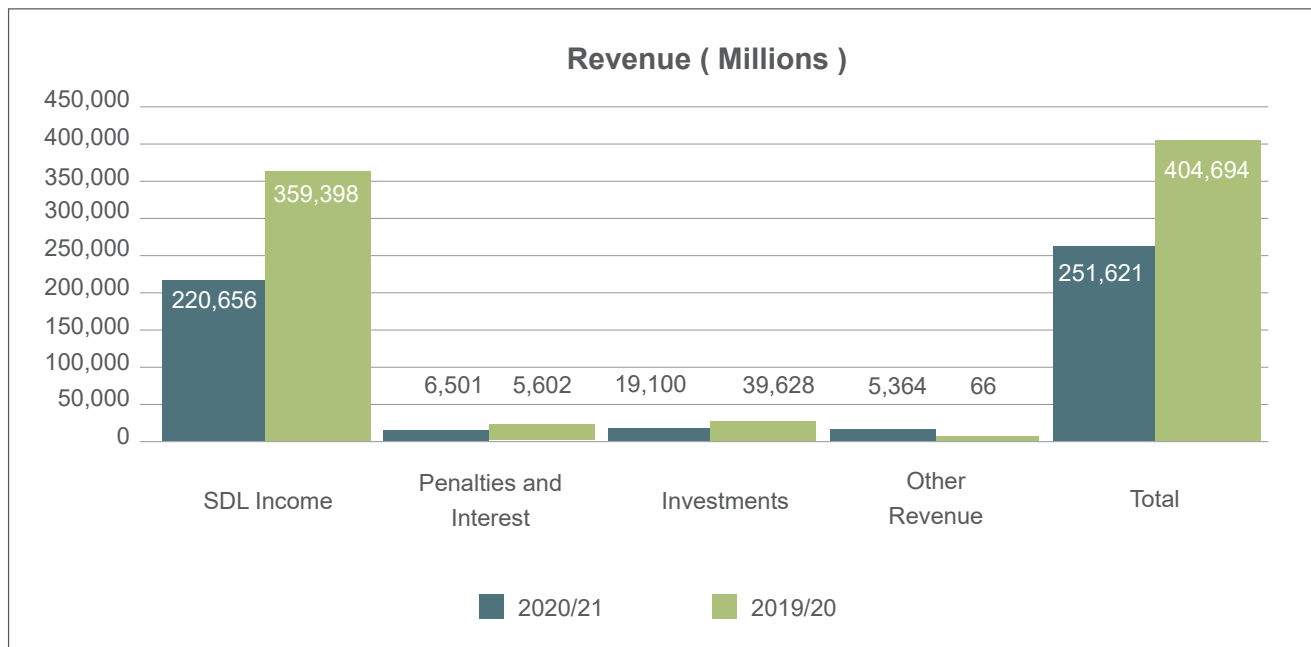
for Personal Protective Equipment (PPE) with many constituent clothing and textile companies converting their operations and production plants to manufacture masks. The panic over the Covid-19 pandemic caused people to stockpile emergency supplies, and thus the demand for disposable surgical masks, toilet paper, tissues, sanitary wipes and other paper-based hygiene products soared.

During the national lockdown, South Africa's pulp and paper sector continued to operate as a "critical business continuity service", supporting the manufacturing, processing and distribution of essential goods such as tissue, toilet paper, paper packaging, face masks and personal hygiene products.

GENERAL FINANCIAL REVIEW OF THE PUBLIC ENTITY

The FP&M SETA's financial performance is stable, with significant strides being made to ensure adequate financial and administrative controls to deliver prudent financial management, with strict adherence to *Generally Accepted Accounting Principles (GAAP) and National Treasury Regulations*.

REVENUE TRENDS



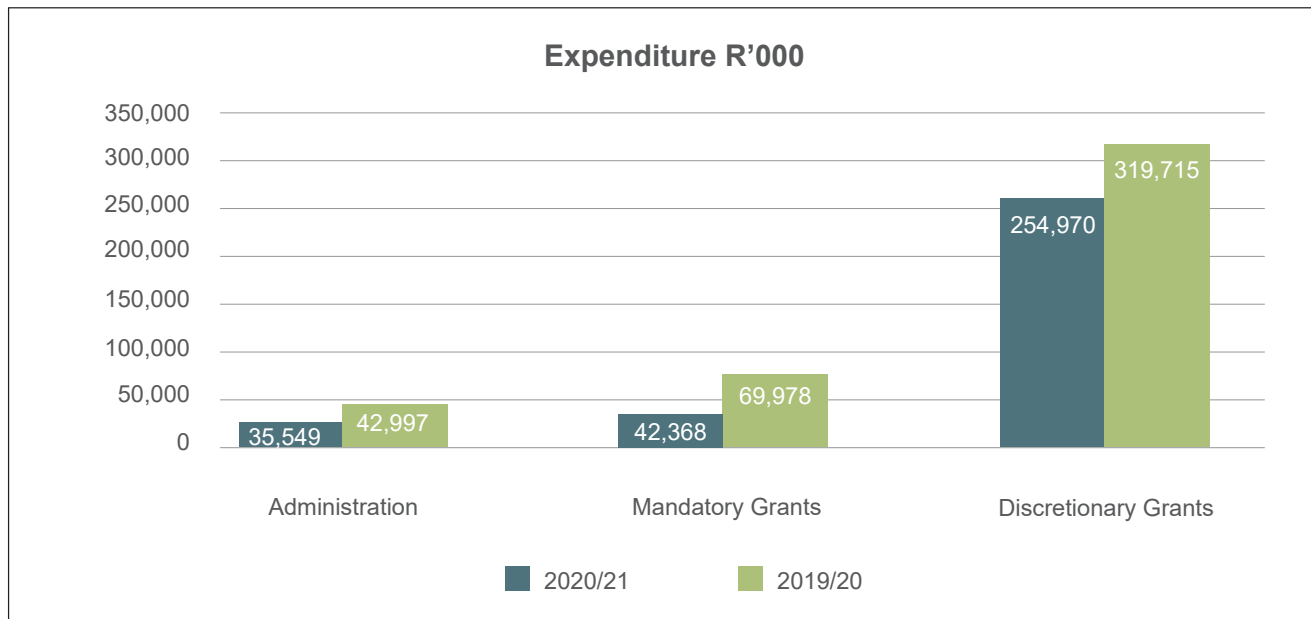
Revenue received in 2020/21 was reported at R251,6 million (2019/20: R404,6 million).

- SDL income amounted to R220.6 million (2019/20: R359,3 million) and was allocated in line with the *SETA Grant Regulations*, which came into effect on 01st April 2013:
- Administration expenditure – R35,6 million (2019/20: R42.9 million).
- Mandatory grants expenditure – R42.3 million (2019/20: R69.9 million).
- Discretionary grants expenditure – R254,9 million (2019/20: R319.7million).
- Penalties and interest income received for late payments made to SARS amounted to R6.5 million (2019/20: R5.6 million).
- Donor funding, for which the conditions were met, amounted to nil (2019/20: nil).
- Other revenue amounted to R5.3million (2019/20: R66,000).
- Investment income earned totalled R19.1 million (2019/20: R39.6 million).

INVESTMENT STRATEGY

The FP&M SETA invested excess funds with the *Corporation of Public Deposits (CPD)* as per *Section 31.3.3 of Treasury Regulations*. The average interest rate for the year totalled 3.85%.

SPENDING TRENDS OF THE FP&M SETA



ADMINISTRATION EXPENSE

The disbursement of both administrative and grant expenditure was conducted in a responsible manner and in line with the budget approved by the Board for the period under review. Regular budget reviews were conducted and amendments were made, when required, with the approval of the Board.

The total administrative expenditure totalled R35.6 million (2019/20: R42.9 million). During the year there were significant budget constraints under the 10.5% administration. The SETA had to downward revise budgets and apply to exceed the 10.5% administration threshold due to the 4 month payment holiday as a result of Covid-19. The SETA managed to remain within the approved threshold during the year.

MANDATORY AND DISCRETIONARY GRANT EXPENSES

The mandatory grant expenses totalled R42.3 million (2019/20: R69.9 million). Disbursements totalled R43 million (2019/20: R70.9 million). Mandatory grants expenses were lower in the current financial year due to lower levy income received as compared to last year. Discretionary grant and special projects expenses totalled R254,9 million (2019/20: R319.7 million).

COMMITTED FUNDS

At the end of March 2021, discretionary reserves totalled R390 million, of which R 389.9 million was contractually committed. R 75 thousand was uncommitted at year-end and approval to retain these funds has been submitted to National Treasury.

CAPACITY CONSTRAINTS AND CHALLENGES

Due to the 4 month levy-paying holiday as a result of Covid-19, the SETA was severely constrained financially. The SETA's levy budget was reduced by 37% from the initial budget set prior to Covid-19. Due to prudent financial management, the SETA managed to contain spending within budget.

NEW OR PROPOSED ACTIVITIES

Discretionary Grant applications for the implementation of new projects have been received from stakeholders in the FP&M sector and have been approved by the FP&M SETA Board. Discretionary allocations will address the pre-determined targets as set out in the 2021/22 Annual Performance Plan, which are aligned to the National Skills Development Plan.

PART A: GENERAL INFORMATION

REQUEST FOR THE ROLLOVER OF FUNDS

A request to rollover funding was submitted to National Treasury on 31st May 2021. The FP&M SETA applied to retain Discretionary Grant reserves to the amount of R390 million. The response from National Treasury is pending.

SUPPLY CHAIN MANAGEMENT

The FP&M SETA met all the prescribed SCM legislative requirements; aligned to National Treasury regulations. I am pleased to report that the SCM division has the control in place to ensure zero tolerance on non-compliance, fraud and corruption concerning the procurement of all goods and services for the organization.

The Supply Chain Management and Travel Policy was amended in line with the National Treasury latest legislation and instructions.

During the year under review, the following bids were positively concluded:

- Appointment of a public relations company
- Appointment of service provider for the SETA's Management Information System.
- Internal Audit Service Provider
- Appointment of an Internet Solution Provider

The SETA requested the National Treasury for an extension of the below contract which was approved:

- SoluGrowth (Pty) Ltd – Implementation and maintenance of an integrated Management Information System.

AUDIT REPORT MATTERS IN THE PREVIOUS FINANCIAL YEAR (2020/21)

The FP&M SETA received its fifth clean audit-opinion in the 2020/21 financial year, which is a testament to our pursuit of total compliance, good corporate governance and service delivery excellence.

Key Noteworthy Audit Success Areas and Challenges for this Financial Year (2020/21):

Audit Outcomes on Performance Information as reflected in the Final Management Report of the AGSA:

In terms of the audit on performance information, it was found that the performance evidence provided was sufficient and appropriate resulting in an unqualified opinion. The reported performance information for Programme 3 – Learning programmes and projects was also found to be useful and reliable in accordance with the applicable criteria

as developed from the performance management, and reporting framework.

Remarks on the Audited Financial Statements as reflected in the Final Management Report of the Auditor-General:

The entity was commended for submitting financial statements that were free from material misstatements. It was noted that there were no recurring findings identified in the current audit.

Status of Implementation of Commitments and recommendations made by the entity to address the prior year's and current year's audit findings:

There were no significant findings in the prior year, and management was committed to maintain the level of diligence to have no significant findings in the current year.

The FP&M SETA Board is fully committed to addressing the challenges and implementing the recommendations of AGSA regarding the entity not having an adequately resourced and functioning internal audit unit for the entire financial year and the lack of monitoring of SCM contracts.

PLANS FOR THE FUTURE TO ADDRESS FINANCIAL CHALLENGES

I can report that due to the SETA's stringent adherence to financial management best practices, our finance division ensured financial prudence and no major challenges were reported during the period under review.

The significant reduction in the budget will compromise the SETA's ability to implement its full mandate.

Operationally the need to embrace technology and operate remotely / electronically will have severe cost implications on the SETA going forward at a time when the financial resources of the SETA are constrained.

In rolling out and complying with the Alert Level minimum lockdown requirements, the FP&M SETA will need to strike the correct balance in implementing measures that are appropriate for managing the health and safety of the workplace.

EVENTS AFTER THE REPORTING DATE

ECONOMIC VIABILITY

The Annual Financial Statements (AFS) for the FP&M SETA have been prepared as a going concern.

AGSA has noted the following in its Management Report for 2020/21:

- The entity has had a deficit for the past two years, with an increase in the deficit year-on-year. However, although the deficit has increased significantly in the current year, it is due to a reduction in the skills levy received by FP&M SETA because of the announcement of payment holiday announced by the Honourable President for the period May to August 2020.
- The entity has maintained a favourable net asset position in the current year and does not face a risk with regards to the going concern assumption of the entity, and should have sufficient reserves to maintain its operations despite the deficit position of the last two years.

EMERGENCE OF INNOVATIONS IN TRAINING AND LEARNING

I am glad to say that although we were initially ill-prepared to respond to the constraints that resulted from the crisis, innovations in training and learning emerged. Covid-19 hastened and accelerated the process of innovation. The switch to remote teaching has been a process of learning by doing for all of us. Following the Covid-19 pandemic, the skills training sector will not remain the same. The workplace is transformed and digitized. We have embraced the new normal and reality.

Now as the world continues to combat the coronavirus pandemic, our sector must find creative ways to ensure continuous learning. For us, skills development programmes are important – not just at this time, but especially at this time.

Now there is no doubt that skills training programmes are key to any organization's legacy and talent pipeline and are at the heart of how businesses and even the sector will rebuild and invest now and after Covid-19.

Skills training acts as a way of ensuring that employers can get the skills they need, and it also future-proofs their industry and workforce.

Throughout my time as CEO of the FP&M SETA, I have confirmed that an appropriately skilled workforce can contribute to the competitiveness of an organization at every level, by ensuring high-quality products and bringing new and innovative ideas that are vital for continued market success.

That is why at the FP&M SETA we are focusing on identifying and addressing employer training needs through partnerships and we are engaged in ongoing improvements in delivery. We want to make training delivery as easy as possible for employers so we are looking at innovations such as online delivery and making the cost of delivery as low as possible.

EMPLOYERS BENEFIT FROM A SKILLED WORKFORCE

For us, the use of online learning is a key innovation, particularly during the Covid-19 era. We utilise the latest in learning technologies which means that where appropriate, learner employees minimise their time away from the workplace and can learn in their own time.

Throughout my tenure as CEO of the FP&M SETA, I have confirmed that employers benefit from having a qualified workforce that can adapt to new situations. If staff are trained and qualified, they tend to be motivated and more productive. But if they also have the skills to learn how to do new tasks and cope with new demands, there's a greater likelihood their improved abilities will have a positive impact on bottom-line performance.

The skills developed during this period will help us navigate the next few years after the pandemic scare has passed.

CLEAN AUDIT AWARD IS PROOF THAT COLLABORATION YIELDS POSITIVE RESULTS

When a public entity is awarded a clean audit, it is confirmation of exemplary achievement in corporate governance, risk management, consistent application of internal controls, and consistently clean financial reporting, leadership oversight, as well as hard work, dedication and commitment by employees to transparently deliver quality services.

Amongst others, the priority areas identified towards the clean audit included financial performance management, information technology, leadership, supply chain management; payroll and human resources; the completeness and accuracy of financial information; as well as general organizational compliance and performance against pre-determined objectives.

Our fifth clean audit opinion from the Auditor-General of South Africa in the last seven years, since my appointment as CEO in May 2013, has been a cherry on top of a collective

PART A: GENERAL INFORMATION

and positive effort by the FP&M SETA Board, Management and Staff, combined with the co-operation and assistance of our large and diverse stakeholder base in the skills development sector. We are most grateful for everyone's contribution to our clean audit.

The SETA has managed to retain the clean audit outcome in the current financial year - unqualified with no findings. There were no recurring findings identified in the current audit and controls that were in place worked as designed and are effective. There were some instances where the internal controls were not adequate, and these controls need to be reviewed and strengthened throughout the year. "Management must continue monitoring controls and assess if they are operating as designed to maintain and retain the audit outcome," as cited by the Auditor-General of South Africa.

This audit report confirms our commitment to our values of teamwork with a clear focus on achieving the objectives of the National Skills Development Plan which, seeks to encourage and actively support the integration of workplace training with theoretical learning.

I am not only delighted that the FP&M SETA has achieved another clean audit outcome, but that it has also recorded an overall performance of 100% achievement for SETA funded learners by meeting all 49 of its performance indicators and targets as contained in the Annual Performance Plan for 2020/21.

We are cognizant of the fact that we are one of the custodians of our country's skills development sector and we need to be smarter in carrying out our mandate with the small resources we have at our disposal.

ADDRESSING THE WIDENING SKILLS GAP THROUGH WORK-INTEGRATED-LEARNING (WIL)

Upskilling will enable organizations to teach their employees the skills that are needed within the industry, and employees will receive comprehensive training in skills that will hopefully provide them with jobs for the rest of their lives.

The importance of a healthy skills ethos across the nation cannot be emphasised enough. It is not just the responsibility of our sector, schools and universities to ensure our future workforce is equipped with the requisite skills. We are all responsible for the country's skill development endeavours.

At the FP&M SETA, we are cognizant that the greatest skills deficiencies are not simple shortages, but significant skills gaps, where people are not trained to the necessary level or do not have the range of basic skills essential for the workforce.

TRANSFORMATIONAL IMPERATIVES AND EQUITY

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

- ✓ The profile of learners demonstrates a fair balance between people from rural and urban areas.
- ✓ There are high levels of female representation in learning programmes, apart from the apprenticeship programmes (63% across programmes).
- ✓ Blacks, in general, have had expanded access to learning opportunities (99% across programmes).
- ✓ The learning programmes provided opportunities to young people, less than 35 years of age (73% across programmes).
- ✓ People with disabilities also had access to learning opportunities. This remains a low proportion. This needs to be increased to around 4-5%.
- ✓ FP&M SETA output indicators and targets are aligned to address the above.

THE FOURTH INDUSTRIAL REVOLUTION (4IR) AND THE FUTURE OF JOBS

There is no doubt that the Fourth Industrial Revolution (4IR) requires us to plan and develop for future, industry-specific emerging skills.

Our current workforce must be an upskilled, re-skilled and multi-skilled workforce to keep pace with the demands of a technologically reliant industry and to curtail further job losses. Additionally, workers need to be equipped with skills that allow for portability in an ever-changing labour market. This emphasises the importance of lifelong learning in a changing world.

Future skills for consideration for the FP&M SETA include composite manufacturing technology, digital factories, digital farming, fashion technology and digital fashion designing.

With regards to 4IR, in the short term, the FP&M SETA must:

- Identify Existing Talent
- Re-skilling / up-skilling
- Part-Qualification through Skills Programmes

We at the FP&M SETA see ourselves as a business that operates in a fast-changing and challenging market. We are also cognizant of the reality that the way we conduct our work is changing at a rapid rate, and as a result, our skills development models need to be adapted too.

I am pleased to report that during the period under review, the SETA Management fully aligned the Strategic Plan and Annual Performance Plan to the vision of Government as outlined in the National Development Plan (NDP) and the Medium-Term Strategic Framework priorities of Government.

So, to address any challenges associated with increasing occupations in high demand and scarce skills, the FP&M SETA recognizes that the best skills development experience and implementation is built by following a systematic, step-by-step process:

- **KNOW YOUR TRAINING REQUIREMENTS;**
- **IDENTIFY AND SET SKILLS DEVELOPMENT OBJECTIVES;**
- **SET OUT A TRAINING ACTION PLAN;**
- **IMPLEMENT TRAINING INITIATIVES;**
- **EVALUATE & REVISE TRAINING**

TACKLING YOUTH UNEMPLOYMENT

Unemployment has again become a major concern of policymakers in the wake of the recent economic crisis.

It is not only concerning that young people are at the epicentre of the current economic downturn, but that it could cause them long-term damage to future prospects. Almost everywhere, youth unemployment is much higher, often two or three times as high as the adult unemployment rate.

The main reason for this is that young people, despite possessing, on average, higher educational levels, are endowed with fewer skills and are less experienced than their older peers.

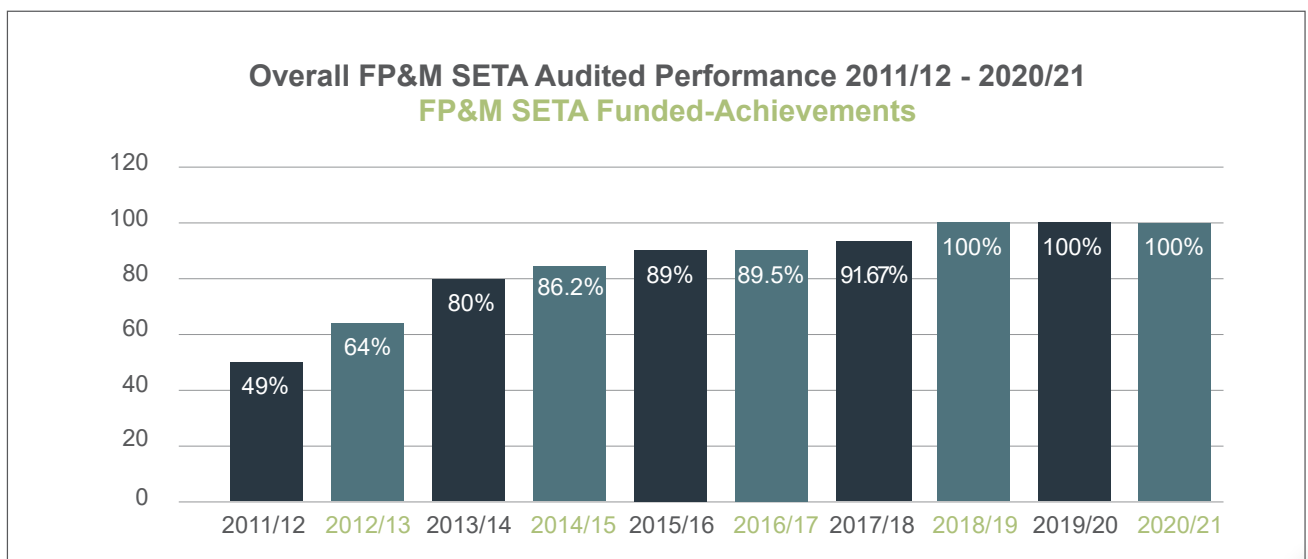
Ultimately, youth unemployment raises the risk of young people being excluded from the labour market in the long term, increasing the risk of the rise of a 'lost generation' of people who never enter the labour market.

Whilst there are no easy solutions to these problems, what is clear is that policymakers must focus on young people when responding to this crisis. Ensuring young people can enter high-quality jobs, apprenticeships or training must be at the top of their agenda.

The FP&M SETA will continue to be a strong voice to upskill our youth and press for the measures we, and our future generations, need to recover from this crisis.

We must continue to turn the legacy of this organization into a material force that continues to transform the destinies of the poor, the unemployed, youth, women and the geographically and socially marginalised.

OVERALL PERFORMANCE



PART A: GENERAL INFORMATION

The SETA endeavours to deliver on its mandate, and adhere to and exceed delivery targets as set out in its Annual Performance Plan. It is pleasing to report that the overall FP&M SETA performance has been on an increasingly upward trajectory since its establishment in 2011.

Over the years since 2011, 141,102 individuals have encountered FP&M SETA at different stages of their career journey. Among these are 83,945 learners who entered FP&M SETA occupationally-directed programmes and 57,157 learners who have successfully completed occupational qualifications.

The SETA's performance demonstrates the FP&M sector's positive contribution to the overarching Government programmes. The FP&M SETA has efficient governance structures in place to ensure good corporate governance, the implementation of relevant policies and procedures, and sound financial management. The FP&M SETA Management is fully committed to the implementation of its Annual Performance Plan as endorsed by the FP&M SETA Board.

PARTNERSHIPS – THE KEY

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

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

PROMOTING THE GROWTH AND SUSTAINABILITY OF TVET COLLEGES AND UNIVERSITIES

During the period under review, the FP&M SETA forged a number of strategic partnerships with TVET colleges and universities and universities of technology to address the employability and work placement of our TVET/HET graduates through work-integrated-learning and bursary training interventions.

We also engaged with TVET colleges specifically to address accreditation of TVET colleges for occupationally-directed programmes aligned to the scope of the FP&M sector. We have also implemented a number of professional development programmes in partnership with TVETs to address TVET lecturer development and capacity building.

The FP&M SETA Centres of Excellence also restores the TVET college esteem by producing students that meet the scarce and critical skills demands of the industry.

CENTRES OF SPECIALISATION (COS)

I am pleased to report that during the financial year, the SETA fully supported the national programme aimed at increasing the availability of intermediate-level technical skills to increase the delivery of qualified artisans in the 13 priority trades. Skills interventions were implemented to improve the capacity of TVET colleges to train in skills in demand by industry.

BROADENING THE SKILLS PIPELINE

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

As part of our commitment to ensuring that the utilisation of our funding has an impact on the lives of learners, enhances employability prospects and the South African economy and society at large, we conduct ongoing research to ensure that our performance against our objectives can be measured.

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

IMPACT

The period under review was characterised by proactive and sustained high levels of performance in terms of meeting the output indicators and targets as outlined in the Strategic Plan and Annual Performance Plan of the FP&M SETA.

I am pleased to report that in most cases we exceeded our targets during the period under review making a significant

impact on the labour market with occupationally-directed skills that leads to direct and decent jobs.

The FP&M SETA's continued excellent financial management, strong control environment and effective monitoring and evaluation processes are evidenced by the achievement of another clean audit opinion – the fifth one in seven years of my tenure as CEO of the FP&M SETA.

We are also doing great work in contributing to the coffers of the National Student Financial Aid Scheme (NSFAS) through our discretionary grant funding, which assists learners to repay their tuition fees in order to focus all of their energy on their studies and building a career.

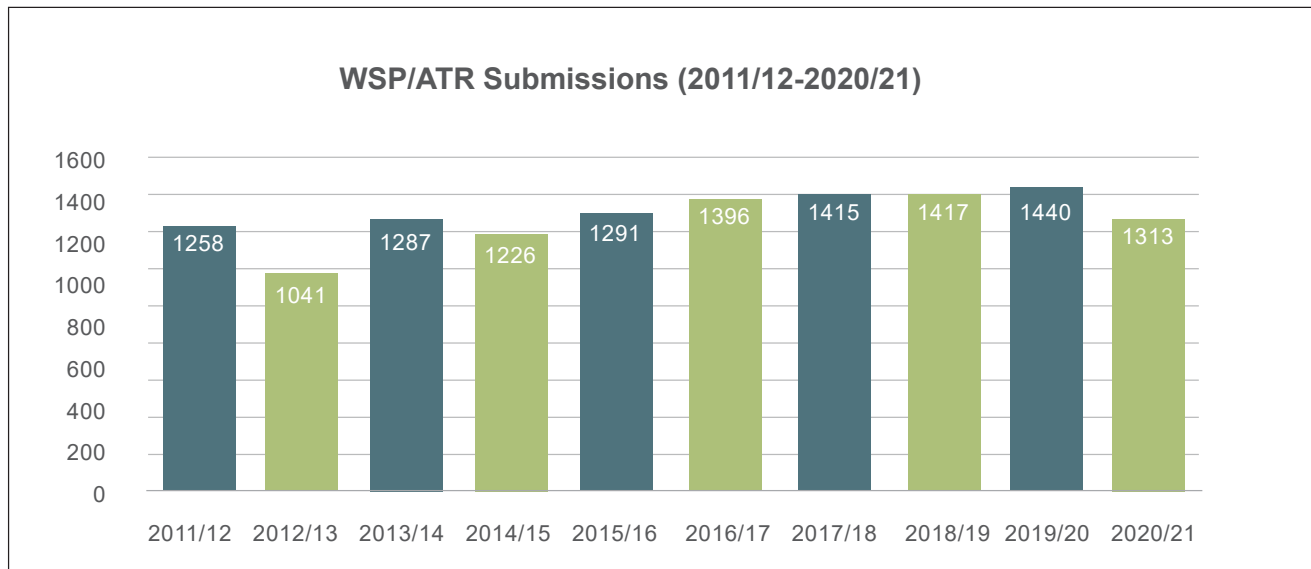
On behalf of the FP&M SETA, I am proud to say that despite the complexity of our country and the challenges that we continue to encounter, we still manage to touch many lives, across race, class, gender, disability, status and age.

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

In response to the industrial demands, we embarked on programmes that would respond to the skills needs in the labour market.

