



ANNUAL PERFORMANCE PLAN
2017/18

Official sign-off

It is hereby certified that this Annual Performance Plan:

- was developed by the management of the Services SETA in consultation with the Department of Higher Education and Training (DHET)
- was informed by the revised Services SETA Strategic Plan for the period 2015/16 – 2019/20, extended as per NSDS III extension
- accurately reflects the performance targets which the Services SETA will endeavour to achieve within available funding for the 2017/18 financial year.


Liesel Köstlich

Signature:  _____

Manager: Planning

Date: 15 November 2016

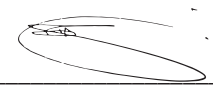
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Foreword

This Annual Performance Plan (APP) is aligned to the updated Services SETA's Strategic Plan submitted for 2017/18 which, as per the extension of NDSD III, was updated to seven years from 2015/16 to 2019/20, effectively planning for the final year of this period, that is, 2017/18. This update restructured the four 2016/17 programmes in accordance with the standardised programme structure proposed by the Department of Higher Education and Training. There are now 14 final Strategic Objectives, revised from 10 in the first draft submission. While a zero-based strategic risk approach has been adopted, a rigorous risk assessment for the 2017/18 financial year foregrounds these strategic objectives.

Management has concluded the development of a Monitoring and Evaluation Framework for the organisation's performance dimensions, aimed at improving alignment between inputs, activities, outputs, outcomes and impact measures. Consultation across functions and levels was undertaken as a necessity in order to enhance support and ownership in implementation. It should be noted that the performance indicators in the Service Level Agreement with the Department of Higher Education and Training form the majority of the performance indicators contained in the APP and largely comprise quantitative process and output measures.

The findings of the Ministerial Review Panel on the draft Services SETA 2017/18 plans, related to the alignment between the performance indicators and the strategic objectives, the inclusion of qualitative indicators and reflecting the alignment between targets and scarce and critical skills were largely addressed through the mapping process highlighted above.

The Services SETA having obtained a Clean Audit for the past two financial years has paid particular focus to maintaining this achievement through further strengthening of internal controls and human resources capacity.

This APP, in line with the identified strategic goals, strives to strengthen the Services SETA capability through policies, processes, systems and competencies, improves the Services Sector capability through partnerships and collaboration, improves the flow of skills through provider and workplace capacity and improves the stock of skills within the Services Sector through enrolling, training and certificating learners. These goals contribute directly to Government's Strategic Outcome 5: a skilled and capable workforce to support inclusive growth; and Outcome 12: an efficient, effective and development-oriented public service, and an empowered, fair and inclusive citizenship.



ANDILE NONGOGO
CHIEF EXECUTIVE OFFICER

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LIST OF ACRONYMS

AET	Adult Education and Training
AFS	Annual Financial Statements
APP	Annual Performance Plan
APR	Annual Performance Report
ATR	Annual Training Report
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CPD	Continuing Professional Development
DHET	Department of Higher Education and Training
DG	Discretionary Grants
ETQA	Education and Training Quality Assurance
HET	Higher Education and Training
HR	Human Resources
HRD	Human Resource Development
ICT	Information and Communications Technologies
LPE	Levy Paying Employer
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NCV	National Certificate (Vocational)
NEET	Not in Education Employment or Training
NGP	New Growth Path
NLPE	Non Levy Paying Employer
NQF	National Qualifications Framework
NSA	National Skills Authority
NSDS	National Skills Development Strategy
QCTO	Quality Council for Trade and Occupations
RPL	Recognition of Prior Learning
SDA	Skills Development Act
SDLA	Skills Development Levies Act
SETA	Sector Education and Training Authority
SIC	Standard Industrial Classification
SIPS	Strategic Integrated Projects
SLA	Service Level Agreement
SME	Small- and Micro-sized Enterprises
SMME	Small- Medium- and Micro-sized Enterprises
SP	Strategic Plan
SSP	Sector Skills Plan
TVET	Technical Vocational Education and Training (Formerly FET Colleges)
WSP	Workplace Skills Plan
WIL	Work Integrated Learning
PIVOTAL	Professional, Vocational, Technical and Academic Learning Programmes
BBBEE	Broad-Based Black Economic Empowerment

PFMA	Public Finance Management Act 1 of 1999
PAIA	Promotion of Access to Information Act 2 of 2000
PAJA	Promotion of Administration Justice Act 3 of 2000
ENE	Estimates of National Expenditure
MTEF	Medium Term Expenditure Framework
SARS	The South African Revenue Services
TID	Technical Indicator Description

Part A: Strategic Overview

1. UPDATED SITUATIONAL ANALYSIS

1.1 Performance delivery environment

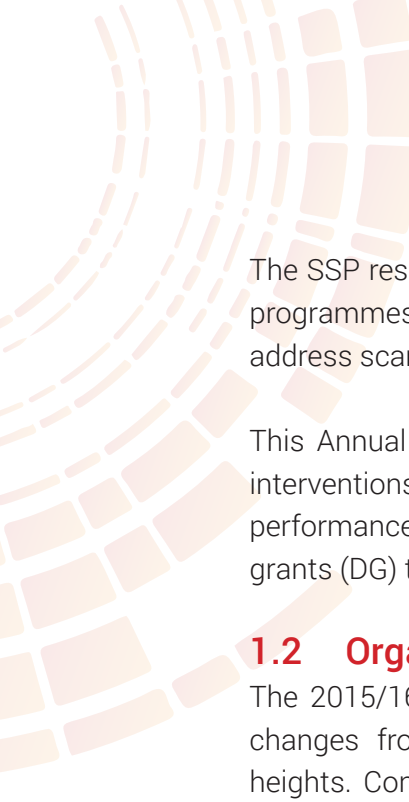
According to the 2016/17 Sector Skills Plan (SSP), nearly 164 000 employers are classified under the Services Sector, with 138 939 actively trading. About 93% of these employers are small- and micro-sized, that is, each of them employs less than 50 employees. A total of 27% are levy-paying employers. The 70 standard industrial classification codes (SIC Codes) falling within the scope of the Services Sector, as per Ministerial demarcation, are clustered into 16 sub-sectors and further into 6 chambers. As reflected in the Table 1 below, the majority of employers fall under the Management and Business Services chamber.

Proportion of employers by chamber	Total	LPE	NLPE
Cleaning and Hiring Services	2%	2%	2%
Communication and Marketing Services	2%	2%	2%
Labour and Collective Services	2%	3%	2%
Management and Business Services	83%	84%	81%
Personal Care Services	5%	2%	6%
Real Estate and Related Services	7%	6%	7%

The Services Sector further differs from other sectors in that employers have significantly diverse core business services. Most employers are however classified under the Tertiary Economic Sector often supplying primary and secondary economic sectors with services. The data shows sustained growth in the number of Tertiary Economic Sector employers.

Services Sector employers are concentrated in three provinces as follows: 65% in Gauteng, 14% in Western Cape and 9% in KwaZulu-Natal. The balance of 12% is spread across the other six provinces.

The performance delivery environment has significant implications for planning. The number of role-players that the Services SETA is required to engage with is substantial in comparison to other sectors. The high percentage of small companies, unlikely to have dedicated skills development specialists and capacity for workplace skills planning, creates a reliance on the Services SETA for support in accessing mandatory and discretionary grants.



The SSP research identified and prioritised 10 scarce skills for which degrees/diplomas and skills programmes are most applicable and 10 PIVOTAL programmes have been identified as a vehicle to address scarce skills.

This Annual Performance Plan (APP) provides for learner enrolment targets across all learning interventions. The prioritisation and representivity of service delivery should consider the performance delivery environment. The criteria for awarding Services SETA-funded discretionary grants (DG) to employers should consider alignment to identified scarce skills.

1.2 Organisational environment

The 2015/16 financial year was characterised by consolidation and integration of fundamental changes from the previous financial year, and growing performance achievements to new heights. Continuity in the Accounting Authority and management team provided the necessary synergy and stability to further improve on business processes and manage skills transfer. The appointment of the Chief Financial Officer (CFO) as Chief Executive Officer (CEO) effective 01 May 2016 brought even further continuity and stability to the organisation. Investment in overall Human Resources Development included the implementation of Executive and Management Development Programmes through the University of Pretoria. Performance Management was introduced and recommendations for improvements are being effected during 2016/17.

Significant progress in Information and Communication Technology (ICT) governance was achieved during 2015/16, as part of a 3-year migration plan. ICT assessments informed the scope of work for the development of core business systems, and digital infrastructure and software requirements. Internal controls were strengthened through the implementation of audit, risk and compliance action plans and a review of performance technical indicator descriptions (TIDs). Much critical thinking and debate on strategies to improve communication and the management of stakeholder relations took place. The outcomes and benefits of all of these organisational strengthening activities will become visible during this financial year 2016/17 leading into 2017/18.

2. REVISIONS TO LEGISLATIVE AND OTHER MANDATES

The SSP and Strategic Plan (SP) discuss the policy and regulatory frameworks that govern the mandate of the Services SETA and their implications for planning. The SSP further identifies sub-sector legislative changes that affect the business of employers falling within the scope of the Services Sector. The purpose of this section is not to replicate details provided in the SSP and SP but only to highlight the policy and regulatory imperatives that hold implications for the forthcoming year, and hence the APP.

The SP divides the regulatory and policy frameworks into 3 sets:

2.1 Legislation, regulations and policies constituting the national development framework


Here, the National Development Plan (NDP) and associated strategies define the “impact” level of measurement for skills development. Recent changes here include:

- The effect of the Employment Tax Incentive, commonly known as the youth wage subsidy, has been higher than projected. The Act reduces the cost to employers of hiring young people through a reduction in the pay-as-you-earn employee tax, and aims to give youth crucial work experience to try alleviate high unemployment rates. Given that employers could also claim a tax allowance for workers who are trained through a recognised learnership or apprenticeship programme, the expiration of this scheme may discentivise industry uptake of SETA learnerships and apprenticeships. The government has proposed the continuation of this incentive, but capped the value which an employer can claim at R 20 million.
- The New National Youth Policy was published in April 2015. This makes a specific commitment to youth development, and is reflected in the youth development priorities and targets in the APP.
- The amended (Broad-based Black Economic Empowerment (BBBEE) scorecard, gazetted in October 2013, came into effect in 2015. This affects all companies who are being measured and verified as of 1 May 2015. Skills development is now a priority element, with a sub-minimum achievement of 40% required. The spend target has doubled to 6% of the salary/wages bill and can include people other than employees. Training of black employees and learners on priority skills identified by SETAs could effectively result in a boost for discretionary grant applications made by industry.
- There has been substantial progress in planning the Strategic Integrated Projects (SIPs) key to the New Growth Path (NGP). Services SETA supports this presidential initiative and the APP continues to make provision for measuring funded learners enrolled in SIP-aligned scarce occupations.

2.2. Skills development legislation and policy

The National Skills Development Strategy III (NSDS III) was extended by a two-year period ending 31 March 2018. Consideration of possible and emerging future priorities has influenced this APP as discussed below.

NSDS III proposed “a credible institutional mechanism for skills planning”. The Labour Market Intelligence Program (LMIP) has effectively centralised many aspects of skills planning. This APP reflects skills planning interventions that collaborate with national skills planning programmes/interventions.



The review of the SETA system under the national Human Resources Development (HRD) Council has also proposed a regionalisation of skills planning and a localisation of skills development. This APP reflects the importance of expanding stakeholder engagement and participation at national, provincial and sub-sector levels. Many of the skills development interventions are implemented in a way that promotes localisation.

The review processes also point to an increased collaboration across SETAs, between SETAs and public providers, and between providers and employers. All these trends are accordingly reflected in the interventions and targets proposed in this APP. Progress on interSETA collaboration has been achieved as reflected on in the SSP and SP and will be progressed in the forthcoming financial year.

A centralisation of the quality assurance system under the Quality Council for Trades and Occupations (QCTO) has been underway for some time. The Services SETA Quality Management Division (QMD) has been restructured to reflect the delegation of functions by the QCTO.

In January 2016, the Minister of Higher Education and Training re-promulgated Regulation 4(4) of the SETA Grant Regulations pertaining to monies received by a SETA. Against this backdrop, efforts should continue towards increasing the number of employers that claim mandatory and discretionary grants. In particular, this requires greater stakeholder engagement and support. Significant improvement has already been achieved in the latter but continuous improvement will be rigorously pursued.

2.3. Other laws and regulations

There are laws and regulations affecting the state more widely (including SETAs), such as the Public Finance Management Act (PFMA), Promotion of Access to Information Act (PAIA) and Promotion of Administrative Justice Act (PAJA). Monitoring of the implementation of these Acts falls within organisational compliance and legal services and as such measures are provided for in the APP.

The Services SETA SSP, SP, APP and Service Level Agreement (SLA) seek to operationalise the priorities contained in all national policies, legislation and regulations and as determined by the Executive Authority which is the Minister of Higher Education and Training.

3. OVERVIEW OF THE 2016/17 BUDGET AND MTEF ESTIMATES

3.1 Legislative Mandate

The Service SETA is a statutory body established in terms of the Skills Development Act (SDA) of 1998 (as amended) with the aim of enabling its stakeholders to advance skills levels in the sector in accordance with government's growth initiatives. The Services SETA initiates skills development projects and learning interventions aimed at improving and developing South African human resources. The Services SETA has an obligation with respect to its stakeholders to ensure that skills in the Services Sector are developed.

As per Government Gazette number 39260 which was published on 6 October 2015, the Minister of Higher Education and Training extended the SETAs' licence period for an additional two years until 31 March 2018.

The Estimates of National Expenditure (ENE) Budget which forms an integral part of the APP, is approved by the Accounting Authority and then submitted to Executive Authority.

