ANNUAL REPORT

2025/2026
FINANCIAL YEAR











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

FoodBev
Manufacturing SETA
EMPOWER • INNOVATE • ELEVATE



MR YUSUF CASSIM
Deputy Minister
Department of Higher
Education and Training



MR BUTI MANAMELA
Minister
Department of Higher
Education and Training



DR NOMUSA DUBE-NCUBE
Deputy Minister
Department of Higher
Education and Training

FoodBev SETA's Function

To promote, facilitate and incentivise skills development in the Food and Beverages Manufacturing Sector.

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

FoodBev Manufacturing SETA
EMPOWER • INNOVATE • ELEVATE

FoodBev
Manufacturing SETA

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1. GENERAL INFORMATION

REGISTERED NAME	Food and Beverages Manufacturing Sector Education and Training Authority (FoodBev SETA)
REGISTRATION NUMBER	09/FOODBEV/1/04/20
PHYSICAL ADDRESS	7 Wessel Road Rivonia 2128
POSTAL ADDRESS	PO Box 245 Gallo Manor 2052
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FAX NUMBER	011 253 7333
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WEBSITE ADDRESS	www.foodbev.co.za
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EXTERNAL AUDITORS	Auditor-General South Africa 4 Daventry Street Lynwood Bridge Office Park Lynwood Manor Pretoria
BANKERS	South African Reserve Bank (CPD) 370 Helen Joseph Street Pretoria, 0002 First National Bank 1 First Place Mezzanine FI Bank City Johannesburg, 2000
ACTING BOARD SECRETARY	Lerato Phaka

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2. LIST OF ABBREVIATIONS/ACRONYMS

Term	Description
AA	Accounting Authority (Board)
AET	Adult Education and Training
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
AI	Artificial Intelligence
ARC	Audit and Risk Committee
ATR	Annual Training Report
B-BBEE	Broad-Based Black Economic Empowerment
BCM	Business Continuity Management
BCP	Business Continuity Plan
BRICS	Brazil, Russia, India, China, South Africa
CAE	Chief Audit Executive
CBO	Community-Based Organisation
CEO	Chief Executive Officer
CET	Community Education and Training
CIP	Control Improvement Plan
CFO	Chief Financial Officer
DG	Discretionary Grant
DHET	Department of Higher Education and Training
DPME	Department of Planning, Monitoring and Evaluation
DRP	Disaster Recovery Plan
Executive Authority (EA)	Minister of Higher Education and Training
ERRP SS	Economic Reconstruction and Recovery Plan and Skills Strategy
ERP	Enterprise Resource Planning
EXCO	Executive Committee
FoodBev SETA	Food and Beverages Manufacturing Sector Education and Training Authority
FRC	Finance and Remuneration Committee
GRAP	Generally Recognised Accounting Practices
HR	Human Resources
HTFV	Hard-to-fill-vacancies
IAF	Internal Audit Function
ICT	Information and Communications Technology
IIA	Institute for Internal Auditors
NAMB	National Artisan Moderation Body
NEC	Not Elsewhere Classified
NGO	Non-Governmental Organisation
NPO	Non-Profit Organisation

Term	Description
NSDS	National Skills Development Strategy
NT	National Treasury
NQF	National Qualifications Framework
OHS	Occupational Health and Safety
OQSF	Occupational Qualifications Sub-Framework
PAIA	Promotion of Access to Information Act
PFMA	Public Finance Management Act
POPIA	Protection of Personal Information Act
PSET	Post School Education and Training
QCTO	Quality Council for Trades and Occupations
SAQA	South African Qualification Authority
SCM	Supply Chain Management
SDA	Skills Development Act
SETA	Sector Education and Training Authority
SETA-FUNDED	Learning Programme and Projects supported and funded by FoodBev SETA
SECTOR-FUNDED	Learning Programme and Projects supported and funded by the industry
SIC	Standard Industrial Classification
SME	Small and Micro Enterprises
SMME	Small, Medium and Micro Enterprise
SSP	Sector Skills Plan
SPOIL	Sectoral Priority Occupations and Interventions List
TVET	Technical and Vocational Education Training
VAT	Value-Added Tax
WSP	Workplace Skills Plan

FOREWORD BY THE **CHAIRPERSON**

Siyabulela Ngcukana



The 2025/26 financial year presented both significant opportunities and challenges for South Africa's food and beverage manufacturing sector. As one of the country's largest manufacturing industries, the sector plays an important role in economic growth, employment creation, food security and industrial development. At the same time, businesses across the value chain are responding to economic uncertainty, technological change, sustainability pressures, food safety concerns and growing demand for higher-level technical and occupational skills. These dynamics place an increasing responsibility on the skills development system to respond effectively to the changing needs of industry.

Against this backdrop, FoodBev SETA focused on strengthening the skills ecosystem that supports the sector's competitiveness and sustainability. Through collaboration with employers, organised labour, government, education institutions and industry partners, the organisation worked to align skills development interventions with industry demand and national priorities.

Delivering on Our Performance Commitments

A significant achievement during the year was FoodBev SETA's 100% achievement against its Annual Performance Plan targets, with all 52 performance indicators achieved. This represents the third consecutive year in which the organisation has achieved 100% against its APP targets.

This performance reflects disciplined planning and implementation across the organisation. The Board provided strategic direction, monitored performance throughout the year and held management accountable for delivery. The achievement belongs equally to the management team and employees whose work translated the organisation's strategic objectives into tangible programmes and services for the sector.

During the year, FoodBev SETA invested in learnerships, apprenticeships, workplace-based learning, artisan development, bursaries and entrepreneurship programmes. Partnerships with employers, universities and Technical and Vocational Education and Training colleges also supported efforts to improve employability and ensure that training responds to industry requirements.

Addressing the Audit Outcome

While FoodBev SETA delivered strongly against its performance targets, the organisation received a qualified audit opinion from the Auditor-General of South Africa for the second consecutive financial year.

The Board acknowledges this outcome and the areas of weakness that require attention. Strengthening financial reporting, internal controls and the broader control environment will be a key governance priority during the 2026/27 financial year. The Board will oversee management's implementation of the necessary corrective and preventative actions, monitor progress against agreed action plans and ensure that matters identified through the audit process receive sustained attention until they are appropriately addressed.

The focus will be on addressing root causes, strengthening accountability and improving the effectiveness of internal controls. The organisation will also benchmark relevant practices against SETAs that have achieved clean audits to identify approaches that can strengthen its own financial governance and control environment.

Importantly, the audit outcome and organisational performance must be considered as distinct

measures of accountability. Achieving 100% of APP targets demonstrates FoodBev SETA's ability to deliver against its planned mandate, while the qualified audit identifies areas of financial management and control that require improvement. The Board is committed to ensuring that the organisation strengthens these areas while sustaining its performance and service delivery.

Strengthening Governance and Organisational Capability

The 2025/26 year also marked a transition in governance, with a new Board taking office during the reporting period. The reappointment of four members of the previous Board provided institutional continuity, complemented by the perspectives and expertise of newly appointed members. Following an extensive onboarding process, the Board focused its attention on governance, financial oversight, risk management, strategic direction and organisational accountability.

Technology remains an important strategic priority. FoodBev SETA is strengthening its digital capability, cybersecurity and business systems while ensuring that qualifications and skills interventions evolve alongside technological changes within manufacturing and the future world of work.

Food safety has similarly reinforced the importance of responsive skills development. Heightened attention to food safety across the value chain requires appropriately skilled people, relevant occupational qualifications and effective training in areas such as food safety and quality assurance. FoodBev SETA has therefore strengthened qualifications, partnerships and training interventions that contribute to industry capability in these areas.

Partnerships for Sector Impact

No SETA can fulfil its mandate in isolation. Partnerships with employers, organised labour, universities, TVET and Community Education and Training colleges, the Quality Council for Trades and Occupations and other strategic partners are central to ensuring that skills interventions remain relevant to the needs of industry.

During the year, FoodBev SETA also advanced qualifications development, artisan development, entrepreneurship, research, stakeholder engagement and digital transformation. These areas form part of a broader effort to develop the skills pipeline required by a changing and increasingly technology-driven food and beverage manufacturing sector.

Transformation and inclusion remain important considerations within this work. FoodBev SETA will maintain its focus on broadening access to skills development opportunities and supporting meaningful participation by young people, women and other priority groups across the sector.

Looking Ahead

The 2025/26 financial year represented the first year of the 2025–2030 strategic period. FoodBev SETA has made progress in delivering against its strategic priorities, but the qualified audit outcome demonstrates clearly that further work is required to strengthen financial reporting and internal controls.

In 2026/27, the Board will maintain close oversight of the audit improvement process while ensuring that the organisation sustains the strong programme performance demonstrated through the achievement of all its APP targets. We will also focus on organisational capability, strategic partnerships, responsive qualifications, innovation and programmes that create meaningful skills development opportunities for workers, learners and unemployed people.

On behalf of the Board, I extend my appreciation to the Minister of Higher Education and Training and the Department of Higher Education and Training for their leadership and support. I also thank our employers, organised labour, education partners, training providers, industry associations and strategic partners for their contribution to our work. Most importantly, I acknowledge the learners whose commitment to developing their skills gives purpose and meaning to our mandate.

I thank my fellow Board members for their contribution during the year, as well as the Chief Executive Officer, Executive Management team and employees of FoodBev SETA for their work in delivering the organisation's mandate.

As we move into 2026/27, our responsibility is clear - to sustain strong organisational performance while strengthening the financial governance and internal control environment necessary to support it. Through focused oversight, accountability and partnership, FoodBev SETA will work to build a skilled, competitive and inclusive food and beverage manufacturing sector that contributes to South Africa's economic development.



Siyabulela Ngcukana
Chairperson of the Board

CHIEF EXECUTIVE OFFICER'S OVERVIEW

Nokuthula Selamolela



The 2025/26 financial year was a year of strong organisational performance, continued institutional strengthening and meaningful progress in advancing the skills needs of South Africa's food and beverage manufacturing sector. Against a rapidly changing operating environment characterised by technological advancement, evolving occupational requirements, economic pressures and increasing expectations of the post-school education and training system, FoodBev SETA remained focused on its core purpose: developing a skilled, capable and responsive workforce that contributes to the competitiveness, transformation and sustainability of the sector.

I am pleased to report that FoodBev SETA achieved 100% of its Annual Performance Plan targets, successfully delivering against all 52 planned performance indicators for the 2025/26 financial year. This achievement reflects disciplined implementation, improved monitoring, stronger stakeholder collaboration and the collective commitment of our employees, management, Board and sector partners. Importantly, our focus continues to extend beyond the achievement of numerical targets. We are increasingly directing our efforts towards understanding the longer-term impact of our interventions on employability, workplace progression, productivity, enterprise development and the sector's ability to respond to emerging skills requirements.

CELEBRATING LEARNER SUCCESS

7 831 learners registered on learning programmes

7 990 learners completed their programmes (*includes learners from prior intake cycles)*

2 866 unemployed learners completed learnerships (target: 2000 / 143% achievement)

827 TVET students registered for workplace-based learning (target: 795 / 104% achievement)

578 TVET students completed workplace-based learning (target: 340 / 170% achievement)

454 apprentices registered (target: 400 /114% achievement)

Learner completions supported by:

- Intensified project monitoring
- Improved tracking of learners behind schedule
- Closer engagement with Skills Development Providers and stakeholders
- Increased submission and verification of completion evidence

We also strengthened our contribution to skills planning, research and evidence-based decision-making. Five research reports were approved against an annual target of four, strengthening the evidence base available to inform sector skills planning and future interventions. Our inaugural Research Colloquium brought together government, academia, organised labour, industry and education stakeholders to engage on the future of skills development, technological change, qualification responsiveness and emerging occupational requirements within the food and beverage manufacturing sector. These initiatives form part of our broader commitment to ensuring that FoodBev SETA responds not only to current skills shortages, but also anticipates the capabilities that the sector will require in the future.

Career development and stakeholder engagement similarly gained momentum during the year. The SETA hosted or participated in 121 career development events across rural, township and other communities against a target of 80, distributed 23,442 career guides and trained 101 career development practitioners against a target of 80. These interventions are critical to improving access to credible information about occupations, qualifications and career pathways, particularly for young people in communities that have historically had limited exposure to opportunities within the manufacturing economy.

The transition to the Quality Council for Trades and Occupations dispensation remained an important area of focus. FoodBev SETA supported public education and training institutions to strengthen their participation in occupational learning, with five TVET colleges assisted to apply for accreditation against a target of four and two CET colleges supported as planned. Four qualifications were also submitted to the QCTO for approval in line with the annual target. Our continued work with industry, TVET and CET colleges, universities, universities of technology and the QCTO remains central to building a more responsive and integrated skills ecosystem.

Transformation remained embedded across our programmes. We continued to expand opportunities for young people, women, persons with disabilities, workers and emerging enterprises, while recognising that sustained effort is required to deepen participation across all designated groups. Enterprise and entrepreneurship development programmes provided emerging businesses with technical, business and market-related capabilities intended to strengthen their sustainability and economic participation.

The organisation also improved its institutional B-BBEE rating from Level Five in 2024 to Level Four in 2025, reflecting continued progress in our broader transformation agenda.

FINANCIAL OVERVIEW

Revenue:	**Expenditure:**	**Accounting Deficit:**
R651.1 million (2024/25 restated: R645.6 million)	R675.4 million (2024/25 restated: R757.8 million)	R24.3 million (2024/25: R112.2 million)

R87.9 million reduction in the deficit year on year. *The deficit partly reflects the timing between revenue received and expenditure on approved skills development commitments, including the use of resources accumulated in prior periods.*

YEAR-END FINANCIAL POSITION

Cash and Cash Equivalents **R875.5 million 2024/25: R895.4 million**	Commitments **R663.1 million**	Surplus **R36.2 million**
Total Assets **R885.5 million**	Total Liabilities: **R191.4 million**	Net Assets at Year End **R694 million**

FoodBev SETA remained financially sustainable, maintaining the financial capacity to honour approved commitments while directing public resources towards measurable skills development outcomes.

Technology and institutional modernisation remained important enablers of our strategy. FoodBev SETA continued to digitise organisational processes and exceeded its annual target for AI-enabled processes, achieving three against a target of two. Cybersecurity controls were strengthened, key ICT policies were reviewed, and preparations progressed for the replacement of the Enterprise Resource Planning system. These investments are intended to improve integration, data quality, operational efficiency and stakeholder responsiveness as we build a more agile and future-fit organisation.

The year also required the organisation to continue confronting legacy financial management and internal control matters. During our assessment of the extent and complexity of the matters arising from the previous audit cycle, it became evident that the required institutional remediation would extend beyond a single financial year. The 2025/26 audit outcome must therefore be understood within the context of a multi-year control improvement and legacy clean-up programme.

While certain matters that contributed to the previous qualification remained relevant to the current audit, significant work was undertaken during the year to improve the completeness and integrity of records, strengthen project and grant monitoring, enhance financial controls and accountability, address historical balances and improve the quality of supporting information.

The Audit and Risk Committee similarly notes that progress has been made in resolving prior-year matters, while a number of areas require continued attention.

We acknowledge the areas requiring further improvement and remain fully accountable for completing this work. Our response is not limited to correcting individual audit findings; it is focused on addressing underlying processes, behaviours, systems and control weaknesses so that improvements are sustainable. The work undertaken during 2025/26 has strengthened the foundation from which the remaining legacy matters will be resolved, and management will continue implementing and monitoring the audit improvement programme under the oversight of the Board and the Audit and Risk Committee.

The organisation also continued strengthening enterprise-wide risk management, with six strategic risks actively monitored and 16 Control Improvement Plans fully implemented during the year. Compliance monitoring, business continuity, cybersecurity, ethics and governance remained integral to organisational management, while all mandatory quarterly and annual submissions to the Department of Higher Education and Training and National Treasury were made timeously.

Looking ahead, the next phase of our strategy will increasingly focus on impact rather than activity alone. We will strengthen monitoring and evaluation to better understand learner absorption, employment outcomes, career progression and the value created by our interventions for employers and the sector. We will deepen engagement through our industry chambers, strengthen partnerships with industry and institutions of learning, improve qualification responsiveness, and continue investing in digital transformation and institutional capability. These priorities are essential if FoodBev SETA is to remain responsive to technological advancement, sustainability imperatives, changing production systems and the emerging occupations that will shape the future of food and beverage manufacturing.

The progress recorded during 2025/26 would not have been possible without the contribution of our stakeholders. I extend my sincere appreciation to the Minister of Higher Education and Training and the Department of Higher Education and Training for their leadership and support; to the Chairperson and members of the Board for their strategic direction and oversight; and to employers, organised labour, education and training institutions, industry associations, Skills Development Providers and all our partners for their continued collaboration.