I am pleased to report that during the period under review, the FP&M SETA continued to support the Temporary Employer-Employee Relief Scheme (TERS). The Department of Employment and Labour, in consultation with the Unemployment Insurance Fund, further streamlined TERS processes in December 2019, ensuring quicker turnaround for the payment of the TERS Allowance to distressed companies and retrenched workers.

MANDATORY AND DISCRETIONARY GRANT ALLOCATION AND EXPENDITURE



It is pleasing to note that a record number of small, medium and large firms have made Mandatory Grant submissions that have contributed to the improvement of the quality and quantity of labour market information.

Due to the impact of Covid-19 lockdowns on the industry, we note that for the first time since 2012/13 there has been a decrease in the submission of mandatory grant applications.

The FP&M SETA supported 1,313 companies, which were paid Mandatory Grants and whose data was analysed to provide a sector overview and labour market information for the Sector Skills Plan.

A successful partnership with NSFAS to support Bursary Programmes and to address middle to high-level skill needs in the FP&M sector has been established. We have made a commitment of approximately R4 million towards the NSFAS in 2020/21.

PART A: GENERAL INFORMATION

In addition, we have established direct bursary partnerships with six higher education and training institutions, amounting to approximately R16 million.

Total Discretionary Grants approved for 2020/21 for a variety of learning programmes, special projects, sectoral priorities and critical partnerships amounted to approximately R243 million.

The implementation of PIVOTAL programmes, especially high-level and middle-level skills (learnerships and apprenticeships) contributes extensively to the improvement of productivity in workplaces and job placement of unemployed graduates.

The FP&M SETA prioritises artisan training because of the nature of the specific middle-level occupational skills required by the sector. Approximately R30.5 million was allocated in the current year for artisan development in the sector by advocating effective partnerships between employers, TVET colleges and the FP&M SETA to assist in the funding of 263 apprentices entering artisan programmes.

The FP&M SETA committed just over R 70 million for learnership implementation in the sector for 2,789 employed and unemployed learners entering learnerships that are occupationally-based programmes.

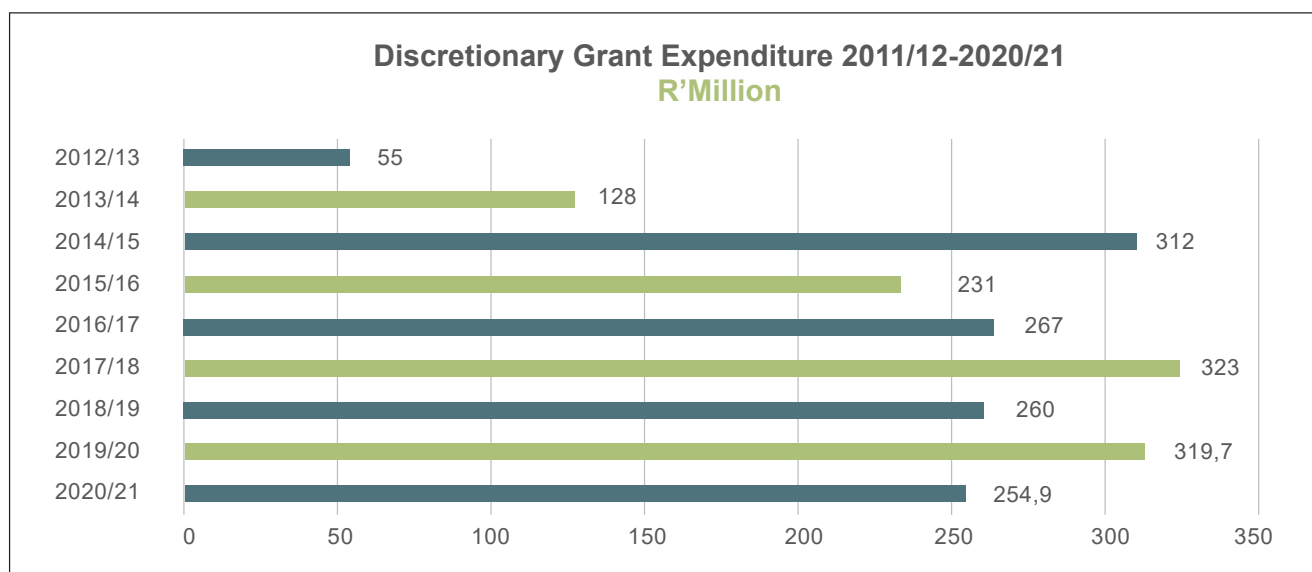
The FP&M SETA Board has allocated funds to ensure that middle and high-level occupations in demand are being addressed by work-ready graduates from TVETs and higher education institutions. In order to contribute to the development of world-class skills to address sustainability of sectors, the FP&M SETA collaborated with a number of TVETs and HEIs

by funding work-integrated learning programmes for both undergraduate and graduate students from TVETs and HEIs. Just under R44 million was approved by the Board to support work-integrated-learning and internships for learners from TVETs and HEIs in order to address graduate employment in the sector.

The FP&M SETA exceeded targets by implementing focused projects to address basic skills gaps relating to foundational skills with a view to eradicate illiteracy and poor numeracy skills in the FP&M sector. Targets for entering and completing adult education and training programmes were easily achieved during the reporting period.

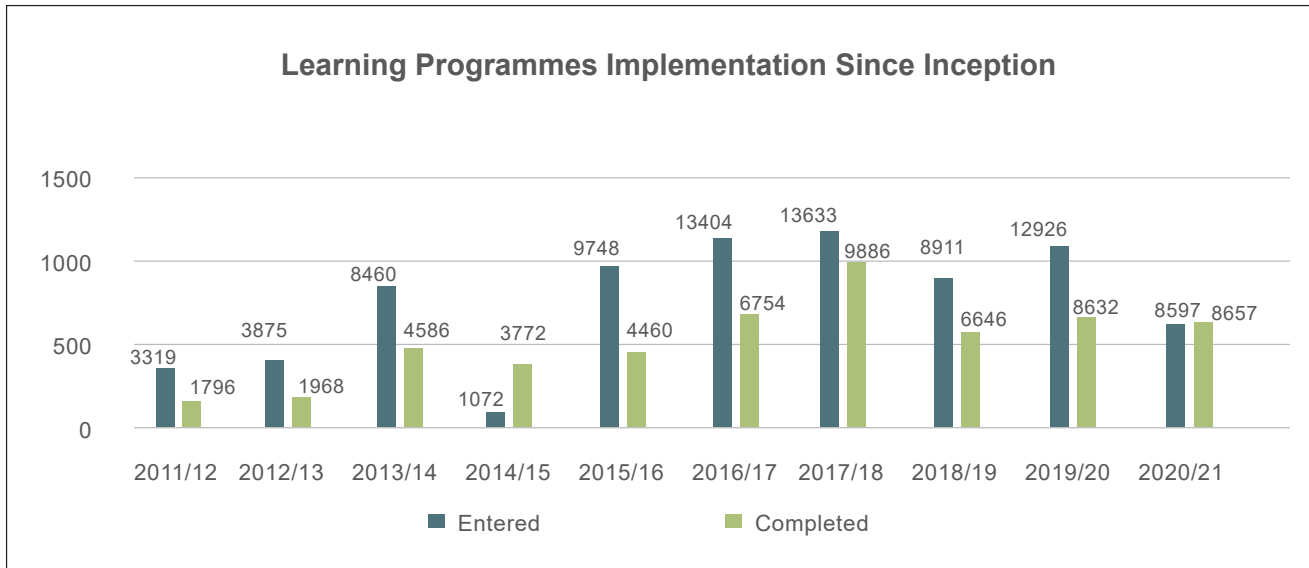
In order to improve sustainability, enhance sector growth and address skills imbalances amongst workers in the sector, the FP&M SETA supported workers entering into learning programmes. It is indeed pleasing to note that targets for workers entering and completing PIVOTAL and skills programmes were exceeded for the financial period 2020/21. Training of employed workers addresses critical skills, enabling improved productivity, economic growth and the ability of the workforce to adapt to change in the labour market.

Predominantly black-owned emerging co-operatives, small businesses, CBO's, Trade Unions and NLPE's were supported with technical and developmental support and training, which also included financial, marketing and business management programmes.



Discretionary grant expenditure decreased during 2020/21 when compared to 2019/20. This is in line with the reduced performance targets as a result of the effects of the Covid-19 pandemic in the current period.

SETA PERFORMANCE ON LEARNING PROGRAMMES IMPLEMENTATION



In line with the above expenditure trend, the FPM SETA recorded 8,597 learner registrations and 8,657 learner completions during the 2020/21 financial year. Although learner registrations declined due to the budget re-adjustment and a consequent decrease in targets for learner entries, there was a slight increase in learning programme completions when compared to the previous financial year.

These occupationally-directed programmes promote skills development in the workplace, enhancing their skills, enabling better productivity and addressing scarce and critical skills within the FP&M sector through pivotal interventions.

RURAL DEVELOPMENT

To address rural development, the FP&M SETA Board approved dedicated projects to address poverty alleviation and youth unemployment in rural areas.

RESEARCH

Year-on-year there has been a marked improvement in the overall quality and alignment of FP&M SETA's Strategic Plan, Annual Performance Plan and Sector Skills Plan.

These strategic documents are fully aligned to the core mandate and strategic objectives of the NSDS, the 2030 vision of the National Development Plan (NDP), the key priorities of Medium Term Strategic Framework (MTSF), the Medium Term

Expenditure Framework of Government (MTEF), the Human Resource Development Strategy of South Africa (HRDSSA) and the recently developed industry Master Plans.

The 2020/21 Sector Skills Plan (SSP) was the SETA's key document produced in collaboration the FP&M SETA stakeholders and capitalised on by primary and secondary research, and industry research projects on key strategic issues that impact the sector.

The Sector Skills Plan continues to receive excellent reviews from the DHET. The FP&M SETA produces a well-researched SSP, together with a sector analysis, to enable effective skills planning for the sector. The FP&M SETA SSP Update 2020/21 is aligned to DHET's SSP Framework; it provides a sound analysis of industrial sectors and articulated sector strategies that address current and future scarce and critical skills and occupations in demand within the sector.

Skills shortages are rated as one of the most important factors hindering the success, competitiveness and sustainability of companies within the FP&M sector. In the medium-term, the FP&M SETA endeavours to be an important contributor in supporting the growth of SMMEs through skills development, improving access to quality and occupationally-directed programmes, ensuring that a pool of talent gives the FP&M sector a quantum leap in world-class manufacturing strategies.

PART A: GENERAL INFORMATION

The FP&M SETA contributed extensively to the DHET's Labour Market Intelligence Partnership (LMIP) through our comprehensive understanding of the current supply and demand for skills in the FP&M sector.

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

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

- i. The Impact of Covid-19 on FP&M industry sub-sectors
- ii. JET Education Services – CSTO/TVET Office Project – Report on findings of implementation completed.

An Impact Study conducted, found that an average of 68% of learners in learnership, apprenticeships and skills programmes found employment. Of this 10% are engaged in self-employment.

INFORMATION TECHNOLOGY ENVIRONMENT

The FP&M SETA ICT environment is aligned and adheres to the DPSA ICT implementation framework. All phases of the framework have been successfully implemented.

Phase 1 Creation of an enabling environment: Implementation of the ICT Governance structures

Phase 2 Strategic alignment: Implementation of business and ICT alignment

Phase 3 Continuous improvement of governance and strategic alignment arrangements

FP&M SETA is in the final stage of continuous improvement, where regular reviews of our processes are conducted.

The FP&M SETA has introduced online service platforms for collaboration and communication due to Covid-19, which allows the SETA to provide system support to its stakeholders from anywhere if they are connected to the Internet. The FP&M SETA website has also been revamped and upgraded for ease of navigation and access to updated information FP&M SETA is also in the process of investigating

suitable e-learning, assessment, and moderation platforms that could be used to provide a value-add to its stakeholders and learners.

TECH ADVANCEMENTS

The FP&M SETA has invested in solutions that will bring added value to our stakeholders and allow us to be efficient in delivering our service mandate. Some of our solutions have resulted in cost savings and improved functionality. For example, our VOIP telephone system allows calls to be directed to any FP&M SETA office ensuring that our stakeholders can always contact our offices and get a response, we are also in the process of integrating our collaboration and communication platforms with our office telephones so our staff member can be contacted and connected with through their laptops in real-time.

Improved Internet bandwidth for fast and easy access to the systems was also implemented. We also increased our server processing capabilities to handle queries faster and more efficiently.

We are working on improving our Enterprise Resources Planning (ERP) and Management Information System (MIS) functionality and integration. The MIS is designed to provide an end-to-end solution for the organization and its stakeholders, however, we needed to improve the processing of information and make it more user-friendly.

DISASTER RECOVERY

Our IT environment is very stable with daily, weekly and monthly data backups being performed. We have disaster recovery (DR) sites for our offices in Johannesburg, Durban and Cape Town. We conduct bi-annual disaster recovery simulation to ensure that our systems recover and get back online with the stipulated recovery times

This will guarantee business continuity (BC) in case of a disaster. In 2017, our offices burned down but we were able to recover and operate within 48 hours of the major incident – this is proof that our DR measures are sufficient and reliable.

SECURITY

Cybersecurity

FP&M SETA addresses the three-domain of cybersecurity (People, Process, and Technology) in the following manner: In the technology domain, FP&M SETA has live monitoring

security systems that avert and combat cyber-attacks such as firewalls, intrusion detection systems, demilitarized zone, and enterprise antivirus solutions.

Regarding the people domain, our technical staff has the competencies for managing technical cybersecurity issues, and regular cybersecurity awareness training and communication is conducted for our staff members.

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

FP&M SETA incorporated the three-domain of cybersecurity to ensure that our stakeholders' data and information are kept secure and confidential.

IT AUDIT

The FP&M SETA system has been audited by AGSA in the last financial year and there have been no major findings against our systems, policies and practices.

CAREER AND VOCATIONAL GUIDANCE

I am particularly heartened by the impact we are making in the area of career awareness; career awareness is where it all starts. It is the first step in our skills pipeline and is a particularly important one, as it determines where youngsters will end up and how they will contribute not only to their development but to the growth and well-being of the country.

The career portal launched in 2017/18 continues to be an invaluable resource to the sector and its popularity is reflected in the growing numbers of users of the site, who visit for general career and job-seeking advice.

A team of FP&M SETA employees and a career portal administrator have been trained on the career portal.

The career portal is live and can be accessed through the newly revamped FP&M SETA website and our stakeholders have been advised about the career portal during the Discretionary Grant workshops held during the period under review.

Learners that have completed FP&M SETA sub-sector related training are uploaded on the career portal. New graduates can also register on the portal and upload

their personal contact details. Stakeholders or employers who are interested in recruiting learners or job seekers can search the portal to find suitable candidates. The portal can facilitate job placements between employer and job seekers that are skilled, qualified or are interested in getting skills and qualifications in the FP&M SETA sub-sectors. The DHET iWIL site URL has been integrated into our career portal. Additional functionalities are being added to the career portal for more advanced mobility and simple registration. Google analytics has been added to the portal to enhance reporting capabilities of the portal.

Another connection in our skills pipeline, the career awareness programme, continued to thrive during the year, with the production and dissemination of an updated career guide. The FP&M SETA also supported career exhibitions to expose school learners and educators to FP&M sector occupations. The DHET organised career events and career guidance exhibitions, which were hosted by municipalities and sector stakeholders, were supported.

CAREER GUIDANCE

The FP&M SETA participated in 20 career awareness events and engaged with a number of high schools across the country to provide important career information and guidance to our youth so that they can make informed career choices.

QUALITY ASSURANCE

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

The FP&M SETA sector stakeholders are also aligning themselves to the current FP&M SETA, QCTO, SAQA and DHET national policies by participating in the workshops to develop occupational qualifications and accredit skills development providers against the occupational qualifications and trades.

PART A: GENERAL INFORMATION

QCTO QUALIFICATIONS DEVELOPMENT

It is pleasing to note that during the period under review, the FP&M SETA has developed and submitted to QCTO for evaluation, a total of 156 occupationally-directed qualifications and part-qualifications, aligned to the curriculum requirements and the new qualifications framework of the QCTO. To date a total of 52 occupational qualifications and trades have since been registered with SAQA for implementation, 104 are with SAQA for registration.

The FP&M SETA went further and established a Quality Assurance Task Team (QATT) whose responsibility was to ensure that there is a smooth transition in terms of implementing QCTO Occupational Qualifications. The QATT has developed the AQP Policy and tools/forms, which have been approved by both the Quality Assurance Committee (QAC) and the Board of the FP&M SETA.

We further supported the qualifications development processes and have had engagements with the SAQA and the QCTO to enable recognition of part-qualifications as a qualification in its own right. Subsequent to this engagement, the endorsement was ultimately upheld. The industry is now re-aligning their part-qualifications to a qualification.

The FP&M SETA has also taken an initiative in not only supporting its stakeholders with the ETDP training courses alone, but also embarked on External Integrated Summative Assessment (EISA), and Learning Material Development which will be given to skills development providers that will be applying for accreditation with the QCTO against the FP&M SETA occupational qualifications.

Through a concerted effort from the Quality Assurance Division, and in consultation with NAMB and the QCTO, the issuing of artisan certificates has improved markedly, and as a result, backlog issues have been resolved.

In order to improve service delivery to our stakeholders, the division streamlined quality assurance processes and continued our enhancement of a fully functional Management Information System (MIS) with modules to improve the management and reporting of our learning programmes.

The FP&M SETA has concluded a Service Level Agreement (SLA) to work closely with the QCTO. This SLA is as a result of the reviewing of QCTO revoking all previously delegated functions to the SETA as provided for in *Section 26 of the Skills Development Act No. 97 of 1998 (SDA), as amended*. Standard Operating Procedures detailing further activities related to this SLA to be agreed upon between the QCTO and

FP&M SETA. The SLA outlines the roles, responsibilities and accountabilities of the SETA in the Occupational Qualification Sub-framework after revoking the previously delegated functions.

The SLA contributes towards the objectives of the NDP 2030 and shall form part of the APP of the parties involved. The service level agreement is entered into for a period from 01st April 2020 to 31st March 2030 or as long as the conditions in this agreement are met.

GOOD CORPORATE GOVERNANCE

The organization has maintained a culture of good corporate governance through the development and implementation of approved policies and procedures. We are aware of certain risk areas including the BUSA judgement and the Covid-19 pandemic.

We have worked on focused risk assessment exercises with the various divisions. Capacity building workshops were conducted with management to address early signalling of risks, risk identification, root causes and the implementation of controls. The division implemented practical interventions to alleviate potential risks that could adversely affect efficiencies in service delivery.

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

RISK MANAGEMENT

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

PROJECTS DELIVERY

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

Continuous improvement of processes also included the periodic review of contracts and projects to ensure validity

and completeness of the information. Where contracts were deemed as non-performing, funds were swept and allocated towards areas of critical need.

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

MONITORING & EVALUATION

One of the key activities of the FP&M SETA was to prioritise and to implement a fully functional and robust monitoring and evaluation strategy, amongst others, to enhance project management of the DG- funded projects.

Nationally, approximately 552 Discretionary Grant funded projects were monitored.

The division also enhanced the Phase 2 Implementation Plan, which is the monitoring of the SETA's core divisions, namely Quality Assurance, Projects and Skills Planning and Reporting, with the objective of checking and ensuring the compliance with their respective policies and procedures and to identify potential risks and suggest means to mitigate the identified risks.

Due to the restrictions and compliance to the Covid-19 lockdown regulations, no physical site visits were conducted during the financial year, instead the division sent out On-Line Checklists to all SETA funded stakeholders to check amongst others, the implementation of the projects and the stakeholders' compliance with the Covid-19 protocols in the implementation of the Discretionary Grant funded projects.

Positive feedback has been received from stakeholders, who indicated while their projects have been partly disrupted due Covid-19 lockdown, they have been able to conclude their implementation, albeit with one or two months extension.

Independent Sector Skills Advisors conducted follow-up site visits on discretionary grant projects and skills development providers, where discrepancies were identified. The follow-up site visits were to ensure the identified discrepancies are closed-out, within a specific timeframe.

The SETA has noted with appreciation that stakeholders are warming up to the site visits conducted, as this assisted both parties with a smooth and efficient implementation of the Discretionary Grant projects, as well as tight compliance.

FORWARD-LOOKING STRATEGIC PLANNING

During the strategic planning session, it emerged that there is a need to focus skills development interventions on "workplaces of the future" and not only on current needs. There was a view that skills development must not only lead to employment but employment that results in a decent living. Strategic planning sessions between the FP&M SETA Board and Management, utilising research results, enhanced the understanding of the skills needs within industrial sub-sectors as well as improved skills development implementation and operational strategies.

FP&M SETA SKILLS STRATEGY FOR ECONOMIC RESTRUCTURING AND RECOVERY PLAN (ERRP)

To restore our economy and the FP&M sector we focused on the extraordinary measures we must take to restore our economy and industrial sectors to inclusive growth. The economic and social disruption caused by the Covid-19 pandemic is devastating. Poverty and inequality have deepened. The pandemic has decimated jobs and placed millions of livelihoods at risk. Our economy has contracted sharply, businesses have closed and jobs have been lost.

This plan directly responds to the immediate economic impact of Covid-19 by driving job creation and SMME development. Interventions to be undertaken to provide the skills for the implementation of FP&M SETA Economic Restructuring and Recovery Plan will be:

- SMME Development
- Incubation – Entrepreneurship / Business Coaching & Mentoring for the township and rural development
- Employability - Addressing Occupations in High Demand in FP&M industrial sectors

INDUSTRY MASTERPLANS

During the reporting period, the FP&M SETA participated in the development of the following industry masterplans focusing on key skills development strategies:

Retail, Clothing, Textile, Footwear and Leather (R-CTFL) Masterplan

The Retail, Clothing, Textile, Footwear and Leather (R-CTFL) Masterplan, aims to lay a firm basis for future growth and sustainability of the textile and apparel industry.

PART A: GENERAL INFORMATION

Forestry Masterplan

The goal of the Forestry Masterplan is to increase investment and competitiveness, underpinned by greater inclusivity in the forestry sector.

Furniture Industry Masterplan

The objectives are set to be obtained through 4 Masterplan Pillars: Increase Market Access; Transformation; Improve Cost Drivers and Productivity, and Improve Skills Supply / Demand fit.

The FP&M SETA acted decisively to counteract the uncertainty of staff through the introduction of programmes such as wellness and support programmes and more importantly, to fully support the training of staff to better their opportunities for growth and career development.

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

The FP&M SETA is glad to announce the approval of the 2021/22 Strategic Plan and Annual Performance Plan by the National Treasury, which was aligned to the Framework Guidelines of the Department of Monitoring and Evaluation.

CONCLUDING REMARKS

The FP&M SETA has been through a lengthy period of change and transition. After the amalgamation of three SETAs, there were operational challenges that had to be addressed, whilst at the same time maintaining a focus on the implementation of the strategy. It was a hard balance to strike but with the support of a very pro-active and engaged Board, CEO, and a hard-working Management Team the work has been done. There is a sense that all of the 13 sub-sectors are now working together to achieve economic growth and development, and there are opportunities within the value chain to address further growth and sustainability of the FP&M sector.

Through the years, we have depended heavily on our stakeholders' support and participation, and my heartfelt thanks go to our employers, skills development providers, labour unions, DHET and education and training institutions for supporting our mandate and business model.

Given that the reporting period was fraught with challenges due to the Covid-19 pandemic, I would like to salute the new Chairperson and Board Members, for their support and guidance and it is our fervent hope that they

will build on the foundations and raise the bar for the future success of the organization.

A special word of thanks to the Internal Audit Committee and the AGSA for their roles in terms of compliance-related matters. The work done by the Audit Committee and all of FP&M SETA's constitutional committees that were set up by the Accounting Authority is gratefully acknowledged for having executed their mandates and playing their oversight role with due care. Your guidance was invaluable and is greatly appreciated.

To our key stakeholders, both levy paying and non-levy paying organizations, thank you for your ongoing participation and contribution to skills development in the sector and the country as a whole.

We commend the employers who have played a critical role in the unemployment plight by opening their doors to work placement opportunities for unemployed graduates and urge other employers to follow their lead.

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

On behalf of the FP&M SETA Management and Staff, I would like to thank our Executive Authority, the DHET, and in particular the Director-General and the SETA Co-ordination Team for their support and leadership for continuously assisting in ensuring that the FP&M SETA fulfils its skills development mandate.

I once again, emphasize my call on consumers to look for "South African-made products, made proudly by local workers, so that we can rebuild the economy."

We are still in the throes of the Covid-19 pandemic and I urge all our stakeholders to please ensure stringent implementation of the *Covid-19 Health and Safety Regulations* of the Department of Employment and Labour. Please stay safe!



Ms Felling Yende
Chief Executive Officer

FP&M SETA

Date: 31st July 2021

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

In our opinion, the Annual Report fairly reflects the operations, the performance information, the HR information, and the financial affairs of the public entity for the financial year-ended 31st March 2021.

Yours faithfully,



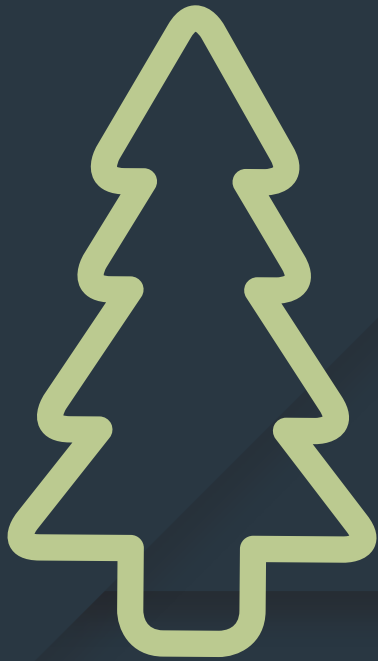
Ms Felleng Yende
Chief Executive Officer

Date: 31st July 2021



Advocate Michelle Odayan
Chairperson of the Board

Date: 31st July 2021



VISION

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



MISSION

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



VALUES

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

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

6. STRATEGIC OVERVIEW

STRATEGIC FOCUS OF THE INSTITUTION OVER THE FIVE YEAR PLANNING PERIOD

FP&M SETA Strategy will be driven by the following skills development strategic focus:

1. Expanding the economic potential and supporting industry growth of the sector:

- ✓ Adopting a value-chain approach;
- ✓ Addressing skills gaps in the market;
- ✓ Addressing skills supply through training and entrepreneurship initiatives;
- ✓ Re-skill, trans-skill and up-skill large numbers of workers to take up new opportunities within existing enterprises as well as starting new businesses and co-operatives;
- ✓ Expanding industry competitiveness and exports;
- ✓ Training for technology-driven production (4IR);
- ✓ Growing quality SMMEs and co-operatives for sustainable economic inclusion;
- ✓ Promoting environmental sustainability; and
- ✓ Promoting world-class manufacturing.
- ✓ New skills that might be required to support the fight against Covid-19

2. Addressing demand-side challenges

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

3. Addressing supply-side challenges

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

4. Measures to Support National and Sectoral Strategies

- ✓ Contribution to NDP & MTSF priorities;
- ✓ Contributing to SIPS, National Artisan Targets, Work Experience and Internships, Learnerships, Skills Programmes, Bursaries & Centres of Specialisation;
- ✓ Supporting Implementation of Industry Masterplans;
- ✓ Supporting Small Businesses and Enterprise Development; and
- ✓ Implementation of strategic & innovative initiatives that responds to national strategies
- ✓ Address emerging and future skills needs - Fourth Industrial Revolution
- ✓ Rural Development

7. LEGISLATIVE AND OTHER MANDATES

LEGISLATION

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

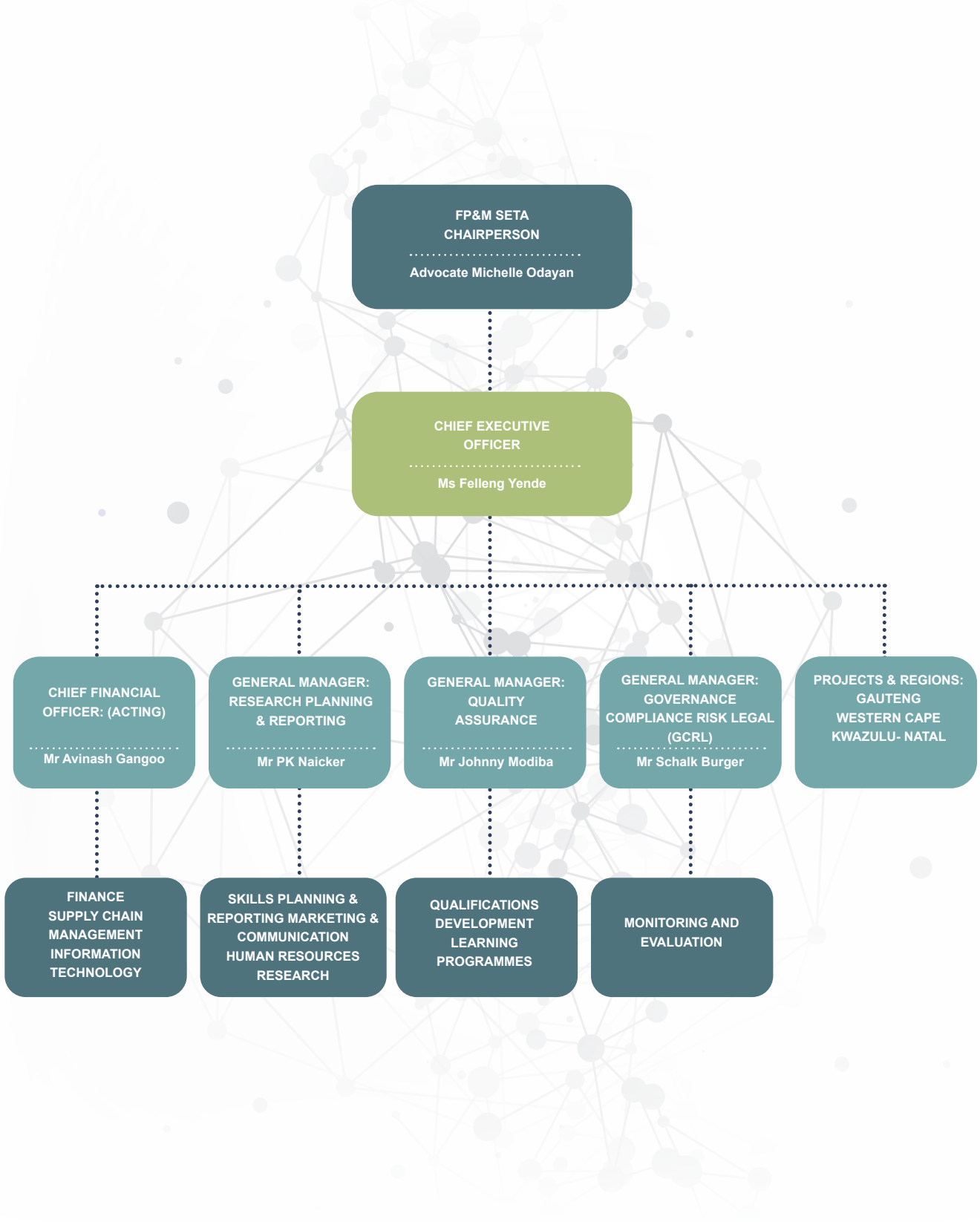
The FP&M SETA is governed by:

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

OTHER MANDATES

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

8. ORGANIZATIONAL STRUCTURE (AS AT 31st MARCH 2021)





The FP&M SETA Head Office and Gauteng Regional Office is situated at
3rd Floor, 1 Newtown Avenue, Killarney, Johannesburg, 2193. Tel: 011-403 1700.