3.2. 2016/17-2019/20 Medium-Term Expenditure Framework (MTEF) Budget Overview

In terms of the Grant Regulations, the following table provides a summary of the breakdown of the skills development levies collected by SARS and then transferred to the SETAs. It also indicates the intended expenditure stream limit:

LEVY INCOME	Grant Regulations
Administration	10.5%
Mandatory	20%
Discretionary	49.5%
Allocation to SETAs	80%
National Skills Funds	20%
Total	100%

3.2.1 Levies

Budget revision for Financial Year 2016/17

Trend analyses of cash flows show that levy income for the first half of the financial year is generally lower than the levy income for the second half of the financial year, mainly as a result of employer bonus pay-outs in December, salary increases and SARS adjustments. The levies increased by 7% in the previous 2nd half of the financial year when compared to the 1st half. This increase was used to project the increase in levies for the 2nd half of the 2016/17 financial year. It is projected that levy income will total R1.465 billion which amounts to a R75.4 million (5%) decrease relative to the original budget for FY2016/17. This is due to a number of contributing factors which include SARS adjustments and very low economic growth, which eventually lead to lower levy income received by SETAs.

There are 399 levy-paying companies that have submitted requests for transfer to other SETAs. The Services SETA is currently performing an analysis of the requests to determine the justifiability and impact of the requests if approved. The approved requests thus far do not have a material impact on the revenue stream of the Services SETA. The Services SETA has also recently established the Stakeholder Relations Unit to manage the relationship with employers falling in the ambit of the Services sector and this will help to reduce the number of employers requesting to be transferred—out of the Services sector. The approach to be taken will focus on Top 50 levy-paying companies and thereafter focus on the rest.

Budget for Financial Year 2017/18

The levy income for FY2017/18 is expected to increase to R1.561 billion which represents a 6% (R95 million) increase when compared to the revised budget for FY2016/17. The increase of 6% is in line with the ENE Guidelines from National Treasury. See Table below.

Revenue	Original budget 2016/17	Revised Budget 2016/17	Original Budget vs Revised Budget 2016/17	Budget 2017/18	Budget 2017/18 vs Revised Budget	% Increase (Decrease)
Administration income	R202,258	R189,248	R13,010	R204,868	R21,747	-11%
Mandatory Grants income	R385,253	R361,201	R24,052	R390,224	R40,146	-10%
Discretionary Grants income	R953,502	R915,185	R38,317	R965,806	R50,118	-5%
Total Skills Levies	R1,541,013	R1,465,634	R75,379	R1,560,898	R122,011	-7%

3.2.2 Investment Income

Budget revision FY2016/2017

Interest income is estimated to increase by 24% (R28.4 million) to R146.1 million. The relatively higher projected interest income is due to an increase in interest rates during the year and active management of cash and cash equivalents. In addition, although there has been a significant improvement in disbursements, the pace of disbursements is at a lower rate than the levy income receipts and the actual claim rate for mandatory grants (41%) is lower than the claim rate for mandatory grants that was included in the original budget.

Budget FY2017/18

The budget for 2017/18 is estimated to decrease by 15% (R21.9 million) as a result of higher rate of spending mainly due to various projects of the Services SETA including infrastructure development.

3.3 Administration Expenditure

Revised Administration Budget (2016/17)

The Skills Development Regulations limit the administration costs of Services SETA to 10.5% of levies actually received. The administration costs of the Services SETA are therefore limited to the projected levy income of R189.2 million for 2016/17. The projected admin expenditure is estimated to be R223.5 million, resulting in administration deficit of R34.3 million. The administration deficit of R34.3 million is mainly due to the recessionary state of the economy leading to lower levy income, higher professional and consultancy costs, and higher advertising and promotional costs.

In terms of the Grant Regulations the test for compliance with the 10.5% limitation of administration expenditure should be determined as follows:

Admin Income versus Admin Expenditure Test (10.5)

REVENUE:

	2017/18
<i>Admin Levy Income</i>	204,868,000
<i>Adjusted Administrative expenditure</i>	-268,897,880
<i>Administrative Expenditure</i>	-199,645,000
<i>Add back Depreciation</i>	5,322,120
<i>Add Additions</i>	-74,575,000
<i>Adjusted NET SURPLUS/(DEFICIT)</i>	<u>-64,029,880</u>

The request to exceed the 10.5% limitation as per the Grant Regulations will be submitted to the Minister of Higher Education and Training with this budget and the APP on 15 November 2016.

3.3.1 Revised Administration Budget (2016/17)

The analysis below provides reasons for movements in the revised budget for 2016/17 compared to the original budget for 2016/17. Only deviations which are more than R1.0 million or 10% are considered material and therefore explained. The notes refer to the comparative per cost item analysis.

Note 1: Governance Fees (R1.3 million - decrease)

The decrease in Governance Fees to R6.2 million is mainly attributable to the stabilisation of the Services SETA which included the appointment of the CEO whose appointment resulted in the Accounting Authority devoting reduced hours to the SETA's activities. New Chamber Committee members were recently appointed and this contributed towards the saving of quarter one and quarter two committee attendance fees.

Note 2: Professional Fees and Consultancy (R63.6 million - increase)

While the Services SETA endeavours to reduce reliance on the use of consultants there are certain specialised fields that the SETA needs assistance on speedily to be able to fulfil its mandate, vision and mission.

The increase in operational professional fees and consultancy to R76.9 million is mainly due to the following interventions:

- Organisational Redesign: Appointment of a service provider to review and make recommendations on the organisation's processes and policies (R21.7 million)
- Human Resources: Appointment of a service provider to support the HR department. This was due to lack of capacity in the HR department as a result of resignations in that department. (R6.9 million)
- Organisational Compliance: Appointment of a service provider to assist with the compliance to the BBBEE legislation (R2.5 million) and for enterprise development (R1.5 million) and for the business recovery plan (R4.6 million)
- Planning: Appointment of a service provider to conduct research for input into the forthcoming SSP, APP and SP (R4.7 million).
- Marketing: Appointment of a service provider to develop and implement a comprehensive marketing and communication strategy (R8.2 million).
- Information Technology: Appointment of a service provider to provide IT support (R10.8 million)

Note 3: Legal Fees (R11.7 million - increase)

The increase in the legal fees to R14.7 million is mainly due to the drive to finalise legacy litigation matters which are operations-related and to the SETA making use of external resources in the drafting of contracts.

Note 4: Cleaning, Repairs and Maintenance (R9.5 million - decrease)

Repairs and maintenance budget has decreased to R17.5 million due to the deferment of the acquisition of provincial offices. Included in the revised budget are refurbishment costs for the three additional provincial offices the acquisition of which is anticipated to take place in the current financial year. Improvements to the buildings are not capitalised as they are an intrinsic part of the building and taken into account when land and buildings are revalued.

Note 5: Advertising and promotional costs (R19.6 million - increase)

Advertising and promotional projection has increased to R21.2 million due to the implementation of the Services SETA's new brand participation in an expo which will take place during the current financial year. These include the Annual General Meeting (AGM) and the Strategic Session and Recognition Session which will take place later in the year.

Note 6: Operating lease rentals (R6.4 million - decrease)

The lease agreements for six provincial Services SETA's offices were not renewed. This has resulted in the reduced rental cost of R1.6 million which caters for the Mpumalanga provincial office and a portion of provincial offices costs before the expiry of the lease agreements. The latter's rental agreement expires at the end of the financial year. It is the SETA's intention to make outright purchase of provincial offices.

Note 7: Staff Costs (R12.1 million - decrease)

The decrease in administration staff costs is due to an increased number of employees working in the core departments which are discretionary in nature. Total staff costs has increased from R117 million to the R144 million. Included in the staff costs is the bonus provision (R30 million), 37 new prioritised vacancies to be filled before the end of the financial year plus 5 security guards to be insourced as the SETA is considering introducing a hybrid model (insourcing and outsourcing of security services) (R3.0 million for two months). The table below indicates the allocation:

	Administration	Discretionary	Total
Staff Costs Revised	R28,915,000	R115,660,000	R144,575,000
Staff Costs Original Budget	R41,005,000	R75,995,000	R117,000,000
Variance	R12,090,000	R39,665,000	R27,575,000

Note 8: Training & Development Costs (R6.0 million - increase)

The increase in training and development costs to R7.9 million is mainly due to the identified need to train employees on General Legislation Training, and development plans as per the outcome of performance appraisals and bursary requirements. The Services SETA continues to encourage employees to improve their qualifications.

Note 9: Travel and Accommodation (R1.2 million - Decrease)

The decrease in travel and accommodation is due to the utilisation of Services SETA's pool cars and the use of video conferencing facilities.

3.3.2 Administration Budget (2016/17 vs 2017/18)

The analysis below provides reasons for the movement in the revised budget for 2016/17 compared to the budget for 2017/18. Only deviations which are more than R1.0 million and more than 10% are considered material and therefore explained. The notes refer to the comparative per cost item analysis.

Note 1 Governance Fees (R1.9 million – increase)

The meeting attendance fees for Governance Committees are budgeted to increase to R8.0 million due to the appointment of Chamber Committee members during the second half of the 2016/17 financial year, whereas in the 2017/18 financial year the fees are included in full.

Note 2 Professional Fees and Consultancy (R39.1 million – decrease)

The reduction of R39.1 million in consulting fees to a budgeted R37.8 million is due to the finalisation of interventions which were introduced during the 2016/17 financial year. Included in the budget for the 2017/18 financial year are the following interventions:

- Information Technology: ICT Organisational Architecture (R13.2 million)
- Organisational Compliance: Appointment of a service provider to assist with the compliance to the BBBEE legislation and for enterprise development and for the business recovery plan. (R3.0 million)
- Marketing: Communication and marketing strategy implementation (R7.0 million)
- CEO's office: Ad hoc requirements (R4.5 million)
- Facilities Management: Appointment of a service provider to ensure compliance with health, safety regulations and for Infrastructure Development support (R0.2 million)
- Planning: Appointment of a service provider to conduct a study of future jobs (R5.9 million)
- Human Resources: Appointment of a service provider for the support of the HR department (R4.5 million). This is due to lack of capacity in the HR department as a result of resignations in that department.

Note 3 Legal Expenses (R9.7 million – decrease)

The decrease in legal expenses to R9.4 million is due to the expectation that the legacy litigation matters will be finalised in the 2016/17 financial year.

Note 4 Cleaning, Repairs and maintenance (R7.4 million – increase)

The Accounting Authority has resolved that the SETA must cease leasing provincial offices and acquire provincial offices which will have to be refurbished in line with the SETA's branding.

Note 5 Advertising and Promotional costs (R15.2 million – decrease)

The Services SETA new brand was introduced in the previous financial year wherein the majority of the costs were incurred.

Note 6: Staff Costs (R14.8 million - increase)

The increase in staff costs is due to 37 employees who were appointed during the last quarter of the 2016/17 financial year and who are now fully-budgeted for in the 2017/18 financial year. In addition, 5 security guards are accounted for in the entire financial year as the SETA is exploring a hybrid model of in-sourcing and outsourcing security services. Also included in the budget is a bonus provision of R35 million, new car and housing allowances schemes for R2.8 million and R7.3 million, respectively, as committed by the board.

	Administration	Discretionary	Total
Staff Costs New Budget	R43,316,000	R145,017,000	R188,333,000
Staff Costs Revised	R28,915,000	R115,660,000	R144,575,000
Variance	R14,401,000	R29,357,000	R43,758,000

Note 7: Staff training (R7.5 million – increase)

The increase in training and development cost to R15.3 million is mainly due to the development plans as per the outcome of performance appraisals, the targeted training for the SETA as a whole which includes interpersonal skills and legislative training as per the recommendations of the service provider that conducted a skills audit, and bursary requirements.

	2017/18
REVENUE:	
<i>Admin Levy Income</i>	204,868,000
<i>Adjusted Administrative expenditure</i>	-268,897,880
<i>Administrative Expenditure</i>	-199,645,000
<i>Add back Depreciation</i>	5,322,120
<i>Add Additions</i>	-74,575,000
<i>Adjusted NET SURPLUS/(DEFICIT)</i>	-64,029,880

The request to exceed the 10.5% limitation as per the Grant Regulations will be submitted to the Minister of Higher Education and Training with this budget and the Annual Performance Plan on 15 November 2016.

3.4 Mandatory Grants

3.4.1 Revised budget 2016/17 vs Original Budget 2016/17

In terms of the Grant Regulations, 20% of grants allocated to SETAs may be disbursed to companies that comply with certain conditions, including submission of WSPs and ATRs by the deadlines. There were 3 758 companies that submitted WSPs for the 2016 scheme year compared to 3 650 in the prior year. The actual claim rate for the 2015/16 financial year was 41% whereas the budget for the 2016/17 financial year was based on a claim rate of 60%. Although the number of companies that submitted has increased, the revised budget for mandatory grants is reduced to R148 million in line with prior year's actual claim rate of 41%, as some submitted WSPs were incomplete or non-compliant.

3.4.2 Budget 2017/18 vs Revised budget 2016/17

The budget for mandatory grants disbursements has increased by R11.8 million to R160 million. The increase is based on the annual salary increases guidelines provided by National Treasury. The claim rate has been kept at 41% in line with the 2015/16 actual claim rate.

3.5 Discretionary Grants

3.5.1 Revised budget 2016/17 vs Original Budget 2016/17

The Services SETA committed R1.859 billion as at 31 March 2016. In the current financial year, it is estimated that R110.0 million would have been spent by the end of the year, which will cover three skills development centres and the Motheo Artisan Development College. During the current financial year it is projected that direct discretionary grant expenditure will amount to R951.7 million which translates to an average of 26 436 learners at R36 000 per learner from the 2016/17 allocations.