Finally, I wish to thank the employees and management of FoodBev SETA for their resilience, professionalism and commitment to our mandate. Achieving all 52 Annual Performance Plan targets while simultaneously undertaking significant institutional strengthening demonstrates what can be achieved through collective effort and sustained focus.

Our task now is to build on this performance: to translate strong delivery into demonstrable impact, complete the work of strengthening our control environment, and ensure that FoodBev SETA continues to make a measurable contribution to a skilled, transformed, competitive and sustainable food and beverage manufacturing sector.



_____

Nokuthula Selamolela
Chief Executive Officer

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

All information and amounts disclosed in the Annual Report are consistent with the annual financial statements audited by Auditor-General South Africa (AGSA). The Annual Report is complete, accurate and is free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury.

The Annual Financial Statements **(Part F)** have been prepared in accordance with the Generally Recognised Accounting Practice **(GRAP)** standards applicable to the public entity.

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

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

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2026.

Yours faithfully

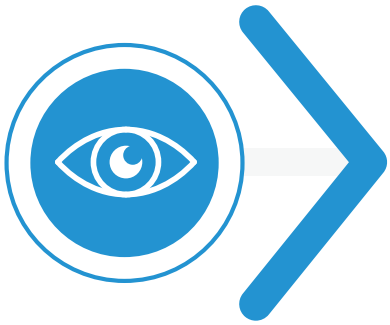


Chief Executive Officer
Nokuthula Selamolela
31 July 2026



Chairperson of the Board
Siyabulela Ngcukana
31 July 2026

6. STRATEGIC OVERVIEW



6.1 Vision

A Skilled and Employable Society.



6.2 Mission

Supporting the drive to:

- Increase employability of workforce entrants,
- Enhance greater entrepreneurship,
- Improve the competitiveness of the industry and
- Maintain relevance of the SETA skills interventions to the sector.

By

- Facilitating skills training and
- Driving investment in human capital development.

Through

- Innovation and being the best at managing SETA funds.
- Collaborating with learning and industry partners and
- Increasing visibility of what we do and what we can offer.



6.3 Values

As FoodBev SETA, we believe in the following values, and we commit to:

- Service excellence (delivery),
- Integrity,
- Commitment,
- Transparency and
- Accountability.

7. LEGISLATIVE AND OTHER MANDATES

7.1. Legislative and Policy Mandates

The FoodBev SETA is classified as a Schedule 3A public entity in line with the Public Finance Management Act No. 1 of 1999 (as amended). The SETA derives its mandate from the Constitution of the Republic of South Africa, which gives everyone the right to education. The following vital pieces of legislation strengthen the constitutional mandate of the FoodBev SETA:

Table 1: Legislative and Policy Frameworks

Legislative and Policy Mandates	Other Policy Mandates and Frameworks
a) The Skills Development Act No. 97 of 1998 (as amended) b) The Standard Constitution of SETA Regulations c) The Skills Development Levies Act No. 9 of 1999 d) The Sector Education and Training Authorities (SETAs) grant regulations regarding monies received by a SETA and related matters (grant regulations) e) The regulations regarding the establishment of Sector Education and Training Authorities f) The National Qualifications Framework Act No. 67 of 2008 (as amended) g) The Public Finance Management Act No. 1 of 1999 (as amended) h) The National Treasury Regulations governing public entities. i) The Promotion of Access to Information Act 2 of 2000 j) Occupational Qualifications Sub-Framework Policy, 2021 k) Workplace Based Learning Programme Agreement Regulations, 2018	a) National Skills Development Plan b) National Development Plan c) Medium Term Expenditure Framework d) Medium Term Strategic Framework e) Human Resources Development Strategy of South Africa f) National Skills Accord g) Industrial Policy Action Plan h) White Paper for Post-School Education and Training i) Framework for Managing Programme Performance Information (NT) j) Framework for Government-wide Monitoring and Evaluation (DPME) k) Framework for Strategic and Annual Performance Plans (DPME) l) Generic national artisan workplace data, learner grant funding and administration system policy m) National Artisan Moderation Body (NAMB) Guidelines n) National policy for an integrated career development system for South Africa o) Economic Reconstruction and Recovery Plan and Skills Strategy (ERRP SS) p) SETA policies and standard operating procedures



7.2. Scope of Coverage

Table 2: Standard Industrial Classification Codes and Description

Category	SIC Code	Constituency
301	**Production, processing and preservation of meat, fish, fruit, vegetables, oil and fats**	
	Meat industry	
	30110	Production, processing and preserving of meat and meat products
	30112	Manufacture of prepared and preserved meat including sausage
	30113	Production of lard and other edible fats
	Fish industry	
	30120	Processing and preserving of fish and fish products
	30121	Manufacture of canned, preserved and processed fish
	Fruits and vegetables industry	
	30130	Processing and preserving of fruits and vegetables
	30131	Manufacture of canned, preserved, processed and dehydrated fruits and vegetables and potato flour meals
	Oils and fats industry	
	30140	Manufacture of vegetables and animal oil and fats
	30141	Manufacture of crude oil and oilseed cake and meal
	30142	Manufacture of compound cooking fats, margarine and edible oils
302	**Manufacture of dairy products**	
	Dairy industry	
	30201	Processing of fresh milk (pasteurised, homogenous, sterilised and vitamin)
	30202	Manufacture of butter and cheese
	30203	Manufacture of ice cream and other edible ice, whether containing cream or chocolate
303	**Manufacture of breakfast products**	
	Grain mill industry	
	30312	Manufacture of breakfast products

Category	SIC Code	Constituency
304	**Food preparation products**	
	Baking industry	
	30401	Manufacture of bakery products
	Confectionery industry	
	30430	Manufacture of cocoa, chocolate and sugar confectionery
	30491	Manufacture of coffee, coffee substitutes and tea
	Snacks industry	
	30492	Manufacture of nut foods
	Other food products industry	
	30440	Manufacture of macaroni, noodles, couscous and similar farinaceous products
	30490	Manufacture of other food products NEC.
	30499	Manufacture of spices, condiments, vinegar, yeast, egg products
305	**Manufacture of Beverages**	
	Wine and spirits industry	
	30510	Distilling, rectifying, blending of spirits, ethyl alcohol production from fermented materials, manufacture of wine
	Beer and malt industry	
	30520	Manufacture of beer and other malt liquors and malt
	30521	Breweries except for sorghum beer breweries
	30522	Sorghum beer breweries
	30523	Manufacture of malt
	Soft drinks and water industry	
	30530	Manufacture of soft drinks, juices and juice extracts and production of mineral water (both carbonated and non-carbonated)



8. ORGANISATIONAL STRUCTURE

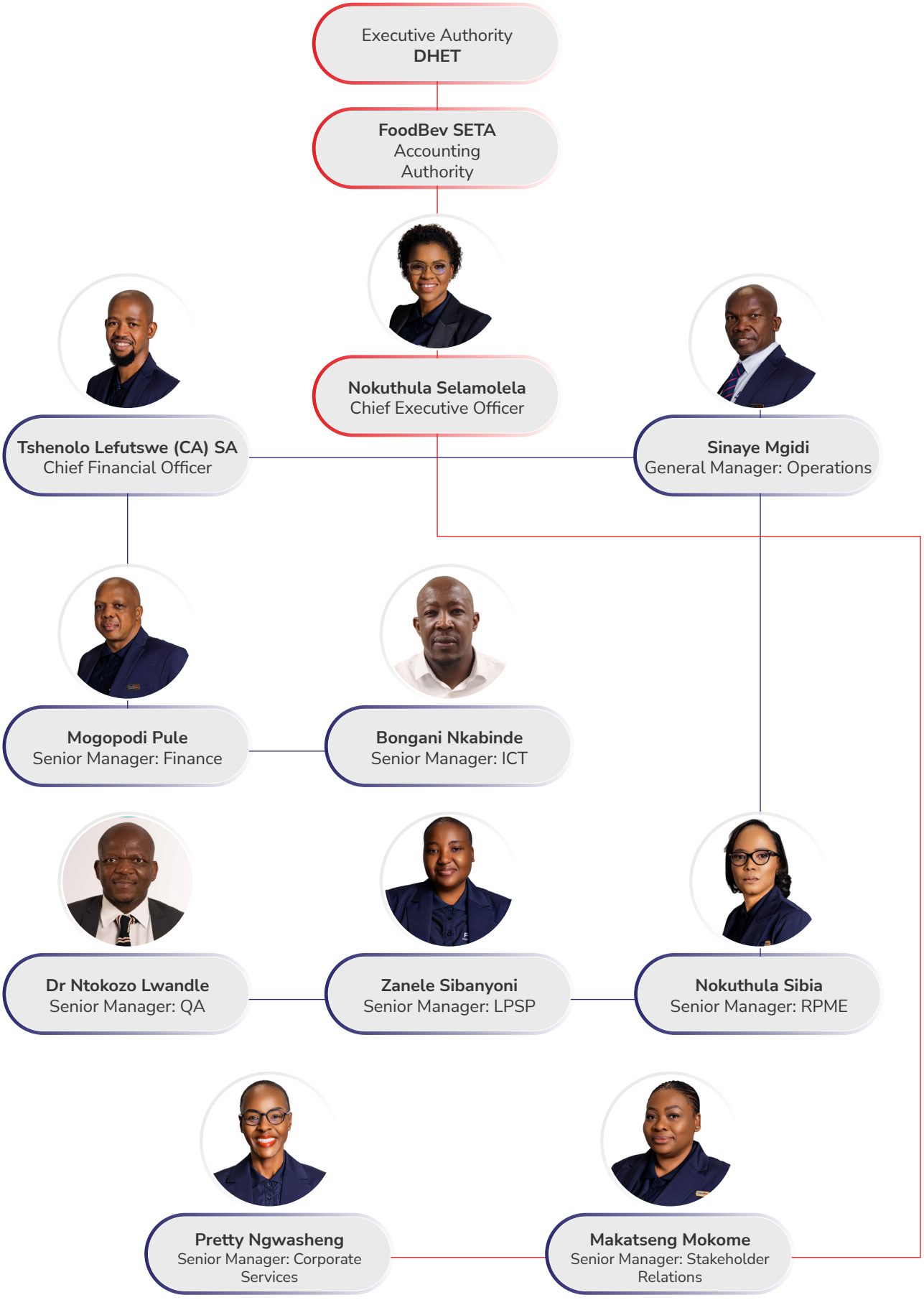


Figure 1: High-Level Structure



Our employees are central to our ability to deliver on our mandate, translating strategy and policy into programmes and services that make a meaningful difference across the sector. Their expertise, commitment and responsiveness enable the SETA to understand and address stakeholder needs while maintaining high standards of service and accountability. By empowering our people and strengthening organisational capability, we are better positioned to meet stakeholder expectations and contribute to South Africa's broader skills development priorities.





PART B: PERFORMANCE INFORMATION

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1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information. The level of assurance provided may be reasonable (an opinion) or limited (a conclusion) or none (findings) as predetermined by the AGSA. Assurance in the form of an audit opinion or conclusion on the usefulness and reliability of the reported performance information is currently included in the management report. Material findings are reported in the auditor's report.

Refer to **page 122-123** of the Report of the Auditors, published as Part F: Financial Information.

2. OVERVIEW OF PERFORMANCE

2.1. Service Delivery Environment

Performance Overview: 2025/26 Financial Year

During the 2025/26 Financial Year, the SETA operated within a complex and evolving SETA landscape, characterised by increased demand for skills development interventions and ongoing regulatory and reporting requirements. Despite this, the SETA maintained a strong performance record achieving 100%, which constituted 52 out of 52 performance indicators achieved, reaffirming FoodBev SETA's commitment to inclusive growth, skills development, and sectoral transformation.

The SETA successfully registered a total of 7,831 learners (both employed and unemployed) on various learning programmes. During the same period, a total of 7,990 SETA-funded learners completed their learning programmes.

Strengthened Monitoring and Evaluation

The SETA intensified its Monitoring and Evaluation (M&E) of projects through the adoption of a risk-based approach aimed at identifying slow-moving projects, monitoring progress on high-value projects, and tracking the progress of learners behind schedule. This proactive approach enabled the early identification of implementation risks and areas requiring targeted support, thereby strengthening oversight and assisting in keeping interventions aligned to agreed deliverables and implementation timelines.

The improvement in performance by the SETA can be attributed to its additional workforce, improved working relationships fostered with stakeholders through continuous stakeholder capacity engagements, and improved processes within the organisation. Notably, performance was particularly strong in learner completions, with several programmes significantly exceeding targets. This was largely driven by improved tracking of learners from prior intake cycles, enhanced monitoring of Skills Development Providers, and increased submission of completion evidence.

National Priorities and Demographics

In alignment with national skills development priorities, FoodBev SETA established specific participation targets for designated groups during the 2025/26 financial year and made intentional efforts to prioritise women, persons with disabilities, and youth through the allocation and implementation of learning programmes.

National Priorities and Demographics

		AET	Candidacy	Employed Artisan	Unemployed Artisan	Employed Bursaries	Unemployed Bursaries	Employed Learnership	Unemployed Learnership	Employed Skills Programme	Unemployed Skills Programme	Internship	Research & Innovation Bursary	TVET Placements	Work Experience	Aggregated achievement
Total Learners		312	5	182	540	270	181	2231	5237	2166	1283	865	84	1405	1065	15826
Total Females		196	0	36	202	148	98	1099	3278	1143	896	530	54	1119	705	9504
Total Males		116	5	146	338	122	83	1132	1959	1023	387	335	30	286	360	6322
% Female	**60%**	63%	0%	20%	37%	55%	54%	49%	63%	53%	70%	61%	64%	80%	66%	**60%**
% Youth	**80%**	52%	100%	58%	90%	26%	98%	45%	53%	46%	84%	99%	74%	92%	95%	**75%**
% PWD	**2%**	0,3%	0%	1%	1%	0%	2%	0,3%	11%	1%	4%	0,3%	0%	1%	0,5%	**4%**

The numbers highlighted in blue indicate the aggregated targets across all learning programmes during the review period and the numbers highlighted in orange indicate the actual aggregated achievements across all learning programmes.

FoodBev SETA's skills development interventions are designed to support national transformation priorities by broadening access to learning and development opportunities for groups that have historically faced barriers to participation in the economy. During 2025/26, particular emphasis was placed on increasing the participation of women, young people and persons with disabilities across funded learning programmes. The table below presents these transformation outcomes across a range of learning interventions, showing how designated groups participated in programmes including artisan development, bursaries, learnerships, skills programmes, internships, TVET placements, work experience and other supported learning pathways.

Performance against the overall transformation targets was positive. Women accounted for 60% of participants against a target of 60% demonstrating strong female participation across FoodBev SETA-funded interventions. Participation by persons with disabilities reached 4% against a target of 2%, double the planned level and reflecting progress in extending skills development opportunities to persons with disabilities.

Youth participation reached 75% against the 80% target. While young people therefore represented a significant majority of beneficiaries, performance was five percentage points below the planned target. FoodBev SETA has identified this as an area requiring additional focus and will strengthen youth prioritisation at the grant allocation stage, with the 80% youth target to be applied to applicable learning programmes as a funding condition.

The table also demonstrates that transformation is not confined to a single programme or intervention. Rather, women, youth and persons with disabilities are represented across a broad portfolio of learning opportunities, enabling FoodBev SETA to advance inclusion at different points in the skills development pipeline. The aggregated results provide an overall picture of progress, while the programme-level figures show where participation is particularly strong and where further attention is required.

Overall, the results indicate that transformation considerations are being integrated into the allocation and implementation of FoodBev SETA's skills development interventions. The strong representation of women and persons with disabilities is encouraging, while the youth result provides a clear area for further improvement as the SETA works to broaden equitable access to skills development opportunities across the food and beverage manufacturing sector.



Artisan Development

Artisan development remained a core priority. The number of artisans funded decreased from 574 in the 2024/25 financial year to 454 in the 2025/26 financial year. The SETA nevertheless continued contributing to the national target of producing 30 000 artisans annually and addressing critical skills gaps in the sector.

Curriculum Responsiveness and Industry Alignment

In 2025/26, the FoodBev SETA advanced curriculum responsiveness by submitting four new part qualifications to the Quality Council for Trades and Occupations (QCTO), ensuring training pathways remain aligned with evolving industry needs and sector innovation. These skills programmes:

i. Assistant Baker
ii. Assistant Butcher
iii. Wine Cellar Hand
iv. Coffee Manufacturing

The programmes were developed in partnership with industry stakeholders and the QCTO. Registered with the South African Qualifications Authority (SAQA), they are designed to enhance the skills and employability of learners in the food and beverage sector, aligning with national development goals and labour market demands.