The FP&M SETA KZN Regional Office is situated at Durban Bay House, 333 Anton Lembede Street,
10th Floor, Durban. Tel: 031-702 4482.



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



The FP&M SETA Board Members

Bottom Left to Right: Ms Makhosi Chiwashira, Mr Kwazi Mlaba, Advocate Michelle Odayan (Chairperson), Ms Felleng Yende (CEO), Ms Delight Simelane, Ms Fanisha Lamola, Mr Francois Oberholzer,
Back Left to Right: Mr Trevor Boltman (Former Audit & Risk Committee Chairperson), Mr Nduduza Vilena, Mr Mphuka Radinku, Ms Linda Bremner, Ms Theresa Otto, Mr Mike Truelock, Mr Chembe Phiri (Audit and Risk Committee Chairperson), Ms Karen Coetzee, Mr Edward de Klerk



PART B:

PERFORMANCE INFORMATION

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

2. SITUATIONAL ANALYSIS

SERVICE DELIVERY ENVIRONMENT

The FP&M SETA is on a positive trajectory concerning its overall performance. For the period under review, the FP&M SETA recorded an overall performance of 100% for funded learners, for the second consecutive financial year, having achieved all 49 of its performance indicators against the FP&M SETA Annual Performance Plan 2020/21.

During the period under review, the FP&M SETA registered 8,597 employed and unemployed learners on learning programmes including learnerships, bursary programmes, internships, skills programmes, apprenticeship programmes and adult education and training programmes. During the same period 8,657 learners completed learning programmes relating to scarce and critical skills in the FP&M sector.

In an effort to support the President's call and bolster efforts to flatten the Covid-19 curve the FP&M SETA took all the necessary precautions during the outbreak. There was no doubt that the Fibre Processing and Manufacturing Sector Education and Training Authority (FP&M SETA) and all skills development providers were initially insufficiently prepared to respond to the immediate constraints that resulted from the crisis, and the implementation of a number of alert level risk-adjusted strategies and lockdowns.

Where possible services continued to be provided remotely through the utilisation of electronic communication platforms. In April 2020, the Honourable Minister of Higher Education, Science and Technology, Dr Blade Nzimande, issued a statement on the measures to phase out the lockdown and the phasing-in of PSET strategic functions. Due to the risk-adjusted lockdown measures pronounced by the Honourable Minister of Higher Education and Training, there was limited impact on the education and training of learners, payment of stipends and the SETA's performance. The

SETAs were requested to work with social partners to ensure that during the months of May-June 2020 learners returned to workplaces and training institutions in line with the gradual re-opening as per the Level 4 lockdown guidelines and the DHET adjusted-risk strategy of phasing-in the opening of the workplaces.

The FP&M SETA has provided a response to the DHET related to the economic and social measures in response to the Covid-19 Pandemic and the introduction of a four-month holiday for companies' skills development levy contributions. The significant reduction in the budget did compromise the SETA's ability to implement its full mandate resulting in the FP&M SETA making a revised submission of its Strategic Plan and Annual Performance Plan and DHET SLA in July 2020.

In terms of the above measures and regulations and the SETAs' obligations under the *Occupational Health and Safety Act, 1993* is to provide as far as reasonably practicable a safe and healthy work environment that is without risk to employees and persons who enter the SETAs' offices. All site visits for purposes of monitoring and reporting learners' progress and approvals for workplace learning were suspended with immediate effect until the SETAs were requested to work with social partners to ensure that during the months of May-June 2020 learners return to workplaces and training institutions in line with the gradual re-opening as per the Level 4 lockdown guidelines and the DHET Adjusted Risk Strategy of phasing-in the opening of the workplaces.

The submission of the Workplace Skills Plans (WSP) and Annual Training Reports (ATR) normally submitted by employers on 30 April every year was further extended to 31st July 2020, in light of the nationwide lockdown. A directive was issued to all SETAs and stakeholders to continue with the payment of learner stipends.

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

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

learning programmes at workplaces and training institutions, and the submission of the required documentation to facilitate payment processes.

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

EMPLOYMENT CREATION

South Africa needs adequate, appropriate and high-quality skills to contribute to and support economic growth, employment creation and social development. In line with the NSDP's mission to improve access to occupations in high demand and priority skills and create employment, the FP&M SETA supported the implementation of the following projects:

NATIONAL BARGAINING COUNCIL FOR CLOTHING

The establishment of the Clothing Industry Productivity and Training Institute (CIPTI) is a milestone in skills development and employment creation interventions nationally.

The project was approved and funded for R 7,000,000.00, is being overseen and developed by the National Bargaining Council for Clothing. To date, the CIPTI is registered as a legal entity and policies, processes and strategic and operational plans have been approved. In partnership with the National Bargaining Council for Clothing, the CIPTI has been co-ordinating and running the learnership and skills programme interventions funded by FP&M SETA on a national basis.

The project, which will be completed by the end of December 2021, will focus on the development and implementation of: productivity improvement training, world-class manufacturing and a programme on leveraging and supply chain between manufacturers and retailers.

The results of this project will have a major role in upskilling the National Bargaining Council for Clothing and SACTWU aligned stakeholder employees through programme interventions implemented nationally.



UNICLO MANUFACTURING

Thanks to funding of R 1,864,800.00 from the Temporary Employer Relief Scheme (TERS), UNICLO Manufacturing was able to avoid company closure and provide various clothing skills programmes to upskill and multi-skill the employees in cutting, finishing, garment construction, and sewing machine mechanic programmes. About 204 employed learners benefitted from the programmes over a 6-month period.

The company has successfully completed the skills programme with 198 learners being found competent. The training has had an extensive impact on the quality of their product, production efficiency and cut down on turnaround times.

During the Covid-19 lockdown, UNICLO adjusted their sewing lines to train learners to produce masks which successfully allowed the company to continue with production and sustain itself. Subsequently, the company has been able to secure enough contracts to ensure that the company is financially viable.



PART B: PERFORMANCE INFORMATION

CELROSE MANUFACTURING VISION 2025 & THE FP&M SETA BATHO PELE PROJECT

The Celrose Manufacturing Vision 2025 growth and expansion programme, which intends to create approximately 6,000 new and sustainable jobs by the end of 2025, is making great leaps towards this goal.

Thanks to the support from the FP&M SETA, the company's clothing machinist programme has been successful with 100 unemployed youth being recruited and engaged in the first phase. In total, 175 learners were funded and all 175 learners have successfully completed the programme.

The learners, who worked hard to complete their theoretical, practical and work experience components of the qualification, were able to adapt rapidly and with ease into the working environment. The learners received support and mentoring from the professional in-house coaches from the accredited Learning Academy.

The project was funded for R 3,000,000.00 and targeted learners, who resided within close proximity to the Celrose plant in Tongaat and/or the Celrose plant in Isithebe and who have never been on the FP&M SETA clothing

machinist programme previously. All of the learners were registered on the FP&M SETA recognised skills programme for garment construction.

Of the learners that were trained, the company managed to absorb 50 learners and those learners were also given opportunities to apply for other learning interventions within the organization in order to progress within the organization.



ARTISAN DEVELOPMENT

Artisans with technical skills and practical technical experience are key to accelerating growth and reducing unemployment. The NSDP aims to produce 30,000 artisans per year by 2030 and in doing so, address scarce and critical skills through the implementation of learning programmes such as those funded by the FP&M SETA:

AFRICA SKILLS VILLAGE

The electrical trade is a scarce occupation skill in our country and as a result, there is a high demand for qualified and skilled electrical artisans.

Thanks to funding from the FP&M SETA, 15 learners received the opportunity to embark on an electrical apprenticeship. The qualification, which prepares learners to operate as an electrician in compliance with the latest

industry regulations, developments and trends, covers a range of key competencies including the ability to do fault finding and maintain, repair and resolve electrical problems.

The project was funded for R 2,250,000.00, and 12 of the apprentices achieved their Electrical Trade Certificate in Quarter 3 of 2020/21.

NAMPAK DIVFOOD

Nampak is a primary expanded packaging company in Africa with the Nampak DivFood division being the leading manufacturer of plain and decorated food cans and ends, aerosols and metal containers in South Africa.

Thanks to the R 1,950,000.00 funding granted by the FP&M SETA, Nampak DivFood successfully launched an apprenticeship project that assisted 13 unemployed

learners to gain hands-on experience in electrical, fitting and turning and machine minding.

The project had an 85% completion rate, with 11 learners passing their trades, all of whom ended their apprenticeships on a high note with a new position as employed staff on the DivFood production team.

HIGH-LEVEL SKILLS

The NSDP outlines the need for more workers with high-level scarce skills. The skills development sector must increase the production of occupations in high demand, which includes increasing access and developing high-level skills by 2030, including managers, professionals and associate professionals. The FP&M SETA is contributing to this goal by funding learners to equip them with scarce skills in the following programmes:

STELLENBOSCH UNIVERSITY

The forestry sector is in need of highly skilled professionals. As a result of funding from the FP&M SETA, 20 unemployed learners benefitted from a bursary grant to study towards a Bachelor of Science (BSc) in Forestry and Wood Technology.

Within the programme – which was approved and funded for R2.1 million over a period of three years, learners had the opportunity to study towards one of two fields of study, namely: Forestry and Natural Resource Sciences and

Wood and Wood Products Sciences, both of which are scarce and critical skills in the forestry sector.

The qualification commenced in January 2019 and has been a success so far with most learners having completed their second year of the qualification. Five learners were registered on the bursary programme for their final year only and those learners were reported as completions in Quarter 4 2019/20. Five more learners were registered for the two remaining years of the bursary funding. The qualification will be completed in December 2021.

CAPE PENINSULA UNIVERSITY OF TECHNOLOGY

In an effort to create more opportunities for learners to equip themselves with scarce and critical skills in the FP&M sectors, the FP&M SETA, allocated funding to Cape Peninsula University of Technology to support 85 unemployed learners with bursaries at the institution.

The funding, which was for the amount of R 4,250,000.00 for the period of one year, enabled the learners to register for qualifications including: Diploma: Clothing and Textile Technology; Diploma: Visual Communication Design;

B-Tech: Fashion Design; Diploma: Graphic Design; Advanced Diploma: Visual Communication Design; Diploma: Fashion Design; Diploma: Product Design; Advanced Diploma: Journalism; Advanced Diploma: Fashion Design;

Of the 85 students funded, 50 are in their final year and are awaiting their results. 17 are first year students that can be registered as progressive learners for their second year once they pass. 18 learners are second year students that can be registered as progressive learners for their third year once they pass.

PART B: PERFORMANCE INFORMATION

NELSON MANDELA UNIVERSITY

WIL HET is an integral part of completing the Diploma in Forestry qualification at Nelson Mandela University. The FP&M SETA awarded the university an amount of R 1,800,000.00 to fund 50 WIL HET learners to complete their qualifications.

Due to Covid-19 and lockdown for the period of six months the learners were unable to complete their workplace training and this delayed completion of the WIL programme.

The learners completed their WIL HET by the end of March 2021, and thereafter returned to complete the final year of their qualification.

DISABILITY PROJECTS

It is important that we consistently work towards advancing transformation and equity with regards to class, gender, race, youth, geography and disability. The FP&M SETA recognises this imperative and is working towards promoting greater inclusivity by supporting programmes such as the great work being done by Thandeka Vocational Educational Trust.

THANDEKA VOCATIONAL EDUCATIONAL TRUST

Thandeka Vocational Educational Trust (TVET SA) partnered with DEAFSA, Cape Mental Health, Department of Social Development and various stakeholders in Gauteng and Western Cape to give 48 unemployed learners with disabilities the opportunity to achieve a qualification in clothing manufacturing.

The learners, who were split into two groups – Group 1 with 22 learners and Group 2 with 26 learners, studied towards the National Certificate: Clothing, Textile, Footwear and Leather Manufacturing Processes NQF level 2, clothing

manufacturing qualification, over a period of 18 months, with the assistance and mentoring from interpreters and learner assistants.

The project, which was funded for R 1,500,000.00, was a success with 18 learners from the first group achieving their certification – 16 of which were placed in permanent employment. The second group of 26 learners are in the final process of assessment, moderation and verification.



PROMOTION OF TVET GROWTH

The WP-PSET describes TVET colleges as the cornerstone of the post-school education and training system for South Africa and the NDP describes TVET colleges as critical pillars of the emerging post-school system and vital for social and economic development. TVET colleges are critical in preparing students for the world of work, which is why the FP&M SETA has allocated funding to the following colleges:

COLLEGE OF CAPE TOWN

The College of Cape Town project was approved and funded for the training of 30 unemployed learnerships and apprenticeships for the benefit of learners in the township of Gugulethu.

The project, which was funded for R 1,624,000.00, consisted of 10 electrician apprenticeships and 20 unemployed learnerships for a National Certificate in Furniture Making: Upholstery Level 2.

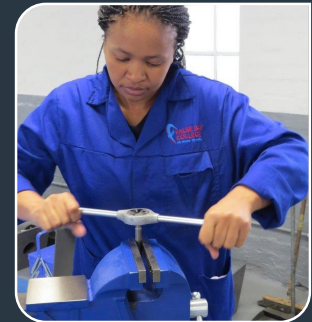
NORTHLINK COLLEGE

40 learners were registered for the WIL TVET programme and have completed the training at the end of April 2021. This was an eighteen month WIL TVET training programme, however due to Covid-19 and lockdown regulations learners were unable to access their workplaces and completion was delayed.

The project was funded for R 2,376,000.00.

FALSE BAY COLLEGE

False Bay College recruited 30 learners from the townships of Khayelitsha and Mitchells Plain for WIL. FP&M SETA approved funding to the amount of R 2,342,000.00 for this project. The intervention included 10 apprenticeships in Mechanical Fitter and Turner and 20 unemployed WIL TVET learnerships. The outcomes of this programme specifically addresses graduate unemployment and township development.



ELANGENI TVET COLLEGE

70 learners registered with Elangeni TVET College benefited from WIL TVET funding from the FP&M SETA.

The learners completed 18 months of theory (N4 - N6), and were placed with various companies for 18 months to gain relevant practical work experience in order to complete their National Diploma qualification.

The programme, which was funded for R 3,780,000.00, proved to be a great success with 68 of the 70 students successfully completing the placement programme.

The objective of this intervention was to address youth unemployment.



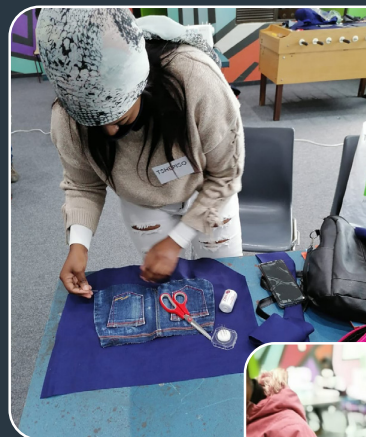
NKANGALA TVET COLLEGE

FP&M SETA approved a sewing project to support 50 learners from Nkangala TVET College. The intervention focused on skills programmes for clothing manufacturing and SMME development.

The project, which was funded for R 2,800,000.00, supported learners from the rural townships of Emalahleni (20), Siyabuswa (14) and Emakhazeni (16) in the province of Mpumalanga.

Three co-operatives were registered from the three groups that completed the programme, of which 100% of the locally recruited learners were unemployed youth. The co-operatives empowered women, within the Emakhazeni co-operative, 100% of the learners were female. The Emalahleni co-operative consisted of 75% females, whilst the co-operative in Siyabuswa had 80% females.

The objectives of this project were to address rural development and woman empowerment.



PART B: PERFORMANCE INFORMATION

TRADE UNION CAPACITY BUILDING

Skills training and capacity development within trade unions through their education programmes, as well as other worker-initiated training programmes, play an important role in the upskilling of workers. Trade union capacity building is critical to encourage worker-initiated training in order for workers to better understand the challenges facing the FP&M sector. This is paramount for the competitiveness and sustainability of FP&M industries.

SOUTHERN AFRICAN CLOTHING AND TEXTILE WORKERS UNION

The South African Clothing and Textile Workers Union (SACTWU) – with the support of the FP&M SETA, implemented a training programme which focused on shop steward capacity building.

500 employed shop stewards received core training, of which the content included basic shop steward duties, labour law, case handling, industry terms and conditions of employment, and unfair dismissals case management skills.

The programme consisted of six components, namely union education, HIV/Aids awareness training, skills development, computer training, health and safety training and leadership development.

Hundreds of shop stewards have also learned computer skills through SACTWU courses. The project, which was funded for R 3,000,000.00, was conducted by SACTWU's Education Department, along with union project staff, Ditsela and accredited training institutions.

Due to the impact and restrictions imposed by Covid-19, the training has been limited and the groups have been smaller in size.



WORKPLACE PRODUCTIVITY

Low productivity is a challenge in the workplace. There is a need for workers to be upskilled and supported in an effort to increase productivity and the overall growth and development of our economy. As a result, the FP&M SETA supported and funded training of workers already in employment to address quality and improved productivity.

NATIONAL BARGAINING COUNCIL FOR THE CLOTHING MANUFACTURING INDUSTRY

The FP&M SETA approved and allocated R 3,096,000.00 to the National Bargaining Council for the Clothing Manufacturing Industry's project to upskill and multi-skill 400 employed learners in the clothing and textile industry.

The Productivity Institute in collaboration with the National Bargaining Council contracted 8 accredited skill development providers to provide critical and scarce skills training to 18 stakeholders located in KwaZulu-Natal and Western Cape.

The skills programmes included: Quality, Finishing; Manual & Digital Cutters Skills Programme; Productivity; Pattern Making and Grading; Supervisory and Team Leader; Supply Chain; Basic Sewing Machine Mechanic; Sewing Machine Operator; Workstudy and Process Manufacturing

Unfortunately, due to the technical recession prior to the Covid-19 lockdown, only 356 learners registered for various training interventions.

Despite the negative impact on many companies due to the Covid-19 pandemic, the programme is progressing well.

THANDEKA VOCATIONAL EDUCATION TRUST

Thandeka Vocational Education Trust (TVET SA) project focused training of 153 employed and unemployed learners. Training interventions included learnerships, skills programmes and internships. This project greatly benefited not only workers, but companies which require the skills to increase their capacity and enhance their production within the clothing industry.

The project, which was funded for R 2,854,000.00, consisted of 70 unemployed learners and 15 employed learner registered for National Certificate CTFL Manufacturing

Processes NQF 2 learnership; 60 employed learners were registered for skills programmes incorporating garment construction, pattern making, finishing and quality control; and 8 learners were recruited for internships in finance, human resources, supervisory development and operations.



SA APPAREL ASSOCIATION

The South African Apparel Association (SAAA) project was funded by the FP&M SETA in order to increase access for occupational programmes to improve the employability of unemployed learners. 149 Learners from 4 small manufacturing companies were registered for learnerships and skills programmes focusing on lean manufacturing. This project was a success as it increased workers skills and capacity and enhanced production within the clothing industry.

This project, which was funded for R 3,000,000.00, facilitated the registration of 52 unemployed learners for the National Certificate CTFL Manufacturing Processes NQF level 2 learnership and a further 97 unemployed learners were registered on skills programmes incorporating garment construction, pattern making, finishing and quality control.

Four (4) small clothing companies benefitted from the lean manufacturing workshops, improving their quality and productivity on the production line thus, giving them a competitive edge.

CTP GROUP 2020/21 – WESTERN CAPE

The CTP Group benefited funding to the value of R 2,206,000.00 from the FP&M SETA. 57 employed learners were able to upskill themselves through training interventions such as learnerships, skills programmes and apprenticeship in the printing and packaging industries.

Working with Boland Printers; CTP Limited; CTP Cartons & Labels Epping; CTP Flexibles; CTP Newspapers; CTP

Printers Cape Town and SA Litho Packaging, the project registered 14 learners on the apprenticeships programme in five printing and packaging trades and the millwright trade. 15 employed learners were registered on a learnership in production technology and management and 20 employed learners were registered on skills programmes in finance, management and printing operations.

PART B: PERFORMANCE INFORMATION

PAARL MEDIA/NOVUS GROUP

In an effort to upskill workers, increase capacity and enhance production within the printing and packaging industries, Paarl Media/Novus Group obtained funding and implemented training for 40 employed and unemployed learners.

The project, which was funded for R 2,203,000.00, consisted of 10 apprenticeships in various printing and packaging trades; 5 employed bursaries for operations

management and finance; 15 unemployed disability learnerships for generic management NQF level 3 and 10 internships addressing human resource clerks.



TOWNSHIP YOUTH DEVELOPMENT

Statistics South Africa (StatsSA) estimates that more than 18 million people above 20 years have educational levels below the National Senior Certificate. This includes more than 3.3 million youth aged 15–24 years, and 4.6 million aged 25–34 years who are not in education, employment or training. That is why it is important to assist community organizations and institutions, individuals and local businesses in developing their communities by building youth knowledge and skills.

MITCHELLS PLAIN SKILLS CENTRE

The Mitchells Plain Skills Centre Project focuses on equipping unemployed learners in upholstery and furniture making. Funding to the value of R 1,310,000.00 was approved by the FP&M SETA to benefit 50 unemployed youth from Mitchells Plain and the surrounding impoverished areas.

30 unemployed learners were registered on a learnership for a National Certificate: Furniture Making: Upholstery Level 2 and the other 20 unemployed learners were registered on

a learnership for a National Certificate: Furniture Making: Upholstery Level 3. Learners that achieved the NQF level 2 upholstery qualification previously, progressed to the NQF level 3 upholstery qualification.



SALABEDLA CONTRACTING AND DEVELOPMENT

Salabedla Training Academy provides skills development opportunities and learnerships in furniture making to unemployed youth in Umlazi, KwaZulu-Natal. The training programme has been a success with many learners, who have excelled in their learnership, being frequently hired by Salabedla and Meek Malo Furniture, resulting in a decrease in youth unemployment in the area and improving the township economy. The community has also started to

buy furniture from Salabedla Designs, because they know that they are supporting and promoting the work produced by the youth of the area.

The Covid-19 pandemic posed a number of challenges for the programme in 2020. These included having to buy sanitisers and masks, which were not included in the budget, high data expenditure for ZOOM meetings, and a lot of absenteeism due to quarantine and students either losing loved ones or having to take care of sick family members.

RURAL DEVELOPMENT

South Africans in rural areas constitute the most marginalised people of our population. It is important to foster rural development and make a concerted effort to provide training and skills development initiatives in the rural areas that support entrepreneurship and co-operative development aligned to the NSDP outcomes.

IMPELA TRADING CC

Impela Trading cc was awarded and successfully implemented a skills programme, which benefited 20 unemployed learners in the rural area of Mnambithi and its surrounding areas in KwaZulu-Natal.

The programme consisted of 46 credits and learners had the opportunity to learn a wide range of theoretical (10%) and practical (90%) subjects including materials, making, leather goods manufacturing, and join and assemble component parts. The programme focused on learning by discovery and hands-on experiential learning.

Prior to the course participants had no background knowledge regarding leather goods manufacturing. The course equipped the learners with essential skills and they are now competent in making belts, bags,

and cushions. They also gained the knowledge to be able to identify materials, design, cut components, join components, as well as perform finishing processes on leather products.

Upon completing the programme, learners were already getting orders for their products, which is very promising and is a sign of the success of the project.



INTERMASIKO CC

FP&M SETA funded 15 learners who were registered for learnerships in furniture making level 2, through the Intermasiko furniture making programme.

The 15 learners were found to be competent and progressed to level 3, which they successfully completed as well. The learners then trained on an entrepreneurship programme, learning about new venture creation to provide them with a holistic understanding of business management.

The 24 month programme, which was funded for R 1,376,500.00, is progressing well and all of the learners are still in incubation.



PART B: PERFORMANCE INFORMATION

IGODA INCUBATOR

The Igoda Incubator in the Harry Gwala District of Pietermaritzburg, proved to be a success with 142 learners registered on clothing manufacturing skills programmes.

Upon completion of the programme, 43 of the learners registered their own businesses and 37 learners were able to secure employment at clothing manufacturing companies.

Learners were also encouraged to complete the full learnership qualification for the National Certificate in CTFL Manufacturing Processes NQF level 2.

This programme also gave the learners a broader range of skills and increased their employability.



MYSPEACE INTERIOR

20 learners from Mandeni, Kwazulu-Natal, benefitted from a FP&M SETA funded skills programme in furniture making by MySpace Interior.

All 20 learners successfully completed the program and the company assisted them to register their own businesses. The learners were empowered to understand the supply chain management policies and procedures of the Mandeni Municipality in order to assist learners to tender for office furniture procurement opportunities.

Upon completion of the training, the Municipality bought machines for the learners and also offered them working space. The learners are currently manufacturing furniture for retail.

The project was also endorsed by the Office of the Mayor from the Mandeni Municipality and in an effort to assist the learners, they were linked to the Department of Education to renovate school desks.



SMME DEVELOPMENT

Small, Micro and Medium Enterprises (SMMEs) play an important role in economic development and employment creation.

By 2030, the National Development Plan has set the target of 5% for the Gross Domestic Product (GDP) and unemployment reduction to 6%, which is expected to be achieved through the creation of 11 million jobs, the majority of which are expected to be contributed by small and expanding businesses.

In line with the NSDP's objective to bolster skills development support for entrepreneurs and co-operatives, the FP&M SETA supported the following project during the Covid-19 pandemic:

GERT SIBANDE TVET COLLEGE

Thanks to funding that was granted by the FP&M SETA during the Covid-19 lockdown, Gert Sibande TVET College embarked on a mask production initiative, which benefitted students, SMMEs and community members in need of masks.