Support costs are included as discretionary grants, which in total amount to R421.3 million and include:

- Legal fees (R13.3 million)
Service provider appointed to assist with the drafting of DG-related contracts and also litigation costs incurred to finalise legacy matters.
- Labour costs (R115.6 million)
The increase in administration staff costs is due to an increased number of employees working in the core departments which are discretionary in nature. Total staff costs have increased from R117 million to R144 million. Included in the staff costs is the bonus provision (R30 million) and 37 new prioritised vacancies to be filled before the end of the financial year (R3.0 million for two months). The table below indicates the allocation:

	Administration	Discretionary	Total
Staff Costs Revised	R28,915,000	R115,660,000	R144,575,000

- Advertising and Promotional Materials (R33.2 million):
The Services SETA new brand was introduced in the previous financial year wherein the majority of the costs were incurred. Events and launches which are discretionary grant-related will result in the costs of advertising and promotional material being paid for by DG.
- Subsistence and travelling (R10.7 million)
This includes site visits, external moderation, on-site verification and stakeholder engagements related to discretionary grants.
- Professional & Consultancy (R227 million)
Professional and Consultancy costs cover the following:
 - Development of 5 occupational qualifications
 - Future Jobs, Research Chairs, Learner Tracer Study
 - Professionals (Architects, Civil)
 - Management of core business backlog, project managing contracts awarded between February & March 2015, reviving of cancelled contracts, promotion of participation in the Funeral Industry
 - Enterprise Development
 - SMME Support
- Venue Hire , Catering & Refreshments (R4.7 million)
Venue hire, catering and refreshments relating to DG events, launches and general DG core activities.

3.5.2 Budget 2017/18 vs Revised budget 2016/17

In terms of the Grant Regulations, 49.5% of levy income allocated to SETAs plus any unclaimed mandatory grants may be disbursed as discretionary grants. The budget for direct discretionary grants has decreased by R25.3 million to R926.3 million, which amount includes the budget for skills development centres, Community Development Colleges and the refurbishment of Services SETA-occupied colleges. On average the R937 million will provide assistance to about 26 028 learners at a rate of R36 000 per learner.

Support costs are included as discretionary grants, which in total amount to R348.6 million and include:

- Legal fees (R15 million)
The legal fees relate to litigation matters which are DG-related and the drafting of DG-related contracts.
- Labour costs (R145.0 million)

The increase in staff costs is due to 37 employees who were appointed during the last quarter of the 2016/17 financial year and who are now fully-budgeted for in the 2017/18 financial year. In addition, 5 security guards are accounted for in the entire financial year as the SETA is exploring a hybrid model of in-sourcing and outsourcing security services. Also included in the budget is a bonus provision of R35 million, new car and housing allowances schemes for R2.8 million and R7.3 million, respectively, as committed by the board.

Staff Costs	Administration	Discretionary	Total
	R43,316,000	R145,017,000	R188,333,000

- Advertising and Promotional Materials (R11.2 million)
Advertising and Promotional materials for events/launches
- Professional & Consultancy (R182 million)
Development of 5 occupational qualifications
- Future Jobs Study, Research Chairs, Learner Tracer Study
- Professionals (Architects, Civil)
- Manage core business backlog, project manage contracts awarded between Feb & March 2015, reviving of cancelled contracts, Promotion of participation in the Funeral Industry
- Enterprise Development
- SMME Support
- Venue Hire, Catering & Refreshments (R13.5 million)
Venue hire, catering and refreshments relating to DG events, launches and general
- DG core activities
Subsistence and travelling (R10.9 million)
Site visits, external moderation on-site verification and stakeholder engagements related to discretionary grants.

3.6 Capital Expenditure Budget

	2016/17	2017/18	Motivation
Motor Vehicles	5,000,000	-	Acquisition of motor vehicles to save on car hire.
IT Hardware and software	13,600,000	15,600,000	New workstations, new PABX infrastructure, backup upgrade, servers, video conferencing, e-learning
Learner attendance monitoring system(DG)(real-time monitoring)	5,000,000	5,000,000	In order to automate the verification of learner attendances, monitoring of training sites, a real-time monitoring system is required.
Mobile units(Trucks) (DG)	-	10,000,000	In order to improve on the accessibility and proximity of the SETA to the people, mobile trucks are required
Biometrics(DG) (readers)	5,000,000	5,000,000	In order to automate the verification of learner attendances, additional biometrics readers are required
IT Systems & Tools	20,000,000	-	In order to move towards automation of processes IT systems and tools must be acquired.

	2016/17	2017/18	Motivation
Real-time monitoring(DG)	-	5,000,000	In order to improve on the monitoring of training sites, a real-time monitoring system is required.
Document Management System	5,600,000	-	In order to avoid the disappearance of supporting documentation, a document management system is required.
Lifts	-	1,600,000	The current lifts are ten years old and continuously require maintenance
Head office parking	8,000,000	8,000,000	Maximum utilisation of parking space
Provincial offices acquisitions	17,600,000	29,375,000	Acquisition of land and buildings to be used as provincial offices. Includes property transfer and registration costs and real estate agents.
Provincial offices refurbishments	5,000,000	10,000,000	Furniture for provincial offices
TOTAL	84,800,000	84,575,000	

3.7 Conclusion

We look forward for the approval of the budget which will enable us to fulfil our mandate of skilling and up-skilling the services sector.

3.8 Income and Expenditure estimates

Table 1 Services SETA Income and Expenditure
Services SETA

Income by economic classification	Income outcome	Medium-term income estimate					
		2014/15	2015/16 Budget (Original)	2016/17 Adjusted Appropriation	2016/17	2017/18	2018/19
R thousand							
Levies Received	R 1,394,556	R 1,410,589	R 1,541,013	R 1,465,635	R 1,560,899	R 1,652,992	R 1,745,560
Levies Received: Administration 10.5%	R 182,785	R 184,789	R 202,258	R 189,248	R 204,868	R 216,955	R 229,105
Levies Received: Employer Grants 20%	R 359,678	R 367,484	R 385,253	R 361,202	R 390,225	R 413,248	R 436,390
Levies Received: Discretionary Grants 49.5%	R 852,093	R 858,316	R 953,502	R 915,185	R 965,806	R 1,022,789	R 1,080,065
Other Income	R 176,145	R 173,858	R 117,621	R 146,108	R 124,192	R 117,982	R 112,083
Penalties and Interest on Levies	R 39,266	R 49,153	-	-	-	-	-
Investment Income	R 136,846	R 124,397	R 117,621	R 146,108	R 124,192	R 117,982	R 112,083
Other Income	R 33	R 307	-	-	-	-	-
TOTAL INCOME	R 1,570,701	R 1,584,447	R 1,658,634	R 1,611,743	R 1,685,091	R 1,770,974	R 1,857,643

All programmes by economic classification	Expenditure outcome				Budget (Original)	Adjusted Appropriation	Medium-term expenditure estimate			
	2014/15	2015/16	2016/17	2016/17			2016/17	2017/18	2018/19	2019/20
R thousand	R 166,595	R 156,969	R 135,273	R 223,590	R 239,223	R 211,424	R 223,264			
Administrative expenses										
Compensation of employees	R 71,535	R 19,191	R 41,005	R 28,915	R 43,801	R 45,873	R 48,441			
Goods and services of which:	R 95,060	R 137,778	R 94,267	R 194,675	R 156,328	R 165,552	R 174,822			
Advertising	R 2,077	R 6,611	R 1,595	R 21,196	R 5,571	R 5,900	R 6,230			
Audit Fees	R 4,131	R 5,507	R 5,456	R 6,367	R 6,397	R 6,775	R 7,154			
Communication	R 1,647	R 2,005	R 3,625	R 2,614	R 2,614	R 2,769	R 2,924			
Computer services	R 13,284	R 8,546	R 4,847	R 5,898	R 9,056	R 9,590	R 10,128			
Consultants, contractors and special services	R 36,849	R 51,961	R 17,187	R 93,321	R 90,375	R 54,896	R 57,970			
Governance Fees	R 3,352	R 7,778	R 7,490	R 6,199	R 8,054	R 8,529	R 9,007			
Maintenance repair and running cost	R 13,079	R 16,227	R 20,013	R 26,459	R 32,907	R 34,849	R 36,800			
Depreciation & Impairment	R 3,428	R 14,472	R 6,299	R 5,434	R 5,322	R 5,636	R 5,952			
Travel and subsistence	R 5,966	R 5,361	R 6,227	R 4,923	R 4,437	R 4,171	R 4,404			
Staff training, recruitment, assistance, welfare	R 1,498	R 7,481	R 5,639	R 12,813	R 20,250	R 21,383	R 22,581			
QCTO	R 3,299	R 5,119	R 7,890	R 7,890	R 8,150	R 8,630	R 9,114			
Office Accommodation	R 6,450	R 6,710	R 7,999	R 1,559	R 2,289	R 2,424	R 2,560			
Mandatory Grants-Transfers and subsidies to	R 132,935	R 150,724	R 231,152	R 148,199	R 159,992	R 172,494	R 178,920			

Provinces	-	-	-	-	-	-	-	-
Agencies and accounts	-	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-	-
Public corporations and private enterprises	R 132,935	R 150,724	R 231,152	R 148,199	R 159,992	R 172,494	R 178,920	
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-

Discretionary Grants - Transfers and subsidies to: R 273,865 R 714,337 R 1,031,049 R 1,373,043 R 1,285,875 R 1,387,057 R 1,455,459

Provinces								
Agencies and accounts	R 9,269	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-	-
Public corporations and private enterprises	R 264,596	R 714,337	R 1,031,049	R 1,373,043	R 1,285,875	R 1,387,057	R 1,455,459	
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-

Total expenditure R 573,395 R 1,022,030 R 1,397,473 R 1,744,832 R 1,685,090 R 1,770,974 R 1,857,643

Net surplus (deficit) R 997,306 R 562,417 R 241,866 -R 133,089 - - -

Note: The deficit arises because of disbursements of prior year commitments.

Payments for capital assets:

Buildings and other fixed structures	R 73	R 4,000	R 39,793	R 30,600	R 48,975	R 20,110	R 110
Machinery and equipment	R 500	-	R 105	-	-	R 50	R 50
Computer equipment	R 425	R 19,122	R 755	R 44,200	R 20,600	R 1,000	R 1,000
Software and other intangible assets	-	R 23,685	R 23,000	R 5,000	R 5,000	R 5,000	R 2,000
Motor vehicle	-	R 4,936	-	R 5,000	R 10,000	R 3,000	R 2,000
Total Capital expenditure	R 998	R 51,743	R 63,653	R 84,800	R 84,575	R 29,160	R 5,160

Note: The Services SETA applies the accrual basis of accounting and assets are written off through depreciation, which is a budgeted expense.

Expenditure by Programme	2014/15	2015/16	Budget (Original)	Adjusted Appropriation	Medium-term expenditure estimate		
					2017/18	2018/19	2019/20
1. Administration	R 159,787	R 150,009	R 132,162	R 215,808	R 229,759	R 243,315	R 256,941
2. Planning	R 618	R 211,115	R 266,656	R 190,319	R 266,614	R 211,646	R 198,612
3. Skills Development	R 425,697	R 659,743	R 1,011,173	R 1,365,246	R 1,217,644	R 1,346,648	R 1,434,441
4. Quality Management	R 631	R 21,717	R 268	R 761.93	R 421	R 446	R 471
Total	R 573,395	R 1,022,030	R 1,397,474	R 1,744,831	R 1,685,089	R 1,770,973	R 1,857,641

Part B: Programmes

The Services SETA has 4 programmes with each comprising of strategic objectives, programme performance indicators and corresponding targets. The table below shows the alignment between the strategic goals and strategic objectives.

Programme	Strategic Objective Title	Strategic Objective Statement	Related Strategic Goal Titles	Links to SSP Priorities (Critical Areas of intervention)	Link to NSDS III
1: Administration	1.1.1 Maintain sound financial management	Financial affairs of the Services SETA are managed in a transparent, efficient and effective manner to maintain clean audit	Goal 4: Strengthen the Services SETA capabilities	Promoting access to skills development and training in rural areas	4.1 Establishing a credible institutional mechanism for skills planning
	1.1.2 Strengthen Human Resources and systems adequacy	People competencies retained and systems developed to leverage technology enabling operational efficiency	Goal 4: Strengthen the Services SETA capabilities	Promoting access to skills development and training in rural areas	4.1 Establishing a credible institutional mechanism for skills planning
	1.1.3 Ensure Accountable governance	Accountable governance and oversight leadership focussed on high performance, compliance, internal controls and enterprise-wide risk mitigation	Goal 4: Strengthen the Services SETA capabilities	Promoting access to skills development and training in rural areas	4.1 Establishing a credible institutional mechanism for skills planning

Programme	Strategic Objective Title	Strategic Objective Statement	Related Strategic Goal Titles	Links to SSP Priorities (Critical Areas of intervention)	Link to NSDS III
2: Skills Planning	2.1.1 Conduct credible research to inform planning	Expand research capabilities and credibility to inform relevant and evidence-based planning	Goal 4. Strengthen the Services SETA's capabilities	Improving relevance of qualifications	4.1 Establishing a credible institutional mechanism for skills planning
	2.1.2 Promote industry investment and strengthen workplace mentorship	Promote industry investment in workplace skills development and occupational qualifications strengthening work-integrated learning	Goal 1: Improve the stock of skills Goal 2: Improve the flow of skills	Enhancing vocational training Promote work-based training and mentorship	4.1 Establishing a credible institutional mechanism for skills planning 4.2 Increasing access to occupationally-directed programmes 4.5 Encouraging better use of workplace-based skills development
	2.1.3 Improve Organisational Performance	Measurable planning and accurate reporting of organisational performance, and utilisation of evaluation findings to inform services delivery	Goal 4. Strengthen the Services SETA's capabilities	Promote access to skills development and training in rural areas Provider expansion and capacitation Improving relevance of qualifications Enhancing vocational training Promote work-based training and mentorship	4.1 Establishing a credible institutional mechanism for skills planning