OQSF and Qualifications Development

Building on these curriculum submissions, the FoodBev SETA recorded measurable progress in advancing the Occupational Qualifications Sub Framework (OQSF) through focused qualifications development, strategic realignment, and strengthened implementation support. In partnership with the QCTO, industry stakeholders, and sector chambers, efforts were directed at enhancing occupational pathways and improving articulation across learning streams.

Key milestones included the finalisation of skills programmes for indigenous alcoholic and non-alcoholic beverages, advanced through QCTO verification processes with all required amendments addressed.

These interventions broadened access to occupational learning opportunities, particularly at entry level, while contributing to sector transformation and inclusivity objectives and notable strides were also made in the Occupational qualification development and realignment as follows:

i. The occupational Certificate in Food Laboratory Assistant progressed to the public consultation phase, marking a critical step toward registration.
ii. The Advanced Occupational Certificate in Manufacturing Manager was comprehensively reworked to strengthen leadership, supervisory, and operational competencies required within modern manufacturing environments.
iii. Furthermore, trade-related qualifications for *Butcher* and *Baker* were finalised and resubmitted following QCTO-driven refinements, positioning them for approval and implementation.

Implementation readiness was further reinforced through the successful coordination of External Integrated Summative Assessments (EISAs) across multiple occupational qualifications. Assessment, moderation, and learner achievement submissions were managed in full compliance with QCTO standards. Concurrently, Final Integrated Summative Assessment (FISA) processes for extended legacy qualifications were effectively implemented by Skills Development Providers, ensuring continuity, certification integrity, and seamless learner progression during the transition to the OQSF.

Overall, the financial year reflects substantive progress in embedding the OQSF within the sector. The strengthened qualifications development pipeline, improved alignment with industry needs, and enhanced implementation mechanisms collectively position the FoodBev SETA for full-scale OQSF rollout in the 2026/27 financial year.

Strengthening TVET and CET College Partnerships

In the 2025/26 reporting period, partnerships with TVET and CET colleges were significantly strengthened through accreditation support and capacitation workshops, including SETA-funded workplace exposure initiatives for lecturers. Support for colleges increased, leading to measurable gains in occupational programme delivery.

The number of TVET colleges assisted to apply for accreditation to offer occupational programmes increased from four to five. In addition, two CET colleges were assisted with their accreditation applications. The ongoing TVET lecturer capacitation programme continued to receive positive feedback from participating colleges.

Employers across the sector acknowledged their pivotal role in enhancing lecturer capability, ensuring that training aligns closely with current industry requirements. Multiple collaborative initiatives between TVET colleges and local employers were successfully delivered during the year.

Entrepreneurial Development

FoodBev SETA contributed to the growth of entrepreneurs within the sector by funding entrepreneurial and rural development initiatives, thereby supporting broader sectoral development outcomes.

During the reporting period, the SETA implemented corrective measures to strengthen performance and delivery. These included intensified stakeholder follow-ups, enhanced monitoring and learner tracking, reallocation and expansion of funding windows, targeted capacity-building interventions, and digital process improvements. As a result, the SETA demonstrated resilience by adapting its strategies and improving implementation efficiency, ultimately achieving 100% of its annual performance targets.

2.2. Organisational Environment

The 2025/26 financial year was one of effective governance continuity, strengthened risk management, and sustained human capital development at FoodBev SETA, enabling the organisation to deliver on its legislative mandate despite a scheduled transition in Board leadership and the conclusion of the Chief Executive Officer's term. A scheduled Board transition was managed without disruption to oversight, the Chief Executive Officer's term was seamlessly renewed, and decisive remedial action was taken to address prior audit findings and a material irregularity through a fundamental clean-up and internal control review. Risk management controls were fully implemented, the workforce remained stable and engaged, and the organisation improved its B-BBEE rating while recording no ethical breaches.

All mandatory submissions were made timeously, and identified areas for improvement in organisational efficiency, change management, and leadership pipeline are being addressed through a strategic framework for the coming year.

Governance Continuity

Following the expiry of the previous Board's term on 31 March 2025, the Minister of Higher Education and Training, acting under section 49 of the Public Finance Management Act, appointed the Chief Executive Officer as the interim Accounting Authority from 22 May to 21 August 2025. This arrangement ensured continuous oversight and fiduciary accountability. A new Board of 12 members was appointed on 29 September 2025, with an additional member joining on 24 November 2025, bringing total membership to 13. The Chairperson was formally appointed on 18 December 2025. As at 31 March 2026, one labour representative vacancy remained pending a compliant nomination.

Additionally, the Chief Executive Officer's term of office came to an end on 30 September 2025, aligned with the outgoing Board. The Board subsequently recommended her re-appointment to the Minister, and she was duly appointed on 17 October 2025 for a term lasting until 31 March 2030. This timely reappointment provided leadership stability and enabled continued strategic direction during the Board transition period. All Board members signed the Code of Conduct and submitted annual declarations of interest, with no breaches recorded during the year.

Human Resources and Workforce Stability

FoodBev SETA regards its people as its most valuable asset. During the year, the organisation maintained a stable, highly qualified, and motivated workforce. As at 31 March 2026, the workforce occupancy rate was 92% (70 of 76 funded positions filled). The annualised turnover rate was 8%, and time to fill vacancies reduced by 15% compared to the previous year. Internal mobility remained strong, with 13 internal promotions.

95% of personal development plans were implemented. Staff qualifications remained strong, with 83.5% holding NQF Level 6 or higher. Women comprised 57% of the permanent workforce and men 43%. Representation of persons with disabilities stood at 2.9%, exceeding the statutory 2% target. The average employee age was 35 years, average tenure exceeded five years, and 81% of staff had served more than three years.

A job grading and evaluation exercise was completed, and phase one and two of salary benchmarking were implemented to improve remuneration competitiveness.

The Employee Assistance Programme (EAP), launched in the last quarter of 2025, achieved a utilisation rate that exceeded both government and provider benchmarks. Complementary wellness initiatives included an InterSETA Wellness Day, teambuilding activities, flexible work arrangements, and dedicated mental health support for employees during the reporting period.

Audit Findings and Internal Control Improvements

During the previous financial year, FoodBev SETA received a qualified audit opinion, and a material irregularity was subsequently identified. In response, the SETA undertook a fundamental reassessment of its internal control environment. The organisation returned to basics, conducting a detailed and comprehensive clean-up of its records, processes, and compliance frameworks. A thorough review of internal controls was carried out specifically to address the root causes of the audit findings. These remedial actions were designed to strengthen financial discipline, enhance the accuracy of performance information, and ensure full alignment with the Public Finance Management Act and applicable regulations. The SETA remains committed to sustaining these improvements in the current and future financial years.

Enterprise-Wide Risk Management

FoodBev SETA has embedded a comprehensive risk management architecture comprising a Strategy, Policy, Framework, and Risk Appetite and Tolerance Statement. The organisation operates within a generally low risk range, with the lowest appetite for risks related to performance information reporting, regulatory compliance, finance, supply chain management, and information and communication technology. All employees received training on risk management.

An annual risk assessment identified six strategic risks linked to the strategic plan, supported by 16 Control Improvement Plans, all of which were fully implemented by 31 March 2026. The Audit and Risk Committee reported regularly to the Board, and the Minister was informed of any Material Irregularities through the AGSA's notification.

The SETA achieved its annual target of digitalising 10% of organisational business processes. Of these, three were AI-enabled against a target of two. This overachievement reflects the organisation's proactive embrace of emerging technologies to improve operational efficiency, data accuracy, and service responsiveness across key business units.

Business Continuity and Cybersecurity

FoodBev SETA's business continuity is governed by a dedicated policy, with the Business Continuity Plan and Disaster Recovery Plan reviewed and tested annually. Recognising the organisation's reliance on technology, the SETA has strengthened its cybersecurity infrastructure, risk mitigation strategies, and control measures, and has enhanced capabilities for remote work and cloud computing to ensure effective response to potential disasters or cyber-attacks. No such incidents were recorded during the year.

Occupational Health and Safety

The SETA's Occupational Health and Safety Policy and Implementation Plan were actively monitored. Emergency preparedness was reinforced through fire drills, first-aid readiness, and equipment maintenance. Periodic committee meetings provided oversight, and no major health or safety incidents were recorded. Areas for continued improvement have been identified and are being addressed.

B-BBEE Compliance and Transformation

FoodBev SETA achieved a Level Four B-BBEE rating in 2025, advancing from a Level Five rating in 2024. This improvement reflects the organisation's ongoing commitment to transformation, inclusivity, and the empowerment agenda. As a Schedule 3A public entity, the SETA is assessed using the specialised generic scorecard measuring Management Control, Skills Development, Enterprise and Supplier Development, and Socio-Economic Development.

Corporate Social Responsibility

FoodBev SETA partnered with Mr Foundation to host a career exhibition for 1,000 matriculants in Bisho, Eastern Cape, promoting STEM education and career pathways in the food and beverage manufacturing sector. Additionally, in partnership with INSETA, the SETA participated in a rural outreach expo in Kwa-Nongoma, where 300 learners received school shoes and three schools received funding for essential equipment. These initiatives improved learner dignity, school readiness, and access to career development opportunities in underserved communities, reaffirming the SETA's commitment to social impact and equity.

Stakeholder Relations and Chambers

During the 2025/26 financial year, the SETA conducted 34 stakeholder engagements and 15 capacitybuilding initiatives in direct response to the Annual Performance Plan (APP) targets. These efforts contributed to a consistent submission rate of 851 employers and companies, yielding 769 approved and compliant Annexure II applications. This represents a marginal decrease of 0.65% in compliant applications relative to the prior reporting year.
The continued use and implementation of the Customer Relations Management (CRM) tool has improved engagements with stakeholders, and notable growth in the quality of the communication database was observed during the year under review. It should be noted that the Chambers were not fully constituted; accordingly, they were replaced by targeted stakeholder engagements to inform stakeholders about qualifications development, learning programmes, and other SETA initiatives.

ICT and Digitalisation

During the 2025/26 financial year, FoodBev SETA continued to advance its ICT and digitalisation agenda in alignment with its strategic objective of becoming a future-fit, technology-enabled organisation. The SETA's ICT function focused on strengthening system resilience, expanding digital capabilities, and embedding governance controls that support efficient service deliver.

Digitalisation of Business Processes

The SETA achieved its annual target of digitalising at least two (2) organisational business processes, in line with the 2025/26 Annual Performance Plan. In addition, three (3) business processes were enabled with Artificial Intelligence (AI) capabilities, exceeding the planned target of two (2). This overachievement reflects the organisation's proactive embrace of emerging technologies to improve operational efficiency, data accuracy, and service responsiveness across key business units.

ICT Governance and Policy

The ICT Steering Committee continued to provide oversight of the SETA's technology portfolio, meeting quarterly throughout the reporting period. In response to findings from both internal and external audits, the SETA took decisive steps to address identified weaknesses in ICT governance. Key policy instruments were revised and updated, including the ICT Security Policy and the User Access Management Policy, to reflect evolving cybersecurity requirements and regulatory expectations. A new ICT Supplier Management Policy was adopted and became effective March 2026, strengthening procurement and oversight controls for all technology-related vendor relationships. Staff training on cybersecurity awareness was enforced with a zero-tolerance stance on non-compliance, and all employees completed mandatory cybersecurity training during the review period.

Infrastructure and Systems

The SETA initiated a formal tender process for the replacement of its Enterprise Resource Planning (ERP) system, aimed at consolidating core administrative functions including finance, HR, and supply chain management onto a single, integrated platform. The Disaster Recovery Plan (DRP) and Business Continuity Plan (BCP) were reviewed and periodically tested to ensure operational resilience. System availability and uptime remained within acceptable service level thresholds throughout the financial year, with no significant infrastructure failures recorded.

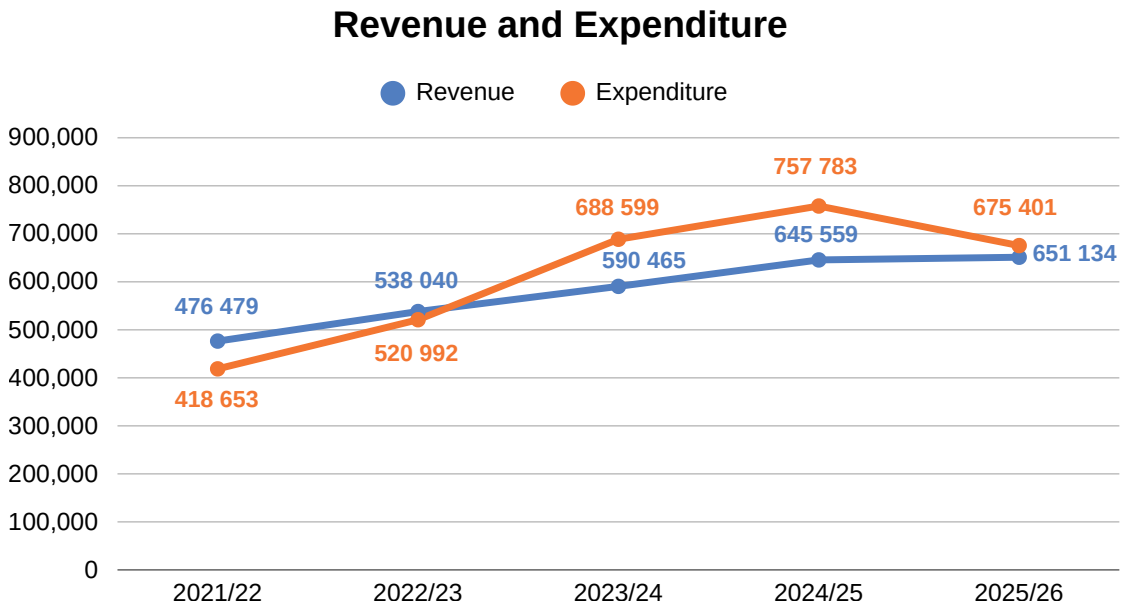
Digital Induction and Staff Enablement

In support of the organisation's broader digital transformation agenda, ICT coordinated the development of a digital induction tool currently under implementation. This initiative is designed to streamline onboarding for new employees and enhance digital literacy across all levels of the organisation. Routine HR processes identified for automation have been scoped and are at varying stages of implementation. These efforts are aligned with the Change Management and Digital Readiness pillar of the SETA's HR Strategy, targeting a 90% digital literacy benchmark across the workforce by the end of the medium-term period.

Finance and Supply Chain

i. Revenue for the year increased by 1% from R645.6 million to R651.1 million.
ii. Administration expenditure decreased by 3% from R90 million to R87 million.
iii. Total expenditure for the year reduced by 15% from R758 million to R675.4 million
iv. Expenditure on mandatory grants for the year amounted to R114 million, representing a payout ratio of 78%.
v. Total commitments at year-end stood at R663.1 million, fully backed by cash and cash equivalents of R875 million.





vi. No irregular, fruitless and wasteful expenditure were reported for the year.
vii. All items in the procurement plan were successfully implemented.

2.3. Key Policy Developments and Legislative Changes

FoodBev SETA had no major policy or legislation changes during the reporting period.

2.4. Progress Towards Achievement of Institutional Impacts and Outcomes

The FoodBev SETA has demonstrated substantial progress across several key outcome areas, positioning itself as a well-governed, responsive, and impact-driven organisation. Notable achievements include strengthened governance, strategic alignment with national priorities (e.g., ERRP Skills Strategy and just transition) and significant stakeholder engagement.



Table 3: Achievement of FoodBev SETA Institutional Impact and Outcomes

Outcomes	Descriptor	Progress on the Impact Statement
Outcome 1	A well-governed future-fit organisation	I. Established sound governance and financial management practices through robust internal controls, comprehensive risk management, and effective budgeting. II. The SETA Demonstrated progress as a well-governed, responsive, and impact-driven organisation, with strengthened governance, strategic alignment with national priorities (e.g., ERRP Skills Strategy and just transition), and significant stakeholder engagement.
Outcome 2	Skills that are fit-for-purpose in the industry	I. Supported the ERRP Skills Strategy by funding interventions, including: a) targeted skills development programmes. b) updating technical and vocational education programmes. c) work-based experience. d) responding to hard-to-fill vacancies (HTFV). II. 71% of funds spent on partnerships and 26% on apprenticeship programmes. III. Trained 80 SMMEs and 25 entrepreneurs via skills programmes and learnerships, contributing to MTDP goals of enterprise development and inclusive growth.
Outcome 3	Increased absorption of trained learners	
Outcome 5	Improved access to skills development interventions	
Outcome 7	Increased stakeholder participation	I. Increased capacity-building initiatives to promote SETA programmes. II. The Customer Relationship Management (CRM) tool continues to measure stakeholder support, engagement, and communication effectiveness. III. Conducted 49 stakeholder capacity-building and engagement sessions, strengthening stakeholder relationships.