The project was a success as the targeted amount of 50,000 masks were produced during the programme. The project was accomplished through the work of 26 students – 22 from the Report 191 Clothing Production programme at the College and 4 learners on other skills programmes at the College. Learners benefitted from hands-on experience in sewing in the production environment, as well as through the support of four SMMEs which assisted the students with production and mentoring. The masks that were produced were given to students, staff and donated to those in need.

Following the success of this project, Gert Sibande College is in the process of establishing a clothing production mini-factory, where clothing production graduates will continue to sew masks for the college and the public. The college is also helping to register SMME's and co-operatives in clothing production and will be opening a college shop for corporate gifts.



3. ORGANIZATIONAL ENVIRONMENT

The Covid-19 pandemic could not have had a more telling impact on the business continuity of the organization than the death of the Chief Financial Officer, Mr Richard Marule, in September 2020. It must be noted that the FP&M SETA Accounting Authority responded by immediately appointing, Mr Avinash Gangoo, as its Acting Chief Financial Officer mitigating the risk of the SETA's ability to deliver on its Strategic Plan and Annual Performance Plan.

During the period under review, the FP&M SETA Board approved the *FP&M SETA Disaster Management and Pandemic Emergency Policy* due to the sharp rise in Covid-19 infections and the rapid spreading of a new variant of the coronavirus. In the interest of the health and safety of all employees and stakeholders, it was decided that two-thirds of FP&M SETA employees would provide services to stakeholders remotely from home, whilst the other one third will return to work and continue with service delivery of the mandate from the FP&M SETA Offices, whilst normal working hours and conditions applied. This was done in response to the risk-adjusted strategy being implemented to phase -in the return to institutions offering occupational learning programmes and occupational qualifications and to manage the gradual re-opening of institutions for learning, training and assessment, and to address, prevent and combat the spread of Covid-19.

The FP&M SETA has efficient governance structures in place to ensure good corporate governance, the implementation of relevant policies and procedures, and sound financial management. The FP&M SETA Board provided strategic direction to the FP&M SETA and an independent Audit Committee plays an oversight role to ensure that the implementation of financial policies and procedures are in line with the *PFMA* and other legislative requirements. An Executive Committee (EXCO) is responsible for the monitoring and evaluation of operational activities including the implementation of action plans.

4. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGE

Due to the onset of the Covid-19 pandemic, the following key legislation had a significant bearing on the implementation of the FP&M SETAs Strategic Plan and Annual Performance Plan for the period under review:

- **Occupational Health and Safety Act, 1993 (Act No.85 of 1993)** – Risk Assessment Compliance, together with a written policy concerning the protection of the health and safety of its employees from Covid-19
- **Disaster Management Act, 2002 (Act No.57 of 2002)** – **Covid-19 Guidelines on Health and Safety in the Work place** – has determined that it is necessary to adopt and implement occupational health and safety measures to (reduce and eliminate) the escalation of Covid-19 infections in workplaces.

PART B: PERFORMANCE INFORMATION

- **FP&M SETA Skills Strategy for Economic Restructuring and Recovery Plan (ERRP)** -To restore our economy and the FP&M sector we need to focus on the extraordinary measures we must take to restore our economy and industrial sectors to inclusive growth. This plan directly responds to the immediate economic impact of Covid-19 by driving job creation and SMME development.

5. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

Due to the downward revision of the levy income as a result of the economic downturn over the MTEF period due to the economic impact of Covid-19 lockdown on companies and the and the four month levy payment holiday, the SETAs budget was drastically constrained from the original MTEF budget as contained in the original Strategic Plan 2020/21 -2024/25 and Annual Performance Plan 2020/21 approved in March/April 2020. The SETA was thus compelled to re-table a Revised Strategic Plan for the period 2020/21 to 2024/25 and a Revised Annual Performance Plan 2020/21 in July 2020, reflecting a reduction of its five-year targets in relation to its output indicators and targets. In terms of priority interventions aligned to the Medium Term Strategic Framework (MTSF), output indicators and targets aligned to the growth and development of TVET Colleges, registration and completion of artisan programmes, learnerships, skills programmes and internships were reduced.

Despite the impact of Covid-19, the FP&M SETA has made steady progress towards the achievement of the 5-year target in relation to the outcome indicators for the various programmes as outlined in its revised Strategic Plan for the period 2020/21 to 2024/25. During the reporting period significant achievements were made with regard to the contribution towards the 2019-24 Medium Term Strategic Framework and the outcomes of the National Development Plan, as the FP&M SETA over-achieved on most of its output indicators and targets related to the implementation of priority learning programmes.

INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

6. FP&M SETA ORIGINALLY-TABLED ANNUAL PERFORMANCE PLAN (MARCH/APRIL 2020)

Programme 1: Administration

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

Comments on Achievement of Targets for Programme 1

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

Programme/Sub-programme: Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations
Improved, effective and efficient SETA governance and skills delivery	Effective and efficient financial and human resource planning and implementation.	(i) Percentage of key positions filled.	100%	100%	100%	100%	Nil	100% of target achieved

PART B: PERFORMANCE INFORMATION

Programme 2: Skills Planning

Purpose	To ensure that appropriate skills-related research is conducted in order to identify and increase the production of occupations in high demand to promote labour absorption. Accurate labour market analysis within the sector will improve enrolment and completion of priority occupations and qualifications. This would improve the responsiveness and planning processes of the sector's post-school education and training system.
Explanation of the Planned Performance over the five year planning period	A credible institutional mechanism for research and skills planning will be established ensuring better forecasting of occupations in high demand leading to greater responsiveness and better skills planning processes within the FP&M sector. This will also result in the formation of effective partnerships and networks with key delivery partners among the provider community, labour market and learner communities. The rationale is that skills planning must be complemented with resources, better data and improved labour market analysis relating to sectoral skills gaps and priority occupations in demand. It is important for the FP&M SETA to develop capacity for this function because demand projections for labour depend on the economic growth rate and this is the single most important variable for skills planning in the sector. This would ensure that information sources for priority occupations and qualifications, with regard to the demand and supply of occupations and qualifications in demand and identifying new and emerging occupations and qualifications in the sector are coordinated and integrated, thus increasing opportunities for employability and entrepreneurship. This programme also supports the implementation of different types of implementation studies to assess processes, systems and impact of FP&M SETA learning programmes.

Comments on Achievement of Targets for Programme 2

Due to improved marketing and advocacy for mandatory grant submissions, the overall achievement against targets for output indicators on WSP/ATR submissions for small, medium and large companies have improved. The FP&M SETA has concluded research agreements with credible research organizations to ensure that quality research is undertaken to address credible skills planning for Sector Skills Plan Updates, Impact Study research and promotion of growth and development of TVET Colleges. It must be noted that due to research that was undertaken during the period under review the SETA was able to develop a credible PIVOTAL List of occupations in high demand and a list of skills needs of co-operatives of small and emerging enterprises. These interventions guided the SETA in its submissions with regard to the national list for Occupations in High Demand and skills needs for Economic Reconstruction & Recovery Plan.

Programme/Sub-programme: Programme 2: Skills Planning								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations
Quality research and skills planning activities to address occupations in high demand	Discretionary grants allocated for high, intermediate and elementary skills	(i) Percentage of discretionary grant budget allocated at developing high, intermediate and elementary skills	Not Applicable	Not Applicable	80%	80.34%	0.34%	Positive variance: 100% of target achieved, within the expected range of 1-5%.

PART B: PERFORMANCE INFORMATION

Programme/Sub-programme: Programme 2: Skills Planning								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations
	WSP and ATRs of small firms approved for mandatory grant payment	(ii) Number of WSPs and ATRs approved for small firms	623	635	580	593	13	Positive variance, within the expected range of 1-5%. Increased stakeholder engagement and support has resulted in more companies submitting WSPs.
	WSP and ATRs of medium firms approved for mandatory grant payment	(iii) Number of WSPs and ATRs approved for medium firms	411	421	355	371	16	Positive variance, within the expected range of 1-5%. Increased stakeholder engagement and support has resulted in more companies submitting WSPs.
	WSP and ATRs of large firms approved for mandatory grant payment	(iv) Number of WSPs and ATRs approved for large firms	383	384	335	349	14	Positive variance, within the expected range of 1-5%. Increased stakeholder engagement and support has resulted in more companies submitting WSPs.

PART B: PERFORMANCE INFORMATION

Programme/Sub-programme: Programme 2: Skills Planning								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations
	Research reports completed and supports SSP development	(v) Number of research agreements signed	3	4	5	5	Target achieved -no deviation.	100% of target achieved.
	Approved list of identified skills needs of co-operatives, small and emerging enterprises	(vi) List of identified skills needs of co-operatives, small and emerging enterprises submitted to DHET by 31 st August 2020.	Not Applicable	Not Applicable	List of identified skills needs of co-operatives, small and emerging enterprises submitted to DHET by 31 st August 2020.	List of identified skills needs of co-operatives, small and emerging enterprises submitted to DHET by 31 st August 2020.	Target achieved -no deviation.	100% of target achieved.
	Approved PIVOTAL List of priority occupations to be funded	(vii) An updated OFO-aligned pivotal list submitted to DHET by 31 st August 2020.	An updated OFO-aligned pivotal list was submitted to DHET by 31 st August 2018.	An updated OFO-aligned pivotal list was submitted to DHET by 31 st August 2019.	An updated OFO-aligned pivotal list submitted to DHET by 31 st August 2020.	An updated OFO-aligned pivotal list submitted to DHET by 31 st August 2020.	Target achieved -no deviation.	100% of target achieved.

Programme 3: Learning Programmes and Projects

Sub-Programme: 1

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

Comments on Achievement of Targets for Sub-programme 1

The achievement of output indicators and targets for this indicator is critical as this programme provides intermediate and high-level skills for unemployed learners and graduates that could lead to employment placement opportunities. It is pleasing to note that targets for this sub-programme were exceeded as it also addresses skills gaps aligned to the FP&M SETA Occupations in High Demand and the Medium Term Strategic Framework priorities of Government and the National Development Plan – Vision 2030. There was minimal impact of Covid-19 lockdowns on this programme due to rigid implementation of the Risk-Adjusted Strategy for the phasing-in of workplace education and training and Covid-19 Workplace Health and Safety Regulations as workplaces and skills development providers opened up to take in unemployed learners and graduates. In terms of learner registrations and completions on this sub-programme, 65% were female, whilst 35% were male. 82% of learners were youth, whilst a small number of disabled learners entered and completed learning programmes in this sub-programme.

Programme 3: Learning Programmes and Projects Sub-Programme: 1								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations
Increased workplace-based learning opportunities to address priority occupations.	Funded TVET Students for WIL	(i) Number of TVET students entered work-integrated-learning programmes	416 Funded learners:416	556 Funded learners: 556	350	351 Funded learners: 351	1	Positive variance, within the expected range of 1-5%. This is as a result of additional funding becoming available from project savings used to support pivotal programmes.

PART B: PERFORMANCE INFORMATION

Programme 3: Learning Programmes and Projects								
Sub-Programme: 1								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations
	Work-ready TVET Students	(ii) Number of TVET students completed work-integrated-learning programmes	301 Funded learners:301	422 Funded learners: 422	250	282 Funded learners: 282	32	<p>Positive variance: 113% of target achieved.</p> <p>Agreements with TVETs contributed to the achievement of this target. Contracting agencies were able to fund more TVET learners in SETA funded projects.</p> <p>Previous year's entry targets were higher than the required completions in the current year, which means there were less attrition than in previous years. 100% of target achieved.</p>
	Funded HET Students for WIL	(iii) Number of university students entered work-integrated-learning programmes	276 Funded learners:276	276 Funded learners: 276	250	250 Funded learners: 250	Target achieved -no deviation.	100% of target achieved.
	Work-ready HET students	(iv) Number of university students completed work-integrated-learning programmes	259 Funded learners:259	234 Funded learners: 234	225	228 Funded learners: 228	3	<p>Positive variance, 101% of target achieved. Within the expected range of 1-5%.</p> <p>Previous year's entry targets were higher than the required completions in the current year, which means there were less attrition than in previous years.</p>

Programme 3: Learning Programmes and Projects								
Sub-Programme: 1								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations
	Funded unemployed learners for work experience/ internship programmes	(v) Number of unemployed learners entered work experience / Internship programmes	259 Funded learners:259	431 Funded learners: 431	415	430 Funded learners: 430	15	<p>Positive variance, within the expected range of 1-5%.</p> <p>This is as a result of additional funding becoming available from project savings used to support pivotal programmes. Internships are supported as they lead to employment opportunities.</p>
	Work-ready unemployed learners	(vi) Number of unemployed learners completed work experience / internship programmes	192 Funded learners:192	272 Funded learners: 272	280	311 Funded learners: 311	31	<p>Positive variance: 111% of target achieved.</p> <p>The target was exceeded due to the upskilling of unemployed youth to increase employment potential. Therefore, reprioritisation of funding was made to support these programmes.</p> <p>Previous year's entry targets were higher than the required completions in the current year, which means there were less attrition than in previous years.</p>

PART B: PERFORMANCE INFORMATION

Programme 3: Learning Programmes and Projects								
Sub-Programme: 1								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations
	Funded unemployed learners on skills programmes	(vii) Number of unemployed learners entered skills programmes	1,906 Funded learners: 1,906	2,282 Funded learners: 2,282	1,525	2,066 Funded learners: 2,066	541	Positive variance: 136% of target achieved. The target was exceeded due to the upskilling of unemployed youth to increase employment potential. Therefore, reprioritisation of funding was made to support these programmes
	Unemployed learners on skills programmes upskilled	(viii) Number of unemployed learners completed skills programmes	979 Funded learners: 979	1,424 Funded learners: 1,424	1,500	2,001 Funded learners: 2,001	499	Positive variance: 133% of target achieved. Improved monitoring of projects resulted in increased completions improving the throughput rate on these programmes.
	Funded unemployed learners on learnerships	(ix) Number of unemployed learners entered learnership programmes	1,819 Funded learners: 1,819	3,000 Funded learners: 3,000	1,700	2,069 Funded learners: 2,069	369	Positive variance: 122% of target achieved. The target was exceeded. Learnerships unemployed is a priority programme as it addresses the issue of youth unemployment. Therefore, reprioritisation of funding was made to support these programmes.

Programme 3: Learning Programmes and Projects								
Sub-Programme: 1								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations
	Unemployed learners on learnerships upskilled	(x) Number of unemployed learners completed learnership programmes	1,613 Funded learners: 1,613	1,841 Funded learners: 1,841	1,855	1,906 Funded learners: 1,906	51	Positive variance: 103% within the expected range of 1-5%. Improved monitoring of projects resulted in increased completions improving the throughput rate on these programmes.

Sub-Programme: 2

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

Comments on Achievement of Targets for Sub-programme 2

Achievements for output indicators for AET entries and completions were exceeded, providing learners with elementary and foundational communication and mathematical literacy skills. Learners who have completed AET programmes will enjoy increased opportunities to access middle-level occupationally-directed programmes affording them much improved employment and career pathing opportunities. It is also pleasing to note that many of the FP&M SETA workplaces have afforded employed learners an opportunity to improve their foundational skills. In terms of learner registrations and completions on this sub-programme, 63% were female, whilst 37% were male. 67% of learners were youth, whilst 8% disabled learners entered and completed learning programmes in this sub-programme.

PART B: PERFORMANCE INFORMATION

Programme 3: Learning Programmes and Projects Sub-Programme: 2								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations
Increased foundational learning opportunities	AET learners funded	(i) Number of learners who entered AET programmes.	689 Funded learners: 689	679 Funded learners: 679	302	341 Funded learners: 341	39	Positive variance: 113% of target achieved. The target was exceeded due to increased demand for AET intervention, resulting in budget reprioritisation.
	Improved foundational skills	(ii) Number of learners who completed AET programmes	488 Funded learners: 488	448 Funded learners: 448	215	289 Funded learners: 289	74	Positive variance: 134% of target achieved. Greater number of completions achieved due to increased number of learner entries.

Sub-Programme: 3

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

Comments on Achievement of Targets for Sub-programme 3

Overachievement of output indicators and targets for this programme is critical to improving workplace productivity and career pathing of workers. Workers were exposed to intermediate level and high level skills aligned to the critical skills of the FP&M SETA. This programme is also critical to address key skills development action plans aligned to the industry Masterplans as outlined in the FP&M SETA Strategic Plan and Annual Performance Plan and the future competitiveness and sustainability of FP&M industrial sub-sectors. In terms of learner registrations and completions on this sub-programme, 68% were female, whilst 32% were male. 51% of learners were youth, whilst a small number of disabled learners entered and completed learning programmes in this sub-programme.

Programme 3: Learning Programmes and Projects								
Sub-Programme: 3								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations
Improved skills level of workers in occupations in high demand.	Workers funded on learnership programmes	(i) Number of workers entered learnership programmes	897 Funded learners: 897	911 Funded learners: 911	500	529 Funded learners: 529	29	Positive variance: 106% of target achieved. The target was exceeded, partly due to MoAs entered in one financial year, but implemented in another financial year.
	Workers acquire middle-level technical skills through learnerships	(ii) Number of workers completed learnership programmes	689 Funded learners: 689	689 Funded learners: 689	695	695 Funded learners: 695	Target achieved – no deviation	100% of target achieved.
	Workers funded on bursary programmes	(iii) Number of workers entered bursary programmes	111 Funded learners: 111	112 Funded learners: 112	75	85 Funded learners: 85	10	Positive variance: 113% of target achieved. Funding was re-prioritised to address high level skills in workplaces.
	Workers acquire middle & high level skills through bursary programmes	(iv) Number of workers completed bursary programmes	51 Funded learners: 51	88 Funded learners: 88	40	40 Funded learners: 40	Target achieved –no deviation.	100% of target achieved.
	Workers funded on skills programmes	(v) Number of workers entered skills programmes	1,867 Funded learners: 1,867	2,852 Funded learners: 2,852	1,100	1,259 Funded learners: 1,259	159	Positive variance: 114% of target achieved. The target was exceeded. This is partly due to skills programme MOAs that would be entered in one financial period but only implemented in another financial period.

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Programme 3: Learning Programmes and Projects								
Sub-Programme: 3								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations
	Workers acquire middle-level technical skills through skills programmes	(vi) Number of workers completed skills programmes	1,323 Funded learners: 1,323	1,810 Funded learners: 1,810	1,500	1,609 Funded learners: 1,609	109	<p>Positive variance: 107% of target achieved.</p> <p>The target was exceeded. This is partly due to skills programme MOAs that would be entered in one financial period but only implemented and completed in another financial period.</p> <p>Previous year's entry targets were higher than the required completions in the current year, which means there were less attrition than in previous years.</p>

Sub-Programme: 4

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

Comments on Achievement of Targets for Sub-programme 4

Apprenticeship and bursary programmes are priority interventions that address high level technical skills and advanced 4IR technologies in the industry. The competitiveness and growth of the FP&M sector is highly dependent on the success of this programme with a key focus on strategic partnerships with TVET Colleges, Universities and Universities of Technology and Employer Organizations. The Recognition of Prior Learning (RPL) intervention must be prioritized so that the work experience, expertise and skills of workers can be fast-tracked through the achievement of a formal occupationally-directed qualification. The FP&M SETA partnership with the National Financial Aid Scheme (NSFAS) continues to thrive with the SETA funding a

PART B: PERFORMANCE INFORMATION

high number of learners. Implementation of this programme plays a pivotal role in addressing transformational imperatives and key priorities such as township and rural development, gender transformation and poverty alleviation aligned to key priorities of the Medium Term Strategic Framework (MTSF). In terms of learner registrations and completions on this sub-programme, 45% were female, whilst 55% were male. 92% of learners were youth. More effort is required to ensure that disabled learners are entered and complete learning programmes in this sub-programme.

Programme 3: Learning Programmes and Projects Sub-Programme: 4								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations
Increased access to occupationally-directed programmes through effective partnerships.	Apprentices funded on apprenticeship programmes	(i) Number of learners entered apprenticeship programmes	375 Funded learners: 375	378 Funded learners: 378	220	243 Funded learners: 243	23	Positive variance: 110% of target achieved. Funding was re-prioritised to address intermediate level skills in workplaces and TVET colleges
	Apprentices acquire middle-level technical skills	(ii) Number of learners completed apprenticeship programmes	258 Funded learners: 258	307 Funded learners: 307	260	260 Funded learners: 260	Target achieved -no deviation.	100% of target achieved.
	Unemployed learners on bursary programmes funded	(iii) Number of unemployed learners entered bursary programmes as first-time entry learners	Not Applicable	Not Applicable	140	208 Funded learners: 208	68	Positive variance: 149% of target achieved. This target was exceeded through the SETA partnership with the National Student Financial Aid Scheme (NSFAS), registering more learners on SETA-NSFAS funding. SETAs fund final year learners for the first time to meet targets linked to entries. This allows the SETA to use the funding to fund additional learners

PART B: PERFORMANCE INFORMATION

Programme 3: Learning Programmes and Projects								
Sub-Programme: 4								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations
	Unemployed learners on bursary programmes acquire middle-level technical skills	(iv) Number of unemployed learners who entered bursary programmes as continuing learners	364 Funded learners: 364	677 Funded learners: 677	300	311 Funded learners: 311	11	Positive variance, within the expected range of 1-5%. Funding was re-prioritised to address high level skills and funding needs of unemployed students.
	Unemployed learners on bursary programmes acquire middle-level technical skills	(v) Number of unemployed learners who completed bursary programmes	200 Funded learners: 200	501 Funded learners: 501	264	265 Funded learners: 265	1	Positive variance, within the expected range of 1-5%. This target was exceeded through the SETA partnership with the National Student Financial Aid Scheme (NSFAS).
	Learners funded for RPL programmes	(vi) Number of learners who entered RPL programmes	Not Applicable	Not Applicable	50	50 Funded learners: 50	Target achieved -no deviation.	100% of target achieved.
	Learners assessed through RPL methodology	(vii) Number of learners completed RPL programmes	Not Applicable	108	45	50 Funded learners: 50	5	Positive variance: 111% of target achieved. The target was exceeded, partly due to the successful implementation of the RPL programme – all learners entered the programme completed.

Programme 3: Learning Programmes and Projects								
Sub-Programme: 4								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations
	Strategic TVET/CET partnerships funded	(viii) Number of TVET and/or CET partnership agreements signed	10	22	20	21	1	Positive variance, within the expected range of 1-5%.
	Strategic HEI partnerships funded	(ix) Number of HEI partnership agreements signed	6	6	10	10	Target achieved -no deviation.	100% of target achieved.
	Strategic SETA Employer partnerships funded	(x) Number of SETA Employer partnership agreements signed	Not Applicable	Not Applicable	5	6	1	Positive variance: 120% of target achieved. FP&M SETA supported employer partnerships to address occupations in high demand and skills aligned to advanced 4IR technologies. Target exceeded due to the SETA committing more funding to assist TVETs and CETs.

Sub-Programme: 5

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

PART B: PERFORMANCE INFORMATION

Comments on Achievement of Targets for Sub-programme 5

This success of these sub-programmes is critical to address the key transformational imperatives of the National Skills Development Plan (NSDP), the key priorities of the Medium Term Strategic Framework (MTSF) of Government and the Vision 2030 of the NDP. An increased number of projects addressed the key strategic outcome of entrepreneurship of the NSDP. Due to the economic decline resulting from the impact of Covid-19, an increased number of NGOs/ CBOs/NPOs, SMMEs and Co-operatives benefitted from funding to address the core focus of Economic Reconstruction and Recovery (ERRP). SMME development is a key pillar of the industry Masterplans and is crucial for the future sustainability of the FP&M Sector. It is pleasing to note that the number of output indicators and targets in this programme were exceeded as it addresses the key transformational mandate of youth development, gender transformation, rural and township development, disability mandate and poverty alleviation within disadvantaged communities.

Programme 3: Learning Programmes and Projects								
Sub-Programme: 5								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations
Increased funding support for co-operatives, small enterprises, NGOs, CBOs and NPOs to implement skills development programmes.	Learners on entrepreneurial programmes and/or business coaching & mentoring programmes funded	(i) Number of learners entered entrepreneurial programmes and/or business coaching & mentoring programmes	Not Applicable	Not Applicable	100	138	38	Positive variance: 138% of target achieved. Funding was re-prioritised to address this key outcome of the National Skills Development Plan.
	CBOs, NGOs and/or NPOs funded	(ii) Number of CBOs, NGOs and/or NPOs supported with training interventions or funding	23	31	30	32	2	107% of target achieved. An increased number of CBOs, NGOs and/or NPOs benefitted from DG approvals to address this key transformational outcome of the NSDP.

Programme 3: Learning Programmes and Projects								
Sub-Programme: 5								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations
	Rural development projects implemented	(iii) Number of rural development projects funded	29	28	25	29	4	Positive variance: 116% of target achieved. Funding was re-prioritised to address this key outcome of the National Skills Development Plan.
	Co-operatives upskilled	(iv) Number of Co-operatives supported with training interventions or funded	32	69	50	55	5	Positive variance: 110% of target achieved. An increased number of Co-operatives benefitted from DG approvals to address the key transformational outcomes of the NSDP.
	Small businesses upskilled	(v) Number of Small Businesses supported with training interventions or funded		Not Applicable	100	100	Target achieved – no deviation	100% of target achieved.

Sub-Programme: 6

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

PART B: PERFORMANCE INFORMATION

Comments on Achievement of Targets for Sub-programme 6

An increased number of trade unions were supported to improve the understanding of workers on the challenges to the economic growth of FP&M sub-sectors, workplace health and safety regulations and the impact of Covid-19 on the industry. During the period under review, it was critical to building capacity for workers and trade union representatives to understand the Temporary Employer/Employee Relief Scheme (TERS) and UIF benefits etc. due to an increased number of company closures and retrenchments.

Explanation of the Planned Performance over the five year planning period	Trade unions and their education programmes play an important role in the skilling of workers. Worker-initiated education and training must contribute to a workforce that is better able to understand the challenges facing the economic sectors in which they operate. Capacity building of the workforce is critical for the sustained economic growth of FP&M industries.
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Programme 3: Learning Programmes and Projects Sub-Programme: 6								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations
Improved understanding by workers of their sector.	Trade Union members upskilled about sectoral challenges	(i) Number of trade unions supported through skills training interventions or funding	2	3	3	3	Target achieved-no deviation.	100% of target achieved.

Sub-Programme: 7

Purpose	Career paths are communicated effectively, and contribute to improved relevance of training and greater career and vocational awareness for learners.
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Explanation of the Planned Performance over the five year planning period	The rationale is to build career and vocational guidance capacity to expose learners and career development practitioners to FP&M sector occupations in demand through career events and exhibitions in both rural and urban areas. For FP&M sector learners to succeed, they need to be guided prior to enrolment on both the best match of their interest and their abilities to occupational requirements, as well as best prospects for employment and decent remuneration. These programmes require input from the labour market, as well as vehicles for matching potential learners to opportunities. Career paths are mapped to qualifications in all sectors and sub-sectors, and communicated effectively, contributing to improved relevance of training and greater mobility and progression. The FP&M SETA needs to expose learners to occupations in high demand before they make final decisions on their career choices. FP&M SETA must provide information on steps taken to expose prospective learners to work in the FP&M sector.
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Comments on Achievement of Targets for Sub-programme 7

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

Programme 3: Learning Programmes and Projects								
Sub-Programme: 7								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations
Improved exposure for learners and career development practitioners to FP&M sector priority occupations	Learners in urban areas exposed to occupations in high demand	(i) Number of career development events conducted in urban areas	33	36	10	10	Target achieved -no deviation.	100% of target achieved.
	Learners in rural areas exposed to occupation in high demand	(ii) Number of career development events conducted in rural areas	Not Applicable	Not Applicable	10	10	Target achieved -no deviation.	100% of target achieved.
	Career practitioners capacitated on occupations in high demand	(iii) Number of workshops on career development services implemented	Not Applicable	Not Applicable	0	0	Not Applicable	Not Applicable

Programme 4: Quality Assurance and Partnerships

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

Comments on Achievement of Targets for Programme 4

Achievement of output indicators and targets for this programme addresses quality education and training in the FP&M sector. The FP&M SETA is the Development Quality Partner (DQP) and the Quality Assurance Partner (QAP) for a number of occupationally-directed qualifications registered with the QCTO. In order to sustain the supply and demand for education and training in the FP&M sector, it is important for a registered QAP to submit relevant, updated and fit-for-purpose qualifications to

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address sector competitiveness and growth. Promotion and growth of TVET/CET colleges are paramount for sustaining the supply of FP&M SETA education and training provisioning within the post-school education and training system in the medium to long term. An increased number of TVET/CET lecturers must be exposed to FP&M Sector occupational qualifications in order for TVET/CET learners to manufacture to industry quality performance standards.