Programme	Strategic Objective Title	Strategic Objective Statement	Related Strategic Goal Titles	Links to SSP Priorities (Critical Areas of intervention)	Link to NSDS III
3: Learning Programmes	3.1.1 Promote transformation through partnerships	National priorities promoted through supply- and demand-side partnership development	<p>Goal 1: Improve the stock of skills</p> <p>Goal 2: Improve the flow of skills</p> <p>Goal 3: Improve the Services Sector capabilities</p>	Promote access to skills development and training in rural areas	4.1 – 4.8
	3.1.2 Promote supply and demand partnerships	Identify infrastructure requirements and facilitate partnerships to expand access to skills development in rural areas	<p>Goal 1: Improve the stock of skills</p> <p>Goal 2: Improve the flow of skills</p>	<p>Promote access to skills development and training in rural areas</p> <p>Improving relevance of qualifications</p> <p>Enhancing vocational training</p> <p>Promote work-based training and mentorship</p>	<p>4.4 Addressing the low level of youth and adult language and numeracy skills to enable additional training</p> <p>4.5 Encouraging better use of workplace-based skills development</p>

Programme	Strategic Objective Title	Strategic Objective Statement	Related Strategic Goal Titles	Links to SSP Priorities (Critical Areas of intervention)	Link to NSDS III
3: Learning Programmes	3.1.3 Promote enterprise development	Transformation and sustainability promoted through targeted enterprise development	Goal 3: Improve the Services Sector capabilities	Promote access to skills development and training in rural areas Provider expansion and capacitation Promote work-based training and mentorship	4.3 Promoting the growth of a public FET college system that is responsive to sector, local, regional and national skills needs and priorities 4.6 Encouraging and supporting cooperatives, small enterprises, worker-initiated, NGO and community training initiatives 4.7 Increasing public sector capacity for improved service delivery and supporting the building of a developmental state 4.8 Building career and vocational guidance
	3.1.4 Prioritise Services SETA investment	Enrol funded learners to achieve targets, strengthening alignment to scarce and critical demand, and priority skills	Goal 1: Improve the stock of skills	Promote access to skills development and training in rural areas	4.1 – 4.8

Programme	Strategic Objective Title	Strategic Objective Statement	Related Strategic Goal Titles	Links to SSP Priorities (Critical Areas of intervention)	Link to NSDS III
3: Learning Programmes	3.1.5 Improve skills development throughput	Improve monitoring and coordination of SETA-funded skills development to facilitate timely completion	Goal 1: Improve the stock of skills	Promote access to skills development and training in rural areas	4.1 – 4.8
	3.1.6 Promote partnership and engagement	Promote stakeholder participation and information exchange to strengthen relevance and access to services	Goal 3: Improve the Services Sector capabilities	Promote access to skills development and training in rural areas Provider expansion and capacitation Promote work-based training and mentorship	4.3 Promoting the growth of a public FET college system that is responsive to sector, local, regional and national skills needs and priorities 4.6 Encouraging and supporting cooperatives, small enterprises, worker-initiated, NGO and community training initiatives 4.7 Increasing public sector capacity for improved service delivery and supporting the building of a developmental state 4.8 Building career and vocational guidance

Programme	Strategic Objective Title	Strategic Objective Statement	Related Strategic Goal Titles	Links to SSP Priorities (Critical Areas of intervention)	Link to NSDS III
4: Quality Assurance	4.1.1 Improve efficiency in certification	Capacitate and support skills development providers to strengthen relevant skills supply	Goal 2: Improve the flow of skills	Provider expansion and capacitation	4.1 – 4.8
	4.1.2 Strengthen and assure quality of supply	Improve efficiency in quality assurance of learner achievement for certification	Goal 1: Improve the stock of skills	Provider expansion and capacitation	4.1 – 4.8

4. PROGRAMME 1: ADMINISTRATION

4.1 Purpose

The purpose of the administration programme is to enable the delivery of the Services SETA Mandate through the delivery of support services. This programme is aligned to Strategic Goals 4: Strengthen the Services SETA capability to lead the sector through policies, processes, systems and competencies.

4.2 Description of the programme

The programme comprises of the following functions: Finance, Human Resources, Information Communication and Technology and Organisational Governance.

4.3 Strategic Objectives

#	Strategic Objective Title	Strategic Objective Statement
1.1.1	Maintain sound financial management	Financial affairs of the Services SETA are managed in a transparent, efficient and effective manner to maintain a clean audit
1.1.2	Strengthen Human Resources and systems adequacy	People competencies retained and systems developed to leverage technology enabling operational efficiency
1.1.3	Ensure Accountable governance	Accountable governance and leadership oversight focussed on high performance, compliance, internal controls and enterprise-wide risk mitigation

4.4. Programme Performance Indicators and Annual Targets for 2017/18

STRATEGIC OBJECTIVE TITLE	#	Maintain sound financial management								
STRATEGIC OBJECTIVE STATEMENT	1.1.1	Financial affairs of the Services SETA are managed in a transparent, efficient and effective manner to maintain clean audit								
STRATEGIC ACTIVITY	PERFORMANCE INDICATORS	ACTUAL PERFORMANCE								
		ESTIMATED PERFORMANCE								
Improve management of the Services SETA financial affairs	1.1.1.1	Outcome of audit of Annual Financial Statements								
		MEDIUM TERM TARGETS								
		2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
		Un-qualified	Qualified	Un-qualified	Clean Audit ¹	Clean Audit	Clean Audit	Clean Audit	Clean Audit	Clean Audit

STRATEGIC OBJECTIVE TITLE	#	Strengthen Human Resources and systems adequacy										
STRATEGIC OBJECTIVE STATEMENT	1.1.2	People competencies retained and systems developed to leverage technology enabling operational efficiency										
STRATEGIC ACTIVITY	PERFORMANCE INDICATORS	ACTUAL PERFORMANCE	ESTIMATED PERFORM-ANCE	MEDIUM TERM TARGETS								
Human resources effectively managed to ensure adequate and sufficiently skilled people retained and performance monitored	1.1.2.1	Maximum employee vacancy rate	-	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
				-	-	30%	36%	28%	15%	15%	15%	

¹Unqualified audit opinion without material adjustments.

STRATEGIC OBJECTIVE TITLE		#	Strengthen Human Resources and systems adequacy																				
STRATEGIC OBJECTIVE STATEMENT		1.1.2	People competencies retained and systems developed to leverage technology enabling operational efficiency																				
STRATEGIC ACTIVITY	PERFORMANCE INDICATORS	ACTUAL PERFORMANCE	ESTIMATED PERFORMANCE					MEDIUM TERM TARGETS															
			2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20												
ICT Governance and service management standards established and implemented to support and enable the business delivering value and improving performance	1.1.2.2 Percentage Delivery of the ICT Strategy 3-Year Migration Plan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	90%	90%	90%



STRATEGIC OBJECTIVE TITLE	#	Ensure Accountable Governance	PERFORMANCE INDICATORS	ACTUAL PERFORMANCE						ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS							
				2011/12	2012/13	2013/14	2014/15	2015/16	2016/17		2017/18	2018/19	2019/20					
STRATEGIC OBJECTIVE STATEMENT	1.1.3	Accountable governance and leadership oversight focussed on high performance, compliance, internal controls and enterprise-wide risk mitigation																
Consistent leadership based on honesty, ethical leadership and good governance enabling responsible oversight of financial and performance reporting	1.1.3.1	Number of functional Governance structures ²	-	-	-	-	-	-	-	7	7	7	7	7	7	7	7	7
Facilitate compliance and strengthen internal control through assessment, development and monitoring action plans	1.1.3.2	Percentage of compliance action plans implemented	-	-	-	-	-	-	-	62%	100%	100%	100%	100%	100%	100%	100%	100%
Mitigate the negative impact of identified strategic risks	1.1.3.3	Percentage of risk action plans implemented	-	-	-	-	-	-	-	83%	100%	100%	100%	100%	100%	100%	100%	100%

STRATEGIC OBJECTIVE TITLE		Ensure Accountable Governance										
STRATEGIC OBJECTIVE STATEMENT		Accountable governance and leadership oversight focussed on high performance, compliance, internal controls and enterprise-wide risk mitigation										
STRATEGIC ACTIVITY	PERFORMANCE INDICATORS	ACTUAL PERFORMANCE					ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS				
		2011/12	2012/13	2013/14	2014/15	2015/16		2016/17	2017/18	2018/19	2019/20	
Provide effective and efficient Legal Services	1.1.3.4 Percentage of legal opinions finalised within 30 calendar days from the date of receipt	-	-	-	-	-	-	100%	100%	100%		

²Functionality of the Accounting Authority Executive Committee, Finance Committee, Governance Risk and Strategy Committee, Remuneration Committee, Audit Committee and Transformation Committee is confirmed on the basis of scheduled meetings having taken place and the fulfilment of prescribed duties and functions.

4.5 Programme performance indicators and quarterly targets for 2017/18

STRATEGIC OBJECTIVE TITLE	#	Maintain sound financial management	Financial affairs of the Services SETA are managed in a transparent, efficient and effective manner to maintain clean audit										
STRATEGIC OBJECTIVE STATEMENT	1.1.1		PERFORMANCE INDICATORS	INDICATOR STATUS	INDICATOR TYPE	REPORTING PERIOD	ANNUAL TARGET 2017/18	QUARTERLY TARGETS				BUDGET R thousand	
STRATEGIC ACTIVITY							2017/18	Q1	Q2	Q3	Q4		
Improve management of the Services SETA financial affairs	1.1.1.1	Outcome of audit of Annual Financial Statements		Continued	Non-Cumulative	Annually	Clean	-	Clean	-	-	-	R 23,994

Ensure Accountable governance											
STRATEGIC OBJECTIVE TITLE	#	Accountable governance and leadership oversight focussed on high performance, compliance, internal controls and enterprise-wide risk mitigation									
STRATEGIC OBJECTIVE STATEMENT	1.1.3	Accountable governance and leadership oversight focussed on high performance, compliance, internal controls and enterprise-wide risk mitigation									
STRATEGIC ACTIVITY	PERFORMANCE INDICATORS	INDICATOR STATUS	INDICATOR TYPE	REPORTING PERIOD	ANNUAL TARGET 2017/18	QUARTERLY TARGETS				BUDGET R thousand	
						Q1	Q2	Q3	Q4		
Consistent leadership based on honesty, ethical leadership and good governance enabling responsible oversight of financial and performance reporting	1.1.3.1	Number of functional Governance structures	Modified	Non-Cumulative	Quarterly	7	7	7	7	7	R 8,821
Facilitate compliance and strengthen internal control through assessment, development and monitoring action plans	1.1.3.2	Percentage of compliance action plans implemented	Continued	Non-Cumulative	Quarterly	100%	100%	100%	100%	100%	R 3,128
Mitigate the negative impact of identified strategic risks	1.1.3.3	Percentage of risk action plans implemented	Continued	Non-Cumulative	Quarterly	100%	100%	100%	100%	100%	R 3,874
Provide effective and efficient legal service	1.1.3.4	Percentage of legal opinions finalised within 30 calendar days from the date of receipt	New	Non-Cumulative	Quarterly	100%	100%	100%	100%	100%	R 9,552

4.6 Reconciling performance targets with the Budget and MTEF

Administration		Income outcome		Budget (Original)	Adjusted Appropriation	Medium-term expenditure estimate	
Expenditure by Programmes	2014/15	2015/16	2016/17	2016/17	2017/18	2018/19	2019/20
<i>R thousand</i>							
Communication Marketing	2,486	10,483	2,290	39,623	12,570	13,312	14,057
Finance	20,917	24,655	25,635	17,612	23,994	25,409	26,832
Customer Care	-	-	87	-	-	-	-
Information Technology	13,829	35,271	15,429	22,437	26,987	28,580	30,180
Stakeholder Relations	-	-	5,018	-	-	-	-
Board Secretariat Services	1,118	9,205	5,881	6,645	8,821	9,341	9,864
Compliance	8	-	219	8,766	3,128	3,312	3,498
CEO	28,609	626	2,341	28,413	42,939	45,472	48,019
Legal Service	5,649	6,912	14,914	14,914	9,552	10,115	10,682
Risk Management	13	737	170	1,296	3,874	4,102	4,332
Human Resources	73,822	41,567	46,775	48,798	68,738	72,794	76,871
TOTAL	146,449	129,455	118,759	188,505	200,411	212,235	224,120

5. PROGRAMME 2: SKILLS PLANNING

5.1 Purpose

The purpose is to enable the Services SETA and the Services Sector to target relevant skills development. The Services SETA is responsible for researching skills needs within the Services Sector, issuing the SSP, developing strategic and annual performance plans for the Services SETA, monitoring and evaluating organisational performance and conducting targeted evaluations to strengthen programme improvement in the execution of its mandate. This programme is aligned to all of the Strategic Goals in that it informs the Services SETA, sector priorities and capabilities and directs needs and supply in terms of the flow and stock of skills within the Services Sector.

5.2 Description of the programme

The functions of this programme encompass research and planning, performance information monitoring and reporting, evaluations and including impact assessments.