Outcomes	Descriptor	Progress on the Impact Statement
Outcome 8	Improved responsiveness of the FoodBev SETA	IV. **Workplace analysis -** Analysed WSP/ATR plans focusing on HTFV and priority occupations. Identified 2,652 vacancies across 254 occupations (2024/25). Key reasons for hard-to-fill vacancies: lack of relevant qualifications, work experience, poor remuneration, unsuitable job locations. V. **Strategic partnerships** - entered into 16 new strategic partnerships / sponsorships totalling R5.6 million, informed by national priorities, research, chamber inputs, and stakeholder consultations. Also approved 16 strategic projects targeting trade union members (skills programmes, short courses) and sponsored SMMEs at food shows and seminars. VI. **Career development** – hosted / participated in 121 career events (72 urban/township, 49 rural) against a target of 80; distributed 23,442 career guides; trained 101 Career Guidance Practitioners (target 80). VII. Conducted analysis of high-demand occupations using WSPs/ATRs, key informant interviews, and literature. Developed SPOIL, approved by Accounting Authority and integrated into Sector Skills Plan (SSP). VIII. Produced five (5) research reports with Wits University REAL Centre on: a) workplace skills planning dynamics. b) training patterns in food & beverages manufacturing. c) training production workers/artisans for just transition. d) workplace learning & food waste. e) skills development for industrialisation and just transition. IX. **TVET lecturer capacitation -** Partnered companies with TVET colleges: a) Nestle/Maluti TVET. b) Orange Grove Dairies / Mthashana TVET. c) United National Breweries / Vuselela TVET. d) Limpopo Dairies / Limpopo CET e) Unique Dairies / Tshwane North TVET.
Outcome 9	Increased transformation of the Food and beverage sector	I. Trained approximately 5,072 unemployed learners across skills programmes, learnerships, artisans, bursaries, AET, TVET placements, work experience, and internships to alleviate unemployment and increase employability.

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

Table 4: Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

3.1	**Programme 1: Administration**	Sub-programmes: Finance, Supply Chain Management and Assets; Governance - Audit and Risk; Human Resources	**Programme 1** had six (6) performance indicators in the 2025/26 financial year due to reporting. All indicators were achieved, which resulted in a 100% achievement.
3.2	**Programme 2: Skills Planning**	Sub-programmes: Sector Skills Plan and Research; Workplace Skills Plans and Annual Training Reports	**Programme 2** had eight (8) performance indicators in the 2025/26 financial year due to reporting. All indicators were achieved, resulting in a 100% achievement of the indicators due.
3.3	**Programme 3: Learning Programmes and Projects**	Sub-programmes: Implementation of Learning Programmes; Special Projects and Partnerships; Career Guidance	**Programme 3** had 34 performance indicators in the 2025/26 financial year due to reporting. 34 of the 34 indicators were achieved, resulting in a 100% achievement.
3.4	**Programme 4: Quality Assurance**	Sub-programme: Provider accreditation	**Programme 4** had four (4) indicators due for reporting in the 2025/26 financial year. All indicators were achieved.

The assessment of programme performance is done against achievements of the planned annual targets. Achievement is categorised according to the below performance ratings against all indicators for each of the four (4) programmes.

3.1. Programme 1: Administration

Purpose: To provide strategic leadership, management and support services

3.1.1. Sub-programme: Governance, Audit and Risk

Purpose: To provide strategic leadership, management and support services

Table 5: Governance, Audit and Risk Outcomes - Outputs, Output Indicators, Targets and Actual Achievement

Programme 1: Administration/Sub-Programme: Governance- Audit and Risk								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance**	**Audited Actual Performance**	**Planned Annual Target**	**Actual Achievement**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviations**
			2023/2024	**2024/2025**	**2025/2026**	**2025/2026**	**2025/2026**	
A well governed future-fit organisation	Good Governance Reports	1.1. Number of Good Governance reports submitted	4	4	4	4	0	Annual target achieved.
	Robust Enterprise Risk Management System	1.2. Percentage of implemented control improvement plans as per the strategic risk register	New indicator	100%	100%	100%	0	Annual target achieved.

3.1.2. Sub-programme: Supply Chain Management

Purpose: To provide strategic leadership, management and support services

Table 6: Supply Chain Management - Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Programme 1: Administration/Sub-Programme: Supply Chain Management								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance**	**Audited Actual Performance**	**Planned Annual Target**	**Actual Achievement**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviations**
			2023/2024	**2024/2025**	**2025/2026**	**2025/2026**	**2025/2026**	
A well governed future-fit organisation	Goods and services required for operations	1.3. Percentage of procurement items awarded within the forecasted timelines as per approved annual plan	New indicator	100%	100%	100%	0	Annual target achieved.

3.1.3. Sub-programme: Human Resources

Purpose: To provide strategic leadership, management and support services

Table 7: Human Resources - Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Programme 1: Administration/Sub-Programme: Human Resources								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance**	**Audited Actual Performance**	**Planned Annual Target**	**Actual Achievement**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviations**
			2023/2024	**2024/2025**	**2025/2026**	**2025/2026**	**2025/2026**	
A well governed future-fit organisation	Capable human capital required for operations	1.4. Percentage of vacant critical positions filled according to forecasts in the approved HR plan	New indicator	100%	100%	100%	0	Annual target achieved.

3.1.4. Sub-programme: Information and Communications Technology

Purpose: To provide strategic leadership, management and support services

Table 8: Information and Communications Technology - Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Programme 1: Administration / Sub-Programme: Information and Communications Technologies								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance**	**Audited Actual Performance**	**Planned Annual Target**	**Actual Achievement**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviations**
			2023/2024	**2024/2025**	**2025/2026**	**2025/2026**	**2025/2026**	
A well governed future-fit organisation	Future-fit business processes	1.5. Percentage of organisational business processes digitalised	New indicator	New indicator	10%	10%	0	Annual target achieved.
	AI-enhanced business processes	1.6. Number of digitalised business processes that are AI enabled	New indicator	New indicator	2	3	1	Annual target achieved and exceeded due to expansion of AI enabled solutions beyond planned scope.

3.2. Programme 2: Skills Planning

Purpose: To conduct compelling research that generates reliable skills-related information especially and to support credible institutional mechanisms for skills planning

3.2.1. Sub-programme: Skills Planning and Research

Purpose: To conduct compelling research that generates reliable skills-related information especially and to support credible institutional mechanisms for skills planning

Table 9: Skills Planning and Research - Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Programme 2: Skills Planning / Sub-Programme: Sector Skills Plan and Research								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance**	**Audited Actual Performance**	**Planned Annual Target**	**Actual Achievement**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviations**
			2023/2024	**2024/2025**	**2025/2026**	**2025/2026**	**2025/2026**	
Improved responsiveness of the FoodBev SETA	Research on sector skills needs	2.1. Number of research reports approved	7	13	4	5	1	Annual target achieved and exceeded. This is attributed to the successful production of additional report in partnership with the Research Chair, further enhancing our research output and sector insights.
		2.2. Number of Sector Skills Plan approved	1	1	1	1	0	Annual target achieved.

3.2.2. Sub-programme: Workplace Skills Plans and Annual Training Reports

Purpose: To conduct compelling research that generates reliable skills-related information especially and to support credible institutional mechanisms for skills planning

Table 10: Workplace Skills Plans and Annual Training Reports - Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Programme 2: Skills Planning / Sub-Programme: Workplace Skills Plans and Annual Training Reports								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance**	**Audited Actual Performance**	**Planned Annual Target**	**Actual Achievement**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviations**
			2023/2024	**2024/2025**	**2025/2026**	**2025/2026**	**2025/2026**	
Improved responsiveness of the FoodBev SETA	Approved WSPs and ATRs	2.3. Number of eligible small companies whose WSPs and ATRs are approved	337	339	330	338	8	Annual target achieved and exceeded due to stakeholder capacity building workshops and a high number of applications received during the mandatory grant application process.
		2.4. Number of eligible medium companies whose WSPs and ATRs are approved	241	221	220	222	2	Annual target achieved due to stakeholder capacity building workshops and a high number of applications received during the mandatory grant application process.
		2.5. Number of eligible large companies whose WSPs and ATRs are approved	219	214	190	209	19	Annual target achieved due to stakeholder capacity building workshops and a high number of applications received during the mandatory grant application process.

Programme 2: Skills Planning / Sub-Programme: Workplace Skills Plans and Annual Training Reports								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance**	**Audited Actual Performance**	**Planned Annual Target**	**Actual Achievement**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviations**
			2023/2024	**2024/2025**	**2025/2026**	**2025/2026**	**2025/2026**	
	Key Stakeholder Partnerships	2.6. Number of formal agreements signed with public/ private stakeholders	6	15	16	16	0	Annual target achieved.
	Stakeholder engagement platforms	2.7. Number of stakeholder engagement sessions conducted	New indicator	New indicator	16	34	18	Annual target achieved and exceeded due to increased demand for stakeholder engagement sessions conducted.
Increased stakeholder participation	Stakeholder capacity building initiatives	2.8. Number of stakeholder capacity-building initiatives	New indicator	New indicator	6	15	9	Annual target achieved and exceeded due to increased demand for stakeholder capacity-building initiatives and additional sessions conducted.

3.3. Programme 3: Learning Programmes and Projects

Purpose: To disburse grants that are addressing the sector needs, align curriculum with industry needs, and capacitate providers while also sharing knowledge in the sector.

3.3.1. Sub-programme: Implementation of Learning Programmes

Purpose: To disburse grants that are addressing the sector needs, align curriculum with industry needs, and capacitate providers while also sharing knowledge in the sector.

Table 11: Implementation of Learning Programmes - Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Programme 3: Learning Programmes and Projects/Sub-Programme: Implementation of Learning Programmes, Special Projects and Partnerships									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance**	**Audited Actual Performance**	**Planned Annual Target**	**Actual Achievement**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviations**	**Supplement Reporting on Prior Year Learners**
			2023/2024	**2024/2025**	**2025/2026**	**2025/2026**	**2025/2026**		
Improved access to skills development interventions	Learnership Programmes	3.1. Number of unemployed learners registered on a learnership programme	2,484	3,048	2,100	2,335	235	Annual target achieved and exceeded due to the reallocation process which allowed stakeholders to submit enrolment forms.	N/A
Skills that are fit-for-purpose in the industry		3.2. Number of unemployed learners who have completed a learnership programme	1,975	2,433	2,000	2,866	866	Annual target achieved and exceeded due to improved SDP monitoring, which contributed to higher than anticipated completion.	36

Programme 3: Learning Programmes and Projects/Sub-Programme: Implementation of Learning Programmes, Special Projects and Partnerships									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance**	**Audited Actual Performance**	**Planned Annual Target**	**Actual Achievement**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviations**	**Supplement Reporting on Prior Year Learners**
			2023/2024	**2024/2025**	**2025/2026**	**2025/2026**	**2025/2026**		
Increased absorption of trained learners	Internship opportunities for the unemployed	3.3. Number of Higher Education students registered on internship programmes	480	729	500	579	79	Annual target achieved and exceeded. Overachievement is attributed to the reallocation and the second funding window that was approved within the financial year.	N/A
		3.4. Number of Higher Education students who have completed an internship programme	238	416	248	288	40	Annual target achieved and exceeded. Overachievement is attributed to the follow-up on learners who were behind schedule, which led to the submission of completion documents for processing.	N/A

Programme 3: Learning Programmes and Projects/Sub-Programme: Implementation of Learning Programmes, Special Projects and Partnerships									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance**	**Audited Actual Performance**	**Planned Annual Target**	**Actual Achievement**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviations**	**Supplement Reporting on Prior Year Learners**
			2023/2024	**2024/2025**	**2025/2026**	**2025/2026**	**2025/2026**		
Improved access to skills development interventions	Students-focused work integrated learning placements	3.5. Number of Higher Education graduates placed for workplace-based learning programmes	508	547	535	672	137	Annual target achieved and exceeded. Overachievement is attributed to the reallocation that was approved within the financial year	N/A
Increased absorption of trained learners		3.6. Number of Higher Education graduates who completed a workplace-based learning programme	350	371	385	391	6	Annual target achieved and exceeded. Overachievement is attributed to the follow-up on learners who were behind schedule, which led to the submission of completion documents for processing.	2

Programme 3: Learning Programmes and Projects/Sub-Programme: Implementation of Learning Programmes, Special Projects and Partnerships									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance**	**Audited Actual Performance**	**Planned Annual Target**	**Actual Achievement**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviations**	**Supplement Reporting on Prior Year Learners**
			2023/2024	**2024/2025**	**2025/2026**	**2025/2026**	**2025/2026**		
Increased transformation of the Food and beverage sector		3.7. Number of TVET College students registered on a workplace-based learning programme	752	1,160	795	827	32	Annual target achieved and exceeded. Overachievement is attributed to the continuous follow-up with stakeholders.	N/A
		3.8. Number of TVET College students who have completed a workplace-based learning programme	564	634	340	578	238	Annual target achieved and exceeded. Overachievement is attributed to the follow-up on learners who were behind schedule, which led to the submission of completion documents for processing.	N/A
Increased absorption of trained learners	Candidacy Programme for workers	3.9. Number of learners registered on candidacy programmes	5	10	5	5	0	Annual target achieved.	N/A

Programme 3: Learning Programmes and Projects/Sub-Programme: Implementation of Learning Programmes, Special Projects and Partnerships									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance**	**Audited Actual Performance**	**Planned Annual Target**	**Actual Achievement**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviations**	**Supplement Reporting on Prior Year Learners**
			2023/2024	**2024/2025**	**2025/2026**	**2025/2026**	**2025/2026**		
Improved access to skills development interventions	Learnership Programmes	3.10. Number of employed learners registered on a learnership programme	1,724	1,027	790	901	111	Annual target achieved and exceeded. Overachievement is attributed to the reallocation that was approved within the financial year.	N/A
Skills that are fit-for-purpose in the industry		3.11. Number of employed learners who have completed a learnership programme	1,040	1,450	1,210	1,298	88	Annual target achieved and exceeded due to improved SDP monitoring, which contributed to higher than anticipated completion.	32

Programme 3: Learning Programmes and Projects/Sub-Programme: Implementation of Learning Programmes, Special Projects and Partnerships									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance**	**Audited Actual Performance**	**Planned Annual Target**	**Actual Achievement**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviations**	**Supplement Reporting on Prior Year Learners**
			2023/2024	**2024/2025**	**2025/2026**	**2025/2026**	**2025/2026**		
Skills that are fit-for-purpose in the industry	Skills Programmes	3.12. Number of unemployed learners registered on a skills programme	355	1,050	600	628	28	Annual target achieved and exceeded. Overachievement is attributed to the reallocation that was approved within the financial year.	N/A
		3.13. Number of unemployed learners who have completed a skills programme	243	231	240	517	277	Annual target achieved and exceeded. Overachievement is attributed to targeted follow-ups on learners and improved submission of completion evidence.	N/A
Improved access to skills development interventions		3.14. Number of employed learners registered on a skills programme	1,453	1,537	850	861	11	Annual target achieved and exceeded. Overachievement is attributed to the reallocation approved within the financial year.	N/A

Programme 3: Learning Programmes and Projects/Sub-Programme: Implementation of Learning Programmes, Special Projects and Partnerships									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance**	**Audited Actual Performance**	**Planned Annual Target**	**Actual Achievement**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviations**	**Supplement Reporting on Prior Year Learners**
			2023/2024	**2024/2025**	**2025/2026**	**2025/2026**	**2025/2026**		
		3.15. Number of employed learners who have completed a skills programme	698	1,028	510	1,289	779	Annual target achieved and exceeded. Overachievement is attributed to the follow-up on learners who were behind schedule, which led to the submission of completion documents for processing.	N/A
	Financial support for the development of skills	3.16. Number of employed learners funded with bursaries registered at Higher Education Institutions	131	186	115	125	10	Annual target achieved and exceeded. Overachievement is attributed to the reallocation that was approved within the financial year.	N/A