Programme 4: Quality Assurance and Partnerships								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations
Increased supply of quality, relevant and fit-for-purpose education and training programmes	Functional CSTO Offices established	(i) Number of CSTO offices established in TVET colleges	3	3	1	1	Target achieved-no deviation.	100% of target achieved.
	Centres of Specialization supported	(ii) Number of TVET Centres of Specialization funded	Not Applicable	Not Applicable	2	5	3	Positive variance: 250% of target achieved. Positive variance due to their huge demand from TVETs to implement SETA Occupational Programmes. Aligned to FP&M SETA strategic objective of promoting the growth of TVET colleges, funding re-prioritised and an increased number of TVETs benefitted from FP&M SETA funding.
	TVET/CET lecturers upskilled on industry programmes	(iii) Number of TVET and/or CET Lecturers entered industry development programmes	2	2	10	16	6	Positive variance: 160% of target achieved. TVET/CET lecturer development is key to promoting the growth of TVET/CET colleges, thus funding re-prioritised to benefit an increased number of TVETs/CETs from FP&M SETA funding.

Programme 4: Quality Assurance and Partnerships								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations
	Current and relevant SETA occupational qualifications registered with QCTO	(iv) Number of FP&M SETA occupational qualifications registered by QCTO during the year	Not Applicable	12	15	16	1	Positive variance: 107% of target achieved. The positive variance is attributed to an urgent need to convert historical FP&M sector occupational qualifications to the new QCTO Qualifications Framework guidelines, due to the phasing out of historical occupational qualifications.

7. Additional achievements funded by industry

Additional achievements relating to learners' registrations and completions that were funded by industry and contributed to the FP&M SETA's overall performance during 2020/21

UNFUNDED LEARNERS PER PROGRAMME	2020/21 Unfunded Learners	Overall Performance (Funded and Unfunded Learners)
Number of TVET students entered work-integrated-learning programmes	3	Total achievement:354 101% of target achieved.
Number of unemployed learners entered workplace experience/internships	9	Total achievement:439 106% of target achieved.
Number of unemployed learners entered skills programmes.	169	Total achievement:2235 147% of target achieved.
Number of unemployed learners completed skills programmes.	153	Total achievement:2154 144% of target achieved.
Number of unemployed learners entered learnership programmes.	176	Total achievement:2245 132% of target achieved.
Number of unemployed learners completed learnership programmes	497	Total achievement:2403 130% of target achieved.
Number of employed learners entered learnership programmes.	15	Total achievement:544 109% of target achieved.
Number of employed learners completed learnership programmes.	40	Total achievement:735 106% of target achieved.
Number of employed learners entered skills programmes.	13	Total achievement:1272 116% of target achieved.
Number of employed learners completed skills programmes.	17	Total achievement:1626 108% of target achieved.
Number of learners entered apprenticeship programmes	20	Total achievement:263 120% of target achieved.
Number of learners completed apprenticeship programmes	14	Total achievement:274 105% of target achieved.

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8. FP&M SETA RE-TABLED ANNUAL PERFORMANCE PLAN (JULY 2020)

Programme 1: Administration

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

Programme/Sub-programme: Programme 1: Administration									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations	Reasons for revisions to the Outputs / Output Indicators / Annual Targets
Improved, effective and efficient SETA governance and skills delivery	Effective and efficient financial and human resource planning and implementation.	(i) Percentage of key positions filled.	100%	100%	100%	0%	-100%	Annual target to be reported at the end of Quarter 4 as per APP.	Not Applicable

Programme 2: Skills Planning

Purpose	To ensure that appropriate skills-related research is conducted to identify and increase the production of occupations in high demand to promote labour absorption. Accurate labour market analysis within the sector will improve enrolment and completion of priority occupations and qualifications. This would improve the responsiveness and planning processes of the sector's post-school education and training system.
Explanation of the Planned Performance over the five year planning period	A credible institutional mechanism for research and skills planning will be established ensuring better forecasting of occupations in high demand leading to greater responsiveness and better skills planning processes within the FP&M sector. This will also result in the formation of effective partnerships and networks with key delivery partners among the provider community, labour market and learner communities. The rationale is that skills planning must be complemented with resources, better data and improved labour market analysis relating to sectoral skills gaps and priority occupations in demand. The FP&M SETA needs to develop capacity for this function because demand projections for labour depend on the economic growth rate and this is the single most important variable for skills planning in the sector. This would ensure that information sources for priority occupations and qualifications, with regard to the demand and supply of occupations and qualifications in demand and identifying new and emerging occupations and qualifications in the sector are coordinated and integrated, thus increasing opportunities for employability and entrepreneurship. This programme also supports the implementation of different types of implementation studies to assess processes, systems and impact of FP&M SETA learning programmes.

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Programme/Sub-programme: Programme 2: Skills Planning									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations	Reasons for revisions to the Outputs / Output Indicators / Annual Targets
Quality research and skills planning activities to address occupations in high demand	Discretionary grants allocated for high, intermediate and elementary skills	(i) Percentage of discretionary grant budget allocated at developing high, intermediate and elementary skills	Not Applicable	Not Applicable	80%	0%	-80%	Annual target to be reported at the end of Quarter 4 as per APP.	Not applicable
	WSP and ATRs of small firms approved for mandatory grant payment	(ii) Number of WSPs and ATRs approved for small firms	623	635	625	0	-625	Annual target to be reported at the end of Quarter 3 as per APP.	Covid-19 Impact-Lockdown 5 – economic decline of industry
	WSP and ATRs of medium firms approved for mandatory grant payment	(iii) Number of WSPs and ATRs approved for medium firms	411	421	415	0	-415	Annual target to be reported at the end of Quarter 3 as per APP.	Covid-19 Impact-Lockdown 5 – economic decline of industry.
	WSP and ATRs of large firms approved for mandatory grant payment	(iv) Number of WSPs and ATRs approved for large firms	383	384	385	0	-385	Annual target to be reported at the end of Quarter 3 as per APP.	Covid-19 Impact-Lockdown 5 – economic decline of industry
	Research reports completed and supports SSP development	(v) Number of research agreements signed	3	4	2	0	-2	Annual target to be reported at the end of Quarter 4 as per APP.	Research target increased to address the economic impact of Covid-19 on FP&M sub-sectors..

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Programme/Sub-programme: Programme 2: Skills Planning									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations	Reasons for revisions to the Outputs / Output Indicators / Annual Targets
	Approved list of identified skills needs of co-operatives, small and emerging enterprises	(vi) List of identified skills needs of co-operatives, small and emerging enterprises submitted to DHET by 31st August 2020.	Not Applicable	Not Applicable	List of identified skills needs of co-operatives, small and emerging enterprises submitted to DHET by 31st August 2020.	List of identified skills needs of co-operatives, small and emerging enterprises submitted to DHET by 31st August 2020.	Negative variance – non-submission of a list of identified skills needs of co-operatives, small and emerging enterprises to DHET	Annual target to be reported at the end of Quarter 3 as per APP.	Not Applicable
	Approved PIVOTAL List of priority occupations to be funded	(vii) An updated OFO-aligned pivotal list submitted to DHET by 31st August 2020.	An updated OFO-aligned pivotal list was submitted to DHET by 31 August 2018.	An updated OFO-aligned pivotal list was submitted to DHET by 31 August 2019.	An updated OFO-aligned pivotal list was submitted to DHET by 31st August 2020.	An updated OFO-aligned pivotal list was submitted to DHET by 31st August 2020.	Negative Variance – non-submission of OFO-aligned Pivotal List to DHET	Annual target to be reported at the end of Quarter 3 as per APP.	Not Applicable

Programme 3: Learning Programmes and Projects

Sub-Programme: 1

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

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Programme 3: Learning Programmes and Projects									
Sub-Programme: 1									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations	Reasons for revisions to the Outputs / Output Indicators / Annual Targets
Increased workplace-based learning opportunities to address priority occupations.	Funded TVET Students for WIL	(i) Number of TVET students entered work-integrated-learning programmes	416 Funded learners: 416	556 Funded learners: 556	490	10 Funded learners: 10	-480	Negative variance – achievement represents Quarter 1 performance against Annual Target.	Covid-19 Impact / 4-month levy payment holiday – mid-term budget adjustment
	Work-ready TVET Students	(ii) Number of TVET students completed work-integrated-learning programmes	301 Funded learners: 301	422 Funded learners: 422	410	88 Funded learners: 88	-322	Negative variance – achievement represents Quarter 1 performance against Annual Target.	Covid-19 Impact / 4-month levy payment holiday – mid-term budget adjustment
	Funded HET Students for WIL	(iii) Number of university students entered work-integrated-learning programmes	276 Funded learners: 276	276 Funded learners: 276	280	0 Funded learners: 0	-280	Negative variance - target to be reported from Quarter 2-4 as per APP.	Covid-19 Impact / 4-month levy payment holiday – mid-term budget adjustment
	Work-ready HET students	(iv) Number of university students completed work-integrated-learning programmes	259 Funded learners: 259	234 Funded learners: 234	225	0 Funded learners: 0	-225	Negative variance – achievement represents Quarter 1 performance against Annual Target.	Not Applicable
	Funded unemployed learners for work experience/ internship programmes	(v) Number of unemployed learners entered work experience / Internship programmes	259 Funded learners: 259	431 Funded learners: 431	415	160 Funded learners: 160	-255	Negative variance – achievement represents Quarter 1 performance against Annual Target.	Not Applicable
	Work-ready unemployed learners	(vi) Number of unemployed learners completed work experience / internship programmes	192 Funded learners: 192	272 Funded learners: 272	280	6 Funded learners: 6	-274	Negative variance – achievement represents Quarter 1 performance against Annual Target.	Not Applicable
	Funded unemployed learners on skills programmes	(vii) Number of unemployed learners entered skills programmes	1,906 Funded learners: 1,906	2,282 Funded learners: 2,282	1,525	100 Funded learners: 100	-1,425	Negative variance – achievement represents Quarter 1 performance	Not Applicable

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Programme 3: Learning Programmes and Projects									
Sub-Programme: 1									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations	Reasons for revisions to the Outputs / Output Indicators / Annual Targets
	Unemployed learners on skills programmes upskilled	(viii) Number of unemployed learners completed skills programmes	979 Funded learners: 979	1,424 Funded learners: 1,424	1,225	519 Funded learners: 519	-706	Negative variance – achievement represents Quarter 1 performance against Annual Target.	Covid-19 impact
	Funded unemployed learners on learnerships	(ix) Number of unemployed learners entered learnership programmes	1,819 Funded learners: 1,819	3,000 Funded learners: 3,000	2,471	40 Funded learners: 40	-2,431	Negative variance – achievement represents Quarter 1 performance against Annual Target.	Covid-19 Impact / 4-month levy payment holiday – mid-term budget adjustment
	Unemployed learners on learnerships upskilled	(x) Number of unemployed learners completed learnership programmes	1,613 Funded learners: 1,613	1,841 Funded learners: 1,841	1,855	126 Funded learners: 126	-1,729	Negative variance – achievement represents Quarter 1 performance against Annual Target.	Not Applicable

Sub-Programme: 2

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

Programme 3: Learning Programmes and Projects Sub-Programme: 2									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations	Reasons for revisions to the Outputs / Output Indicators / Annual Targets
Increased foundational learning opportunities	AET learners funded	(i) Number of learners who entered AET programmes.	689 Funded learners: 689	679 Funded learners:679	702	25 Funded learners: 25	-677	Negative variance – achievement represents Quarter 1 performance against Annual Target.	Covid-19 Impact / 4-month levy payment holiday – mid-term budget adjustment
	Improved foundational skills	(ii) Number of learners who completed AET programmes	488 Funded learners: 488	448 Funded learners:448	500	52 Funded learners: 52	-448	Negative variance – achievement represents Quarter 1 performance against Annual Target.	Covid-19 Impact / 4-month levy payment holiday – mid-term budget adjustment

Sub-Programme: 3

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

Comments on Achievement of Targets for Sub-programme 3

Overachievement of output indicators and targets for this programme is critical to improve workplace productivity and career pathing of workers. Workers were exposed to intermediate level and high level skills aligned to the critical skills of the FP&M SETA. This programme is also critical to address key skills development action plans aligned to the industry Masterplans as outlined in the FP&M SETA Strategic Plan and Annual Performance Plan and the future competitiveness and sustainability of FP&M industrial sub-sectors.

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Programme 3: Learning Programmes and Projects									
Sub-Programme: 3									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations	Reasons for revisions to the Outputs / Output Indicators / Annual Targets
Improved skills level of workers in occupations in high demand.	Workers funded on learnership programmes	(i) Number of workers entered learnership programmes	897 Funded learners: 897	911 Funded learners: 911	950	0 Funded learners: 0	-950	Negative variance - target to be reported from Quarter 2-4 as per APP.	Covid-19 Impact / 4-month levy payment holiday – mid-term budget adjustment
	Workers acquire middle-level technical skills through learnerships	(ii) Number of workers completed learnership programmes	689 Funded learners: 689	689 Funded learners: 689	695	84 Funded learners: 84	-611	Negative variance – achievement represents Quarter 1 performance against Annual Target.	Not Applicable
	Workers funded on bursary programmes	(iii) Number of workers entered bursary programmes	111 Funded learners:111	112 Funded learners:112	115	0 Funded learners: 0	-115	Negative variance – achievement represents Quarter 1 performance against Annual Target.	Covid-19 Impact / 4-month levy payment holiday – mid-term budget adjustment
	Workers acquire middle & high level skills through bursary programmes	(iv) Number of workers completed bursary programmes	51 Funded learners: 51	88 Funded learners: 88	85	4 Funded learners: 4	-81	Negative variance - target to be reported from Quarter 2-4 as per APP.	Covid-19 Impact
	Workers funded on skills programmes	(v) Number of workers entered skills programmes	1,867 Funded learners: 1,867	2,852 Funded learners: 2,852	1,972	232 Funded learners: 232	-1740	Negative variance - target to be reported from Quarter 2-4 as per APP.	Covid-19 Impact / 4-month levy payment holiday – mid-term budget adjustment
	Workers acquire middle level technical skills through skills programmes	(vi) Number of workers completed skills programmes	1,323 Funded learners: 1,323	1,810 Funded learners: 1,810	1,725	162 Funded learners: 162	--1563	Negative variance – achievement represents Quarter 1 performance against Annual Target.	Covid-19 Impact

Sub-Programme: 4

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

Programme 3: Learning Programmes and Projects Sub-Programme: 4									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations	Reasons for revisions to the Outputs / Output Indicators / Annual Targets
Increased access to occupationally-directed programmes through effective partnerships.	Apprentices funded on apprenticeship programmes	(i) Number of learners entered apprenticeship programmes	375 Funded learners: 375	378 Funded learners: 378	375	0 Funded learners: 0	-375	Negative variance - target to be reported from Quarter 2-4.	Covid-19 Impact / 4-month levy payment holiday – mid-term budget adjustment
	Apprentices acquire middle level technical skills	(ii) Number of learners completed apprenticeship programmes	258 Funded learners: 25	307 Funded learners: 307	260	0 Funded learners: 0	-260	Negative variance – achievement represents Quarter 1 performance against Annual Target.	Not Applicable
	Unemployed learners on bursary programmes funded	(iii) Number of unemployed learners entered bursary programmes as first time entry learners	Not Applicable	Not Applicable	140	90 Funded learners: 90	-50	Negative variance – achievement represents Quarter 1 performance against Annual Target	Not Applicable
	Unemployed learners on bursary programmes acquire middle-level technical skills	(iv) Number of unemployed learners entered bursary programmes as continuing learners	364 Funded learners: 364	677 Funded learners: 677	300	0 Funded learners: 0	-300	Negative variance - target to be reported from Quarter 2-4 as per APP.	Not Applicable
	Unemployed learners on bursary programmes acquire middle-level technical skills	(v) Number of unemployed learners completed bursary programmes	200 Funded learners: 200	501 Funded learners: 501	250	77 Funded learners: 77	-173	Negative variance – achievement represents Quarter 1 performance against Annual Target.	Covid-19 Impact – Lockdown 5

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Programme 3: Learning Programmes and Projects Sub-Programme: 4									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations	Reasons for revisions to the Outputs / Output Indicators / Annual Targets
	Learners funded for RPL programmes	(vi) Number of learners entered RPL programmes	Not Applicable	Not Applicable	120	0 Funded learners: 0	-120	Negative variance - target to be reported from Quarter 3-4 as per APP.	Covid-19 Impact / 4-month levy payment holiday – mid-term budget adjustment
	Learners assessed through RPL methodology	(vii) Number of learners completed RPL programmes	Not Applicable	108	100	0 Funded learners: 0	-100	Negative variance - target to be reported from Quarter 3-4 as per APP.	Covid-19 Impact – Lockdown 5.
	Strategic TVET/CET partnerships funded	(viii) Number of TVET and/or CET partnership agreements signed	10	22	10	0	-10	Negative variance – annual target to be reported at the end of Quarter 4 as per APP.	Increased number of TVETs/CETs supported with projects – Covid-19 impact
	Strategic HEI partnerships funded	(ix) Number of HEI partnership agreements signed	6	6	6	0	-6	Negative variance – annual target to be reported at the end of Quarter 4 as per APP.	Increased number of Universities / Universities of Technology supported with bursary funding and projects –Covid-19 impact.
	Strategic SETA Employer partnerships funded	(x) Number of SETA Employer partnership agreements signed	Not Applicable	Not Applicable	4	0	-4	Negative variance – annual target to be reported at the end of Quarter 4 as per APP.	Increased number of Employer Organizations supported –Covid-19 impact.

Sub-Programme: 5

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

Programme 3: Learning Programmes and Projects Sub-Programme: 5									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations	Reasons for revisions to the Outputs / Output Indicators / Annual Targets
Increased funding support for co-operatives, small enterprises, NGOs, CBOs and NPOs to implement skills development programmes.	Learners on entrepreneurial programmes and/or business coaching & mentoring programmes funded	(i) Number of learners entered entrepreneurial programmes and/or business coaching & mentoring programmes	Not Applicable	Not Applicable	75	0	-75	Negative variance - target to be reported from Quarter 3-4 as per APP.	Increased number of SMMEs/ Co-operatives supported with entrepreneurship/ business coaching – Covid-19 Impact.
	CBOs, NGOs and/or NPOs funded	(ii) Number of CBOs, NGOs and/or NPOs supported with training interventions or funding	23	31	25	0	-25	Negative variance - target to be reported from Quarter 3-4 as per APP.	Increased number of CBOs, NGOs and/or NPOs supported – Covid-19 Impact.
	Rural development projects implemented	(iii) Number of rural development projects funded	29	28	30	0	-30	Negative variance - target to be reported from Quarter 3-4 as per APP.	Increased number of rural projects funded – Covid-19 Impact.

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Programme 3: Learning Programmes and Projects									
Sub-Programme: 5									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations	Reasons for revisions to the Outputs / Output Indicators / Annual Targets
	Co-operatives upskilled	(iv) Number of Co-operatives supported with training interventions or funded	32	69	20	0	-20	Negative variance - target to be reported from Quarter 3-4 as per APP.	Increased number of Co-operatives funded – Covid-19 Impact.
	Small businesses upskilled	(v) Number of Small Businesses supported with training interventions or funded		Not Applicable	25	0	-25	Negative variance - target to be reported from Quarter 3-4 as per APP.	Increased number of SMMEs funded– Covid-19 Impact.

Sub-Programme: 6

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

Programme 3: Learning Programmes and Projects									
Sub-Programme: 6									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations	Reasons for revisions to the Outputs / Output Indicators / Annual Targets
Improved understanding by workers of their sector.	Trade Union members upskilled about sectoral challenges	(i) Number of trade unions supported through skills training interventions or funding	2	3	3	0	-3	Negative variance – annual target to be reported at the end of Quarter 4 as per APP.	Increased number of Trade Unions to be funded– Covid-19 Impact.

Sub-Programme: 7

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

Programme 3: Learning Programmes and Projects Sub-Programme: 7									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations	Reasons for revisions to the Outputs / Output Indicators / Annual Targets
Improved exposure for learners and career development practitioners to FP&M sector priority occupations	Learners in urban areas exposed to occupation in high demand	(i) Number of career development events conducted in urban areas	33	36	15	0	-15	Negative variance – annual target to be reported at the end of Quarter 4 as per APP.	Covid-19 Impact / 4-month levy payment holiday – mid-term budget adjustment
	Learners in rural areas exposed to occupation in high demand	(ii) Number of career development events conducted in rural areas	Not Applicable	Not Applicable	25	0	-25	Negative variance – annual target to be reported at the end of Quarter 4 as per APP.	Covid-19 Impact / 4-month levy payment holiday – mid-term budget adjustment
	Career practitioners capacitated on occupations in high demand	(iii) Number of workshops on career development services implemented	Not Applicable	Not Applicable	2	0	Not Applicable	Negative variance – annual target to be reported at the end of Quarter 4 as per APP.	Target removed – Covid-19 Impact / 4-month levy payment holiday – mid-term budget adjustment

PART B: PERFORMANCE INFORMATION

Programme 4: Quality Assurance and Partnerships

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

Programme 4: Quality Assurance and Partnerships									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Annual Target 2020/21	Actual Achievement 2020/21 until date of re-tabling	Deviation from planned target to Actual Achievement for 2020/21	Reasons for Deviations	Reasons for revisions to the Outputs / Output Indicators / Annual Targets
Increased supply of quality, relevant and fit-for-purpose education and training programmes	Functional CSTO Offices established	(i) Number of CSTO offices established in TVET colleges	3	3	2	0	-2	Negative variance – annual target to be reported at the end of Quarter 4 as per APP.	Covid-19 Impact / 4-month levy payment holiday – mid-term budget adjustment
	Centres of Specialization supported	(ii) Number of TVET Centres of Specialization funded	Not Applicable	Not Applicable	3	0	-3	Negative variance – annual target to be reported at the end of Quarter 4 as per APP.	Covid-19 Impact / 4-month levy payment holiday – mid-term budget adjustment
	TVET/CET lecturers upskilled on industry programmes	(iii) Number of TVET and/or CET Lecturers entered industry development programmes	2	2	15	0	-15	Negative variance – annual target to be reported at the end of Quarter 4 as per APP.	Covid-19 Impact / 4-month levy payment holiday – mid-term budget adjustment

INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

Report on the external and internal interventions that were implemented in response to the Covid-19 pandemic. This section reflect the performance of Covid-19 interventions and highlights achievements of interventions funded.

PROGRESS ON INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

Programme / Sub-Programme	Intervention	Geographic location (Province/ District/local municipality) (Where Possible)	No. of beneficiaries (Where Possible)	Disaggregation of Beneficiaries (Where Possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention (R'000)	Contribution to the Outputs in the APP (where applicable)	Immediate outcomes
Learning Programmes and Projects	Internships, SMME Development	City of Johannesburg, Gauteng	100	Female 64 Male 16 Youth 49 Adults 31	6,000	4,100	Increase in the Internship numbers and the support to the SMME	Garment construction, training focused on mask manufacturing
Learning Programmes and Projects	Internships, SMME Development	Ekurhuleni Metro, Gauteng	50	Female 40 Male 10 Youth 50	5,000	4,215	Increase in the Internship numbers and the support to the SMME	Garment construction, training focused on mask manufacturing
Learning Programmes and Projects	Learnerships, SMME Development	eThekweni Municipality, KwaZulu-Natal	40	Female 33 Males 7 Youth 40	3,000	1,320	Increase in the learnership numbers and the support to the SMME	Garment construction, training focused on mask manufacturing
Learning Programmes and Projects	Internships, SMME Development	Greater Kokstad Municipality, Gauteng	49	Female 33 Male 16 Youth 39 Adults 10	2,956,8	2,956,8	Increase in the Internship numbers and the support to the SMME	Garment construction, training focused on mask manufacturing
Learning Programmes and Projects	Skills, Learnerships	City of Johannesburg, Gauteng	158		2,954	2,954	Increase in the Skills and learnership numbers	Furniture making focused on coffin making during the pandemic.
Learning Programmes and Projects	Skills Programme, SMME Development	Nkangala Municipality, Mpumalanga	50	Female 38 Male 12 Youth 49	2,800	840	Increase in the Skills numbers and the support to the SMME	Garment construction, training focused on mask manufacturing
Learning Programmes and Projects	Skills, Learnerships	City of Johannesburg, Gauteng	125		2,198	678,8	Increase in the Skills and learnership numbers	Furniture making focused on coffin making during the pandemic.
Learning Programmes and Projects	Skills Programme	City of Cape Town, Western Cape	222	Female 212 Male 10 Youth 17	1,864,8	1,396,469	Increase in the Skills numbers	Garment construction, training focused on mask manufacturing
Learning Programmes and Projects	Internships, SMME Development	Richmond, KwaZulu-Natal	50	Female 37 Male 13 Youth 46	1,840	0,00	Increase in the Internship numbers and the support to the SMME	Half the learners are being trained in Garment construction and face mask production, while the other half is focused on furniture making, specializing in coffin making.

PART B: PERFORMANCE INFORMATION

Programme / Sub-Programme	Intervention	Geographic location (Province/District/local municipality) (Where Possible)	No. of beneficiaries (Where Possible)	Disaggregation of Beneficiaries (Where Possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention (R'000)	Contribution to the Outputs in the APP (where applicable)	Immediate outcomes
Learning Programmes and Projects	Internships, SMME Development	Gert Sibande Municipality, Mpumalanga	25	Female 20 Male 5 Youth 18	1,320	0,00	Increase in the Internship numbers and the support to the SMME	Garment construction, training focused on mask manufacturing
Learning Programmes and Projects	Learnerships & Skills Programme	eThekwini Municipality, KwaZulu-Natal	85		1,285,6	259,42	Increase in the Learnership and Skills numbers and the support to the SMME	Garment construction, training focused on mask manufacturing
Learning Programmes and Projects	Learnerships & SMME Development	eThekwini Municipality, KwaZulu-Natal	10	Female 9 Male 1 Youth 8	1,000	800	Increase in the learnership numbers and the support to the SMME	Garment construction, training focused on mask manufacturing
Learning Programmes and Projects	Learnerships & Skills Programme	City of Cape Town, Western Cape	128	Female 118 Male 10 Youth 30	921,6	904,32	Increase in the Learnership and Skills numbers	Garment construction, training focused on mask manufacturing
Learning Programmes and Projects	Learnerships & Skills Programme	eThekwini Municipality, KwaZulu-Natal	53		804	166,3	Increase in the Learnership and Skills numbers	Garment construction, training focused on mask manufacturing
Learning Programmes and Projects	Learnerships & Skills Programme	Sol Plaaaijie, Northern Cape	28	Female 20 Male 8 Youth 28	442	72	Increase in the Learnership and Skills numbers	Garment construction, training focused on mask manufacturing
	Total				34,530,8	20,807,109		

LINKING PERFORMANCE WITH BUDGETS

Programme/ activity/ objective	2019/2020			2020/2021		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	48,572	42,997	5,575	40,024	35,549	4,475
Mandatory grants	74,941	69,978	4,963	49,511	42,368	7,143
Discretionary grants	314,782	319,715	-4,933	673,086	254,970	418,116
Total	438,295	432,690	5,605	762,621	332,887	429,734

During the year there were significant budget constraints under the 10.5% administration. The SETA had to downward revise budgets and apply to exceed the 10.5% administration threshold due to the 4 month payment holiday as a result of Covid-19. The SETA managed to remain with the approved threshold during the year. Mandatory grants were lower than the budget due to the reduced levies received. All companies that had approved WSPs were paid a mandatory grant. Performance targets under discretionary grants were met despite the significant reduction in discretionary grant income received.

REVENUE COLLECTION

During the current financial year, the FP&M SETA received R 220,6 million in Skills Development Levy (SDL) income. The SETA has an overall deficit on revenue of R 38 million. This was mainly due to a decrease in economic growth and a decrease in interest rates. Spending was significantly reduced in the year in order to remain within budget.

SDL income was monitored against the budget on a monthly basis. The SETA remained within the 10.5% administration budget threshold for the 2020/21 financial year.

SDL income was increased by R 1,182,000.00 as a result of the reversal of the provision in the current financial year for

firms that fall below the R 500,000.00 threshold level, and receipt of these funds has now accumulated for 5 years.