5.3 Strategic Objectives

#	Strategic Objective Title	Strategic Objective Statement
2.1.1	Conduct credible research to inform planning	Expand research capabilities and credibility to inform relevant and evidence-based planning
2.1.2	Promote industry investment and strengthen workplace mentorship	Promote industry investment in workplace skills development and occupational qualifications strengthening work-integrated learning
2.1.3	Improve Organisational Performance	Measurable planning and accurate reporting of organisational performance, and utilisation of evaluation findings to inform services delivery

5.4 Programme performance indicators and annual targets for 2017/18

STRATEGIC OBJECTIVE TITLE	#	STRATEGIC OBJECTIVE STATEMENT	PERFORMANCE INDICATORS		ACTUAL PERFORMANCE						ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS				
			2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20					
		Conduct credible research to inform planning														
	2.1.1	Expand research capabilities and credibility to inform relevant and evidence-based planning														
Produce a well-informed SSP, SP and APP as prescribed	2.1.1.1	Approved Sector Skills, Strategic and Annual Performance Plans	Approved	Approved	Approved	Approved	Approved	Approved	Approved	Approved	Approved	Approved	Approved	Approved	Approved	Approved
	2.1.1.2	Number of research partnerships established with public universities	-	-	-	-	-	-	-	-	-	-	-	2	4	6

STRATEGIC OBJECTIVE TITLE	#	Promote industry investment and strengthen workplace mentorship									
		PERFORMANCE INDICATORS		ACTUAL PERFORMANCE				ESTIMATED PERFORMANCE		MEDIUM TERM TARGETS	
STRATEGIC OBJECTIVE STATEMENT	2.1.2	Promote industry investment in workplace skills development and occupational qualifications strengthening work-integrated learning									
STRATEGIC ACTIVITY		2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	
Provide technical assistance and support to employers to submit WSPs and ATRs	2.1.2.1	Total: 2,578 Size disaggregation not available	Total: 3,051 Large: 152 Medium: 271 Small: 2,628	Total: 3,814 Large: 191 Medium: 381 Small: 3,242	Total: 3,109 Large: 451 Medium: 524 Small: 2,134	Total: 3,639 Large: 519 Medium: 603 Small: 2,453	Total: 3,754 Large: 545 Medium: 633 Small: 2,576	Total: 3,821 ³ Large: 572 Medium: 665 Small: 2,584	Total: 4,139 Large: 601 Medium: 698 Small: 2,840	Total: 4,346 Large: 631 Medium: 733 Small: 2,982	
	2.1.2.2	-	-	-	-	-	-	500	400	200	
	2.1.2.3	-	-	-	-	-	-	500	600	700	

³Provides for a 5% increase on 2015/16 actual result

^{4, and 5} Result, and therefore budget, contributes to 3.1.4.5 and 3.1.4.6 Employed and Unemployed Skills Programmes Entered and 3.1.5.5 and 3.1.5.6 Employed and Unemployed Skills Programmes Completed

STRATEGIC OBJECTIVE TITLE	#	Improve Organisational Performance									
		PERFORMANCE INDICATORS		ACTUAL PERFORMANCE					ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS	
STRATEGIC OBJECTIVE STATEMENT	2.1.3	Measurable planning and accurate reporting of organisational performance, and utilisation of evaluation findings to inform services delivery									
STRATEGIC ACTIVITY		2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	
Improve the impact assessment within Services SETA	2.1.3.1	-	-	-	-	-	-	70%	80%	85%	
	2.1.3.2	-	-	-	-	-	2	2	2	2	

⁶The first option is a consolidation of all other targets being achieved as an output of improved organisational performance. The second option is a qualitative process measure towards this output.

5.5 Programme performance indicators and quarterly targets for 2017/18

STRATEGIC OBJECTIVE TITLE	#	PERFORMANCE INDICATORS	INDICATOR STATUS	INDICATOR TYPE	REPORTING PERIOD	ANNUAL TARGET	QUARTERLY TARGETS				BUDGET R thousand	
							2017/18	Q1	Q2	Q3		Q4
STRATEGIC OBJECTIVE STATEMENT	2.1.1	Expand research capabilities and credibility to inform relevant and evidence-based planning				2017/18	2017/18	Q1	Q2	Q3	Q4	
Produce a well-informed SSP, SP and APP as prescribed	2.1.1.1	Approved Sector Skills, Strategic and Annual Performance Plans	New	Non-cumulative	Annually	Approved	-	-	-	-	Approved	R 3,241
	2.1.1.2	Number of research partnerships established with public universities	New	Cumulative	Quarterly	2	-	-	2	-	-	

STRATEGIC OBJECTIVE TITLE		Promote industry investment and strengthen workplace mentorship									
STRATEGIC OBJECTIVE STATEMENT		Promote industry investment in workplace skills development and occupational qualifications strengthening work-integrated learning									
STRATEGIC ACTIVITY	#	PERFORMANCE INDICATORS	INDICATOR STATUS	INDICATOR TYPE	REPORTING PERIOD	ANNUAL TARGET	QUARTERLY TARGETS				BUDGET R thousand
						2017/18	Q1	Q2	Q3	Q4	
Provide technical assistance and support to employers to submit Workplace Skills Plans and Annual Training Reports	2.1.2.1	Number of employers that submit Workplace Skills Plans and Annual Training Report	Continued	Non-cumulative	Annually	Total: 3,821 Large: 572 Medium: 665 Small: 2,584	Total: 3,821 Large: 572 Medium: 665 Small: 2,584	-	-	-	R 159,992
	2.1.2.2	Number of SDFs trained	New	Cumulative	Quarterly	500	125	250	375	500	R 100
	2.1.2.3	Number of workplace mentors trained	New	Cumulative	Quarterly	500	125	250	375	500	

5.6 Reconciling performance targets with the Budget and MTEF

Planning

Expenditure by Programmes	Income outcome		Budget (Original)	Adjusted Appropriation	Medium-term expenditure estimate		
	2014/15	2015/16			2017/18	2018/19	2019/20
R thousand			2016/17	2016/17	2017/18	2018/19	2019/20
Planning	571	4,121	9,100	5,020	6,482	6,865	7,249
Mandatory Grants	38	151,161	231,443	148,198	159,992	169,432	178,920
Special Projects	9	55,833	26,113	37,101	100,140	35,350	12,443
TOTAL	618	211,115	266,656	190,319	266,614	211,646	198,612

6. PROGRAMME 3: LEARNING PROGRAMMES

6.1 Purpose

The purpose of this programme is to disburse SETA discretionary grants through special and regular projects for infrastructure development, expanding access to skills development in rural and underserved areas, and PIVOTAL learning interventions. Special projects are targeted interventions that meet national and transformational imperatives whereas regular projects are granted on application in response to advertised opportunities.

6.2 Description of the programme

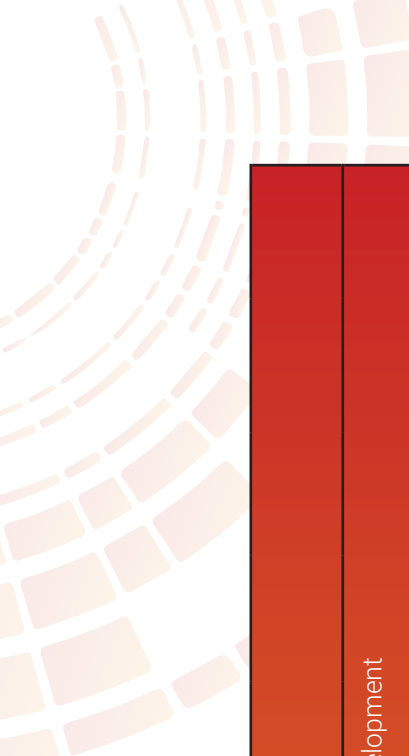
This programme consists of four primary functions namely: special projects, learning intervention project coordination, chamber operations and provincial operations.

This programme is aligned to Strategic Goal 1: Improve the stock of skills through the coordination of learner enrolment, training and certification and Strategic Goal 3: Improve the Services Sector's capabilities through partnerships and collaboration.

It is through the seven learning interventions targeted in this programme namely learnerships, bursaries, skills programmes, internships, apprenticeships, RPL and AET that scarce and critical skills will be addressed. The Services SETA in its SSP Plan for 2017/18 submitted on 01 August 2016 identified a list of 63 scarce skills and 51 critical skills. Further in-depth analysis and the mandate to balance supply across high, intermediary and entry level qualifications resulted in the PIVOTAL list comprising a total of 28 occupations which includes 10 scarce skills, 6 critical skills and 12 trades. A higher correlation between enrolments and the pivotal list can be expected as opposed to scarce and critical skills lists.

6.3 Strategic Objectives

#	Strategic Objective Title	Strategic Objective Statement
3.1.1	Grow infrastructure and rural development	Expand infrastructure for skills and enterprise development and target rural development
3.1.2	Promote supply and demand partnerships	National priorities promoted through supply- and demand-side partnership development
3.1.3	Promote enterprise development	Transformation and sustainability promoted through targeted enterprise development
3.1.4	Prioritise Services SETA investment	Enrol funded learners to achieve targets, strengthening alignment to scarce and critical demand, and priority skills
3.1.5	Improve skills development throughput	Improve monitoring and coordination of SETA-funded skills development to facilitate timely completion
3.1.6	Promote stakeholder participation	Promote stakeholder participation and information exchange to strengthen relevance and access to services



STRATEGIC OBJECTIVE TITLE	#	Promote supply and demand partnerships	PERFORMANCE INDICATORS	ACTUAL PERFORMANCE					ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS				
				2011/12	2012/13	2013/14	2014/15	2015/16		2016/17	2017/18	2018/19	2019/20	
STRATEGIC OBJECTIVE STATEMENT	3.1.2	National priorities promoted through supply- and demand-side partnership development												
Special Projects Implemented to support transformation agenda	3.1.2.1	Number of new TVET college partnerships	-	-	-	20	-	12	5	5	5	5		
	3.1.2.2	Number of new University partnerships	-	-	-	20	-	6	3	3	3	3		
	3.1.2.3	Number of new employer partnerships	-	-	-	-	-	400	150	150	150	150		

STRATEGIC OBJECTIVE TITLE	#	Promote enterprise development										
		ACTUAL PERFORMANCE					ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS				
STRATEGIC OBJECTIVE STATEMENT	3.1.3	Transformation and sustainability promoted through targeted enterprise development										
STRATEGIC ACTIVITY	PERFORMANCE INDICATORS	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20		
	3.1.3.1	-	-	94	203	181	90	300	300	300		
	3.1.3.2	-	-	90	130	139	90	300	300	300		
	3.1.3.3	-	-	1120	336	70	100	100	100	100		
	3.1.3.4	-	-	-	94	-	90	90	90	90		
	3.1.3.5	-	-	-	-	-	6	87	8	8		

⁷Makes provision for 4 Trade Unions organised within the Services Sector and the 4 National Union Federations.

STRATEGIC OBJECTIVE TITLE	#	Prioritise Services SETA investment									
		ACTUAL PERFORMANCE					ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS			
STRATEGIC OBJECTIVE STATEMENT	STRATEGIC ACTIVITY	PERFORMANCE INDICATORS	2011/12	2012/13	2013/14	2014/15		2015/16	2016/17	2017/18	2018/19
Process learner enrolments in accordance with commitments	3.1.4	Enrol funded learners to achieve targets, strengthening alignment to scarce and critical demand, and priority skills									
	3.1.4.1	Number of Employed Learnerships Entered	491	297	2,595	1,335	1,769	3,600	2,840	3,652	4,697
	3.1.4.2	Number of Unemployed Learnerships Entered	785	17	3,087	2,358	17,457	4,950	9,413	10,354	11,389
	3.1.4.3	Number of Employed Bursaries Entered	128	-	646	1,424	413	900	883	1,119	1,439
	3.1.4.4	Number of Unemployed Bursaries Entered	-	-	98	2,247	345	2,413	2,650	3,344	4,300
	3.1.4.5	Number of Employed Skills Programmes Entered	237	-	1,002	789	738	3,150	3,500	4,501	5,788

STRATEGIC OBJECTIVE TITLE	#	Prioritise Services SETA investment									
		PERFORMANCE INDICATORS		ACTUAL PERFORMANCE					ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS	
STRATEGIC OBJECTIVE STATEMENT	3.1.4	Enrol funded learners to achieve targets, strengthening alignment to scarce and critical demand, and priority skills									
STRATEGIC ACTIVITY			2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	3.1.4.6	Number of Unemployed Skills Programmes Entered	256	200	30	-	2,957	445	450	495	544
	3.1.4.7	Number of Unemployed Internships Entered	615	1,026	663	2,245	2,815	4,180	2,109	2,319	2,551
	3.1.4.6	Number of Unemployed Skills Programmes Entered	256	200	30	-	2,957	445	450	495	544
	3.1.4.7	Number of Unemployed Internships Entered	615	1,026	663	2,245	2,815	4,180	2,109	2,319	2,551
	3.1.4.8	Number of TVET Student Placements Entered	-	-	508	965	-	4,191	1,500	7,292	9,377

STRATEGIC OBJECTIVE TITLE	#	Prioritise Services SETA investment														
		PERFORMANCE INDICATORS					ACTUAL PERFORMANCE					ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS			
STRATEGIC OBJECTIVE STATEMENT	3.1.4	Enrol funded learners to achieve targets, strengthening alignment to scarce and critical demand, and priority skills														
STRATEGIC ACTIVITY			2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20		2016/17	2017/18	2018/19	2019/20
	3.1.4.9	Number of University Student Placements Entered	-	-	1	389	-	950	5,500	6,050	6,655					
	3.1.4.10	Number of Artisans Entered	1,800	-	100	643	476	1,914	2,100	2,701	3,473					
	3.1.4.11	Number of Recognition of Prior Learning Learners Entered	-	-	1,314	-	174	439	1,000	1,100	1,210					
	3.1.4.12	Number of AET Learners Entered	-	-	578	85	1,279	200	1,000	1,286	1,654					
	3.1.4.13	Number of Candidacies Entered	-	-	-	-	-	-	50	100	150					

STRATEGIC OBJECTIVE TITLE	#	Improve skills development throughput	PERFORMANCE INDICATORS										ESTIMATED PERFORMANCE				
			ACTUAL PERFORMANCE										MEDIUM TERM TARGETS				
STRATEGIC OBJECTIVE STATEMENT	3.1.5	Improve monitoring and coordination of SETA-funded skills development to facilitate timely completion	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2016/17	2017/18	2018/19	2019/20		
Coordinate and monitor implementation up to completion	3.1.5.1	Number of Employed Learnerships Completed	132	123	-	896	34	873	1,492	1,641	1,805						
	3.1.5.2	Number of Unemployed Learnerships Completed	686	243	131	1,214	2,717	1,392	4,582	5,040	5,544						
	3.1.5.3	Number of Employed Bursaries Completed	116	-	-	444	455	350	360	396	435						
	3.1.5.4	Number of Unemployed Bursaries Completed	34	-	-	1,690	-	1,379	600 ⁸	660	726						
	3.1.5.5	Number of Employed Skills Programmes Completed	134	-	-	90	-	676	1,241	1,365	1,502						

STRATEGIC OBJECTIVE TITLE	#	Improve skills development throughput	PERFORMANCE INDICATORS										ESTIMATED PERFORMANCE				
			ACTUAL PERFORMANCE										MEDIUM TERM TARGETS				
STRATEGIC OBJECTIVE STATEMENT	3.1.5	Improve monitoring and coordination of SETA-funded skills development to facilitate timely completion	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2016/17	2017/18	2018/19	2019/20		
	3.1.5.6	Number of Unemployed Skills Programmes Completed	316	-	-	5	-	-	-	-	-	748	300	330	363		
	3.1.5.7	Number of Unemployed Internships Completed	-	1,055	-	-	166	309	579	1,056	1,087	-	-	-	-		
	3.1.5.8	Number of TVET Student Placements Completed	-	-	-	-	-	127	1,007	1,108	1,218	-	-	-	-		
	3.1.5.9	Number of University Student Placements Completed	-	-	-	-	-	161	955	1,050	1,155	-	-	-	-		
	3.1.5.10	Number of Artisans Completed	947	-	-	88	89	303	840	924	1,016	-	-	-	-		

STRATEGIC OBJECTIVE TITLE	#	Improve skills development throughput										
		PERFORMANCE INDICATORS		ACTUAL PERFORMANCE						ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS	
STRATEGIC OBJECTIVE STATEMENT	3.1.5	Improve monitoring and coordination of SETA-funded skills development to facilitate timely completion										
STRATEGIC ACTIVITY		2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20		
	3.1.5.11	-	-	-	299	46	136	346	380	419		
	3.1.5.12	-	-	-	236	19	8	1,133	1,246	1,370		
	3.1.5.13	-	-	-	-	-	-	-	30	50		
	3.1.5.14	-	-	-	-	-	-	60%	70%	80%		

⁸In order to achieve this target the Services SETA will need to fund approximately 800 final-year students for the 2017 academic year given that the definition of multi-year programme completion was amended to 'end of qualification' as opposed to 'end of individual academic year'.