Programme 3: Learning Programmes and Projects/Sub-Programme: Implementation of Learning Programmes, Special Projects and Partnerships									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance**	**Audited Actual Performance**	**Planned Annual Target**	**Actual Achievement**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviations**	**Supplement Reporting on Prior Year Learners**
			2023/2024	**2024/2025**	**2025/2026**	**2025/2026**	**2025/2026**		
Increased transformation of the Food and beverage sector		3.17. Number of employed learners funded with bursaries that completed qualifications in Higher Education Institutions	89	107	90	141	51	Annual target achieved and exceeded. Overachievement is attributed to targeted follow-ups on learners and improved submission of completion evidence.	4
Improved access to skills development interventions	AET programmes for workers	3.18. Number of learners registered on AET programmes	392	286	180	200	20	Annual target achieved and exceeded. Overachievement is attributed to the reallocation that was approved within the financial year and prior year partnership implemented in the current financial year.	N/A

Programme 3: Learning Programmes and Projects/Sub-Programme: Implementation of Learning Programmes, Special Projects and Partnerships									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance**	**Audited Actual Performance**	**Planned Annual Target**	**Actual Achievement**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviations**	**Supplement Reporting on Prior Year Learners**
			2023/2024	**2024/2025**	**2025/2026**	**2025/2026**	**2025/2026**		
Increased transformation of the Food and beverage sector		3.19. Number of learners who have completed AET programmes	154	341	100	112	12	Annual target achieved and exceeded. Overachievement is attributed to the follow-up on learners who were behind schedule, which led to the submission of completion documents for processing.	N/A
Improved access to skills development interventions	Financial support for the development of skills	3.20. Number of unemployed students funded with bursaries registered in Higher Education Institutions or TVET colleges	128	158	145	181	36	Annual target achieved and exceeded. Overachievement is attributed to the partnership allocations.	N/A

Programme 3: Learning Programmes and Projects/Sub-Programme: Implementation of Learning Programmes, Special Projects and Partnerships									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance**	**Audited Actual Performance**	**Planned Annual Target**	**Actual Achievement**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviations**	**Supplement Reporting on Prior Year Learners**
			2023/2024	**2024/2025**	**2025/2026**	**2025/2026**	**2025/2026**		
		3.21. Number of unemployed students funded with bursaries who have completed their studies at Higher Education Institutions or TVET colleges	112	72	75	81	6	Annual target achieved and exceeded. Overachievement is attributed to the follow-up on learners who were behind schedule, which led to the submission of completion documents for processing.	1
Increased transformation of the Food and beverage sector		3.22. Number of Master's or PhD students funded with bursaries registered for research-based studies	39	41	45	47	2	Annual target achieved and exceeded. Overachievement is attributed to the increased number of learners allocated.	N/A

Programme 3: Learning Programmes and Projects/Sub-Programme: Implementation of Learning Programmes, Special Projects and Partnerships									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance**	**Audited Actual Performance**	**Planned Annual Target**	**Actual Achievement**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviations**	**Supplement Reporting on Prior Year Learners**
			2023/2024	**2024/2025**	**2025/2026**	**2025/2026**	**2025/2026**		
		3.23. Number of Master's or PhD students funded with bursaries who have completed their research-based studies	17	31	25	29	4	Annual target achieved and exceeded. Overachievement is attributed to the follow-up on learners who were behind schedule, which led to the submission of completion documents for processing.	8
Skills that are fit-for-purpose in the industry	Artisan development interventions	3.24. Number of apprentices registered on apprenticeship programme or Artisan Recognition of Prior Learning (ARPL)	435	574	400	454	54	Annual target achieved and exceeded. Overachievement is attributed to the reallocation that was approved within the financial year and partnership allocations.	N/A

Programme 3: Learning Programmes and Projects/Sub-Programme: Implementation of Learning Programmes, Special Projects and Partnerships									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance**	**Audited Actual Performance**	**Planned Annual Target**	**Actual Achievement**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviations**	**Supplement Reporting on Prior Year Learners**
			2023/2024	**2024/2025**	**2025/2026**	**2025/2026**	**2025/2026**		
Increased absorption of trained learners		3.25. Number of apprentices who have completed an apprenticeship programme or Artisan Recognition of Prior Learning (ARPL)	201	430	250	261	11	Annual target achieved and exceeded. Overachievement is attributed to the follow-up on learners who were behind schedule, which led to the submission of completion documents for processing.	7
Improved access to skills development interventions	Pro-entrepreneurship interventions	3.26. Number of learners registered on entrepreneurial programmes	New indicator	18	20	25	5	Annual target achieved and exceeded. This is due to a partnership aimed at training more SMMEs than the specified target.	N/A
		3.27. Number of learners who have completed entrepreneurial programmes	New indicator	New indicator	8	19	11	Annual target achieved and exceeded. This is due to a partnership aimed at training more SMMEs.	N/A

Programme 3: Learning Programmes and Projects/Sub-Programme: Implementation of Learning Programmes, Special Projects and Partnerships									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance**	**Audited Actual Performance**	**Planned Annual Target**	**Actual Achievement**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviations**	**Supplement Reporting on Prior Year Learners**
			2023/2024	**2024/2025**	**2025/2026**	**2025/2026**	**2025/2026**		
Increased transformation of the Food and beverage sector	Development-focused financial support for qualifying entities	3.28. Number of small businesses funded in various learning programmes	91	80	75	80	5	Annual target achieved and exceeded. This is due to the early allocation of DG 2025/26 which resulted in the early conclusion of contracts and a partnership aimed at training SMMEs.	N/A
Improved responsiveness of the FoodBev SETA	Rural Development Projects	3.29. Number of rural development projects supported	New indicator	5	2	4	2	Annual target achieved and exceeded. This is due to early allocation of DG 2025/26 which resulted in the early conclusion of contracts and implementation by stakeholders based in rural areas.	N/A

Programme 3: Learning Programmes and Projects/Sub-Programme: Implementation of Learning Programmes, Special Projects and Partnerships									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance**	**Audited Actual Performance**	**Planned Annual Target**	**Actual Achievement**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviations**	**Supplement Reporting on Prior Year Learners**
			2023/2024	**2024/2025**	**2025/2026**	**2025/2026**	**2025/2026**		
Improved responsiveness of the FoodBev SETA	Rural Development Projects	3.30. Number of CET or TVET lecturers enrolled for workplace exposure interventions	6	10	9	10	1	Annual target achieved and exceeded. The overachievement is due to increased College participation which resulted in higher than anticipated uptake.	N/A
		3.31. Number of CET or TVET lecturers who have completed workplace exposure interventions	5	10	7	10	3	Annual target achieved and exceeded. The overachievement is due to a higher than anticipated number of lecturers successfully completing the programme.	N/A
		3.32. Number of Trade Unions supported with training interventions	3	3	3	3	0	Annual target achieved.	N/A

3.3.2. Sub-programme: Career Guidance

Purpose: To disburse grants that are addressing the sector needs, align curriculum with industry needs, and capacitate providers while also sharing knowledge in the sector.

Table 12: Career Guidance - Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Programme 3: Learning Programmes and Projects/Sub-Programme: Career Guidance								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance**	**Audited Actual Performance**	**Planned Annual Target**	**Actual Achievement**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviations**
			2023/2024	**2024/2025**	**2025/2026**	**2025/2026**	**2025/2026**	
Improved responsiveness of the FoodBev SETA	Career Development Interventions	3.33. Number of career development events that are hosted or attended by FoodBev SETA in Rural and Township areas	New indicator	45 Rural 35 Township	45 Rural 35 Township	49 Rural 72 Township	+4 Rural +37 Township	Annual target achieved and exceeded due to increased demand for career guidance services.
		3.34. Number of career development practitioners trained	94	121	80	101	21	Annual target achieved and exceeded due to increased demand for training and effective programme implementation.

3.4. Programme 4: Quality Assurance

Purpose: Increase availability of accredited public skills development providers

3.4.1. Sub-programme: Provider Accreditation

Purpose: Increase availability of accredited public skills development providers

Table 13: Provider Accreditation - Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Programme 4: Quality Assurance/Sub-Programme: Provider Accreditation								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance**	**Audited Actual Performance**	**Planned Annual Target**	**Actual Achievement**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviations**
			2023/2024	**2024/2025**	**2025/2026**	**2025/2026**	**2025/2026**	
Improved responsiveness of the FoodBev SETA	Support for PSET institutions to apply for QCTO accreditation	4.1. Number of TVET Colleges assisted to apply for accreditation	2	2	4	5	1	Annual target achieved and exceeded. This is due to the fact that more TVET colleges participated in the capacitation workshops due to the requirement for TVETs to offer occupational qualifications in the new QCTO dispensation.
		4.2. Number of CET Colleges assisted to apply for accreditation	New indicator	2	2	2	0	Annual target achieved.

Programme 4: Quality Assurance/Sub-Programme: Provider Accreditation								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance**	**Audited Actual Performance**	**Planned Annual Target**	**Actual Achievement**	**Deviation from Planned Target to Actual Achievement**	**Reasons for Deviations**
			2023/2024	**2024/2025**	**2025/2026**	**2025/2026**	**2025/2026**	
	Learning intervention applications for QCTO accreditation	4.3. Number of qualifications submitted to the QCTO for approval	New indicator	4	4	4	0	Annual target achieved.
	Online learning platforms	4.4. Number of FoodBev SETA learning offerings with knowledge components that are hosted on online platforms	New indicator	New indicator	2	2	0	Annual target achieved.

Building Stronger Food Businesses Through the Delicious Festival Trader Academy

FoodBev SETA continues to strengthen entrepreneurship within the food and beverage manufacturing sector by investing in practical business development programmes that equip emerging enterprises with the skills, networks and market access needed to grow sustainable businesses.

On 5 February 2026, the organisation launched the first Cape Town cohort of the Delicious Festival Trader Academy, welcoming 25 emerging small businesses from across the Western Cape into a programme designed to strengthen business capability and improve long-term sustainability.

The Academy provides more than conventional business training. Participants receive mentorship, industry exposure and practical guidance to help them strengthen business planning, improve operational performance and identify new commercial opportunities. By connecting entrepreneurs with experienced industry professionals and strategic partners, the programme helps bridge the gap between emerging enterprises and established markets.

The launch also provided participating entrepreneurs with an opportunity to showcase their businesses, products and ambitions to industry stakeholders. These presentations highlighted the diversity and innovation emerging within South Africa's food manufacturing sector while demonstrating the important role that small businesses play in stimulating local economic development and employment.

The initiative reflects FoodBev SETA's broader commitment to supporting entrepreneurship as an important driver of inclusive economic growth. Small and medium enterprises continue to play an increasingly significant role within the food and beverage manufacturing value chain, creating employment opportunities, stimulating innovation and contributing to more resilient local economies.

The Academy also demonstrates the value of collaboration. Government institutions, SETAs, enterprise development organisations and industry partners have combined their expertise to create an ecosystem that supports entrepreneurs beyond the classroom. Through these partnerships, participants gain access to practical support, professional networks and opportunities that extend well beyond the duration of the programme.

As additional cohorts are introduced across the country, the Delicious Festival Trader Academy will continue creating pathways for emerging entrepreneurs to establish competitive, sustainable businesses that contribute to the long-term growth of South Africa's food and beverage manufacturing sector.











Impact & Success Story

Turning Learning into Business Growth: Sipamandla Manqele's Leadership Journey

For entrepreneur Sipamandla Manqele, founder of Local Village Africa, participation in the Duke International Entrepreneurship Executive Leadership Development Programme represented far more than an executive education opportunity. It marked a significant milestone in the evolution of both the entrepreneur and the business.

Although driven by passion and a strong commitment to sustainable enterprise development, Sipamandla recognised that growing a business requires more than technical expertise. Demonstrating organisational performance, measuring business impact and communicating value to investors and stakeholders had become increasingly important as the business expanded.

Supported by FoodBev SETA, the Duke International Entrepreneurship Executive Leadership Development Programme provided exposure to global business practices, strategic leadership and contemporary management approaches. The programme strengthened capabilities in financial management, strategic planning, organisational leadership and data-driven decision-making, equipping participants with practical tools to improve business performance.

A particular highlight was the international module at Duke University in North Carolina, where Professor Sim Sitkin shared insights into leadership, organisational performance and strategic decision-making. The opportunity to engage with fellow entrepreneurs from diverse industries also broadened perspectives on innovation, collaboration and sustainable growth.

Since completing the programme, Local Village Africa has introduced new performance management approaches, strengthened financial reporting and embedded long-term strategic planning within its operations. The business is also focusing on developing future leaders and positioning itself to access growth capital through equity investment.

Sipamandla's journey demonstrates how investment in entrepreneurial capability extends beyond individual businesses. Stronger leadership, better governance and improved business management create more resilient enterprises that generate employment, contribute to local economic development and strengthen South Africa's manufacturing sector.

Through programmes such as this, FoodBev SETA continues to empower entrepreneurs with the knowledge, confidence and leadership capability required to build businesses that are both commercially successful and socially impactful.







Impact & Success Story

Equipping Communities with Skills for Employment and Enterprise

Skills development creates opportunities not only for employment but also for entrepreneurship, community development and economic inclusion. This principle guided FoodBev SETA's partnership with Rejuvenate Investments and JH Skills, which celebrated the graduation of 98 learners who completed accredited Food Handling and Meat Processing learnerships during the reporting period.

The initiative targeted unemployed individuals, informal traders and food vendors from the Ekurhuleni region, providing participants with industry-recognised qualifications and practical workplace experience over a 12-month period. Of the 100 learners enrolled, 98 successfully completed their programmes, achieving an impressive 98% completion rate.

Learners completed either the GETC: Food and Beverage Handling Processes qualification or the National Certificate: Meat Processing, combining classroom-based learning with workplace experience to develop practical competencies required by industry.

Beyond technical training, the programme sought to strengthen food safety practices, improve product quality and enhance entrepreneurial capability among township-based food enterprises. Participants acquired practical skills that improve employability while also creating opportunities to establish or expand sustainable businesses within their own communities.

The graduation represented more than the completion of a qualification. For many participants, it marked the beginning of new career opportunities and increased economic participation. The initiative also contributes to national priorities by addressing unemployment, promoting transformation and strengthening the skills pipeline within South Africa's food and beverage manufacturing sector.

FoodBev SETA continues to invest in programmes that equip individuals with the knowledge, practical experience and recognised qualifications required to participate meaningfully in the economy while supporting the long-term growth and competitiveness of the sector.



Impact & Success Story

Research Driving Skills for the Future

Research plays a critical role in ensuring that skills development responds to changing industry needs. Rather than focusing solely on current labour market demands, evidence-based research enables the sector to anticipate future skills requirements, inform qualification development and support long-term economic competitiveness.

To strengthen this approach, FoodBev SETA hosted its inaugural Research Colloquium at the Gordon Institute of Business Science on 3 March 2026, bringing together government, academia, industry, organised labour and education stakeholders to examine the future of skills development within South Africa's food and beverage manufacturing sector.

The event highlighted the importance of research as a strategic planning tool rather than simply an academic exercise. Discussions focused on how evidence can inform qualification development, curriculum design and workforce planning while ensuring that education and training remain responsive to technological advancement, changing production methods and emerging occupational demands.

The programme explored a range of strategic themes, including skills planning in the context of the Fourth Industrial Revolution, qualification responsiveness and the future of food science and technology. Participants also examined the growing influence of artificial intelligence and considered how technological change is reshaping occupational requirements across the manufacturing sector.

The Colloquium reinforced the importance of stronger collaboration between industry, education institutions and government. Employers require graduates with both technical competence and the ability to adapt to rapidly changing production environments, making continuous research and stakeholder engagement essential components of effective skills planning.

By investing in research and creating platforms for knowledge sharing, FoodBev SETA is strengthening its ability to anticipate future industry needs and ensure that skills development continues to support innovation, competitiveness and sustainable economic growth within South Africa's food and beverage manufacturing sector.





Impact & Success Story

4. LINKING PERFORMANCE WITH BUDGETS

In line with the requirement to assess output achievement against planned targets, the SETA presents a comparative analysis of budgeted versus actual expenditure. Table 14 below links financial resources to performance by programme or activity for the 2024/2025 and 2025/2026 financial years. In the table, a positive figure in the "(Over)/Under Expenditure" column indicates underspending, while a negative figure (in brackets) indicates overspending. The information agrees with the annual financial statements.

Table 14: Linking Performance with Budget

Programme / activity / objective	2024 / 2025			2025 / 2026		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration and Support	82 566	89 679	(7 113)	77 438	86 785	(9 348)
Employer Grants and Research	106 789	106 359	430	113 731	114 294	(563)
Learning Programmes and Projects	1 332 967	524 741	(808 226)	1 126 875	443 118	(683 757)
Project Administration	31 049	37 004	(5 955)	42 608	31 204	11 404
Total	1 553 371	757 783	(795 588)	1 360 651	675 401	685 250

5. STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

Not applicable, FoodBev SETA has achieved all planned indicators and targets in the reporting year.