Penalties and interest (R6,5 million) were received by the FP&M SETA as a result of late payment of SDL by employers to SARS.

Investment income was below budget, as interest rates were significantly reduced in 2020/21.

Other revenue (R 5,3 million) was generated from fees paid by learners to re-write examinations relating to apprenticeship programmes and transfer of funds to income from the Create SA and DAC project.

Sources of revenue	2019/2020			2020/2021		
	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
SDL levies	370,080	359,398	10,682	244,501	220,656	23,845
Penalties and interest	7,800	5,602	2,198	3,406	6,501	(3,095)
Investments	42,140	39,628	2,512	42,282	19,100	23,182
Donor funding	-	-	-	-	-	-
Other revenue	-	66	(66)	-	5,364	(5,364)
Total	420,020	404,694	15,326	290,189	251,621	38,568

CAPITAL INVESTMENT

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

- During the reporting period, all excess funds were transferred monthly to the CPD account of the SETA that is held with the South African Reserve Bank. The excess funds were based on monthly cash flow reports. All interest has been capitalised on a monthly basis.
- No assets were made redundant in the current financial year.
- All assets were in good condition.
- During the year the asset register was updated monthly and reconciled to Trial Balance monthly.



PART C: GOVERNANCE

GOVERNANCE

1. INTRODUCTION

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

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

2. EXECUTIVE AUTHORITY

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

- Four (4) SETA Quarterly Monitoring Reports (SQMR) for 2020/21 through SETMIS.
- FP&M SETA Annual Report 2019/20.
- Revised FP&M SETA Strategic Plan for 2020/21.
- Revised Annual Performance Plan for 2020/21.
- Revised DHET Service Level Agreement for 2020/21.
- Revised Materiality Framework for 2020/21.
- FP&M SETA Sector Skills Plan for 2021/22 (Annual Update).
- PIVOTAL List 2021/22.

3. THE ACCOUNTING AUTHORITY/BOARD

Introduction

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

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

- One (1) independent chairperson;
- Six (6) employer representatives;
- Four (6) labour representatives; and
- Two (2) representatives from community organizations.

During the year under review, 15 members regularly participated in the meetings and activities of the FP&M SETA Board.

The Board met five (5) times of which one (1) meeting was a meet and greet for the new Board, during the period under review.

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

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

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

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

PART C: GOVERNANCE

COMPOSITION OF THE BOARD

Name:	Designation:	Date Appointed:	Date Resigned:	Qualifications:	Area of Expertise:	Board Directorships:	Other Committees or Task Teams:	Number of Meetings Attended:
Adv Michelle Odayan	Independent Chairperson	01 April 2020	Not applicable	Bachelor of Arts (Law) LLB Advocate of the High Court of South Africa	Law Finance Strategy Governance Project Management HR Development Organizational Development Gender Mainstreaming	Court-Consult Africa (PTY) Ltd Indaba-Africa Group (PTY) Ltd MTR Investments (PTY) Ltd Play Africa-Children's Museum NPO & People Opposing Women Abuse (POWA) NPO	Chairperson of Board Chairperson of EXCO. Chairperson of Governance and Strategy Committee	5 of 5
Ms Makhosi Jean Chiwashira	Community representative	01 April 2020	Not applicable	Personnel & Training Management Diploma Certificate in Public Relations (PR1) B-BBEE MDP	Training & Skills Development B-BBEE expert Talent & HR Management Strategy		Chairperson of Projects Committee, EXCO member.	5 of 5
Ms Linda Theresa Bremner	Organised Business: Publishing	01 April 2020	Not applicable	Diploma in Nursing Human Resources Diploma NL General Textile Technology Management Development Programme (NQF level 6) DUT Business Studies			Governance and Strategy Committee Member	5 of 5
Ms Fanisa Lamola	Independent Member	01 April 2020	Not applicable	B.Com (Corp Fin & Investments) B.Com (Ace) & (Hons)/ CTA Qualified Chartered Accountant	Finance Audit		Chairperson of the Finance and IT Governance Committees	4 of 5

PART C: GOVERNANCE

Name:	Designation:	Date Appointed:	Date Resigned:	Qualifications:	Area of Expertise:	Board Directorships:	Other Committees or Task Teams:	Number of Meetings Attended:
Mr Nduduzo Vilina	Organised Labour: SATWU	01 April 2020	Not Applicable	Grade 12 Diploma in Labour Studies Diploma in political studies Bachelor's Degree in Social Science	Labour relations		Finance and IT Governance, Projects, HRREMCO, Governance and Strategy and Quality Assurance Committee Member	2 of 5
Ms Bonita Natalie Loubser	Organised Labour: SATWU	01 April 2020	Not Applicable	Diploma in Collective Bargaining Adult Basic Education Certificate Diploma in Human Resources Certificate of Competence in Labour Court Litigation Degree in Labour Law Labour Market Laws, Pension Fund Business Finance Management	Labour relations		Chairperson of Quality Assurance Committee Governance & Strategy and EXCO member	1 of 5
Ms Delight T Simelane	Organised Labour: SATWU	01 April 2020	Not applicable	Diploma (Personnel Training Management) 1997 Abet Facilitator 1999 Certificate in Computer 2002	Training and Skills Development	Not applicable	Quality Assurance Member Governance and Strategy Committee Member HR and Remuneration Committee Member	3 of 5

PART C: GOVERNANCE

Name:	Designation:	Date Appointed:	Date Resigned:	Qualifications:	Area of Expertise:	Board Directorships:	Other Committees or Task Teams:	Number of Meetings Attended:
Ms Karen Pearl Manuel (Coetzee)	Organised Labour: NULAW	01 April 2020	Not Applicable	Diploma in Education/ Educator Development (adult education), (current) Trade Union Practice NQF Level 4 ETDP SETA, DITSELA Labour Institution 13 years, Trade Union Litigation Support & Capacity-Building, UWC Faculty of Law Labour Law & Collective Bargaining, Western Cape Workers College Macro-Economic Module.	Labour Relations			5 of 5
Mr Kwazi Mlaba	Organised Labour: CEPPWAWU	01 April 2020	Not applicable	Intermediate Business Management (M+II) Certificate Basic Business Management (M+1 Certificate)	Labour Relations		HR and Remuneration Committee Member and Quality Assurance Committee	3 of 5
Mr Teboho Cosmas Maroele	Organised Labour: SATU	01 April 2020	01 July 2020	Certificate in Foundation of Business Studies Diploma in Labour Relations	Labour Relations From Box LTD Kaycraft Ltd Ideal Cutting Form		EXCO, Finance, Projects, IT Governance, HRREMCO, Governance and Strategy and Quality Assurance committee member	1 of 5

Name:	Designation:	Date Appointed:	Date Resigned:	Qualifications:	Area of Expertise:	Board Directorships:	Other Committees or Task Teams:	Number of Meetings Attended:
Ms Theresa Otto	Organised Business: TVETSA	01 April 2020	Not Applicable	<p>Qualifications Development Facilitator (QDF). Quality Council Trades and Occupations</p> <p>Advanced Project Management Course,</p> <p>International Leadership</p> <p>Development Programme, Certificate: Senior Management Development Programme.</p> <p>Post-Graduate Diploma Human Resource Management B Soc Sc (Hons): Criminology</p>			HRREMCO, Finance, Projects and IT Governance committee member	5 of 5
Mr Mpuka Radinku	Organised Business: Publishing	01 April 2020		<p>Master of Forestry: Forest Engineering - Oregon State University, Corvallis, Oregon, USA. Thesis topic: Optimization of Timber Transport and Vehicle Routing. Advisor. Prof. Dr John Sessions.</p>	<p>Management</p> <p>Publishing</p>	<p>South African Book Development Council Board (Deputy Chairperson)</p> <p>South African Book Fair Board (Executive Director)</p>	Governance and Strategy, Finance, Projects and IT Governance Committee members	4 of 5

PART C: GOVERNANCE

Name:	Designation:	Date Appointed:	Date Resigned:	Qualifications:	Area of Expertise:	Board Directorships:	Other Committees or Task Teams:	Number of Meetings Attended:
Mr Francois Oberholzer	Organised Business: Forestry	01 April 2020	Not Applicable	<p>Master of Forestry: Forest Engineering - Oregon State University, Corvallis, Oregon, USA. Thesis topic: Optimization of Timber Transport and Vehicle Routing. Advisor.</p> <p>B.Sc. (Hons): Forest Harvesting (Cum Laude). Stellenbosch, South Africa. Project topic: Compilation of the Southern African Cable Yarding Safety and Operating Handbook. Advisor. Prof. Dr Loren Kellogg.</p> <p>B.Sc. Forest Management — University of Stellenbosch, Stellenbosch, South Africa.</p>	<p>Forestry engineering</p> <p>Forestry management</p>		ARC member	5 of 5
Mr Mvuleni Stephen Thobela	Organised Business: Printing and Packaging	01 April 2020	18 October 2020	<p>Bachelor of Business Administration</p> <p>Agricultural Management Certificate, N3 Printing. Diploma in Christian Ministries. Programme in Principles of Business Development</p>	<p>Agriculture, Printing, Business Administration</p>	<p>Director: Print Production of the University of South Africa</p> <p>Printing (CEO of Printing SA.)</p>	HRREMCO member	3 of 5

Name:	Designation:	Date Appointed:	Date Resigned:	Qualifications:	Area of Expertise:	Board Directorships:	Other Committees or Task Teams:	Number of Meetings Attended:
Mr Mike Truelock	Organised Business: PAMSA	01 April 2020	Not applicable	National Diploma in Organization and Work-Study. National Diploma in Personnel Management, Industrial Relations Diploma Programme Management Development Programme	Organizational Development HR Management Management Learning and Development	Santa Barbara Home Owners Association Truelock Adventures cc Director: PROTEK Director: SAODN and FLOURISH Boards	Chairman of the HR and Remuneration Committee Executive Committee Member Governance and Strategy	5 of 5

* Currently, two (02) nominations have been submitted to DHET for approval replacing Mr S Thobela and Mr C Maroele.

COMMITTEES

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

Committee	Number of meetings held	Number of members	Name of members
Executive Committee	4	5	Advocate Michelle Odayan (Chairperson) Mr Mike Truelock Ms Theresa Otto Ms Bonita Loubser Mr Kwazi Mlaba Alternative members Ms Delight Simelane
Audit Risk Committee	5	4 5	Mr Trevor Boltman (Chairman) Ms Karien de Villiers Mr Roger Godsmark Mr Zakariya Suder New Committee effective 01 December 2020 Mr Chembe Phiri (Chairman) Ms Karien de Villiers Mr John Raphela Ms Karen Pearl Coetzee Mr Francois Oberholzer

PART C: GOVERNANCE

Governance and Strategy Committee	1	8	<p>Advocate Michelle Odayan (Chairperson)</p> <p>Mr Mike Truelock</p> <p>Ms Fanisa Lamola</p> <p>Ms Bonita Natalie Loubser</p> <p>Ms Linda Theresa Bremner</p> <p>Mr Nduduzo Vilina</p> <p>Ms Delight T Simelane</p> <p>Mr Mpuka Radinku</p>
Finance and IT Governance Committees	4	4	<p>Ms Fanisa Lamola (Chairperson)</p> <p>Mr Mpuka Radinku</p> <p>Ms Theresa Otto</p> <p>Mr Nduduzo Vilina</p>
Projects Committees	4	4	<p>Ms Makhosi Chiwashira (Chairperson)</p> <p>Mr Mpuka Radinku</p> <p>Ms Theresa Otto</p> <p>Mr Nduduzo Vilina</p>
HR and Remuneration / Ethics Committee	2	6	<p>Mr Mike Truelock (Chairperson)</p> <p>Ms Theresa Otto</p> <p>Ms Rally Moropa</p> <p>Mr Nduduzo Vilina</p> <p>Ms Delight T Simelane</p> <p>Mr Kwazi Mlaba</p>
Quality Assurance Committee	2	8	<p>Ms Bonita Loubser (Chairperson)</p> <p>Mr Frans Barnard</p> <p>Mr. Kwazi Mlaba</p> <p>Ms. Delight T Simelane</p> <p>Mr Nduduzo Vilina</p> <p>Mr Ken Leid</p> <p>Ms Olga Bezuidenhout</p> <p>Mr Jay Deepnarain</p> <p>Alternative members</p> <p>Ms Rally Moropa (Alternative Chairperson)</p>

PART C: GOVERNANCE

REMUNERATION OF COMMITTEE MEMBERS

The FP&M SETA based its committee remuneration structure on the National Treasury guidelines as communicated to the SETAs for the financial year 2020/21. Remuneration is reviewed on an annual basis.

Board Members qualifying for remuneration are classified as follows:

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

All Board Members, including those qualifying for remuneration, are reimbursed for out-of-pocket expenses incurred in fulfilling their duties as board members. This is in line with the financial policies and procedures of the FP&M SETA.

During the period under review, the following Board Members received remuneration/reimbursements:

Name	Representation	Remuneration (R'000)	Other Reimbursements (R'000)	Total (R'000)
Advocate Michelle Odayan	Board Chairman Governance and Strategy Committee Chairman	308		308
Mr Sipho Ngidi	Ex Board Chairperson	17		17
Ms Makhosi Chiwashira	Projects Chairperson		1	1
Ms Fanisa Lamola	Finance, and IT Governance Chairperson		1	1
Mr Trevor Boltman	Former Audit & Risk Committee Chairman Independent Member	47		47
Ms Karien De Villiers	Audit and Risk Committee Independent Member	21		21
Mr Chembe Phiri	Audit and Risk Committee Chairperson	15		15
Mr John Raphela	Audit and Risk Committee Independent Member	3		3
TOTAL		411	2	413

Note: 1. Mr Trevor Boltman attended board meetings in his capacity as Audit and Risk Committee Chairman.

4. RISK MANAGEMENT

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

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

PROGRESS MADE IN ADDRESSING THE RISKS IDENTIFIED

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

5. INTERNAL AUDIT AND AUDIT COMMITTEES

INTERNAL AUDIT FUNCTION

The internal auditors, appointed by the FP&M SETA, continued with the implementation of their three-year rolling internal audit plan.

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

KEY ACTIVITIES AND OBJECTIVES OF THE INTERNAL AUDIT

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

AUDIT WORK CARRIED OUT

The internal auditors conducted audits in line with their 2020/21 internal audit plan. Operational areas that were scrutinised included Finance, Supply Chain Management, Quality Assurance, Audit of Predetermined Objectives was also carried out.

AUDIT AND RISK COMMITTEE

The independent Audit Committee of the FP&M SETA carried out its duties during the period under review, according to its Audit Charter. The Audit Committee met five (5) times during the year and was chaired by an independent Chairman, as appointed by the FP&M SETA Board. The Audit Committee ensures that the organization operates according to a strict ethical code, implements fair practice, and embodies good corporate governance. The Audit Committee, working with the Board and SETA staff, oversees the implementation of relevant and updated policies and procedures across all governance structures and SETA departments. The committee oversees the implementation of sound financial practices, effective risk management, and legal compliance.

PART C: GOVERNANCE

KEY ACTIVITIES AND OBJECTIVES OF THE AUDIT AND RISK COMMITTEE

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

The table below discloses the relevant information on the Audit Committee members:

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date resigned	Number of meetings attended
Mr Trevor Boltman	Certified Internal Auditor (CIA) Certified Government Auditor Certification in Control Self-Assessment (CCSA) Certificate in Forensic Investigation	External – Independent	-	November 2011	Not applicable	3 of 3
Ms Karien de Villiers	Chartered Accountant Bachelor of Accounting Science (B Compt) (Honours) and CTA	External – Independent	-	February 2014	Not applicable	3 of 3
Mr Zakariya Suder	Bachelor of Commerce	External – Labour representative	-	January 2012	Not applicable	1 of 3
Mr Francois Oberholzer	Bachelor of Science: Forest Management (University of Stellenbosch), Bachelor of Science (Honours): Harvesting (University of Stellenbosch), Master of Forestry: Forest Engineering (Oregon State University, USA)	External – Employer representative		15 May 2020	Not applicable	3 of 3
<ul style="list-style-type: none"> • Independent vacant 						

New Audit and Risk Committee effective 01st December 2020

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date resigned	Number of meetings attended
Mr Chembe Phiri (Chairman)	<p>Masters in Business Administration (MBA) – Edinburgh School of Business (Scotland) - CA (SA) – South African Institute for Chartered Accountants - Chartered Accountant (ACCA (UK)) - Certificate in Corporate Treasury Management - Association of Corporate Treasurers (ACT) (London) - Certified Internal Auditor - CIA</p> <p>Certificate in Corporate Treasury management Certified Internal Auditor</p> <p>Member of the South African Institute of Chartered Accountant (SAICA) and the Institute of Internal Auditors (IIA)</p>	External – Independent		01 December 2020	Not applicable	2 of 2
Ms Karien de Villiers	Chartered Accountant	External – Independent		Appointment Extended on 01 December 2020	Not applicable	2 of 2
Mr John Raphela	<p>Bachelor of Science Honours Degree in Computer Science. University of the North, Sovenga, 0727</p> <p>Master of Business Administration (MBA) Degree in Management. North-West University.</p>	External – Independent		01 December 2020	Not applicable	1 of 2
Mr Francois Oberholzer	Bachelor of Science: Forest Management (University of Stellenbosch), Bachelor of Science (Honours): Harvesting (University of Stellenbosch), Master of Forestry: Forest Engineering (Oregon State University, USA)	External – Employer representative		01 December 2020	Not applicable	2 of 2

PART C: GOVERNANCE

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date resigned	Number of meetings attended
Ms Karen Pearl Coetzee	Diploma in Education/ Educator Development (adult education) (current) Trade Union Practice NQF Level 4 ETDP SETA DITSELA Labour Institution 13 years I Trade Union Litigation Support & Capacity- Build Ing Labour Law & Collective Bargaining Macro-Economic Module.	External – Employee representative		01 December 2020	Not applicable	2 of 2

6. COMPLIANCE WITH LAWS AND REGULATIONS

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

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

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

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

The FP&M SETA timeously submitted their quarterly compliance report for the 2020/21 financial year to the DHET with evidence according to the SETA Governance standard and the DHET acknowledged receipt thereof.

7. FRAUD AND CORRUPTION

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

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

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

8. MINIMISING CONFLICTS OF INTEREST

The FP&M SETA has 'Declaration of Interest' practices in place at all levels of the organization. Staff members are required to disclose their financial interests annually. Additionally, staff in the SCM Division, also declare any interest in relation to transactions entered into with service providers. The declaration is printed on the purchase order. Board and Committee Members are required to declare any financial interest or commercial activities that may conflict with their functions at the SETA on an annual basis.

9. CODE OF CONDUCT

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

The Code of Conduct stipulates that Board members must:

- Stand in a fiduciary relationship with the FP&M SETA.
- Comply with all applicable laws and regulations that regulate the activities of the SETA.
- Perform their functions fairly, honestly, and in good faith, giving full effect to the obligations and spirit of the Act and the Constitution.
- Protect and promote the reputation of the SETA and promote goodwill towards it.
- Perform their duties conscientiously and in the best interest of the SETA.
- Conduct themselves ethically and in accordance with the principles of good governance.

Serious or continuous neglect of these duties, or any other misconduct, may result in a member being removed from office or his or her termination of membership of the particular committee of the SETA.

10. HEALTH, SAFETY, AND ENVIRONMENTAL ISSUES

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

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

The FP&M SETA has a functional Health and Safety Committee in place that has complete oversight of overall health and safety measures in the organization. During the period under review, three meetings were held.

Comprehensive health policies, including HIV / Aids policies and Covid-19 Health and Safety Workplace Regulations, Disaster Management and Pandemic Emergency Policy, and procedures have been developed to provide adequate control of health and safety risks arising from work activities. Safety and security policies and procedures have been implemented to ensure the safety of staff and assets.

The FP&M SETA Board and Management are committed to providing a safe and healthy work environment that is conducive to increased productivity and performance, and which contributes to the mental and physical well-being of its employees. In order to stem the spread of the Covid-19 virus within the organization, personal protective clothing and sanitisers were purchased for employees just before the lockdown in March 2020.

11. SOCIAL RESPONSIBILITY

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

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

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

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

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

12. AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year-ended 31st March 2021.

Audit and Risk Committee Responsibility

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

Audit and Risk Committee Membership

The Audit and Risk Committee consists of three (3) external independent (non-executive) members and two (2) members representing Employer and Employee organizations respectively. A new Audit and Risk Committee was appointed effective 01st December 2020.

Interaction with Other Stakeholders in Governance and Oversight

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

Audit and Risk Committee reports were submitted to the Accounting Authority. In addition, the Chairperson of the Audit and Risk Committee attended Board meetings during which she reported matters of significant importance to the Board. The AGSA also attended ARC meetings.

The Effectiveness Of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the public entity for the period April 2020 to March 2021 revealed that the system of internal control is adequate and effective.

The following internal audit reviews were completed during the year under review:

- Supply Chain Management;
- Quality Assurance review;
- Audit of Pre-determined Objectives; and
- Follow up on audit findings raised in the prior financial year.
- Financial Management Review

Risk Management

Management of the Governance, Legal, Risk and Compliance Management unit reported on a quarterly basis to the Audit and Risk Committee regarding the management of risks in the department.

All General Managers of FP&M SETA Divisions have risk management as one of their key responsibility areas in their performance agreements, thus instilling a culture of risk management, improving the maturity of the department in the risk management process and managing risk in a structured approach.

In-Year Management And Monthly / Quarterly Reports

The public entity has reported monthly and quarterly to the Treasury as is required by the PFMA as well as on a quarterly basis to the Audit and Risk Committee.

Evaluation Of Financial Statements

The Audit and Risk Committee's evaluation of the Annual Financial Statements and Annual Performance Report entailed: Review and discussions of the unaudited Annual Financial Statements to be included in the Annual Report, with the Auditor-General and Accounting Officer;

- Review of any changes in accounting policies and practices;
- Review of the FP&M SETA's compliance with legal and regulatory provisions; and
- Review of the unaudited information on pre-determined objectives to be included in the Annual Report.

Auditor's Report

The Audit and Risk Committee has reviewed and discussed:

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

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



Mr Chembe Phiri
Chairperson of the Audit and Risk Committee

FP&M SETA
31st July 2021

PART C: GOVERNANCE

B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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



PART D:

HUMAN RESOURCE MANAGEMENT

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

Overview of Human Resources (HR) matters at the public entity

Human Resource Division (HR) is responsible for managing the employee life cycle, (i.e., policy administration, recruitment process, benefits and remuneration administration, employment and labour laws, onboarding, training and development, labour relations, maintain employee records and administration.

While HR works closely with other departments to support and respond to their needs, it handles a variety of work and processes pertained in several different documents.

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

The FP&M SETA reviewed HR policies in line with the relevant legislation to:

- Recruit a suitably qualified, capable, and skilled workforce
- Promote employment equity
- Develop high-quality leaders and managers who exemplify the core values of the SETA, and who are committed to service delivery
- Promote an effective performance management system
- Effectively manage employee health and wellness in the workplace including management of the Covid-19 pandemic; and
- Promote sound labour relations between the employer and employees.

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

The SETA commits to embracing diversity in hiring, appealing to a wider range of candidates with different backgrounds taking into account strategic operational and skills development requirements of the organization, and the principles of employment equity in all recruitment and selection processes.

Recruitment and selection are undertaken in terms of the FP&M SETA's value system, which is based on fair and equitable principles. These are utilized to support the aims of employment equity and workforce planning.

Recruitment, selection, transfer, promotion, training and

advancement are based on criteria that relate to the inherent requirements of the job, and the ability of the employee to perform the job adequately and satisfactorily, according to objective predetermined criteria.

FP&M SETA complies at all times with applicable legislation and regulations.

Employee performance management framework

Part of the performance management process is to review key performance areas (KPAs) and finalize performance agreements. During the year KPAs and competencies were reviewed at the beginning of the financial year and also in the 3rd quarter after performance evaluations were conducted. Performance bonuses were successfully paid to qualifying employees.

Employee wellness programmes

Employee health and wellness remained a priority during the Covid-19 pandemic. The Covid-19 Health and Wellness Task Team has been established and all Covid-19 protocols have been adhered to. The SETA ensured an adequate supply of procured PPE (face masks, wipes & sanitisers) to use for employees & stakeholders visiting offices. There is constant communication to staff and stakeholders focusing on Covid-19 Guidelines and implementation of health and safety practices in the workplaces. Employees were able to work from home with adequate resources to execute their tasks. No layoffs were experienced.

There is a Covid-19 Disaster Management Health and Wellness Policy and Covid-19 Health and Safety Workplace Guidelines which is aligned to DHET guidelines and *Department of Employment and Labour Workplace Health and Safety Regulations*.

Since the beginning of the pandemic, the SETA experienced 7 cases of Covid-19, with 6 recoveries and 1 fatality. Out of the 7 cases, 4 were based in Johannesburg (Head Office) and the other 3 in the KZN Regional Office.

We remain committed to the fight against the Covid-19 pandemic by providing supplies and protection to those in need.

Regular interaction with staff, during staff and management meetings, ensures that they are kept updated with new developments, organizational requirements and changes in the SETA environment.

Policy development

All HR policies were reviewed and approved for implementation. Ongoing monitoring and evaluation processes are undertaken. As and when needed, new policies are developed to respond to business needs and legislative requirements.

Highlight achievements

The FP&M SETA has taken care during the year under review to manage staff successfully. In the financial year under review, the staff complement equalled 60.

The SETA remained fully operational, with employees split into 2 teams alternating between working from home and the office. They are equipped with laptops with internet access and are monitored regularly through reports, attendance registers and online reporting.

Throughout the global economic challenges, the SETA managed to retain all staff with full remuneration. No lay-offs were experienced during these trying times.

Internship placements for workplace learning and experience ensued with some of the Interns being absorbed into fixed-term employment contracts.

The Workplace Skills Plan and the Annual Training Report were successfully submitted to the ETDP SETA and approved for implementation throughout the year.

A relationship between management and the union has been cultivated to address workplace challenges and positive contributions to the organization's success.

The SETA BBBEE level status improved from 8 to 4.

Challenges faced by the public entity

Few can deny the impact that the Covid-19 pandemic has had and is having on the way people work since the global escalation of the Covid-19 pandemic in March 2020. There have been massive changes taking place over the last months and they affect all areas of work.

FP&M SETA management assured employees during these times of instability.

Management reassured staff of their commitment to staff wellness and safety.

Two employees retired during the year under review and sadly we had the demise of the Chief Financial Officer, Mr Richard Marule.

Future HR plans /goals

The SETA's future and goals are to review and align the organizational structure to align business operations for global technological changes and respond to the impact of Covid-19. The revised organizational structure will increase employee capacity and will enable the SETA to perform optimally. Employees will get an opportunity to operate in a more challenging, target-driven yet exciting environment. A performance-driven culture will be emphasized through re-scoping of certain roles and the revision of job descriptions.

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

There are aspirations for more training interventions for employees, specifically in the following areas: research, digital training, analytics, executive management, leadership development, project management; contract management; health and safety, tax updates and monitoring and evaluation.

PART D: HUMAN RESOURCE MANAGEMENT

2. HUMAN RESOURCES OVERSIGHT STATISTICS

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

Personnel Cost by Programme/Activity/Objective

Programme/activity/objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	39,946	3,713	12%	2	1,856
Senior Management	53,262	5,269	16%	*4	1,317
Professional qualified	83,222	8,077	25%	11	734
Skilled	116,510	11,376	35%	23	495
Semi-skilled	36,618	3,473	11%	15	232
Unskilled	3,329	276	1%	3	92
Other	-	69	0%	**2	35
TOTAL	332,887	32,253	100%	60	538

Notes:

* Includes fixed-term contract (Special Projects Support Manager).