⁹The Services SETA does not anticipate completion results for candidate learners, as the 2016/17 reporting period will be the first year of enrolment.

STRATEGIC OBJECTIVE TITLE	#	Promote Stakeholder Participation	PERFORMANCE INDICATORS	ACTUAL PERFORMANCE						ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS			
				2011/12	2012/13	2013/14	2014/15	2015/16	2016/17		2017/18	2018/19	2019/20	
STRATEGIC OBJECTIVE STATEMENT	3.1.6	Promote stakeholder participation and information exchange to strengthen relevance and access to services												
Ensure functional chambers supporting sub-sector growth and capability	3.1.6.1	Number of functional Chamber Committees	-	-	-	6	6	6	6	6	6	6	6	6
	3.1.6.2	Number of structured subsector stakeholders engagement conducted	-	-	-	-	10	32	120	120	120	120	120	120
Render quality support service to key stakeholders through provincial offices	3.1.6.3	Number of functional Provincial Forums	-	-	-	7	9	9	9	9	9	9	9	9
	3.1.6.4	Number of structured provincial stakeholder engagements conducted	-	-	-	-	-	90	90	90	90	90	90	90
Building Career and Vocational Guidance	3.1.6.5	Number of career guidance events hosted	-	-	-	-	-	10	10	10	10	10	10	10

6.5 Programme performance indicators and quarterly targets for 2017/18

STRATEGIC OBJECTIVE TITLE		Grow infrastructure and rural development									
STRATEGIC OBJECTIVE STATEMENT		Expand infrastructure for skills and enterprise development and target rural development									
STRATEGIC ACTIVITY	PERFORMANCE INDICATORS	INDICATOR STATUS	INDICATOR TYPE	REPORTING PERIOD	ANNUAL TARGET	QUARTERLY TARGETS				BUDGET	
					2017/18	Q1	Q2	Q3	Q4	R thousand	
Special Projects Implemented to support transformation agenda	3.1.1.1	New	Cumulative	Quarterly	3	-	1	2	3	R 51	
	3.1.1.2	New	Cumulative	Quarterly	15	-	4	10	15	R 29,548	

STRATEGIC OBJECTIVE TITLE	#	Promote supply and demand partnerships									
		PERFORMANCE INDICATORS	INDICATOR STATUS	INDICATOR TYPE	REPORTING PERIOD	ANNUAL TARGET	QUARTERLY TARGETS				BUDGET R thousand
STRATEGIC OBJECTIVE STATEMENT	3.1.2	National priorities promoted through supply- and demand-side partnership development									
STRATEGIC ACTIVITY						2017/18	Q1	Q2	Q3	Q4	
Special Projects Implemented to support transformation agenda	3.1.2.1	Number of new TVET college partnerships	Continued	Cumulative	Quarterly	5	-	2	3	5	R 200,051
	3.1.2.2	Number of new University partnerships	Continued	Cumulative	Quarterly	3	-	-	1	3	
	3.1.2.3	Number of new employer partnerships	Continued	Cumulative	Quarterly	150	-	50	100	150	

STRATEGIC OBJECTIVE TITLE		Promote enterprise development									
STRATEGIC OBJECTIVE STATEMENT		Transformation and sustainability promoted through targeted enterprise development									
STRATEGIC ACTIVITY	#	PERFORMANCE INDICATORS	INDICATOR STATUS	INDICATOR TYPE	REPORTING PERIOD	ANNUAL TARGET	QUARTERLY TARGETS				BUDGET R thousand
							Q1	Q2	Q3	Q4	
	3.1.3.1	Number of cooperatives supported	Continued	Cumulative	Quarterly	300	100	150	200	300	
	3.1.3.2	Number of SMEs supported	Continued	Cumulative	Quarterly	300	100	150	200	300	
	3.1.3.3	Number of non-governmental and community-based organisations supported	Continued	Cumulative	Quarterly	100	30	50	70	100	
	3.1.3.4	Number of non-levy paying employers supported	Continued	Cumulative	Quarterly	90	30	45	60	90	
	3.1.3.5	Number of Trade Unions supported	Continued	Cumulative	Quarterly	8	2	4	6	8	

STRATEGIC OBJECTIVE TITLE	#	Prioritise Services SETA development										BUDGET R thousand
		PERFORMANCE INDICATORS		INDICATOR STATUS	INDICATOR TYPE	REPORTING PERIOD	ANNUAL TARGET	QUARTERLY TARGETS				
STRATEGIC OBJECTIVE STATEMENT	3.1.4	Enrol funded learners to achieve targets, strengthening alignment to scarce and critical demand, and priority skills					2017/18	Q1	Q2	Q3	Q4	
Process learner enrolments in accordance with commitments	3.1.4.1	Number of Employed Learners Entered	Continued	Cumulative	Quarterly	2,840	710	1,420	2,130	2,840	R985,812	
	3.1.4.2	Number of Unemployed Learners Entered	Continued	Cumulative	Quarterly	9,413	2,353	4,707	7,060	9,413		
	3.1.4.3	Number of Employed Bursaries Entered	Continued	Cumulative	Quarterly	883	-	-	441	883		
	3.1.4.4	Number of Unemployed Bursaries Entered	Continued	Cumulative	Annually	2,650	-	-	1,325	2,650		
	3.1.4.5	Number of Employed Skills Programmes Entered	Continued	Cumulative	Quarterly	3,500	875	1,750	2,625	3,500		

Prioritise Services SETA development											
STRATEGIC OBJECTIVE TITLE	#	Enrol funded learners to achieve targets, strengthening alignment to scarce and critical demand, and priority skills									
STRATEGIC ACTIVITY	PERFORMANCE INDICATORS	INDICATOR STATUS	INDICATOR TYPE	REPORTING PERIOD	ANNUAL TARGET	QUARTERLY TARGETS				BUDGET R thousand	
						2017/18	Q1	Q2	Q3		Q4
	3.1.4.6	Number of Unemployed Skills Programmes Entered	Continued	Cumulative	Quarterly	450	113	225	338	450	
	3.1.4.7	Number of Unemployed Internships Entered	Continued	Cumulative	Quarterly	2,109	527	1,055	1,582	2,109	
	3.1.4.8	Number of TVET Student Placements Entered	Continued	Cumulative	Quarterly	1,500	375	750	1,125	1,500	
	3.1.4.9	Number of University Student Placements Entered	Continued	Cumulative	Quarterly	5,500	1,375	2,750	4,125	5,500	
	3.1.4.10	Number of Artisans Entered	Continued	Cumulative	Quarterly	2,100	525	1,050	1,575	2,100	
	3.1.4.11	Number of Recognition of Prior Learning Learners Entered	Continued	Cumulative	Quarterly	1,000	250	500	750	1,000	

STRATEGIC OBJECTIVE TITLE	#	IMPROVE SKILLS DEVELOPMENT THROUGHPUT	PERFORMANCE INDICATORS	INDICATOR STATUS	INDICATOR TYPE	REPORTING PERIOD	ANNUAL TARGET	QUARTERLY TARGETS				BUDGET R thousand
								Q1	Q2	Q3	Q4	
STRATEGIC OBJECTIVE STATEMENT	3.1.5	Improve monitoring and coordination of SETA-funded skills development to facilitate timely completion					2017/18	1,146	2,291	3,437	4,582	
	3.1.5.2	Number of Unemployed Learnerships Completed	Continued	Cumulative	Quarterly	4,582	1,146	2,291	3,437	4,582		
	3.1.5.3	Number of Employed Bursaries Completed	Continued	Cumulative	Quarterly	360	-	-	180	360		
	3.1.5.4	Number of Unemployed Bursaries Completed	Continued	Cumulative	Annually	600	-	-	300	600		
	3.1.5.5	Number of Employed Skills Programmes Completed	Continued	Cumulative	Quarterly	1,241	310	621	931	1,241		
	3.1.5.6	Number of Unemployed Skills Programmes Completed	Continued	Cumulative	Quarterly	300	75	150	225	300		
	3.1.5.7	Number of Unemployed Internships Completed	Continued	Cumulative	Quarterly	579	145	290	434	579		
	3.1.5.8	Number of TVET Student Placements Completed	Continued	Cumulative	Quarterly	1,007	252	504	755	1,007		

STRATEGIC OBJECTIVE TITLE	#	PERFORMANCE INDICATORS	INDICATOR STATUS	INDICATOR TYPE	REPORTING PERIOD	ANNUAL TARGET	QUARTERLY TARGETS				BUDGET R thousand	
							2017/18	Q1	Q2	Q3		Q4
STRATEGIC OBJECTIVE STATEMENT	3.1.5	Improve skills development throughput										
		Improve monitoring and coordination of SETA-funded skills development to facilitate timely completion										
	3.1.5.9	Number of University Student Placements Completed	Continued	Cumulative	Quarterly	955	239	478	716	955		
	3.1.5.10	Number of Artisans Completed	Continued	Cumulative	Quarterly	840	210	420	630	840		
	3.1.5.11	Number of Recognition of Prior Learning Learners Completed	Continued	Cumulative	Quarterly	346	87	173	260	346		
	3.1.5.12	Number of AET Learners Completed	Continued	Cumulative	Quarterly	1,133	283	567	850	1,133		
	3.1.5.13	Number of Candidacies Completed ¹⁰	New	Cumulative	Quarterly	-	-	-	-	-		
	3.1.5.14	Percentage of Discretionary Grant Projects closed out on time	New	Non-Cumulative	Annual	60%	-	-	-	60%		

¹⁰The Services SETA does not anticipate completion results for Candidate learners, as the 2016/17 reporting period will be the first year of enrolment.

STRATEGIC OBJECTIVE TITLE		Promote stakeholder participation										BUDGET R thousand
STRATEGIC OBJECTIVE STATEMENT		Promote stakeholder participation and information exchange to strengthen relevance and access to services										
STRATEGIC ACTIVITY	#	PERFORMANCE INDICATORS	INDICATOR STATUS	INDICATOR TYPE	REPORTING PERIOD	ANNUAL TARGET	QUARTERLY TARGETS					
						2017/18	Q1	Q2	Q3	Q4		
Ensure functional chambers supporting sub-sector growth and capability	3.1.6.1	Number of functional Chamber Committees	Continued	Non-Cumulative	Quarterly	6	6	6	6	6	R 230	
	3.1.6.2	Number of structured subsector stakeholders engagement conducted	Continued	Cumulative	Quarterly	120	30	60	90	120		
Render quality support service to key stakeholders through provincial offices	3.1.6.3	Number of functional Provincial Forums	Continued	Non-Cumulative	Quarterly	9	9	9	9	9	R 1,386	
	3.1.6.4	Number of structured provincial stakeholder engagements conducted	New	Cumulative	Quarterly	90	27	54	72	90		

STRATEGIC OBJECTIVE TITLE	#	Promote stakeholder participation								BUDGET R thousand
STRATEGIC OBJECTIVE STATEMENT	3.1.6	Promote stakeholder participation and information exchange to strengthen relevance and access to services								
STRATEGIC ACTIVITY	PERFORMANCE INDICATORS	INDICATOR STATUS	INDICATOR TYPE	REPORTING PERIOD	ANNUAL TARGET	QUARTERLY TARGETS				
Building Career and Vocational Guidance	3.1.6.5	Number of career guidance events hosted		Quarterly	2017/18	Q1	Q2	Q3	Q4	
		Continued	Cumulative	Quarterly	10	3	6	8	10	

6.6 Reconciling performance targets with the Budget and MTEF

Planning

Expenditure by Programmes	Income outcome		Budget (Original)	Adjusted Appropriation	Medium-term expenditure estimate			
	2014/15	2015/16			2016/17	2017/18	2018/19	2019/20
<i>R thousand</i>								
Provinces	2,233	1,451	1,827	1,059	1,386	1,468	1,550	
Chambers	253	381	3,688	510	230	244	258	
Facilities Management	13,338	20,554	18,703	27,304	29,348	31,080	32,820	
Stakeholder Relations	-	-	-	195	708	750	792	
Special Projects	18	111,666	52,225	73,973	200,051	141,236	99,430	
Learning Intervention	409,854	522,473	934,540	1,262,125	985,812	1,171,755	1,299,469	
Artisan Development	-	2,696	60	-	-	-	-	
Learning Intervention Project	-	522	130	80	108	114	121	
TOTAL	425,697	659,743	1,011,173	1,365,246	1,217,644	1,346,648	1,434,441	

7. PROGRAMME 4: QUALITY ASSURANCE

7.1 Purpose

The purpose of this programme is to accredit skills development providers and fulfil the QCTO-delegated quality assurance function for learner achievements.