6. REVENUE COLLECTION

Revenue collection for 2025/26 amounted to R651.1 million, representing 98.9% of the revised revenue budget of R657.6 million and an under-collection of R6.4 million. The shortfall was mainly attributable to Skills Development Levy collections being R5.0 million below budget and lower-than-anticipated interest income and other income. This was partially offset by fines and penalties, which exceeded the budget by R1.2 million. Overall, revenue collection remained broadly aligned with the approved budget, despite the marginal under-collection.

Table 15: Sources of Revenue and Collections

	2024/2025			2025/2026		
Sources of Revenue	Estimate	Actual Amount Collected	Over/(Under) Collection	Estimate	Actual Amount Collected	Over / (Under) Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Fines And Penalties	8 000	8 088	88	1 723	2 957	1 234
Skills Development Levy	533 946	539 119	5 173	590 000	585 028	(4 972)
Interest Received – Investment	78 460	74 890	(3 570)	63 600	63 041	(559)
Other Income	6 000	23 462	17 462	2 236	108	(2 128)
Total Revenue	626 406	645 559	19 153	657 559	651 134	(6 425)
Approved Retained Funds	**926 965**	-	-	703 093	651 134	-
Total Funds Available	626 406	645 559	24 591	1 360 652	651 134	(6 425)

7. CAPITAL INVESTMENT

Capital investment consists solely of the following:

i. Fixed assets required for the administration of the FoodBev SETA; and
ii. All excess funds not immediately required for operations are transferred to the Corporation for Public Deposits (CPD) account held with the Reserve Bank.

The acquisition, implementation, and management of the above are achieved through the sound policies and procedures of the FoodBev SETA. Where fixed assets are deemed not to result in an inflow of economic benefits to the SETA, they are assessed for impairment and donated to different entities upon approval by the Accounting Authority/Board. The asset register is reviewed and updated regularly. Redundant assets are included in the disposal list, while stolen assets are written off. In the year under review, more than 95% of fixed assets were in good condition. During the current year, the FoodBev SETA acquired fixed assets to the value of R913,000.00 and intangible assets of R2,179,000.00.





PART C: GOVERNANCE

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1. INTRODUCTION

Corporate governance encompasses the systems, processes, and controls through which public entities are directed, managed, and held accountable. Within the South African public sector, governance is primarily anchored in the Public Finance Management Act (PFMA), complemented by the provisions of each entity's enabling legislation, such as the Skills Development Act ("SDA" or "the Act") within the SETA context. Oversight responsibilities are distributed across Parliament, the Executive Authority, and the Accounting Authority (Board), each fulfilling a distinct role in advancing accountability, effective governance, and the prudent stewardship of public resources.

During the 2025/26 financial year, the FoodBev SETA sustained its commitment to ethical leadership, transparency, and accountability, notwithstanding a period of governance transition following the expiry of the previous Board's term. Governance continuity was preserved through established internal control systems, enhanced executive oversight, and ongoing adherence to applicable regulatory frameworks, thereby mitigating risks associated with the transitional phase.

2. PORTFOLIO COMMITTEES

The Portfolio Committee on Higher Education and Training exercised oversight over all SETAs and may occasionally require any SETA to appear before the Committee to account for performance. FoodBev SETA was not requested to appear before the Portfolio Committee during the 2025/26 financial year; however, several Parliamentary Questions (PQs) were responded to as requested.

3. EXECUTIVE AUTHORITY OVERSIGHT AND REPORTING

In the SETA environment, the Minister of Higher Education and Training serves as the Executive Authority (EA) and is accountable to Parliament for skills development. The Executive Authority is responsible for ensuring that the objectives and functions of the SETA are carried out in accordance with applicable legislation and regulations. This responsibility is exercised within the framework of the Skills Development Act, the Public Finance Management Act (PFMA), the SETA Constitution and other relevant legislation.

The members of FoodBev SETA's Accounting Authority (Board) are appointed by the Minister, who also determines their remuneration in accordance with tariffs prescribed by National Treasury. The Executive Authority provides oversight of the SETA and engages with SETA Chairpersons and Chief Executive Officers on matters relating to strategy, policy, governance, performance and the advancement of the SETA mandate.

During the 2025/26 financial year, FoodBev SETA fulfilled its statutory reporting obligations to the Executive Authority and submitted the required governance, planning, performance and financial information within the prescribed timeframes. Quarterly submissions included governance files, mandatory grants paid reports, and SETMIS and SurveyHub reports. Annual submissions to the Department of Higher Education and Training (DHET) included the Sector Skills Plan, Strategic Plan, Annual Performance Plan, annual performance information, Annual Financial Statements, Annual Report and Procurement Plan.

These submissions supported ongoing oversight of FoodBev SETA's governance, financial position, organisational performance and delivery against its mandate. The Executive Authority also received briefings on the SETA's financial and performance matters, with issues raised through these engagements noted and addressed as appropriate.

During the reporting period, the Minister convened two meetings with SETA Chairpersons, on 26 February 2026 and 24 March 2026, both of which were attended by FoodBev SETA.

4. THE ACCOUNTING AUTHORITY / BOARD

4.1. Introduction

The Board is the highest decision-making body of the SETA. It assumes a vital role in leading and exercising the fundamental principles of good corporate governance.

The Board is responsible for directing and administering the affairs of the SETA in a transparent, fair, and responsible manner and is fully accountable for the performance of the SETA. The Board has established four committees with delegated responsibilities to support the execution of its oversight role, ensuring that the organisation's activities are conducted in alignment with principles of ethical leadership and the values of the SETA.

4.2. The Role of the Board

The Board is governed by the SETA Constitution, which outlines its roles and responsibilities as stated below:

a) Govern and manage the SETA in accordance with the PFMA, the Act and any other applicable legislation.
b) Ensure the SETA achieves the objectives stated in section 5 of the Constitution and performs the functions in section 6 of the Constitution.
c) Provide effective leadership and ensure that the SETA implements the goals of the NSDS and the Performance Agreement with the Minister.
d) Provide strategic direction for the SETA.
e) Liaise with stakeholders.
f) Ensure that the SETA complies with the relevant statutory and constitutional requirements.
g) Manage institutional risk.
h) Monitor the performance of the SETA.

4.3. Board Charter

The FoodBev SETA Board Charter is developed in alignment with the SETA's Constitution and recognised governance best practices. It serves as the foundational framework guiding the Board's modus operandi, and articulates the composition, roles, responsibilities, and powers of the Board, including the delegation of functions.

To support effective governance, the Board has adopted a Board Member Handbook, which functions as an orientation and reference guide for members. The Handbook provides essential governance information and access to relevant policies and resources to enable informed decision-making and fulfilment of fiduciary duties. In addition, the FoodBev SETA has implemented a remuneration policy aligned with National Treasury regulations on cost containment. A Delegation of Authority Policy is also in place to enhance operational efficiency, clearly delineating the authority levels between the Board and management, while ensuring appropriate oversight and accountability for the day-to-day management of the organisation.

Board members acknowledge their fiduciary responsibilities to the SETA and have committed to discharging their duties with integrity, due care, and in the best interests of the organisation. The Board has complied with the provisions of the Charter and all applicable governance policies.

4.4. Composition of the Board

The term of office of the previous FoodBev SETA Board expired on 31 March 2025. To ensure continuity of governance, the Minister of Higher Education and Training, in terms of Section 49 of the Public Finance Management Act (PFMA), appointed the Chief Executive Officer (CEO) as the interim Accounting Authority for the period 22 May 2025 to 21 August 2025, or until the appointment of a new Board. A new Board was subsequently appointed on 29 September 2025, comprising 12 members. An additional member was appointed with effect from 24 November 2025 (appointment letter dated 15 October 2025), increasing the total membership to 13. The Chairperson was formally appointed on 18 December 2025.

As at 31 March 2026, one (1) vacancy remained in respect of a labour representative, pending the submission of a compliant nomination from the relevant constituency. The Board consists of the following categories as per the SETA Constitution:

a) Independent Chairperson – one (1)
b) Levy Paying Employers / Organised Employer – six (6) representatives
c) Representative Trade Unions / Organised Labour – six (6) representatives (one vacancy recorded as at year end)
d) Professional Body or Community Organisations – two (2) representatives

Table 16: Board Composition

Name	Designation	Date Appointed	Date Resigned	Highest Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of Meetings Attended
 **Siyabulela Ngcukana**	Board Chairperson	18.12.2025	n/a	Bachelor of Commerce Honours in Logistics	• Strategic Leadership • Supply Chain Management • Business Model Optimisation	• None	• FoodBev SETA Executive Committee	2/3
 **Ezra Ndwandwe**	Board member	29.09.2025	n/a	Master of Business Leadership	• Change Management • Strategic Turnaround • Strategy Development	• Gauteng Industrial Development Zone (GIDZ) Board • Gauteng Growth and Development Agency (GGDA) Board • Gauteng Partnership Fund (GPF) Board	• FoodBev SETA Governance and Strategy Committee	7/8
 **Funeka Khumalo**	Board member	29.09.2025	n/a	Master of Business Administration	• Operations Management • Project Management • Corporate Governance	• National Advisory Council on Innovation • Kevali Chemical Group • Historic Schools Restoration Project • Yenzani Children's Home	• FoodBev SETA Human Resources, Remuneration and Ethics Committee	8/8

Name	Designation	Date Appointed	Date Resigned	Highest Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of Meetings Attended
 **Leon Wildschutt**	Board member	03.10.2025	n/a	Grade 12	• Labour relations • Conflict Mediation	• None	• FoodBev SETA Audit and Risk Committee • FoodBev SETA Governance and Strategy Committee	7/7
 **Mapule Ncanywa**	Board member	29.09.2025	n/a	Post Graduate Diploma in Public Management	• Strategic Leadership • Corporate Affairs Management • Operations and Project Management	• TakeNote IT Group - Chairperson • BRICS Business Council - Chairperson: Skills Development, Technology & Innovation Working Group • Institute for Future of Work (IFOW) - Chairperson • Beverages Association of SA Foundation - Director • Digital Ascent Pty Ltd - Director • Center for Technology and Innovation NPO - Director	• FoodBev SETA Executive Committee • Tshwane University of Technology - Independent Expert: Advancement Advisory Committee	6/8

Name	Designation	Date Appointed	Date Resigned	Highest Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of Meetings Attended
 **Mabotja Gwanzura**	Board member	24.11.2025	n/a	Grade 12	• Project Management • Conflict Mediation • Stakeholder Engagement	• South African Breweries Medical Aid Scheme Board	• FoodBev SETA Governance and Strategy Committee • South African Breweries Medical Aid Scheme Clinical Committee • South African Breweries Medical Aid Scheme Ex-Garcia Committee • South African Breweries Medical Aid Scheme Clinical Committee RFP Committee	4/4
 **Nkululeko Mthethwa**	Board member	29.09.2025	n/a	Bachelor of Honours Business Management	• Stakeholder Engagement • Strategy and Performance Management • Labour relations	• None	• FoodBev SETA Executive Committee • DTIC Executive Oversight Committee (EOC) for the Poultry Master Plan	8/8
 **Nompumelelo Langa**	Board member	29.09.2025	n/a	Bachelor of Commerce	• Stakeholder Engagement • Project Management • Financial and Risk Management	• Richards Bay Coal Terminal - Independent Board • Junior Achievement South Africa - Board Member	• FoodBev SETA Audit and Risk Committee • Junior Achievement South Africa Strategy and Stakeholder Management Committee	8/8

Name	Designation	Date Appointed	Date Resigned	Highest Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of Meetings Attended
 **Nomsa Gaza**	Board member	29.09.2025	n/a	General Education and Training Certificate in Transport	• Labour relations • Stakeholder Relations	• None	• FoodBev SETA Executive Committee	7/8
 **Nthabiseng Kometsi**	Board member	03.10.2025	n/a	Post Graduate Diploma in Business Management	• Talent Management • Strategic Leadership • Change Management	• Pioneer Foods Education and Community Trust (PFECT) Trustee:	• FoodBev SETA Governance and Strategy Committee	5/7
 **Richard Hutton**	Board member	29.09.2025	n/a	Baccalaureus Commercii Honours in Labour Relations and Human Resources	• Human Resources and Development. • FMCG Skills Development. • Corporate Governance	• None	• FoodBev SETA Human Resources, Remuneration and Ethics Committee • Woodlands Dairy Executive Committee	7/8
 **Sanele Zondi**	Board member	29.09.2025	n/a	Dual Master of Philosophy International Business and Business Administration	• Stakeholder Engagement and Public Policy • Corporate Governance • Marketing and Communication	• South African Council for Educators (SACE) • Boland TVET College Council • TVET College Governors Council, Secretary General	• FoodBev SETA Executive Committee • Boland TVET College Resource and Planning Committee • Boland TVET College Finance Committee	7/8

Name	Designation	Date Appointed	Date Resigned	Highest Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of Meetings Attended
 **Satish Harrichand**	Board member	29.09.2025	n/a	Master of Science in Packaging Technology Management	• People & Organisational Development • Change Management and leadership • Supply Chain Management	• None	• FoodBev SETA Human Resources, Remuneration and Ethics Committee • FoodBev SETA Governance and Strategy Committee	8/8
 **Thembalakhe Silo**	Board member	29.09.2025	n/a	Grade 11	• Labour Relations • Conflict Mediation • Stakeholder Relations	• None	• FoodBev SETA Human Resources, Remuneration and Ethics Committee • NEDLAC Development Chamber	8/8

There are no alternate members on the Foodbev SETA Board. The table below reflects the outgoing Board members whose term expired on 31 March 2025.

The Board Convened eight meetings:

i. Two quarterly meetings
ii. Four special meetings
iii. One Annual General Meeting
iv. One annual risk assessment workshop

Table 17: Board Member Term of Office

Name of members	Designation	Date appointed	Term Expiry Date
Alan Campbell	Board Chairperson	01.04.2020	31.03.2025
Anna Pholoana	Board member	01.04.2020	31.03.2025
Ezra Ndwandwe*	Board member	01.04.2020	31.03.2025
Funeka Khumalo*	Board member	01.04.2020	31.03.2025
Mapule Ncanywa*	Board member	01.04.2020	31.03.2025
Richard Hutton*	Board Member	01.04.2020	31.03.2025
Atwell Nazo	Board member	01.04.2020	31.03.2025
Gugulethu Xaba	Board member	01.04.2020	31.03.2025
Mark Oliver	Board member	01.04.2020	31.03.2025
Nqobile Tshabangu	Board member	01.04.2020	31.03.2025
Nthabe Zondo	Board member	01.04.2020	31.03.2025
Sthembile Mzizi	Board member	01.04.2020	31.03.2025
Thulisile Njapa Mashanda	Board member	01.04.2020	31.03.2025
Trevor Van Wyk	Board member	01.04.2020	31.03.2025

**Reappointed to new Board effective 29 September 2025*

4.5. Committees

The FoodBev SETA has established four standing committees to assist the Accounting Authority (Board) in discharging its governance and oversight responsibilities, as prescribed by the SETA Constitution. Each committee operates under a formal charter that defines its specific purpose, authority, and responsibilities.

The Executive Committee (EXCO) is delegated by the Board to oversee the management of the SETA. Its key responsibilities include supervising financial management, supervising the implementation of Board policies, monitoring national policy developments, and ensuring that decisions of the Board are executed. EXCO also oversees staff employment issues, reviews and approves corporate goals relevant to the Chief Executive Officer's compensation and evaluates the CEO's performance against set objectives.

The Governance and Strategy Committee (GSC) is responsible for developing and reviewing policies, principles, and guidelines necessary for the governance and strategy function of the SETA. It promotes good governance, reviews performance information reports, and recommends key strategic documents to the Board for approval, including the Sector Skills Plan, Strategic Plan, Annual Performance Plan, and the Service Level Agreement between the SETA and the Executive Authority. The committee also reviews the research agenda and research reports to the Board on matters it deems necessary.

The Audit and Risk Committee provides independent assurance and assistance to the Board on controls, governance, and risk management. Its primary function is to assist the Board in fulfilling its oversight responsibilities by reviewing financial reports, risk management processes, internal control systems, compliance with laws and regulations, and the auditing processes. The committee also evaluates the annual financial statements and performance information and oversees the internal audit function, the effectiveness of the risk management system, IT governance, and fraud prevention.

The Human Resources Remuneration and Ethics Committee (HRREC) (also referred to as the Finance and Remuneration Committee), advises the Board on financial, remuneration and ethics matters to support compliance with the PFMA and related regulations. Its responsibilities include reviewing and recommending financial policies, budgets and procurement plans; overseeing fair and consistent remuneration, including the CEO's remuneration; and reviewing HR policies, organisational structure and employment equity plans.