** "Other" refers to Interns

Payroll Reconciliation to Annual Financial Statements

Amount AFS note 18	17,846
Amount AFS note 20.1	14,545
Intern salary allocated to training expense	68
Add Actual Bonus Pay	2,140
Less Bonus Provision	(2,122)
Less Leave Accrual	(250)
Less ROE Payment	(42)
Add SDL Relief on VIP	68
	32,253

Personnel Cost By Salary Band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	3,713	12%	2	1,856
Senior Management	5,269	16%	4	1,317
Professional qualified	8,077	25%	11	734
Skilled	11,376	35%	23	495
Semi-skilled	3,473	11%	15	232
Unskilled	276	1%	3	92
Other	69	0%	2	35
TOTAL	32,253	100%	60	538

Performance Rewards

Programme/activity/objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	319	3,713	9%
Senior Management	366	5,269	7%
Professional qualified	515	8,077	6%
Skilled	723	11,376	6%
Semi-skilled	197	3,473	6%
Unskilled	20	276	7%
Other	0	69	0%
TOTAL	2,140	32,253	7%

Training Costs

Programme/activity/objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
Office of the CEO	3,729	*119	3,20%	2	60
Research, Planning & Reporting	6,207	20	0,34%	5	4
Projects	8,119	29	0,36%	7	4
Quality Assurance	4,874	13	0,26%	3	4
Finance	5,279	24	0,45%	6	4
Governance/Risk/Compliance/ Legal & M&E	3,976	13	0,32%	3	4
Other	69	**73	105.75%	2	37
TOTAL	32,253	291	1%	28	10

Notes:

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

*Formal training includes R 115,060.00 CEO training, which was funded from project expense/discretionary grant.

** "Other" includes Internship Programme.

Training Expenditure Cost Breakdown

Formal Training	R 145 528,75
In-House Training	R 145 920,63
TOTAL	R 291 449,38

PART D: HUMAN RESOURCE MANAGEMENT

Employment and Vacancies

Programme/activity/objective	2019/20 No. of Employees	2020/21 Approved Posts	2020/21 No. of Employees	2020/21 Vacancies	% of vacancies
Top Management	2	2	2	1	50%
Senior Management	4	4	4	0	0%
Professional Qualified	10	11	11	1	9.1%
Skilled	24	25	23	2	8.7%
Semi-skilled	16	**19	15	5	33.3%
Unskilled	3	4	3	1	33.3%
Other	3	2	*2	0	0%
TOTAL	62	**67	60	10	16.67%

Explanations:

Top Management: The CFO position became vacant due to the demise of the previous incumbent. An internal candidate has been appointed to act until a full recruitment process is finalized. The position has been vacant since September 2020 and a full recruitment process has been undertaken, meanwhile, the internal acting candidate is being mentored and coached with the intent to succeed the former.

* "Other" refers to interns.

**Includes additional approved positions on a fixed-term contract.

Employment Changes

Salary Band	Employment at beginning of the period	Appointments	Terminations	Employment at end of the period
Top Management	2	*1	2	1
Senior Management	4	0	0	4
Professional qualified	10	1	1	10
Skilled	23	0	0	23
Semi-skilled	15	0	2	13
Unskilled	3	0	1	2
Other	**2	0	1	1
Total	59	2	7	54

Explanations:

During the year we had 2 employees reaching retirement age and opting to retire and 1 death. Other terminations were as a result of fixed-term contracts expiration and 2 voluntary resignations. The entity has generally experienced a low staff turnover over the years.

* Appointment of CEO

** "Other" refers to Interns

*The Annual Report Guide Schedule 3A and 3C Public Entities***Reasons for Staff Leaving**

Reason	Number	% of total no. of staff leaving
Death	1	14%
Resignation	2	29%
Dismissal	0	0%
Retirement	2	29%
Ill health	0	0%
Expiry of contract	2	29%
Other	0	0%
Total	7	100%

Explanations:

Appointment of internal candidates to act in vacant positions is key to ensure progression and proper succession. Staff retention processes and internal movements, i.e., secondments, re-deployment and acting in senior positions are encouraged. In addition, a full recruitment process is followed whereby internal and external applicants are given the opportunity to apply in order to replace staff who leave the organization.

Labour Relations: Misconduct and Disciplinary Action

Nature of Disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written warning	0
Dismissal	0
Other: Counselling	2

Equity Target and Employment Equity Status

Explanations:

The SETA will engage in a process to align Business Operations for global technological changes fit and Covid-19 impact and review the organizational design and structure.

Adherence to the approved organogram remains a priority. Staff retention processes and internal movements, i.e., secondments, re-deployment and acting in senior positions are encouraged.

Staff turnover allows the SETA to review and merge positions that link to address budget shortfalls and prevent lay-offs.

Where applicable, positions are strengthened by the appointment of fixed-term employees, SSAs and Interns funded through discretionary funding.

LEVELS	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	*1	0	0	0	0	0	0
Senior Management	2	**2	0	0	1	1	1	1
Professional qualified	3	***4	0	0	1	1	0	0
Skilled	4	****5	0	0	0	0	2	2
Semi-skilled	2	2	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Other	0	*****3	0	0	0	0	0	0
TOTAL	11	17	0	0	2	2	3	3

Notes:

*Recruitment of CFO

**Recruitment of General Managers: Projects & QA and Chief Information Officer: Systems & Technology

***Recruitment of Regional Manager

**** Recruitment of IT Specialist

**** *Recruitment of Interns

PART D: HUMAN RESOURCE MANAGEMENT

The Annual Report Guide
Schedule 3A and 3C Public Entities

LEVELS	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0
Professional qualified	3	2	0	0	0	0	3	*3
Skilled	11	11	0	0	2	2	2	2
Semi-skilled	8	8	1	1	2	2	1	1
Unskilled	2	2	0	0	0	0	0	0
Other	1	**1	0	0	0	0	0	0
TOTAL	26	25	1	1	4	4	6	6

Notes: *Recruitment of Supply Chain & Marketing Manager

**Recruitment of Intern

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

Notes: *Disability also suggests partial disability.



PART E:

FINANCIAL INFORMATION

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Fibre Processing and Manufacturing Sector Education and Training Authority (FP&M SETA) set out on pages 120 to 162, which comprise the statement of financial position as at 31st March 2021, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the FP&M SETA as at 31st March 2021, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

Basis for opinion

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

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 25 to the financial statements, the corresponding figures for 31st March 2020 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31st March 2021.

Responsibilities of the accounting authority for the financial statements

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

Auditor-general's responsibilities for the audit of the financial statements

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

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the public entity for the year ended 31st March 2021:

Programme	Pages in the annual performance report
Programme 3 - learning programmes and projects	Pages 45 to 69

15. I performed procedures to determine whether the reported performance information was properly presented and whether the performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

16. I did not raise any material findings on the usefulness and reliability of the reported performance information for this programme:

- Programme 3 - learning programmes and projects

Other matter

17. I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on pages 51 to 71 for information on the achievement of planned targets for the year and explanations provided for the under/over achievement of a number of targets.

Report on the audit of compliance with legislation

Introduction and scope

19. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

20. I did not raise any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

21. The accounting authority is responsible for the other information. The other information comprises the 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 in this auditor's report.

22. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information, and I do not express an audit opinion or any form of assurance conclusion thereon.

23. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes

PART E: FINANCIAL INFORMATION

presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

24. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and 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

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

Auditor - General

Auditor-General

Pretoria

31st July 2021



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

Annexure - auditor-general's responsibility for the audit

1. 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 respect to the selected subject matters.

Financial statements

2. 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 by the accounting authority
 - conclude on the appropriateness of the accounting authority's 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 related to events or conditions that may cast significant doubt on the ability of the Fibre Processing and Manufacturing Sector Education and Training Authority 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 the 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 continuing as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. 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.
4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to 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.

PART E: FINANCIAL INFORMATION

2. ANNUAL FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31ST MARCH 2021 STATEMENT OF RESPONSIBILITY

The Accounting Authority is responsible for the preparation of the FP&M SETA's Annual Financial Statements and for the judgements made in this information.

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

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

The Annual Financial Statements of the FP&M SETA set out on page 121 to page 162 have been approved by the Board on 31st May 2021.



Fellingeng Yende
Chief Executive Officer



Michelle Odayan
Board Chairperson

PART E: FINANCIAL INFORMATION

Statement of Financial Position as at March 31, 2021

		2021	2020
		R '000	Restated* R '000
Assets			
Current Assets			
Cash and cash equivalents	5	476 089	575 352
Receivables from non-exchange transactions	6	815	1 633
Receivables from exchange transactions	7	506	368
Inventories	8	46	42
		<u>477 456</u>	<u>577 395</u>
Non-Current Assets			
Property, plant and equipment	3	1 934	3 122
Intangible assets	4	143	97
		<u>2 077</u>	<u>3 219</u>
Total Assets		<u>479 533</u>	<u>580 614</u>
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	4 000	3 830
Trade and other payables from non-exchange transactions	10	73 809	88 453
Government grants and Donor funding received in advance	9	-	5 343
Provisions	12	9 603	9 601
		<u>87 412</u>	<u>107 227</u>
Total Liabilities		<u>87 412</u>	<u>107 227</u>
Net Assets		<u>392 121</u>	<u>473 387</u>
Reserves			
Admin Reserve	33	2 077	3 219
Discretionary Reserve	33	390 044	470 168
Total Net Assets		<u>392 121</u>	<u>473 387</u>

*See Note 25
FP&M SETA

Statement of Financial Performance

		2021	2020
	Note(s)	R '000	Restated* R '000
Revenue			
Revenue from exchange transactions			
Other revenue	14	5 364	66
Finance income	15	19 100	39 628
Total revenue from exchange transactions		24 464	39 694
Revenue from non-exchange transactions			
Transfer revenue			
Skills development levy (SDL) revenue	16	220 656	359 398
SDL penalties and interest received	17	6 501	5 602
Total revenue from non-exchange transactions		227 157	365 000
Total revenue	13	251 621	404 694
Expenditure			
Employee related costs	18	(17 846)	(23 415)
Depreciation and amortisation		(1 866)	(1 435)
Lease rentals on operating lease		(4 028)	(4 220)
Employer grants and project expenses	20	(297 338)	(389 693)
General Expenses	21	(11 809)	(13 927)
Total expenditure		(332 887)	(432 690)
Surplus/(deficit) for the year		(81 266)	(27 996)

NB. As at 31st March 2020, the Discretionary Grant reserve amount comprised R 470 million Discretionary Grant commitments. The SETA obtained the necessary approvals to retain the Discretionary Grant reserves and disburse the funding in subsequent periods as and when Projects reach certain milestones for payments. The deficit for the current year is as a result of disbursement of prior approved Discretionary Grant reserves.

PART E: FINANCIAL INFORMATION

Statement of Changes in Net Assets

	Administration reserve	Employer grant reserve	Discretionary reserve	Total reserves	Accumulated surplus	Total net assets
	R '000	R '000	R '000	R '000	R '000	R '000
Balance at April 1, 2019	3 592	-	497 791	501 383	-	501 383
Changes in net assets						
Allocation of unappropriated surplus (note 27)	4 281	19 432	(51 709)	(27 996)	27 996	-
Transfer to Discretionary reserves : Excess funds	(4 654)	(19 432)	24 086	-	-	-
Net income (losses) recognised directly in net assets	(373)	-	(27 623)	(27 996)	27 996	-
Surplus/(Deficit) for the year	-	-	-	-	(27 996)	(27 996)
Total recognised income and expenses for the year	(373)	-	(27 623)	(27 996)	-	(27 996)
Total changes	(373)	-	(27 623)	(27 996)	-	(27 996)
Opening balance as previously reported						
Adjustments	3 219	-	470 168	473 387	-	473 387
Opening Balance as previously reported	-	-	472 474	472 474	-	472 474
Prior year adjustments (Note 25)	-	-	(2 306)	(2 306)	-	(2 306)
Restated* Balance at April 1, 2020 as restated*	3 219	-	470 168	473 387	-	473 387
Changes in net assets						
Allocation of unappropriated surplus (note 27)	(6 583)	12 602	(87 285)	(81 266)	81 266	-
Transfer to Discretionary reserves : Excess funds	5 441	(12 602)	7 161	-	-	-
Net income (losses) recognised directly in net assets	(1 142)	-	(80 124)	(81 266)	81 266	-
Surplus / (Deficit)	-	-	-	-	(81 266)	(81 266)
Total recognised income and expenses for the year	(1 142)	-	(80 124)	(81 266)	-	(81 266)
Total changes	(1 142)	-	(80 124)	(81 266)	-	(81 266)
Balance at March 31, 2021	2 077	-	390 044	392 121	-	392 121
Note(s)	33		33			

*See Note 25

Cash Flow Statement

	Note(s)	2021 R '000	2020 Restated* R '000
Cash flows from operating activities			
Receipts			
Cash receipts from stakeholders		228 019	366 743
Other cash receipts from stakeholders		19	66
Interest income		19 100	39 628
		<u>247 138</u>	<u>406 437</u>
Payments			
Grants and project payments		(312 143)	(383 700)
Special projects		-	(3 985)
Compensation of employees		(17 864)	(23 069)
Payments to suppliers and other		(15 669)	(17 826)
		<u>(345 676)</u>	<u>(428 580)</u>
Net cash flows from operating activities	26	<u>(98 538)</u>	<u>(22 143)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(343)	(1 045)
Purchase of other intangible assets	4	(382)	(153)
Net cash flows from investing activities		<u>(725)</u>	<u>(1 198)</u>
Net increase/(decrease) in cash and cash equivalents			
		(99 263)	(23 341)
Cash and cash equivalents at the beginning of the year		575 352	598 693
Cash and cash equivalents at the end of the year	5	<u>476 089</u>	<u>575 352</u>

*See Note 25
FP&M SETA

PART E: FINANCIAL INFORMATION

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 revenue	-	-	-	5 364	5 364	
Finance Income	42 282	-	42 282	19 100	(23 182)	36.1
Total revenue from exchange transactions	42 282	-	42 282	24 464	(17 818)	
Revenue from non-exchange transactions						
Transfer revenue						
SDL revenue	244 501	-	244 501	220 656	(23 845)	36.2
SDL penalties and interest received	3 406	-	3 406	6 501	3 095	36.3
Total revenue from non-exchange transactions	247 907	-	247 907	227 157	(20 750)	
Total revenue	290 189	-	290 189	251 621	(38 568)	
Expenditure						
Personnel	(21 666)	-	(21 666)	(17 846)	3 820	36.5
Depreciation and amortisation	(1 600)	-	(1 600)	(1 866)	(266)	36.8
Lease rentals on operating lease	(4 493)	-	(4 493)	(4 028)	465	36.9
Employer grant and project expenses	(258 098)	(464 499)	(722 597)	(297 338)	425 259	36.4
General expenses	(12 265)	-	(12 265)	(11 809)	456	36.6
Total expenditure	(298 122)	(464 499)	(762 621)	(332 887)	429 734	
Deficit	(7 933)	(464 499)	(472 432)	(81 266)	391 166	
Actual amount on comparable basis as presented in the budget and actual comparative statement	(7 933)	(464 499)	(472 432)	(81 266)	391 166	

Accounting Policies

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the *Standards of Generally Recognised Accounting Practice (GRAP)*, issued by the *Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999)*.

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

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

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

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

1.1 PRESENTATION CURRENCY

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

1.2 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

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

PART E: FINANCIAL INFORMATION

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

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

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

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

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from the previous estimates, the change is accounted for as a change in accounting estimate

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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

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

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

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

1.3 INTANGIBLE ASSETS

An intangible asset is recognised when:

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Useful Life
Computer software	License period

Intangible assets are derecognised:

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

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

1.4 FINANCIAL INSTRUMENTS

Definitions

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

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

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

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

PART E: FINANCIAL INFORMATION

A financial asset is:

cash;

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

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

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

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

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

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

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

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Classification

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

Class:	Category:
Cash and Cash Equivalents	Financial asset measured at amortised cost
Other receivables 1	Financial asset measured at amortised cost
Receivables from non- exchange	Financial asset measured at amortised cost

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

Class:	Category:
Trade and other payables exchange	Financial liability measured at amortised cost
Trade and other payables non-exchange	Financial liability measured at amortised cost

Initial Recognition

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

Initial Measurement of Financial Assets And Financial Liabilities

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

Gains and Losses

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

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

Impairment and Uncollectibility of Financial Assets

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

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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

Derecognition

Financial Assets

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

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

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

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract.

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If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

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

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

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

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

Financial Liabilities

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

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial

liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the *Standard of GRAP on Revenue from Non-Exchange Transactions (Taxes and Transfers)*.

Presentation

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

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

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.5 TAX

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

1.6 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating Leases - Lessee

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

1.7 INVENTORIES

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

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

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

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

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

1.8 SHARE CAPITAL / CONTRIBUTED CAPITAL

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

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

- Administration reserve
- Employer grant reserve
- Discretionary reserve

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

Member employer company SDL payments are set aside in terms of the *Skills Development Act* and the regulations issued in terms of the Act, for the purpose of:

Purpose of Total SDL Payments from Employer	% Allocation 20/21	% Allocation 19/20
Administration Costs of the SETA	10.50%	10.50%
Mandatory Grants	20.00%	20.00%
Discretionary Grants and Projects	49.50%	49.50%
	80.00%	80.00%

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

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

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

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

1.9 EMPLOYEE BENEFITS

Short-Term Employee Benefits

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

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

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

Defined Contribution Plans

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

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

1.10 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in Note 33.

1.11 COMMITMENTS

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements and these include Discretionary Grant contracts that are non-cancellable or only cancellable at significant cost.

The commitment value is calculated using the contract value less any payments or adjustments. Contracts are removed in the commitments register when the FP&M SETA has no contractual obligation to another party due to a cancellation, expiry of contract or discharge of contractual obligations under the contract.

1.12 REVENUE FROM EXCHANGE TRANSACTIONS

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

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

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

Measurement

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

Interest, Royalties and Dividends

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

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

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

1.13 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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

Levy Income

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

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

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

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

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

Penalties and Interest

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

Government Grants and Other Donor Income

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

1.14 COMPARATIVE FIGURES

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

1.15 UNAUTHORISED EXPENDITURE

Unauthorised expenditure means:

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

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.16 FRUITLESS AND WASTEFUL EXPENDITURE

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

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

1.17 IRREGULAR EXPENDITURE

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

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

National Treasury Practice Note no. 4 of 2008/2009 which was issued in terms of Sections 76(1) to 76(4) of the PFMA requires the following (effective from 01 April 2008):

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

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the Accounting Officer or Accounting Authority may write-off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.18 BUDGET INFORMATION

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

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

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

The approved budget covers the fiscal period from 01st April 2020 to 31st March 2021.

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

1.19 RELATED PARTIES

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

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

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

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

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

1.20 EVENTS AFTER REPORTING DATE

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

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

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

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting

events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.21 GRANTS AND PROJECT EXPENDITURE

Grants and Project Expenditure

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

Mandatory Grants Expenditure

The grant expenditure is recognised when the employer has submitted an application for a grant in the prescribed form within the legislated cut off period and the application has been approved.

Grants are equivalent to 20% of the total levies contributed by employers to the SETA during the corresponding financial period. Any unutilised mandatory grant income is swept to Discretionary Grant reserves.

Discretionary project expenditure

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

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

Project expenditure comprise:

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

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

Retrospective adjustments by SARS

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

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

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

Commitments

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

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

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE OR RELEVANT

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

1. GRAP 1 Presentation of Financial Statements
2. GRAP 2 Cash Flow Statements
3. GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors
4. GRAP 9 Revenue from Exchange Transactions
5. GRAP 12 Inventories
6. GRAP 13 Leases
7. GRAP 14 Events after the reporting date
8. GRAP 17 Property Plant and Equipment
9. GRAP 19 Provisions, Contingent Liabilities and Contingent Assets
10. GRAP 20 Related Party Disclosures
11. GRAP 23 Revenue from Non-exchange Transactions (Taxes and Transfers)
12. GRAP 24 Presentation of Budget Information in Financial Statements
13. GRAP 25 Employee Benefits
14. GRAP 31 Intangible Assets
15. GRAP 104 Financial Instruments

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 01st April 2021 or later periods:

1. GRAP 104 (Amended) : Financial Instruments - Unlikely there will be a material impact
2. Directive 14 The application of Standards of GRAP by Public entities that apply IFRS Standards - Unlikely there will be a material impact
3. Guideline : Guideline on Accounting for Landfill sites - Unlikely there will be a material impact
4. Directive 7 (Revised) : Application of Deemed Cost - Unlikely there will be a material impact
5. IGRAP 17 - Service Concession Agreements where a Grantor Controls a significant Residual Interest in an Asset - Unlikely there will be a material impact.

3. PROPERTY, PLANT AND EQUIPMENT

	2021 R'000			2020 R'000		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Office furniture and fittings	2 298	(1 934)	364	2 298	(1 653)	645
Motor vehicles	497	(349)	148	497	(215)	282
Office equipment	2 829	(2 120)	709	2 783	(1 543)	1 240
Computer equipment	3 121	(2 409)	712	2 825	(1 873)	952
Artwork	279	(278)	1	279	(276)	3
Total	9 024	(7 090)	1 934	8 682	(5 560)	3 122

Reconciliation of property plant and equipment - 2021

	Opening balance	Additions	Depreciation	Total
Office furniture and fittings	645	-	(281)	364
Motor vehicles	282	-	(134)	148
Office equipment	1 240	47	(578)	709
Computer equipment	952	296	(536)	712
Artwork	3	-	(2)	1
	3 122	343	(1 531)	1 934

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Office furniture and fittings	735	-	(90)	645
Motor vehicles	15	356	(89)	282
Office equipment	1 478	304	(542)	1 240
Computer equipment	1 155	385	(588)	952
Artwork	6	-	(3)	3
	3 389	1 045	(1 312)	3 122

Depreciation rates

During the year the estimated useful lives of assets were revised. Refer to Note 35

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance	2021 R'000	2020 R'000
Repairs and maintenance to Motor Vehicle	-	5 000
Repair to server equipment	13 000	-

4. INTANGIBLE ASSETS

	2021 R'000			2020 R'000		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 769	(1 626)	143	1 387	(1 290)	97
Total	1 769	(1 626)	143	1 387	(1 290)	97

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software	97	382	(336)	143
Total	97	382	(336)	143

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Computer software	68	153	(124)	97
Total	68	153	(124)	97

5. CASH AND CASH EQUIVALENT

	2021 R'000	2020 R'000
Cash and cash equivalents consist of:		
Petty cash on hand	9	11
Bank balances	21 445	26 674
Donor funds held	-	5 344
Short-term deposits	454 635	543 323
	476 089	575 352

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

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

6. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2021 R'000	2020 R'000
Statutory Receivables	808	626
Intersecta receivables	7	7
Other receivables from non-exchange revenue	-	1 000
Training Allowance (TLS) Debtors	-	726
Allowance for doubtful debts provision	-	(726)
	<u>815</u>	<u>1 633</u>

Statutory Receivables

FP&M Seta calculates and pays mandatory grants to employers based on levy information received from the DHET as obtained from SARS in line with the *SDL Act*. Where SARS retrospectively amends the information on levies collected, this may result in grants that have been paid to certain employers that are in excess of the amount that the FP&M Seta is permitted to have granted to employers as mandatory grants thus resulting in mandatory grant receivable being raised.

6.1 RECONCILIATION OF PROVISION FOR IMPAIRMENT OF RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2021 R'000	2020 R'000
Opening balance	(726)	(726)
Amounts written off as uncollectible	726	-
	<u>-</u>	<u>(726)</u>

7. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2021 R'000	2020 R'000
Deposits	280	280
Prepaid expenses	38	-
Sundry debtors	188	88
	<u>506</u>	<u>368</u>

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8. INVENTORIES

	2021 R'000	2020 R'000
Stationery and other consumables	46	42
Inventory comprises paper , kitchen items and other consumables.		
Inventories reconciliation		
Opening balance	42	75
Purchases	99	111
Authorised consumption	(95)	(144)
Closing balance	46	42

9. GOVERNMENT GRANTS AND DONOR FUNDING RECEIVED IN ADVANCE

	2021 R'000	2020 R'000
FP&M Seta received conditional grants as follows:		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Department of Arts and Culture	-	1 989
Create SA	-	3 354
	<u>-</u>	<u>5 343</u>
Movement during the year		
Balance at the beginning of the year	5 343	9 328
Additions during the year	-	-
Transfer to other income	(5 343)	(3 985)
	<u>-</u>	<u>5 343</u>
Non-current liabilities	-	-
Current liabilities	-	5 343
	<u>-</u>	<u>5 343</u>

Donor funding and other government grants are recognised as income when the conditions related to the grants are met and are based on qualifying expenditure incurred. Refer to Note 22 for detailed movements of grants.

10. TRADE AND OTHER PAYABLES FROM NON EXCHANGE TRANSACTIONS

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

Non-exchange payables are as follows:

	2021 R'000	2020 R'000
Mandatory grant payables	-	10
Discretionary grant payables	11 390	3 724
Discretionary grant accruals	57 310	79 119
Accrual for mandatory grants	5 109	5 600
	73 809	88 453

11. PAYABLES FROM EXCHANGE TRANSACTIONS

	2021 R'000	2020 R'000
Trade payables	135	380
Accrued expense: Administrative expenses	3 839	3 447
Accrued expense: Salary deductions payable	-	3
Accrued expense: Operating lease straight lining	26	-
	4 000	3 830

12. PROVISIONS

Reconciliation of provisions: 2021	Performance bonus	Levies from exempt companies	Total
Opening balance	2 639	6 962	9 601
Amount paid	(2 140)	(1 182)	(3 322)
Additions	2 122	1 202	3 324
	2 621	6 982	9 603

Reconciliation of provisions: 2020	Performance bonus	Levies from exempt companies	Total
Opening balance	2 293	6 762	9 055
Amount paid	(2 266)	(1 326)	(3 592)
Additions	2 612	1 526	4 138
	2 639	6 962	9 601

During the financial year the SETA received SDL income from companies whose gross salary cost is less than R 500,000. DHET issued guidance to all SETAs indicating that these funds must continue to be accounted for as liabilities for a period of 5 years unless the related companies claim back these funds during this 5 year period. Thereafter the SETA can recognise these funds as income if they are not claimed. At 31st March 2021 the amount claimable was R6.9m (2019/20: R6.9m).

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

PART E: FINANCIAL INFORMATION

13. REVENUE

	2021 R'000	2020 R'000
Other revenue	5 364	66
Interest received - investment	19 100	39 628
SDL revenue	220 656	359 398
SDL penalties and interest	6 501	5 602
	251 621	404 694

The amount included in revenue arising from exchanges of goods or services are as follows:

Other revenue	5 364	66
Interest received - investment	19 100	39 628
	24 464	39 694

The amount included in revenue arising from non-exchange transactions is as follows

Taxation revenue

Transfer revenue

SDL revenue	220 656	359 398
SDL penalties and interest	6 501	5 602
	227 157	365 000

14. OTHER INCOME

	2021 R'000	2020 R'000
Testing certificates - non-exchange	21	50
Insurance refund - exchange	-	16
Create SA and Department of Arts and Culture	5 343	-
	5 364	66

15. FINANCE INCOME

	2021 R'000	2020 R'000
Interest revenue		
Interest from deposits and bank	19 100	39 628

16. SKILLS DEVELOPMENT LEVY (SDL) REVENUE

	2021 R'000	2020 R'000
Administration - SDL received from SARS	28 966	47 277
Administration - Inter SETA transfer in	-	1
Employer grants - SDL grants received from SARS	54 970	89 410
Discretionary grants - SDL received from SARS	136 720	222 705
Discretionary grants - Inter SETA transfers in	-	5
	220 656	359 398

17. SDL PENALTIES AND INTEREST RECEIVED

	2021 R'000	2020 R'000
SDL interest income	2 920	2 368
SDL penalties income	3 581	3 234
	6 501	5 602

18. EMPLOYEE RELATED COSTS

	2021 R'000	2020 R'000
Basic	14 739	18 582
Bonus provision	1 587	2 261
Medical aid - company contributions	760	982
UIF	51	66
Workmens compensation	42	43
SDL	101	206
Leave pay provision charge	(89)	385
Short term benefit	182	228
Cellphone allowances	89	110
Overtime payments	-	4
Acting allowances	134	117
Car allowance	250	431
	17 846	23 415

Note:

Project payroll costs of R 14,5 million are disclosed in Note 20.1. These costs relate to employees that administer projects

19. DEBT IMPAIRMENT

	2021 R'000	2020 R'000
Reversal of debt impairment	-	-

20. EMPLOYER GRANT AND PROJECT EXPENSES

	2021 R'000	2020 R'000
Discretionary Grant Expenses		
Administrative project costs (20.1)	17 311	16 661
Discretionary grant expenses	237 659	303 054
	254 970	319 715

Nb. Administrative project expenses relates to Discretionary grant expenditure. Included in Administrative project costs are payroll costs of R14.5 million. Refer to Note 20.1

	2021 R'000	2020 R'000
Mandatory grant expenditure		
Mandatory grant to employers	42 368	69 978
Employer grant and project expenses for the period	297 338	389 693

20.1 ADMINISTRATIVE PROJECT SALARY COSTS

	2021 R'000	2020 R'000
Leave accrual	339	127
Medical aid	583	429
Bonus provision	916	732
UIF	44	35
SDL	98	94
Short term benefit	1 421	1 021
Cellphone allowances	57	42
Overtime payments	-	1
Acting allowances	41	27
Car allowance	342	165
	14 545	10 458

21. GENERAL EXPENSES

	2021	2020
	R'000	R'000
Internal audit fees (1)	178	402
Advertising	114	215
Auditors remuneration	1 823	1 613
Bank charges	46	52
Cleaning	70	107
Audit committee fees	65	70
Computer expenses	-	2
Legal Fees	19	28
Board fees	315	383
Disaster recovery costs	-	-
Insurance (2)	220	269
Repairs and maintenance	-	12
Fuel and oil	4	10
Consultant fees (3)	660	381
Postage and courier	7	182
Printing costs	103	218
Management information systems	2 394	2 391
Stationery	18	154
Security (4)	518	306
Subscriptions and membership fees	1 466	1 553
Telephone	577	620
Staff training and development costs (5)	30	511
Travel costs (7)	2	1 041
Electricity	371	430
QCTO expenses	2 505	2 424
catering and refreshments (6)	49	293
Office expenses	255	260
	11 809	13 927

1. Internal audit costs reduced due to the late appointment of the Service Provider as a result of Covid-19.
2. Insurance cost decreased due to lower quotes.
3. Consulting fees increased as the services of an IT Specialist was procured.
4. Security costs increased due to the implementation of front entrance security at the Gauteng offices.
5. Staff training reduced significantly due to cost cutting measures as result of Covid-19.
6. Catering and Venue costs reduced significantly due to cost cutting measures as result of Covid-19.
7. Travel costs reduced significantly due to cost cutting measures as result of Covid-19.