7.2 Description of the programme

Registered moderators and assessors are a requirement for skills development provider (SDP) accreditation. Processing applications for accreditation is a primary function falling within the ambit of this programme. Adequacy of supply in terms of constituent qualifications and special demand sometimes requires strategic intervention. Once a need is determined, it is often referred to and addressed through a special project the output of which is embedded in learning intervention targets and results. This function monitors quality of provisioning through external moderation of learner achievements for all Services SETA qualifications, not limited to those funded by the Services SETA. Learners entering on a full qualification may exit either on the full or part qualification depending on outcomes achieved.

7.3 Strategic Objectives

This programme is aligned to Strategic Goal 1: Improve stock of skills through certification and Strategic

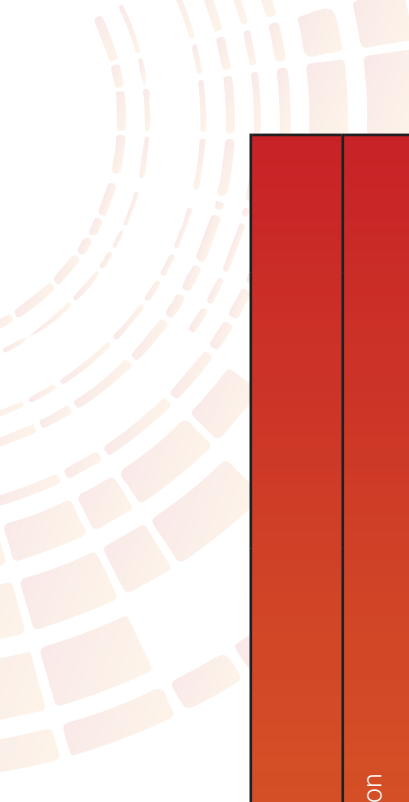
Goal 2: Improve the flow of skills through provider capacity.

#	Strategic Objective Title	Strategic Objective Statement
4.1.1	Strengthen and assure quality of supply	Capacitate and support skills development providers to strengthen relevant skills supply
4.1.2	Improve efficiency in certification	Improve efficiency in quality assurance of learner achievement for certification

7.4 Programme performance indicators and annual targets for 2017/18

STRATEGIC OBJECTIVE STATEMENT	STRATEGIC OBJECTIVE TITLE	#	Strengthen and assure quality of supply					
			PERFORMANCE INDICATORS	ACTUAL PERFORMANCE				
STRATEGIC ACTIVITY	4.1.1	4.1.1	Capacitate and support skills development providers to strengthen relevant skills supply					
			PERFORMANCE INDICATORS	ACTUAL PERFORMANCE				
			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS				
				2015/16	2016/17	2017/18	2018/19	2019/20
Facilitate growth and adequacy of provisioning	4.1.1.1	Percentage of SDP applications processed and successful within 90 days ¹¹	-	-	90%	90%	90%	90%
	4.1.1.2	Percentage of unsuccessful SDP accreditation applicants capacitated	-	-	-	20%	20%	20%

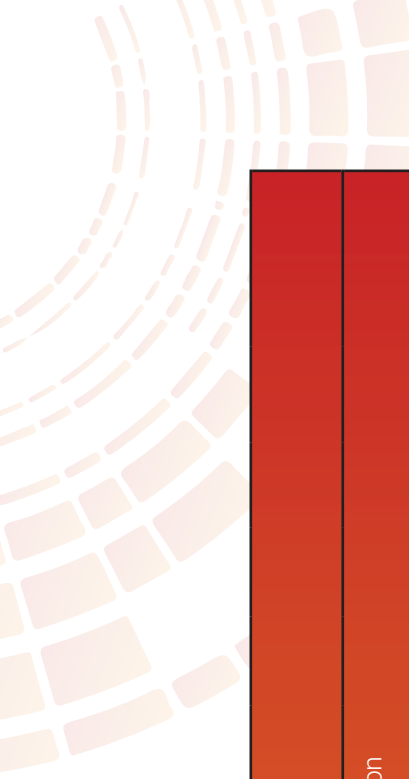
¹¹Limited to responsive applicants that remediate identified shortfalls within specified timeframes.



STRATEGIC OBJECTIVE TITLE	#	IMPROVE EFFICIENCY IN CERTIFICATION	PERFORMANCE INDICATORS	ACTUAL PERFORMANCE					MEDIUM TERM TARGETS				
				2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	
STRATEGIC OBJECTIVE STATEMENT	4.1.2	Improve efficiency in quality assurance of learner achievement for certification											
STRATEGIC ACTIVITY	4.1.2.1	Assess provisioning and learner achievement to ensure quality	Percentage of Certificates and Statement of Results Issued within 90 days	-	-	-	90%	90%	90%	90%	90%	90%	90%

7.5. Programme Performance Indicators and Quarterly Targets for 2017/18

STRATEGIC OBJECTIVE TITLE	#	Promote stakeholder participation									
STRATEGIC OBJECTIVE STATEMENT	3.1.6	Promote stakeholder participation and information exchange to strengthen relevance and access to services									
STRATEGIC ACTIVITY	PERFORMANCE INDICATORS	INDICATOR STATUS	INDICATOR TYPE	REPORTING PERIOD	ANNUAL TARGET	QUARTERLY TARGETS				BUDGET	
					2017/18	Q1	Q2	Q3	Q4	R thousand	
Facilitate growth and adequacy of provisioning	4.1.1.1	Modified	Non-cumulative	Quarterly	90%	90%	90%	90%	90%	R 421	
	4.1.1.2	New	Non-cumulative	Quarterly	20%	20%	20%	20%	20%		



STRATEGIC OBJECTIVE TITLE	#	Improve efficiency in certification									
STRATEGIC OBJECTIVE STATEMENT	4.1.2	Improve efficiency in quality assurance of learner achievement for certification									
STRATEGIC ACTIVITY	PERFORMANCE INDICATORS	INDICATOR STATUS	INDICATOR TYPE	REPORTING PERIOD	ANNUAL TARGET	QUARTERLY TARGETS				BUDGET R thousand	
						Q1	Q2	Q3	Q4		
Quality assessment of provisioning and learner achievement	4.1.2.1	Continued	Cumulative	Quarterly	2017/18 90%	90%	90%	90%	90%	90%	

7.6 Reconciling performance targets with the Budget and MTEF

Quality Management		Income outcome		Budget (Original)		Adjusted Appropriation		Medium-term expenditure estimate	
Expenditure by Programmes		2014/15	2015/16	2016/17	2016/17	2017/18	2018/19	2019/20	
R thousand									
Quality Management		631	21,717	268	762	421	446	471	
TOTAL		631	21,717	268	762	421	446	471	

ANNEXURE A: MATERIALITY AND SIGNIFICANCE FRAMEWORK

TREASURY REGULATION 28.1.5 states that:

“For purposes of “material” [sections 50(1), 55(2) and 61(1) (c) of the Act] and “significant” [section 54(2) of the Act], the Accounting Authority must develop and agree to a framework of acceptable levels of materiality and significance with the relevant Executive Authority in consultation with the external auditors.”

Below is an outline of specific regulation articles to which the Services SETA should comply. An explanation has been provided as to how each prescript has been addressed.

Section 50(1)	<p>(1) The Accounting Authority for a public entity must -</p> <p>(a) Exercise the duty of utmost care to ensure reasonable protection of the assets and records of the public entity</p> <p>b) Act with fidelity, honesty, integrity (in the best interest of the public entity) in managing the financial affairs of the public entity</p>	<p>The Accounting Authority implements effective and efficient internal controls, governance and risk management processes through its committees and as a collective.</p> <p>Key policies and procedures have been approved.</p> <p>Good governance, professional conduct and ethical behaviour are encouraged across all organisational levels.</p>
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	<p>(c) On request, disclose to the Executive Authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way influence the decision or actions of the Executive Authority or that legislature, and</p> <p>(d) Seek, within the sphere of influence of that Accounting Authority, to prevent any prejudice to the financial interests of the state.</p>	<p>Through frequent engagements with stakeholders (internal and external), important and relevant information is shared and transparency is achieved.</p> <p>Services SETA implements an on-going risk management assessment and review processes to mitigate and prevent any prejudice to the financial interest of Services SETA.</p>
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<p>Section 55(2)</p>	<p>(2) The annual report and financial statements referred to by PFMA Subsection 55 (1) (d) must –</p> <p>(a) Fairly present the state of affairs of the public entity, its business, its financial results, its performance against pre-determined objectives and its financial position as at the end of the financial year concerned</p> <p>(b) include particulars of –</p> <p>(i) Any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year</p> <p>(ii) Any criminal or disciplinary steps taken as consequence of such losses or irregular expenditure or fruitless and wasteful expenditure;</p> <p>(iii) Any losses recovered or written off;</p> <p>(iv) Any financial assistance received from the state and commitments made by the state on its behalf; and</p> <p>(v) Any other matters that may be prescribed, and</p> <p>(c) Include the financial statements of any subsidiaries.</p>	<p>As a collective the Accounting Authority, its committees and management are involved in the compilation and review processes of the annual financial statements and the Annual Report to ensure that they fairly present and disclose results of the Services SETA.</p> <p>All losses are disclosed in the AFS.</p> <p>All activities are disclosed in the AFS.</p> <p>All losses recovered or written off are disclosed in the AFS. All financial assistance received or committed is disclosed. Services SETA will apply any other matters that become prescriptive. Not applicable.</p>
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<p>Section 54 (2)</p>	<p>(1) Before a public entity concludes any of the following transactions, the Accounting Authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its Executive Authority for approval of the transaction.</p> <p>Establishment or participation in the establishment of a company;</p> <p>Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement.</p> <p>Acquisition disposal of a significant shareholding in a company.</p> <p>Acquisition or disposal of a significant asset.</p> <p>Commencement or cessation of a significant business activity, and</p> <p>A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.</p>	<p>Not applicable.</p> <p>Not applicable.</p> <p>Not applicable.</p> <p>Not applicable to this reporting period</p> <p>Not applicable.</p> <p>Not applicable</p>
<p>Section 61 (1) (c)</p>	<p>The report of an auditor appointed in terms of section 58 (1)</p> <p>(b) must be addressed to the Executive Authority responsible for the public entity concerned and must state separately in respect of each of the following matters whether in the auditor's opinion –</p> <p>(c) The transactions that had come to the auditor's attention during auditing were in all material respects in accordance with the mandatory functions of the public entity determined by law or otherwise.</p>	<p>The level of material loss is assessed at 0.5% of gross revenue, limited to R3, 6 million.</p> <p>Revenue includes levy income, interest and penalties, and any other income.</p>



	<p>(1) An institution to which this Act applies may not borrow money or issue a guarantee, indemnity or security, or enter into any other transaction that binds or may bind that institution or the Revenue Fund to any future financial commitment, unless such borrowing, guarantee, indemnity, security or other transaction –</p> <p>(a) Is authorised by this Act; and</p> <p>(b) In the case of public entities, is also authorised by other legislation not in conflict with this Act, and</p> <p>(c) In the case of loans by a province or a provincial government business enterprise under the ownership control of a provincial executive, is within the limits as set in terms of the Borrowing Powers of Provincial Governments Act, 1996 (Act No 48 of 1996).</p>	<p>Services SETA operates within the ambit as set by this clause and its related Acts.</p>
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ANNEXURE B: SERVICE LEVEL AGREEMENT



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

SERVICE LEVEL AGREEMENT

entered into by and between

DEPARTMENT OF HIGHER EDUCATION AND TRAINING

(hereinafter referred to as the "DHET" represented by GF Qonde, duly authorized thereto by virtue of his capacity as the Director-General),

and

SERVICES SECTOR EDUCATION AND TRAINING AUTHORITY (SSETA)

(hereinafter referred to as "SETA" represented by Themba Mhambi duly authorised thereto in his/her capacity as Chairperson of the Accounting Authority/Administrator)

Initials _____

A handwritten signature in black ink, appearing to be 'GF', written over a horizontal line.

1. PURPOSE OF THE SERVICE LEVEL AGREEMENT

This service level agreement is entered into between the above mentioned parties to agree on the minimum service levels required by the SETA in performing its statutory functions, meeting the National Skills Development Strategy targets and implementing its strategic plan and annual performance plan.

2. DURATION OF THE SERVICE LEVEL AGREEMENT

The service level agreement is entered into for the period of 1 April 2017 to 31 March 2018

3. OBLIGATIONS OF THE SETA

3.1 The SETA undertakes to :

3.1.1 perform its functions as required by the Skills Development Act;

3.1.2 meet the targets in the National Skills Development Strategy;

3.1.3 implement the approved Strategic Plan and Annual Performance Plan;

3.1.4 submit all documentation and reports as may be required by the Department on the times specified; and

3.1.5 adhere to the requirements of the Public Finance Management Act and Treasury Regulations.

3.1.6 address all findings raised by the Auditor-General in the previous financial year.