The Committee also provides strategic oversight of ethics management, including the Code of Conduct, ethics compliance, fraud prevention, and the investigation and consequence management of misconduct and fraud.

Table 18: Board Committees

Committee	No. of Members	No. of Meetings Held	No. of Meetings Attended	Name of Members
Executive Committee (EXCO)	5	2	2	Siyabulela Ngcukana*
			2	Mapule Ncanywa
			2	Nkululeko Mthethwa
			2	Nomsa Gaza
			2	Sanele Zondi
Governance and Strategy Committee (GSC)	5	2	2	Ezra Ndwandwe*
			2	Nthabiseng Kometsi
			2	Satish Harrichand
			2	Leon Wildschutt
			2	Mabotja Gwanzura
Human Resources, Remuneration and Ethics Committee (HRREC)	4	3	3	Funeka Khumalo*
			3	Richard Hutton
			3	Satish Harrichand
			3	Thembalakhe Silo
			n/a	Vacant

** Committee Chairperson*

4.6. Board Induction

A comprehensive induction programme was successfully implemented for the newly appointed Board. The induction for the first cohort of Board members was conducted over three sessions held on 27 October, 12 November and 13 November 2025. A subsequent induction for the Board Chairperson and an additional member appointed at a later stage was conducted over two days on 23 and 26 January 2026. The induction programme covered the following key areas:

a) An organisational overview, including the SETA Constitution, Sector Skills Plan, 2025–2030 Strategic Plan and Annual Performance Plan.
b) Governance principles and fiduciary responsibilities of Board members.
c) The 2024/25 audit outcomes and audit readiness for the 2025/26 financial year.
d) Overviews of core functional areas, including financial management, risk management, Supply Chain Management, Discretionary Grants administration, and stakeholder relations.

4.7. Remuneration of Board Members

Board members are remunerated in accordance with the National Treasury directive on remuneration levels for statutory institutions (Category S), as implemented through the FoodBev SETA Board and Sub-Committee Remuneration Policy approved by the Board. An increase of 4.1% was granted during the year under review, effective 01 April 2025, in line with the National Treasury circular issued on 27 August 2025. The increase was applied retrospectively from 01 April 2025 and paid to members upon Board approval.

No Board member is a public official as defined in the National Treasury regulations; accordingly, all members were remunerated for their services. No member served in a voluntary capacity during the year. Current VAT law requires non-executive directors to register for and charge VAT in respect of director's fees if the total value exceeds the compulsory VAT registration threshold of R1 million in any consecutive 12-month period. All fees paid to individual Board members were below this threshold. The table below sets out the remuneration paid to each Board member for the financial year ended 31 March 2026. The amounts include meeting fees, preparation fees, and any other approved remuneration.

Table 19: Board and Committee Remuneration

Name	Remuneration	Total
Siyabulela Ngcukana	132 439,18	132 439,18
Ezra Ndwandwe	57 346,37	57 346,37
Funeka Khumalo	85 126,66	85 126,66
Leon Wildschutt	105 903,17	105 903,17
Mabotja Gwanzura	62 498,50	62 498,50
Mapule Ncanywa	101 719,51	101 719,51
Nkululeko Mthethwa	86 230,34	86 230,34
Nompumelelo Langa	97 802,26	97 802,26
Nomsa Gaza	79 449,87	79 449,87
Nthabiseng Kometsi	59 033,00	59 033,00
Richard Hutton	55 272,09	55 272,09
Sanele Zondi	81 022,34	81 022,34
Satish Harrichand	89 995,67	89 995,67
Thembalakhe Silo	78 421,67	78 421,67
Total	**1 172 260,63**	**1 172 260,63**

No other allowance re-imbursements were paid during the reporting period.

5. RISK MANAGEMENT

5.1. Risk Management Approach

The FoodBev SETA has established a Risk Management Strategy, Policy, Framework, as well as a Risk Appetite and Tolerance Statement. The Risk Management Strategy outlines a high-level plan for implementing the organisation's overall risk management process. The Policy sets out FoodBev SETA's risk management philosophy and confirms the adoption of a comprehensive and integrated approach to managing organisational risks. The Framework supports this philosophy by detailing the practices and structures that underpin risk management at FoodBev SETA.

The Risk Appetite and Tolerance Statement serves a critical role in guiding appropriate responses to identified risks. It supports decision-making on whether to accept certain risks at their currently assessed levels and whether these fall within acceptable tolerance thresholds. FoodBev SETA operates within a generally low risk range. The areas with the lowest risk appetite include performance information reporting, regulatory compliance, finance, supply chain management (SCM), and information and communication technology (ICT). This reflects the organisation's prioritisation of reducing risks related to legislative and policy compliance, procedural adherence, and legal obligations to the lowest reasonably practicable levels, above other operational objectives.

All employees received training on the risk management policies during the year, ensuring that staff at all levels understand their roles and responsibilities in identifying, reporting, and mitigating risks.

5.2. Risk Registers

The FoodBev SETA conducts an annual risk assessment to determine the material risks to which the SETA may be exposed and to evaluate the effectiveness of the strategy for managing those risks. This strategy informs audit priorities and resource allocation, as well as the skills required to address these risks.

Risks are identified through an annual assessment process involving key internal stakeholders (Board, management, and internal audit). The operating environment is continuously monitored, and emerging risks are escalated through quarterly committee reviews. Monitoring occurs via the quarterly meetings of the Fraud Prevention, Risk and Compliance Management Committee, which reviews progress on control improvement plans. Escalation to the Board occurs through the Audit and Risk Committee, which reports directly to the Board on the overall system of risk management, especially the mitigation of unacceptable levels of risk.

FoodBev SETA's 2025/26 Strategic Risk Register identified six strategic risks linked to the organisational strategic plan. These risks contain 16 Control Improvement Plans (CIPs), all of which were implemented by 31 March 2026.



Table 20: SETA Strategic Risks Identified in 2025/26

Risk Ref	Risk Description	Inherent Risk Rating	Description	Control Adequacy	Residual Risk Rating	Description	Risk Tolerance Level
SR1	Inability to provide adequate support functions	12	High	70%	4	Low	5
SR2	FoodBev SETA not meeting sector skills requirements	16	High	66%	4	Low	3
SR3	Non-achievement of APP targets	12	High	10%	4	Low	3
SR4	Inadequate capacitation of the PSET institutions to deliver occupational programs	9	Medium	60%	4	Low	6
SR5	Low employment of trained learners	12	High	50%	5	Low	3
SR6	Limited awareness of the FoodBev SETA's programmes	12	High	55%	5	Low	3

5.3. Business Continuity Management

FoodBev SETA has implemented a comprehensive Business Continuity Management (BCM) policy that governs the development, implementation, and maintenance of strategies, plans, resources, and actions to ensure the continued achievement of critical objectives during significant crisis events. Both the Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) are regularly reviewed and tested annually against defined criteria to ensure their ongoing relevance, effectiveness, and alignment with organisational capabilities.

The SETA has implemented capabilities to support the increase of remote work, cybersecurity, and cloud computing. These enhancements have been implemented alongside the continued enforcement of Occupational Health and Safety measures and employee succession planning. Given the organisation's heavy reliance on technology for daily operations, exposure to cyber threats and other risks has increased. As a result, FoodBev SETA has strengthened its cybersecurity infrastructure, risk mitigation strategies, and control measures to ensure effective response and recovery in the event of a disaster or cyber attacks.

5.4. Fraud Prevention, Risk and Compliance Management Committee

The Fraud Prevention, Risk and Compliance Management Committee of FoodBev SETA comprises members of Senior Management, with the internal audit function serving as a standing invitee to its meetings. The Committee reports to the Audit and Risk Committee, which in turn reports to the Board. This ensures that risk management oversight is independent and well-structured. The Committee meets quarterly and is responsible for assessing the organisation's strategic, fraud-related, operational, and compliance risks. It also identifies and closely monitors emerging risks. Furthermore, the Committee evaluates the effectiveness of the implementation of the organisation's risk management strategy and policy, and tracks progress on control improvement plans.

5.5. Impact of Risk Management on Performance

Risk management has had a positive impact on the SETA's performance during the year. The full implementation of Control Improvement Plans (100%) contributed to enhanced stability in support functions, improved alignment of sector skills planning, and more consistent achievement of quarterly performance targets. However, the SETA recognises that risk management remains an ongoing process, particularly in addressing the prior year's qualified audit outcome. In response, management has developed a detailed audit action plan incorporating targeted, risk-based interventions addressing the root causes of the qualification. These include strengthening verification processes for discretionary grant expenditure, enhancing supply chain management controls, and improving the quality and completeness of performance information documentation. Progress against these interventions is monitored quarterly by the Fraud Prevention, Risk and Compliance Management Committee and escalated to the Audit and Risk Committee and the Board. The SETA remains committed to improving the audit outcome in 2026/27 and beyond.

6. INTERNAL CONTROL UNIT

Internal controls were systematically reviewed and strengthened through robust preventative and detective measures. The internal audit function provided ongoing assurance, while the Audit and Risk Committee (ARC) exercised independent oversight over the effectiveness of these controls.

7. INTERNAL AUDIT

Provide a brief description of the following:

7.1. Key Activities and Objectives of the Internal Audit Function:

7.1.1. Purpose and mandate

The internal audit function is outsourced to Thabi Consulting, which reports functionally to the Audit and Risk Committee (ARC) and administratively to the Chief Financial Officer (designated by the CEO). The internal audit function provides independent and objective assurance to the Accounting Authority (Board) and management on the effectiveness of governance, risk management, and internal control processes. Its mandate is derived from section 51(1)(a)(ii) of the PFMA and Treasury Regulation 27.2.7, which require the SETA to maintain a system of internal audit under the control of the ARC, operating in compliance with prescribed regulations. The mandate is formalised in the Internal Audit Charter (approved March 2025), which is aligned with the International Standards for the Professional Practice of Internal Auditing (ISPPIA) and the IIA Code of Ethics.

7.1.2. Strategy of internal audit function

The internal audit function adopts a risk based strategic approach that considers the results of management's risk register updates and subsequent discussions with management. The strategy links risks to the strategic planning of the entity and ensures that limited audit resources are allocated to the highest priority areas. A rolling three-year strategic internal audit coverage plan (2025/26 – 2027/28) has been developed, which focuses on high-risk areas including performance information, financial controls, supply chain management, IT governance, and discretionary grants

7.1.3. Charter, methodology and internal audit plans

The Internal Audit Charter is reviewed and approved by the ARC annually and sets out the purpose, authority, responsibilities, and organisational status of the internal audit function. The methodology includes risk assessment, audit programme development, evidence gathering, supervision, and reporting. The Annual Internal Audit Plan for 2025/26 details 18 planned audits, including performance information (quarterly), system post implementation review, IT general controls, records management, discretionary grants, ETQA, stakeholder management, supply chain management, and internal financial controls.

7.1.4. Independence and objectivity

During the reporting period, the internal audit function operated freely and independently from the public entity, and internal auditors maintained objectivity throughout all audit engagements. No impairments to independence or objectivity were identified or disclosed.

7.1.5. Internal audit modality

The internal audit function is fully outsourced to Thabi Consulting, appointed on a three-year contract effective from 1 July 2024 to 31 July 2027. The service provider has no operational responsibilities within the SETA, ensuring independence. The designated Chief Audit Executive is Kusezweni Sidinile.

7.1.6. Internal Audit Staff

Approved 2025/26 internal audit budget was R1.8 million with expenditure of R976 thousand. The spending represent 54% of the approved budget due to three (3) audits rolled over to 2026/27 and eight (8) audits which overlapped to 2026/27.

Table 21: Resource Allocation

Team Management	Position	Qualifications	Experience
Kusezweni Sidinile	Director: Internal Audit	MBA, CIA, CRMA	19 years
William Nkuna	Director: IT Audit	CISA	14 years
Muneni Mvundura	Senior Manager: IT Audit	BBM & IT	22 years
Tendai Mutotowa	Specialist: Cyber Security	CISA	10 years
Ngoni Songore	Manager: IT Audit	CISA	11 years
Nonkumbuzo Mitchell	Manager: Internal Audit	Post Graduate Diploma in Internal Auditing	8 years

Audit team members include CAAT specialists, senior and junior internal auditors, and interns, all with relevant qualifications and IIA/ISACA memberships

7.1.7. Quality assurance and improvement

The internal audit function maintains a Quality Assurance and Improvement Programme (QAIP) in accordance with the International Standards for the Professional Practice of Internal Auditing (IIA Standards). The most recent external quality assessment was completed in April 2024, with the independent assessor concluding that the internal audit activity "Generally Conforms" with the Standards and Code of Ethics. The external review identified one opportunity for improvement relating to the QAIP report not specifying individual training attendance and Continuing Professional Development (CPD) hours gained, which has since been addressed through a revised reporting format incorporating a dedicated CPD annexure, implemented from July 2024. The last internal quality assessment was conducted during the 2025/26 financial year. The Audit and Risk Committee assessed the internal audit function's performance during the 2025/26 financial year, with the evaluation identifying key areas for improvement, including report quality and root cause analysis, business knowledge, and the practicality of recommendations. The committee's feedback was formally communicated to the internal audit team, and an improvement plan has been developed to address these concerns, with ongoing monitoring by the Audit and Risk Committee. The function continues to support continuous professional development through regular staff training, guided by a formal training plan aligned with relevant professional body requirements (IIA SA and ISACA) to ensure the attainment of CPD hours..

7.1.8. Stakeholder relationships

The internal audit function maintains professional relationships with key stakeholders while preserving its independence:

i. Audit and Risk Committee – quarterly reporting and approvals.
ii. Management – engagement planning, findings discussion, and corrective action tracking.
iii. Fraud Prevention, Risk and Compliance Management Committee – attendance at quarterly meetings.
iv. ICT Steering Committee – attendance at quarterly meetings.
v. AuditorGeneral South Africa (AGSA) – coordination to avoid duplication of effort.

The internal audit function also coordinates with other assurance providers under the combined assurance model, documenting the basis for any reliance on their work while retaining final responsibility for its conclusions.

7.1.9. Combined assurance

The internal audit function serves a coordinating role in the combined assurance model as the third line of defence:

i. Coordinates with internal and external assurance providers to avoid duplication and improve efficiency.
ii. Shares the annual internal audit plan with the external auditors for input and provides access to working papers and management letters.
iii. Identifies and reports gaps in assurance coverage or ineffective controls.
iv. Escalates coordination concerns to senior management and the Board where appropriate.

7.1.10. Value add of internal auditing

The internal audit function contributed to enhanced operational performance by providing independent assurance on governance, risk management, and internal controls. Key accomplishments included reviews of performance information, IT general controls, records management, supply chain processes, and interim financial statements. These engagements identified control improvements, promoted accountability, and supported the entity in addressing audit findings. The IAF continues to strengthen its value through risk-based planning and timely follow-up on corrective actions.

7.1.11. Limitations to the activities and objectives of the internal audit function

The following limitations are recognised:

i. Internal audit provides reasonable, not absolute, assurance due to the inherent limitations of any control system.
ii. The riskbased approach means that not all areas are audited each year; focus is on highpriority risks.
iii. Sampling is used; therefore, not all transactions or controls are tested.
iv. Management is responsible for implementing corrective actions; internal audit cannot guarantee that all risks are eliminated.

7.2. Summary of Audit Work Done

7.2.1. Planned and completed audits

During the financial year, the IAF completed seven (7) of the 18 planned assurance engagements (39%). Eight (8) engagements were in progress at year-end.

Type	Planned	Completed	Completion rate
Assurance Engagements	18	7	39%

7.2.2. Audits rolled over

Three audit engagements, namely the Internal Financial Control, IT Application Controls Review and the System Post-Implementation Review on the Project Management and Discretionary Grants Modules, were rolled over to the 2026/27 financial year.

These audits were rolled over to allow for completion of finance policy enhancements arising from negative audit outcome and the implementation and enhancement of MIS Modules, while a post-implementation review of SMART HR (Payspace) was completed.

7.2.3. Ad hoc projects

No ad-hoc projects were carried out during the year.