PART E: FINANCIAL INFORMATION

22. GOVERNMENT GRANTS AND SUBSIDIES

DEPARTMENT OF ARTS AND CULTURE

	2021 R '000	2020 R '000
Balance unspent at beginning of year	1 989	1 989
Transfer to other income	(1 989)	-
	<u>-</u>	<u>1 989</u>

CREATE SOUTH AFRICA (SA)

	2021 R '000	2020 R '000
Balance unspent at beginning of year	3 354	3 354
Transfer to other income	(3 354)	-
	<u>-</u>	<u>3 354</u>

DHET

	2021 R '000	2020 R '000
Balance unspent at beginning of year	-	3 985
Refund of unspent funds	-	(3 985)
	<u>-</u>	<u>-</u>

23. LEASE RENTAL ON OPERATING LEASE

The operating leases relates to building premises used as office accommodation in our two regional offices and head office. New contracts were signed effective 1st April 2020 to 31st March 2022 for Cape Town. Head office and Durban are now on a month to month basis.

Reconciliation of future minimum lease payments:

	2021 R '000	2020 R '000
Reconciliation of future minimum lease payments		
Not later than one year	653	602
Later than one year but not later than 5 years	-	653
	<u>653</u>	<u>1 255</u>

24. RELATED PARTIES

Relationships

Member	Refer to member's report note
DHET	Controlling entity
TVETs	Under common control by DHET
Universities	Under common control by DHET
Universities of South Africa	Under common control by DHET
QCTO	Under common control by DHET
SAQA	Under common control by DHET
NSFAS	Under common control by DHET
NSF	Under common control by DHET
Department of Science and Technology and entities under its control	Under common control by DHET
SETAs	Under common control by DHET
Advocate Michelle Odayan	Accounting Authority Chairperson
Ms Makhosi Chiwashira	Accounting Authority member
Ms Linda Theresa Bremner	Accounting Authority member
Ms Fanisa Lamola	Accounting Authority member
Mr Nduduzo Vilina	Accounting Authority member
Ms Bonita Natalie Loubser	Accounting Authority member
Ms Delight T Simelane	Accounting Authority member
Ms Karen Pearl Manuel (Coetzee)	Accounting Authority member
Mr Kwazi Mlaba	Accounting Authority member
Mr Teboho Cosmas Maroele	Accounting Authority member
Ms Theresa Otto	Accounting Authority member
Mr Mpuka Radinku	Accounting Authority member
Mr Francois Oberholzer	Accounting Authority member
Mr Mvuleni Stephen Thobela	Accounting Authority member
Mr Mike Truelock	Accounting Authority member

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

PART E: FINANCIAL INFORMATION

Related Party Balances

Amounts included in Government Grants donor funding related parties

	2021 R '000	2020 R '000
UIF	-	726
Department of Arts and Culture	-	(1 989)

Related Party	Nature of relationship	Transaction Type	Amount SFP 2021	Amount receivable / (payable) 2021	Amount SFP 2020	Amount receivable / (payable) 2020
Aranda Textile Mills (Pty) LTD	Frans Barnard (Authority Member)	Mandatory Grants	-	-	93	(7)
Aranda Textile Mills (Pty) Ltd	Frans Barnard (Authority Member)	Discretionary Grants	-	-	618	(17)
Aranda Learnership	Frans Barnard (Authority Member)	Discretionary Grants	-	-	5 626	(970)
Aranda Learnership	Frans Barnard (Authority Member)	Mandatory Grants	-	-	3	-
Subtotal			-	-	6 340	(994)
			-	-	6 340	(994)

Related Party	Nature of relationship	Transaction Type	Amount SFP 2021	Amount receivable / (payable) 2021	Amount SFP 2020	Amount receivable / (payable) 2020
Aranda Textile Mills (Pty) LTD	Frans Barnard (Authority Member)	Levies	-	-	(374)	-
Aranda Learnership College	Frans Barnard (Authority Member)	Levies	-	-	(12)	-
Subtotal			-	-	(386)	-
			-	-	(386)	-

PART E: FINANCIAL INFORMATION

2020/21	Nature of relationship	Transaction type	Transaction	Balances/Commitments
TVET Colleges	Entity under common control	Discretionary Grant	30 530	(37 978)
Higher education Institutions	Entity under common control	Discretionary Grant	12 011	(8 858)
Community Colleges	Entity under common control	Discretionary Grant	-	(2 548)
Funding Institutions	Entity under common control	Discretionary Grant	1 083	(332)
Sector Education and Training Authorities	Entity under common control	Discretionary Grant	41	(7)
QCTO	Entity under common control	Administration	2 505	-
SAQA	Entity under common control	Administration	6	-
SubTotal			<u>46 176</u>	<u>(49 723)</u>
			46 176	(49 723)

2019/20	Nature of relationship	Transaction type	Transaction	Balances/Commitments
TVET Colleges	Entity under common control	Discretionary Grant	27 946	(43 816)
Higher education Institutions	Entity under common control	Discretionary Grant	16 141	(22 110)
Community Colleges	Entity under common control	Discretionary Grant	-	(1 300)
Funding Institutions	Entity under common control	Discretionary Grant	32 234	(1 415)
Sector Education and Training Authorities	Entity under common control	Discretionary Grant	37	(7)
QCTO	Entity under common control	Administration	2 424	-
SAQA	Entity under common control	Administration	6	-
SubTotal			<u>78 788</u>	<u>(68 648)</u>
			78 788	(68 648)

*SPF is the transaction value recognised in the statement of Statement of Finance Performance.

The above transactions occurred under terms that were no less favourable than those available in similar arm's length dealings.

PART E: FINANCIAL INFORMATION

Board Members

2021			
	Attendance Fee	Expenses	Total
Name			
S Ngidi	17	-	17
M Odayan (Chairperson)	308	-	308
T Boltman	13	-	13
F Lamola	-	1	1
C Phiri	8	-	8
M Chiwashira	-	1	1
AUDIT COMMITTEE	-	-	-
T Boltman	34	-	34
C Phiri	7	-	7
K De Villiers	21	-	21
John Raphela	3	-	3
	411	2	413

2020			
	Attendance Fee	Expenses	Total
Name			
S Ngidi (Chairman)	256	-	256
M Odayan	73	-	73
T Boltman	37	1	38
Steve Thobela	-	7	7
K De Villiers	9	-	9
AUDIT COMMITTEE	-	-	-
T Boltman	37	1	38
M Odayan	17	-	17
K De Villiers	14	1	15
	443	10	453

Executive Management

2021

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Post-employment benefits	Leave Pay	Acting Allowance	Total
CEO	1 659	700	264	231	208	-	3 062
GM: Governance, compliance, risk and legal	1 089	109	206	15	-	-	1 419
GM: Projects	1 125	63	12	10	57	-	1 267
GM: Research, planning and reporting	1 048	109	240	15	-	-	1 412
CFO	492	-	37	59	62	-	650
GM : Quality Assurance	817	86	108	102	58	-	1 171
ACFO	418	61	52	23	-	73	627
	6 648	1 128	919	455	385	73	9 608

2020

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Post-employment benefits	Total
CEO	1 659	701	264	236	2 860
GM: Governance, compliance, risk and legal	1 090	106	203	16	1 415
GM: Projects	674	-	6	8	688
GM: Research, planning and reporting	1 049	106	240	15	1 410
CFO	1 108	108	75	142	1 433
GM : Quality Assurance	818	77	100	110	1 105
	6 398	1 098	888	527	8 911

NB. Mr Avinash Gangoo was appointed as Acting CFO from 3rd August 2020.

PART E: FINANCIAL INFORMATION

25. PRIOR PERIOD ERRORS

The following prior period errors were identified and corrected retrospectively in the period affected by the error :

1. Discretionary accruals were understated in the prior year. The amount of R 2,307,000 .00 was paid in April 2020.

The actual expense for the payment related to the 2019/20 financial year which was not raised. Comparatives have been restated.

2. In the previous year an amount of R 61,000.00 was incorrectly disclosed as irregular expenditure as National Treasury did not classify it as irregular upon request for condonation. Note 32 has therefore been restated.

3. Lease improvements amounting to R 136,000.00 was incorrectly capitalised.

Statement of financial position	2021 R'000	2020 R'000
Increase in Discretionary accruals	-	(2 307)
Decrease in Discretionary reserves	-	2 307
Increase in Discretionary reserves	-	1
Decrease in Cost - Furniture and fittings	-	(136)
Increase in Accumulated depreciation	-	135
	<u>-</u>	<u>-</u>

Statement of Financial Performance	2021 R'000	2020 R'000
Increase Discretionary expenses	-	2 307
Increase in rent expense	-	136
Decrease in depreciation	-	135
	<u>-</u>	<u>-</u>

26. CASH USED IN OPERATIONS

	2021 R'000	2020 R'000
Deficit	(81 266)	(27 996)
Adjustments for:		
Depreciation and amortisation	1 866	1 435
Movements in provisions	2	546
Write back of cost of leasehold improvements	-	135
Changes in working capital:		
Inventories	(4)	33
Receivables from exchange transactions	(136)	2 716
Other receivables from non-exchange transactions	818	(916)
Payables from exchange transactions	169	153
Trade and other payables from non-exchange	(14 644)	5 736
Government grants and Donor funding received in advance	(5 343)	(3 985)
	<u>(98 538)</u>	<u>(22 143)</u>

27. ALLOCATION OF NET SURPLUS / (DEFICIT)

2020/21	Administration reserve	Employer reserve mandatory grants	Discretionary reserve	Total per statement of performance
Total income				
SDL revenue	28 966	54 970	136 720	220 656
SDL penalties and interest received	-	-	6 501	6 501
Other revenue	-	-	5 364	5 364
Finance income	-	-	19 100	19 100
Subtotal	<u>28 966</u>	<u>54 970</u>	<u>167 685</u>	<u>251 621</u>
Total expenses				
Administration expenses	(35 549)	-	-	(35 549)
Employer grants and project expenses	-	(42 368)	(254 970)	(297 338)
	<u>(6 583)</u>	<u>12 602</u>	<u>(87 285)</u>	<u>(81 266)</u>

2019/20	Administration reserve	Employer reserve mandatory grants	Discretionary reserve	Total per statement of performance
Total income				
SDL revenue	47 278	89 410	222 710	359 398
SDL penalties and interest received	-	-	5 602	5 602
Other revenue	-	-	66	66
Finance income	-	-	39 628	39 628
Subtotal	<u>47 278</u>	<u>89 410</u>	<u>268 006</u>	<u>404 694</u>
Total Expenses				
Administration expenses	(42 997)	-	-	(42 997)
Employer grants and project expenses	-	(69 978)	(319 715)	(389 693)
	<u>4 281</u>	<u>19 432</u>	<u>(51 709)</u>	<u>(27 996)</u>

28. SURPLUS FUNDS TRANSFERABLE TO NATIONAL TREASURY

Transfers of excess funds from:	2021 R'000	2020 R'000
Discretionary Grant Reserve	390 044	470 168
Administration Reserve	2 077	3 219
Application for Approval	(392 121)	(473 387)
	<u>-</u>	<u>-</u>

Surplus funds due to National Treasury	2021 R'000	2020 R'000
Cash and Cash Equivalents	476 089	575 352
Receivables from non - exchange transactions	815	1 633
Receivables from exchange transactions	506	368
Less current liabilities	(87 412)	(107 228)
	<u>389 998</u>	<u>470 125</u>

Notwithstanding the accumulated surplus above, FP&M SETA has at year end commitments in the form of contracts with various service providers as indicated in Note 34, the below reflects the accumulated surplus after taking into account the impact of these commitments.

Committed amounts as at 31 st March 2021	2021 R'000	2020 R'000
Commitments - refer to note	75	35
Net surplus / (deficit) after commitments	<u>389 998</u>	<u>470 125</u>

29. FINANCIAL INSTRUMENTS DISCLOSURE

Categories of financial instruments

2021

Financial assets	At amortised cost	At cost
Trade and other receivables from exchange transactions	506	368
Other receivables from non-exchange transactions	7	1 007
Cash and cash equivalents	476 089	575 352
	<u>476 602</u>	<u>576 727</u>

Financial liabilities	At amortised cost	At cost
Trade and other payables from exchange transactions	(4 000)	(3 830)
Taxes and transfers payable (non-exchange)	(68 700)	(82 853)
	<u>(72 700)</u>	<u>(86 683)</u>

Financial instruments in statement of financial performance	At amortised cost	At cost
Interest income (calculated using effective interest method) for financial instruments at amortised cost	19 100	39 628

30. RISK MANAGEMENT

Financial risk management

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

Liquidity risk

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

2020/21	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	More than 2 years
Trade and other trade payables from exchange transactions	(4 000)	(4 000)	(4 000)	-	-
Trade and other payables: Non-exchange	(68 700)	(68 700)	(68 700)	-	-
	(72 700)	(72 700)	(72 700)	-	-
2019/20	Carrying Amount	Contractual Cash Flows	Less than 1 year	1 to 2 years	More than 2 years
Trade and other trade payables from exchange transactions	(3 830)	(3 830)	(3 830)	-	-
Trade and other payables: Non-exchange	(82 853)	(82 853)	(82 853)	-	-
	(86 683)	(86 683)	(86 683)	-	-

Credit Risk

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

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

Financial instrument	2021 R'000	2020 R'000
Receivables from exchange transactions	506	368
Cash and Cash Equivalents	476 089	575 352
Receivables from non - exchange transactions	7	1 007

PART E: FINANCIAL INFORMATION

2020/21 Age Analysis	Current	30 to 60 days	60 to 90 days	90 to 120 days	More than 120	Carrying Amount
Receivables from exchange transactions	226	-	-	-	280	506
Cash and cash equivalents	476 089	-	-	-	-	476 089
Receivables from non-exchange transactions	-	-	-	-	7	7
Gross before impairment	476 315	-	-	-	287	476 602
	476 315	-	-	-	287	476 602
2019/20 Age Analysis	Current	30 to 60 days	60 to 90 days	90 to 120 days	More than 120	Carrying Amount
Receivables from exchange transactions	88	-	-	-	280	368
Cash and cash equivalents	575 352	-	-	-	-	575 352
Receivables from non-exchange transactions	1 007	-	-	-	726	1 733
Gross before impairment	576 447	-	-	-	1 006	577 453
Impairment loss	-	-	-	-	(726)	(726)
	576 447	-	-	-	280	576 727

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

Interest Rate Risk

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

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

2020/21	Interest bearing amount	Effective interest rate	Non-interest bearing amount
Financial assets			
- Receivables from exchange transactions	-	- %	506
- Cash and cash equivalents	476 089	3.85 %	
- Receivables from non-exchange transactions	-	- %	7
Financial liabilities			
- Trade and other trade payables from exchange transactions	-	- %	(4 000)
- Trade and other payables (non-exchange)	-	- %	(68 700)
	476 089	3.85 %	(72 187)

2019/20	Interest bearing amount	Effective interest rate	Non-interest bearing amount
Financial assets			
- Receivables from exchange transactions	-	- %	368
- Cash and cash equivalents	575 352	6.89 %	
- Receivables from non-exchange transactions	-	- %	1 007
Financial liabilities			
- Trade and other trade payables from exchange transactions	-	- %	(3 830)
- Trade and other payables (non-exchange)	-	- %	(82 853)
	575 352	6.89 %	(85 308)

PART E: FINANCIAL INFORMATION

Fair Value and Market Risk

Market risk

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

Fair values

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

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

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

Cash and cash equivalents

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

Accounts receivable

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

Accounts payable

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

31. GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The Minister of Higher Higher Education Science and Technology had approved the SETA license until 31st March 2030.

32. IRREGULAR EXPENDITURE

	2021 R'000	2020 R'000
Opening balance as previously reported	-	61
Add: Irregular Expenditure - current year	325	-
Opening balance as restated	325	61
Amount incorrectly stated as irregular expenditure	-	(61)
Closing balance	325	-

Incidents/cases identified in the current year include those listed below:

	2021 R'000	2020 R'000
Disciplinary steps taken/criminal proceedings		
The irregular expenditure relates to fees paid to Accounting Authority Members who were appointed by the Executive Authority (DHET). The appointments were found to be in contravention of the <i>Skills Development Act, No.97 of 1998 (SDA)</i> as amended.	309	-
Non compliance with <i>National Treasury SCM instruction No 3 of 2016/2017</i> Prevention and combating abuse in SCM	16	-
	325	-

Note

Upon application for condonation to National Treasury for the amount of R 61,000.00 it was considered by National Treasury not to be classified as irregular expenditure.

33. CONTINGENCIES

Contingent liabilities

Outcome of the Minister of Higher Education and Training (DHET) and employers, represented by Business Unity South Africa ('BUSA') case BUSA had challenged the fact that the Minister had reduced the mandatory grant payout from 50% to 20%. They went to court in October 2019 and there was a court ruling that the Minister's decision to reduce the mandatory grant payout is set aside. There was no further information provided in the court ruling for example there was no information about what rate to use if the Ministers decision is set aside and also no information about from which date should the ruling be applied. It cannot be determined what the amount of the contingency should be. The Minister is currently in discussion with BUSA on this matter.

Surplus funds

We have on the 31st May 2021 submitted an application to the DHET for retention of surplus funds and to retain funds used for internal projects. Reserves carried over from the previous financial year outside of the definition of surplus have been disclosed as a contingent liability and request for approval for these funds has been submitted to National Treasury. As in the previous year FP&M SETA expects that National Treasury will approve the retention of surplus funds.

PART E: FINANCIAL INFORMATION

	2021 R'000	2020 R'000
Administrative reserve	2 077	3 219
Discretionary reserve	390 044	470 168
	392 121	473 387

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

As at 31st March 2021 FP&M SETA had a surplus of R 389,9 million of which R 389,9 million is committed. Refer to Note 28 for the detailed calculation of the surplus.

34. COMMITMENTS

Of the balance of R 390 million (2019/20, R 470 million) available in the discretionary reserves at the end of March 2021, R 389,9 million (2019/20 R 470 million) (refer to annexure A) has been approved and contractually committed. Amounts for expenses that have already been contracted or incurred and therefore included in grant expenses in the statement of financial performance, are also indicated. A request for the accumulation of these funds has been submitted to National Treasury on 31st May 2021. At the time of compiling the annual financial statements, no reply had been received.

Contractual Commitments as at 31 March 2021

Interventions	Opening Balance A/P Audited AFS	Cumulative Restatements	Restated Balance	Additions 20-21	Additions 20- 21 Admin	Adjustments	Sweepings	Expenditure 20-21	Closing Balance
AET	1 882 380,00	-	1 882 380,00	1 106 000,00	-	-	(247 100,00)	(1 323 300,00)	1 417 980,00
Apprenticeships	164 601 364,25	-	164 601 364,25	30 580 000,00	-	(581 737,50)	(34 029 674,75)	(36 726 647,50)	123 843 304,50
Bursaries	42 138 996,71	(2 307 119,00)	39 831 877,71	13 301 660,00	375 000,00	262 500,00	(13 475 154,82)	(19 855 878,00)	20 440 004,89
Learnerships	101 945 800,00	-	101 945 800,00	70 781 400,00	-	(145 000,00)	(12 227 850,00)	(61 959 043,33)	98 395 306,67
Qualifications Development	20 384 824,01	-	20 384 824,01	1 830 000,00	-	-	(2 500 000,00)	(240 000,00)	19 474 824,01
Skills Programmes	35 277 963,27	-	35 277 963,27	33 830 350,00	-	1 604 480,00	(7 642 060,00)	(30 430 530,27)	32 640 203,00
Temporary Employer/Employee Relief Scheme (TERS)	7 802 726,39	-	7 802 726,39	2 288 280,00	-	-	(6 409 284,10)	(2 958 993,62)	722 728,67
Work Integrated Learning (HET)	8 950 440,00	-	8 950 440,00	11 556 000,00	1 026 000,00	720 000,00	(2 408 400,00)	(9 596 808,57)	10 247 231,43
Work Integrated Learning (TVET)	21 885 000,00	-	21 885 000,00	19 116 000,00	2 727 000,00	-	(1 593 531,00)	(21 507 773,00)	20 626 696,00
Workplace Experience / Internship	14 724 360,00	-	14 724 360,00	18 776 000,00	787 400,00	21 600,00	(3 426 000,00)	(14 862 220,00)	16 021 140,00
Non Pivotal / Sectoral Priorities	48 371 879,15	-	48 371 879,15	43 656 357,00	-	-	(11 827 041,36)	(35 832 873,93)	44 368 320,86
Total	467 965 733,78	(2 307 119,00)	465 658 614,78	246 822 047,00	4 915 400,00	1 881 842,50	(95 786 096,03)	(235 294 068,22)	388 197 740,03

Note 25

Commitments as per Approved APP Budget as at 31 March 2021

Interventions	Opening Balance A/P Audited AFS	Cumulative Restatements	Restated Balance	Additions 20-21	Additions 20- 21 Admin	Adjustments	Sweepings	Expenditure 20-21	Closing Balance
Capacity Building and Stakeholder relations	181 397,52	-	181 397,52	2 500 000,00	-	-	(1 533 284,57)	(1 148 112,95)	(0,00)
Project Administration	3 392 421,17	-	3 392 421,17	15 644 027,20	-	-	-	(17 310 814,72)	1 725 633,65
SSP	468 986,19	-	468 986,19	1 500 000,00	-	-	(1 014 000,00)	(954 986,19)	-
WSP Promotion	388 793,29	-	388 793,29	1 000 000,00	-	-	(1 126 393,29)	(262 400,00)	-
Total	4 431 598,17	-	4 431 598,17	20 644 027,20	-	-	(3 673 677,86)	(19 676 313,86)	1 725 633,65

Total	472 397 331,95	(2 307 119,00)	470 090 212,95	267 466 074,20	4 915 400,00	1 881 842,50	(99 459 773,89)	(254 970 382,08)	389 923 373,68
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Contractual Commitments as at 31 March 2020										
Interventions	Opening Balance A/P Audited AFS	Additions 19-20	Additions 19-20 Admin	Adjustments	Sweepings	Project Savings	Restatement Exp	Expenditure 19-20	Closing Balance	
AET	2 678 400,00	2 341 500,00	-	-	(891 100,00)	-	-	(2 246 420,00)	1 882 380,00	
Apprenticeships	150 300 375,75	64 350 000,00	-	94 500,00	(8 046 462,50)	-	-	(42 097 049,00)	164 601 364,25	
Bursaries	70 566 683,68	25 705 374,50	875 000,00	-	(3 478 614,53)	-	(2 307 119,00)	(51 529 446,94)	39 831 877,71	
Learnerships	88 027 360,00	89 706 300,00	-	(150 000,00)	(6 228 020,00)	(8 000,00)	-	(69 473 840,00)	101 873 800,00	
Qualifications Development	23 259 524,01	-	-	-	-	-	-	(2 874 700,00)	20 384 824,01	
Skills Programmes	33 767 588,00	39 362 720,98	256 000,00	(2 000 000,00)	(3 230 902,00)	-	-	(32 877 443,71)	35 277 963,27	
Temporary Employer/Employee Relief Scheme (TERS)	7 108 051,42	2 464 160,18	-	854 345,10	(854 345,10)	-	-	(1 769 485,21)	7 802 726,39	
Work Integrated Learning (HET)	9 461 600,00	8 712 000,00	432 000,00	12 000,00	(799 200,00)	-	-	(8 795 960,00)	9 022 440,00	
Work Integrated Learning (TVET)	15 931 200,00	27 936 000,00	1 890 000,00	(12 000,00)	(928 500,00)	-	-	(22 931 700,00)	21 885 000,00	
Workplace Experience / Internship	14 429 376,00	14 040 000,00	479 520,00	(15 000,00)	(4 945 276,00)	-	-	(9 264 260,00)	14 724 360,00	
Non Pivotal / Sectoral Priorities	50 627 022,32	51 275 042,00	20 000,00	-	(1 853 449,86)	-	-	(51 696 735,31)	48 371 879,15	
Total	466 157 181,18	325 893 097,66	3 952 520,00	(1 216 154,90)	(31 255 69,99)	(8 000,00)	(2 307 119,00)	(295 557 040,17)	465 658 614,78	

Commitments as per Approved APP Budget as at 31 March 2020										
Interventions	Opening Balance A/P Audited AFS	Additions 19-20	Additions 19-20 Admin	Adjustments	Sweepings	Project Savings	Restatement Exp	Expenditure 19-20	Closing Balance	
Capacity Building and Stakeholder relations	(0,00)	500 000,00	-	3 500 000,00	-	-	-	(3 818 602,48)	181 397,52	
Project Administration	13 283 607,71	10 498 549,09	-	(4 000 000,00)	-	-	-	(16 389 735,63)	3 392 421,17	
SSP	(0,00)	1 000 000,00	-	-	-	-	-	(531 013,81)	468 986,19	
WSP Promotion	(0,00)	1 000 000,00	-	500 000,00	-	-	-	(1 111 206,71)	388 793,29	
Total	13 283 607,71	12 998 549,09	-	-	-	-	-	(21 850 558,63)	4 431 598,17	

Total	479 440 788,89	338 891 646,75	3 952 520,00	(1 216 154,90)	(31 255 69,99)	(8 000,00)	(2 307 119,00)	(317 407 598,80)	470 090 212,95
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- Note 25

35. CHANGE IN ESTIMATE

Property, Plant and Equipment

The estimated useful life of property and plant assets was revised by management during the year taking into account the physical condition and expected usage of the asset. The impact of the change is a decrease in depreciation for the current year amounting to R 290,000.00 and the depreciation expense for future periods is expected to increase by the same amount.

Asset Class	Carrying Value	Carrying Value	Impact of change in estimate
	before revision of estimate	after revision of estimate	
	R'000	R'000	R'000
Computer equipment	449	712	263
Furniture and Fittings	355	365	10
Office equipment	694	709	15
Artwork	3	1	2
	1 501	1 787	290

36. BUDGET DIFFERENCES

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

36.1. Interest Income (unfavorable)

Interest income is lower due to the decreased interest rate.

36.2 SDL Income (unfavorable)

The Levy revenue is lower due to the 4 month payment holiday and an overall reduction on average at 8% from last year.

36.3 SDL penalties and interest received

This typically varies depending on level of non-compliance by companies.

36.4 Employer grant and project expenses

Discretionary grant expenditure is lower than the revised budget as the budget included the surplus approval.

36.5 Personnel expenses

Payroll costs are currently lower due to vacancies that exist and also managers and senior manager that did not get increases.

36.6 General expenses

Lower due to cost control. Savings on travel costs reduced due to the use of online platforms as a result of Covid-19

36.7 n/a

36.8 Depreciation cost increased due to purchase of new assets

36.9 Savings due to smaller, cheaper premises for the Gauteng office and cheaper premises for Durban. The Gauteng landlord also assisted with rental refunds due to Covid-19.

36.10 n/a



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