3.1.7 Submit comprehensive plan of action to the department.

3.2 Perform and provide the information and/or reports on the activities listed below:

3.2.1 assessment of the skills required for each sector and to identify scarce skills;

3.2.2 how the levels of education will be improved in the sector;

3.2.3 partnerships between SETAs and public Technical and Vocational Education and Training(TVET) colleges, Universities, training providers and industry;

3.2.4 the number of bursaries awarded/to be awarded to deserving South African citizens in critical skills at 25 Universities and 50 TVET colleges;

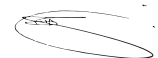
3.2.5 scarce and critical skills needs in the sector, how it will be addressed and reflected in the number of learners that will be trained and placed, as well as the companies involved;

Initials 

GF.

- 3.2.6 number of agreements signed with public TVET colleges , Universities and other training providers as well as the amount approved per agreement which should also reflect the number of learners that will be trained, types of training programmes and programmes that are in place;
- 3.2.7 targets as reflected in the Annual Performance Plan must be credible and linked to a "Baseline ";
- 3.2.8 placement of lecturers in industry as part of the Service Level Agreement;
- 3.2.9 rural development programmes and how it will be implemented;
- 3.2.10 support the revitalization of rural and township economy;
- 3.2.11 progress in the implementation of Recognition of Prior Learning;
- 3.2.12 establish working relationships with TVET colleges, Universities and industry for the purpose of placement of students and graduates;
- 3.2.13 ensure the placement of TVET students, University of Technology students and University graduates requiring Work Integrated Learning (WIL) in the relevant sector and provide report on quarterly basis;
- 3.2.14 maintain and operationalize SETA offices in (name of colleges where offices are/is):
- Buffalo City TVET College (East London – Eastern Cape)
 - EastCape Midlands TVET College (Port Elizabeth – Eastern Cape)
 - Motheo TVET College (Bloemfontein – Free State)
 - Tshwane South TVET College (Pretoria, Tshwane – Gauteng)
 - Capricorn College for TVET (Polokwane – Limpopo)
 - False Bay TVET College (Cape Town – Western Cape)
- 3.2.15 support offices opened by other SETAs in TVET colleges;
- 3.2.16 conclude work from previous performance years commitments and submit reports as required by the Department;
- 3.2.17 sector funded training identified and reported on quarterly basis.
- 3.2.18 annual targets for registered and completed artisan learners by listed trade as agreed with the Chief Directorate: INDLELA to address HRDC ATD-TTT Bottleneck 1;
- 3.2.19 monthly reports in a format determined by the Chief Directorate: INDLELA of the actual number of registered and completed artisan learners to address HRDC ATD-TTT Bottleneck 1;

Initials _____



- 3.2.20 implementation of the Policy on Generic National Artisan Learner Grant Funding and Administration System to address HRDC ATD-TTT Bottleneck 2;
- 3.2.21 the number of persons supported to become qualified artisans within the national artisan learner Recognition of Prior Learning system determined by the Chief Directorate: INDLELA to address HRDC ATD-TTT Bottleneck 3;
- 3.2.22 provide financial support to world skills South Africa through the DHET approved structure (the Accounting Authority of the Services SETA has resolved not to support this initiative) ;
- 3.2.23 submit an implementation plan of the commitments made in this SLA within the first quarter of the financial year;
- 3.2.24 In relations to the 13 priority trade needed for the construction and maintenance of the government Strategic Integrated Projects (SIPs) the SETA should:
 - 3.2.24.1 Increase by at least 5% the number of grants issued for these trades in 2015/16. If no grants were issued for any or all these trades last year, the SETA is not obliged to offer such grants in 2016/17, but is encouraged to do so if at all possible;
 - 3.2.24.2 coordinate all relevant SETAs with regards to the development work being undertaken by DHET for the implementation of the QCTO qualifications in targeted TVET colleges (Centre's of Specialization);
 - 3.2.24.3 support the work of the coordinating SETAs for each of the following trades: Bricklayer, Electrician, Millwright, Boilermaker, Plumber, Mechanic including automotive mechanic, Diesel mechanic, Carpenter and Joiner, Welder, Rigger, Fitter and turner, Mechanical fitter and Pipe fitter;
 - 3.2.24.4 report on these SIPs commitments as required.
- 3.2.25 meet minimum targets as reflected in the table below:

Initials _____

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NSDS III GOAL	PERFORMANCE INDICATORS	BASELINE (2015/16)	SETA FUNDED TARGETS	SECTOR FUNDED TARGETS
Establishing a credible institutional mechanism for skills planning	Large Firms	519	572	-
	Medium Firms	603	665	-
	Small Levy Paying Firms	2,453	2584	-
Increase access to occupationally directed programmes	Unemployed Entered Learnerships	17,457	9,413	-
	Unemployed Entered Bursaries	345	2,650	-
	Unemployed Entered Internships	2,815	2,109	-
	Unemployed Entered Skills Programmes	2,957	450	-
	Unemployed Completed Learnerships	2,717	4,582	-
	Unemployed Completed Bursaries	455	600	-
	Unemployed Completed Internships	166	579	-
	Unemployed Completed Skills Programmes	-	300	-
	Artisans Entered	476	2,100	-
	Artisans Completed	89	840	-
Encouraging better use of workplace-based-skills programmes	Workers Entered Learnerships	1,769	2,840	-
	Workers Entered Bursaries	413	883	-
	Workers Entered Skills Programmes	738	3,500	-
	Workers Completed Learnerships	34	1,490	-
	Workers Completed Bursaries	455	360	-
	Workers Completed Skills Programmes	-	1,241	-
	Candidacy Programme Entered	-	50	-
	Candidacy Programme Completed	-	-	-
	Recognition of prior Learning (RPL) entered	174	1000	-

Initials 

Promoting the growth of a public TVET college system that is responsive to sector, local, regional and national skills needs and priorities	TVET Student Placement Entered	-	1,500	-
	TVET Student Placement Completed	-	1,007	-
	Universities Student Placement Entered	-	5,500	-
	Universities Student Placement Completed	-	955	-
	SETA/TVET College Partnerships	-	5	-
	SETA/Universities Partnerships	-	3	-
	SETA/Employer Partnerships	-	150	-
	Lecturer Development Programmes Entered	-	-	-
	Lecturer Development Programmes Completed	-	-	-
	Number of SETA Offices opened in TVET Colleges (List the names of the VET Colleges opened)	-	-	-
Addressing the low level of youth and adult language and numeracy skills to enable additional training	AET Programmes Entered	1,279	1,000	-
	AET Programmes Completed	19	1,133	-
Encouraging and supporting the cooperatives, small enterprises, worker initiatives, NGO and community training Initiatives	Cooperatives Supported	181	300	-
	Small Business Supported	139	300	-
	NGOs	70	50	-
	NLPE	-	90	-
	CBO	-	50	-
	Trade Unions	-	8	-
Building Career Guidance and Vocational guidance	Career Guidance Events	-	10	-
NSDS III Projects	Number of Provincial and Rural Projects Planned	-	3	-
Governance	Number of Governance Charter Reports submitted	-	4	-

Initials 

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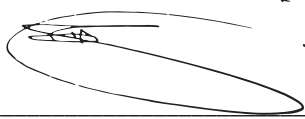
4. OBLIGATIONS OF DEPARTMENT OF HIGHER EDUCATION AND TRAINING

- 4.1.1 consult the SETA on policy and strategic matters that may affect the functioning of the SETA;
- 4.1.2 provide the SETA with guidance on sector skills plans, strategic plans and any matter that may be requested by the SETA in relation to its functions; and
- 4.1.3 assist the SETA where applicable in performing its functions and responsibilities.
- 4.1.4 validate and verify the accuracy and usefulness of reports submitted by SETAs and provide feedback quarterly.

5. GENERAL

In year amendments to the approved Service Level Agreement must not be encouraged.

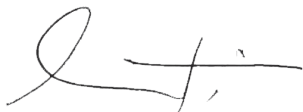
SIGNED AT Parktown ON THIS 21 DAY OF March 2017



ACCOUNTING AUTHORITY/ADMINISTRATOR

(Represented by _____ who warrants that he/she is duly authorised to this agreement)

SIGNED AT Pretoria ON THIS 25 DAY OF April 2017



DIRECTOR-GENERAL

(Represented by GF Qonde, duly authorised thereto)

Initials





Acronyms and Abbreviations

APP	Annual Performance Plans
DG	Director General of Higher Education and Training
DHET	Department of Higher Education and Training
HRDC ATDTTT	Human Resource Development Council- Artisan Development Technical Task Team
Minister	Minister of the Department of Higher Education and Training
M & R	Sub-directorate: Monitoring and Reporting of the SPM
NC (V)	National certificate (Vocational)
NSDS	National Skills Development Strategy
RPL	Recognition of Prior Learning
SETA	Sector Education and Training Authority
SLA	Service Level Agreement
SPM	SETA Performance Management of the DHET
SP	Strategic Plans
SSP	Sector Skills Plans
TVET	Technical and Vocational Education and Training (formerly FET)
WIL	Work Integrated Learning

ANNEXURE C: SUMMARY OF SETA FUNDED PIVOTAL LEARNING INTERVENTIONS

The table below presents a summary of the projected income and budget categories. Investment income and penalties, projected unclaimed Mandatory Grants and estimated contract cancellations were added to the projected income for Discretionary Grants to calculate funding available for discretionary grants. Less support costs, this amount is split into the 80% for PIVOTAL learning interventions and 20% for enabling mechanisms. The latter is used for qualifications development, infrastructure development, non-PIVOTAL training needs and other special projects aimed at enabling and enhancing opportunities for PIVOTAL learning.

Table 1: Available funding for SETA Funded PIVOTAL Learning Interventions

Income Category	2017/18
TOTAL Income	R 1,951,124,000
NSF (20%)	R 390,225,000
Services SETA Skills Levy Income (80%)	R 1,560,899,000
Mandatory Grant (20%)	R 390,225,000
Administration (10.5%)	R 204,868,000
Discretionary Grant (49.5%)	R 965,806,000
Investment income	R 124,192,000
Services SETA TOTAL Revenue	R 1,685,091,000
Discretionary Grant Income	R 965,806,000
Investment income and penalties	R 124,192,000
Mandatory Grant 2017/18 projected sweeping	R 230,233,000
Estimated contract cancellations	R 273,000,000
Discretionary Grant Budget	R 1,593,231,000
Support Costs	R 171,962,000
Discretionary Grant Budget less support costs	R 1,421,269,000
Special Projects enabling (20%)	R 284,253,800
Pivotal Learning Interventions (80%)	R 1,137,015,200

Learning interventions have different unit costs for employed and unemployed learners. It is noted that a process is underway to standardised units costs across SETAs. Adjustments to unit costs will be effected following resulting recommendations. In setting-out to calculate the targets in the table below, consideration was given to performance results for 2015/16, targets for 2016/17 and the national requirements, using the scenarios below:

- Scenario A: An average between DHET proposed SLA targets and 2015/16 targets
- Scenario B: Applying an equal increase of 30% to the 2016/17 approved targets
- Scenario C: A targeted approach was applied, taking into consideration the Accounting Authority priorities, and assessments performed by management, based on available budget

The final targets as per the table below are based on Scenario C.

Table 2: Summary of 2017/18 Services SETA funded learner targets

Enrolment Targets and budget by learning intervention	2016/17 Unit Costs	2016/17 Targets		2017/18 Targets	
		# of learners	Budget	# of learners	Budget
Learnerships	-	8 550	R 243,000,000	12 253	R 389,988,000
Employed	R 18,000	3,600	R 64,800,000	2,840	R 51,120,000
Unemployed	R 36,000	4,950	R 178,200,000	9,413	R 338,868,000
Bursaries	-	3,313	R 193,540,000	3,533	R 211,336,667
Employed	-	900	R 32,850,000	883	R 32,241,667
Undergraduate	R 35,000	810	R 28,350,000	795	R 27,825,000
Honours part-time (2 years)	R 45,000	54	R 2,430,000	53	R 2,385,000
Masters part-time (2 years)	R 55,000	27	R 1,485,000	27	R 1,457,500
PhD part-time (5 years)	R 65,000	9	R 585,000	9	R 574,167
Unemployed	-	2,413	R 160,690,000	2,650	R 179,095,000
Undergraduate	R 65,000	2,172	R 141,180,000	2,409	R 156,585,000
Honours full-time (1 year)	R 70,000	145	R 10,150,000	145	R 10,150,000
Masters full-time (1 year)	R 90,000	72	R 6,480,000	72	R 6,480,000
PhD full-time (3 years)	R 120,000	24	R 2,880,000	24	R 2,880,000
Candidacies	R 60,000	-	-	50	R 3,000,000
Skills programmes	-	3,595	R 29,119,500	3,950	R 31,995,000
Employed	R 8,100	3,150	R 25,515,000	3,500	R 28,350,000
Unemployed	R 8,100	445	R 3,604,500	450	R 3,645,000
Internships	-	9,321	R 285,396,000	9,109	R 302,616,000
Unemployed entering internships	R 24,000	4,180	R 100,320,000	2,109	R 50,616,000
TVET Student Placement	R 36,000	4,191	R 150,876,000	1,500	R 54,000,000
University Student Placement	R 36,000	950	R 34,200,000	5,500	R 198,000,000
Artisans	-	1,914	R 69,583,000	2,100	R 76,335,000
Apprenticeship and trade test	R 50,000	1,340	R 67,000,000	1,470	R 73,500,000
Assessment and trade test	R 4,500	574	R 2,583,000	630	R 2,835,000
RPL	R 6,500	439	R 2,853,500	1,000	R 6,500,000
AET	R 6,500	200	R 1,300,000	1,000	R 6,500,000
TOTAL	-	27,332	R 824,792,000	32,945	R 1,025,270,667
Disability Allowance budget					R 25,051,200
Rural Allowance budget					R 50,252,158
TOTALS					R 1,137,015,024

Explanatory notes:

1. Bursaries and apprenticeships are most often multi-year interventions unless learners are funded in their final year. The learner targets include successful learners that are re-enrolled for the consecutive year of study.
2. Rounding errors have been adjusted in the calculations based on formulas as necessary.
3. Disability and Rural Allowance budgets have been provided for in accordance with the Services SETA Discretionary Grant Policy.