7.2.4. Status of audit findings addressed

Table 22: Audit Findings and Status

Type of Findings	Number of Findings	Total Addressed	Not Yet Due	Total Not Addressed	No. of recurring findings Last 3 Financial Years
IAF Findings	41	18	16	7	12
AGSA Findings	32	10	0	22	6

8. AUDIT COMMITTEES

8.1. Key Activities and Objectives of the Audit Committee:

Purpose and mandate

The Audit and Risk Committee (ARC) is an independent statutory committee established under section 51(1)(a)(ii) of the PFMA and Treasury Regulation 27.1. Its purpose is to assist the Board in fulfilling oversight responsibilities regarding the integrity of financial reports and performance information; the effectiveness of risk management, internal controls, and governance processes; compliance with laws, regulations, and the SETA's code of conduct; the internal and external audit functions; and combined assurance. The ARC operates in accordance with a current and approved Audit and Risk Committee Charter (approved by the Board on 27 March 2025 and reviewed annually), which is aligned with the PFMA, King IV, and the International Standards for the Professional Practice of Internal Auditing.

8.2. Independence

The ARC is constituted to ensure independence from management. All members are independent of the SETA's Day-to-day operations. The Committee comprises three independent external members (with no executive or employment relationship with the SETA) and two Board members. Prior to appointment and annually thereafter, each member submits a written declaration of interests. As at 31 March 2026, all members have declared their interests, and the Committee is satisfied that no member has a conflict of interest that would impair their objectivity or ability to serve effectively. Declaration of interest is a standing agenda item at all committee meetings, and any affected member recuses themselves from deliberations and voting.

8.3. Protecting the Independence of the Internal Audit Function

The ARC safeguards the independence of the internal audit function through the following measures:

i. Ensuring the outsourced internal audit provider (Thabi Consulting) reports functionally to the ARC and administratively to the Chief Financial Officer.
ii. Approving the internal audit charter, the rolling three-year strategic internal audit plan, and the annual internal audit plan.
iii. Reviewing the performance of the internal audit function annually.
iv. Granting the Chief Audit Executive (CAE) direct and unrestricted access to the ARC Chairperson and the Committee.
v. Meeting separately with internal auditors in executive sessions without management present.

During 2025/26, the ARC declined management's request to assign a Material Irregularity investigation to the internal audit function, citing independence concerns (IIA Standard 1130.A1) and requiring an external independent service provider instead. This serves as an example of the Committee's commitment to safeguarding the objectivity of the internal audit function.

8.4. Performance Against Statutory Duties

The ARC has discharged its statutory duties in accordance with the PFMA, Treasury Regulations, and its Charter. Key achievements include reviewing and recommending the annual financial statements (2024/25 and interim 2025/26), quarterly reports, and the Annual Report; overseeing the response to a Material Irregularity (MI); approving the internal audit plans; reviewing risk management documents (Strategy, Risk Appetite Statement, risk registers, Fraud Prevention Plan); recommending policies for Board approval; and receiving whistleblowing reports. No significant statutory responsibilities were neglected.

8.5. Combined Assurance

The ARC ensures a combined assurance model is applied across the SETA, coordinating activities between internal audit, external audit (AGSA), management, the Fraud Prevention, Risk and Compliance Management Committee, and the ICT Steering Committee. Joint planning avoided duplication, and the audit strategy was aligned with key risks.

8.6. Reports to the Accounting Authority and Executive Authority

The ARC tabled and presented reports to the Board after each meeting, summarising deliberations, findings, and recommendations. No reports were submitted directly to the Executive Authority (Minister), but the Minister was informed of the MI through the Auditor-General's notification.

8.7. Stakeholder Relationships

The ARC maintains constructive relationships with the Board, management, internal audit, AGSA, the Fraud Prevention Committee, the ICT Steering Committee, and the whistleblowing hotline provider (Deloitte Tip-offs Anonymous). During 2025/26, the ARC also facilitated engagement with external independent service providers including NEXIA SAB&T for the annual risk assessment and development of 2026/27 strategic and fraud risk registers; HTB Consulting for the Material Irregularity investigation, LionsDen Business Solutions for POPIA gap analysis, to strengthen assurance.

8.8. Concerns raised with Accounting Authority, Executive Authority, relevant Treasury or AGSA

The ARC raised significant concerns regarding the Material Irregularity (MI) and the risk of a repeated qualified audit opinion due to unresolved prior-year findings. No concerns were raised directly with the National Treasury.

8.9. Resolution of Audit Committee Recommendations

The ARC monitors implementation of its recommendations through quarterly follow-up reports. The ARC is satisfied that most recommendations are being addressed timeously, though some actions (e.g., completion of the ERP system, finalisation of audit qualification paragraphs) remain work in progress for 2026/27.

8.10. Audit Committee Performance Evaluation

Due to the late appointment of the new Board (29 September 2025) and the subsequent reconstitution of the ARC, a formal performance evaluation of the Committee was not undertaken during the 2025/26 financial year. The Board will conduct a formal review in 2026/27, with outcomes reported in the subsequent Annual Report. Notwithstanding the absence of a formal evaluation, the ARC operated in accordance with its Charter, discharged its statutory responsibilities, and provided independent oversight.

8.11. Composition of the Audit committee

The ARC is properly constituted with a balanced representation of independent members and a diverse, appropriate mix of qualifications, expertise, and experience. The three independent external members were originally appointed on 13 September 2022 for a term due to expire on 31 July 2025. On 8 July 2025, the CEO, in her capacity as Interim Accounting Authority, extended the three members' term for another three years, expiring 31 July 2028. Members' additional responsibilities outside the Committee do not impair their ability to serve effectively. As at 31 March 2026, the Committee comprised the following members

8.12. Composition of the Audit Committee and Meeting Attendance

The table below discloses relevant information on the audit committee members



Table 23: Composition of the ARC

Name and Surname	Highest Qualifications	Professional Affiliation (e.g. SAICA, IIA, IOD(SA))	Appointment: Term of Office		No. of Meetings Attended 2025/26		Has the AC member declared private and business interests in every meeting?	Is the AC member an employee of an organ of state?	No. of other ACs that the member served on during the reporting period	No. of other governance structures the member served on during the reporting period
			Start date	End date	Ordinary Meetings	Special Meetings				
Phuti Semenya, CA(SA)	Master of Commerce in International Accounting	SAICA IoDSA	13/09/22	n/a	4	1	Yes	No	Three (3)	Seven (7)
Lwazi Kubheka	Post Graduate Diploma in Business Administration	CGEIT	13/09/22	n/a	3	1	Yes	No	0	Non other
Mzikayise Dondolo, GIA (SA)	Master of Business Administration	IRMSA	13/09/22	n/a	3	1	Yes	No	Two (2)	• Three (3) Chairperson: Risk Management Committee (Dept of Tourism, AB350, NHBRC) • Member: Audit & Risk Committees (NGB and FoodBev SETA) • Member: Risk Management Committee (SASSA)

Name and Surname	Highest Qualifications	Professional Affiliation (e.g. SAICA, IIA, IOD(SA))	Appointment: Term of Office		No. of Meetings Attended 2025/26		Has the AC member declared private and business interests in every meeting?	Is the AC member an employee of an organ of state?	No. of other ACs that the member served on during the reporting period	No. of other governance structures the member served on during the reporting period
			Start date	End date	Ordinary Meetings	Special Meetings				
Leon Wildschutt	Grade 12	None	29/09/25	n/a	2	1	Yes	No	0	• Two (2) Foodbev SETA Governance and Strategy Committee (GSC) member and Board Member
Nompumelelo Langa	Bachelor of Commerce	None	29/09/25	n/a	1	1	Yes	No	0	• Three (3) Food-Bev SETA Board Member • Richards Bay Coal Terminal - Independent Board Member • Junior Achieve-ment South Afri-ca - Board Mem-ber and Strategy and Stakeholder Management Committee

8.13. Remuneration of audit committee members

Table 24: ARC Remuneration

Name	Remuneration	Total
P Semenya	164 897,58	164 897,58
M Dondolo	92 595,72	92 595,72
L Kubheka	124 953,83	124 953,83
Total	**382 447,13**	**382 447,13**

No other allowance re-imbursements were paid during the reporting period.

9. COMPLIANCE WITH LAWS AND REGULATIONS

The FoodBev SETA maintains a consolidated compliance universe and a regularly updated compliance register to ensure adherence to all applicable laws and regulations, including the Public Finance Management Act (PFMA), the Skills Development Act, the Skills Development Levies Act, the Preferential Procurement Regulations, and the Protection of Personal Information Act (POPIA). During the 2025/26 financial year, the SETA conducted an internal self-assessment and achieved a compliance rate of 98% across 19 regulatory frameworks.

All mandatory quarterly and annual submissions to the Department of Higher Education and Training (DHET) and National Treasury were made timeously. To strengthen compliance, the SETA conducted regular compliance risk assessments, reviewed and updated key policies (including the Compliance Policy, PAIA Manual, and POPIA Framework), and provided training to employees on regulatory obligations and the Code of Conduct. The Fraud Prevention, Risk and Compliance Management Committee, supported by the Audit and Risk Committee, continuously monitored compliance performance and ensured that any identified gaps were addressed through management action plans.

10. FRAUD AND CORRUPTION

The FoodBev SETA maintains a zero-tolerance policy towards fraud and corruption. The Fraud and Corruption Prevention Strategy and annual Fraud Prevention Plan guide prevention, detection, and consequence management. During 2025/26, the Fraud Prevention Plan was updated for 2026/27, with all planned activities implemented, including a fraud risk assessment, control automation in grant administration, and staff awareness sessions. The Fraud Prevention, Risk and Compliance Management Committee monitored progress quarterly.

The SETA implemented its Ethics Strategy and Implementation Plan (Ethics Vision 2030), focused on five areas: leadership commitment, rebuilding trust, living core values (Service Excellence, Integrity, Commitment, Accountability, Transparency), promoting ethical culture, and effective communication. The Board has delegated ethics oversight to the Human Resources, Remuneration and Ethics Committee (HRREC). An Ethics Champion (Senior Manager: Corporate Services) and Ethics Officers (Risk & Compliance and HR) were appointed to over the implementation of the Plan and the strategy. Interventions included ethics training, integration of ethics into leadership performance reviews, values-induction for new employees, and awareness campaigns promoting safe reporting.

The SETA operates a confidential tip-offs hotline managed by Deloitte Tip-Offs Anonymous (available 24/7 via toll-free number, email, or web portal), supplemented by internal channels in the Whistleblowing Policy. During 2025/26, a total of 27 contacts were received, resulting in 10 formal cases, primarily non-payment of learner stipends. Interventions included securing learner payments, terminating non-compliant contracts, and implementing recovery plans for misappropriated funds. No cases were referred to law enforcement.

11. MINIMISING CONFLICT OF INTEREST

FoodBev SETA Board is constituted in terms of the Skills Development Act to be representative of the sector, requiring members to balance their obligations to their nominating employer or labour constituencies with their fiduciary duties to the SETA. To manage potential conflicts of interest, the Constitution and Code of Conduct require all Board members to submit detailed declarations of direct or indirect financial interests prior to appointment and annually thereafter. During the 2025/26 financial year, full compliance was achieved, with declarations submitted by all Board members, Audit and Risk Committee members, and employees. Declarations of interest remain a standing agenda item at all Board and committee meetings, and where a conflict arises, the affected member is required to disclose the interest, recuse themselves from deliberations, and withdraw from the meeting, with the recusal formally recorded in the minutes.

Additional controls are applied within Supply Chain Management, grants, and recruitment processes, requiring Bid Committee, Grants Committee, and Recruitment Panel members to complete declarations before each meeting. Where conflicts are identified, affected individuals are recused from the relevant discussions and decisions. These controls are further strengthened through risk-based probity checks for Bid and Grants Committee members and verification of a risk-based sample of employee declarations. During the 2025/26 financial year, full compliance with declaration submissions was maintained.

12. CODE OF CONDUCT

FoodBev SETA has adopted a Code of Conduct for Accounting Authority Members, which also applies to members of chambers and committees. The Code sets out ethical and governance standards requiring members to act with integrity, honesty, and accountability; to protect the SETA's reputation; to avoid conflicts of interest and misuse of resources; and to uphold sound financial practices and anti-discrimination principles. Members stand in a fiduciary relationship to the SETA and must perform their duties in the best interest of the SETA, complying with all applicable laws. The Code reinforces the public entity's commitment to an ethical culture, transparency, and good governance. It has the effect of creating a binding ethical framework that guides decision-making, protects the SETA from reputational and financial harm, and builds stakeholder trust.

In the event of a breach of the Code, the process is as follows: any member who believes they may have contravened the Code must immediately advise the Board Chairperson. If the Chairperson believes a contravention has occurred, they must promptly inform the Minister and the other Board members in writing. Any member who witnesses a contravention by another member must report it in writing to the Chairperson, who maintains confidentiality and ensures an impartial investigation. If the alleged contravention involves the Chairperson, the matter is reported directly to the Minister. A contravention is considered a serious offence and may lead to disciplinary action, including removal from office, termination of committee membership, or criminal charges. All Board members have signed the Code and submitted annual declarations of interest, affirming their commitment to abide by its provisions. All employees signed the annual Employee Conduct Pledge, affirming their commitment to the SETA's values. No breaches of the Code were recorded during the 2025/26 financial year.

13. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

FoodBev SETA remains committed to safeguarding employee well-being through its Occupational Health and Safety (OHS) Policy and OHS Implementation Plan, both of which were actively reviewed and monitored during the reporting period. Emergency preparedness was reinforced through fire drills, first-aid readiness, and the maintenance of emergency equipment. Periodic OHS committee meetings provided oversight, and no major health or safety incidents were recorded.

The implementation plan identified several areas for continued improvement across the workplace environment and operational procedures. Work progressed on addressing these items, with a focus on completing corrective actions, enhancing OHS training and awareness, and establishing regular review cycles to ensure sustained compliance and a safer workplace for all employees, contractors, and visitors.

14. SOCIAL RESPONSIBILITY

During the 2025/26 financial year, FoodBev SETA continued to demonstrate its commitment to social impact, equity, and community upliftment through targeted outreach initiatives. In partnership with Mr Foundation, the SETA hosted a career exhibition for 1,000 matriculants in Bisho, Eastern Cape. The event promoted STEM education and career pathways in the food and beverage manufacturing sector, providing learners with valuable insights into industry opportunities through interactive presentations and engagements.

Additionally, FoodBev SETA partnered with INSETA to participate in a rural outreach career expo in KwaNongoma on 3 March 2026. This initiative combined career guidance with targeted social support to address barriers to learning and participation. Approximately 300 learners received school shoes, and three schools were provided with funding to purchase essential educational equipment. These interventions contributed to improving learner dignity, school readiness, and access to career development opportunities within an underserved rural community, reaffirming FoodBev SETA's role in fostering both skills development and broader social wellbeing.

15. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2026.

Part 1: Audit Committee Reflections

The Audit and Risk Committee (ARC) operated independently and without hindrance throughout the reporting period. Our strategic focus was on strengthening financial and performance reporting, risk management, ICT governance, and internal controls, with particular emphasis on addressing the findings that led to a qualified audit opinion in the prior year.

The ARC provided counsel to management on complex accounting matters, the remediation of a Material Irregularity (MI) involving R1.64 million in grant funds, and the enhancement of internal audit effectiveness. No conflicts of interest were recorded among ARC members, and declarations were made at every meeting.

We safeguarded the independence of the internal audit function by approving its charter and plan, ensuring functional reporting to the ARC, and holding separate executive sessions with the Chief Audit Executive (CAE). The ARC did not meet directly with the Executive Authority (Minister) during the year; however, the MI was communicated through the AGSA's statutory processes.

Due to the late appointment of the new Board (29 September 2025) and subsequent reconstitution of the ARC, a formal performance evaluation of the Committee was not conducted in 2025/26. This will be undertaken in 2026/27.

Audit and Risk Committee Responsibilities

i. The ARC reports that it has complied with its responsibilities arising from Section 51(1)(a)(ii) of the Public Finance Management Act (PFMA) and Treasury Regulation 27.1. The Committee has adopted an approved Audit and Risk Committee Charter, regulated its affairs accordingly, and discharged all responsibilities therein, except that it has not reviewed changes in accounting policies and practices.
ii. The Committee recognises its duty to serve the public interest and confirms it has functioned without limitation or threat to its independence.
iii. The ARC is aware of the new Global Internal Audit Standards™ (effective January 2025) but has not yet undertaken a formal gap assessment to internalise them. We confirm that the ARC applied professional scepticism in executing its duties, critically evaluating information, requesting additional data where necessary, and assessing the ethical and professional standards of assurance providers.

Part 2: Audit Committee Composition and Meeting Attendance

The ARC is properly constituted, comprising five members: three independent external members and two Board members. The independent external members' terms were extended on 8 July 2025 for three years, expiring 31 July 2028. Board members were appointed on 29 September 2025. The Committee convened **five (5)** times during the year – **four (4)** ordinary quarterly meetings (29 May 2025, 30 July 2025, 19 November 2025, and 2 March 2026) and one (1) special focused meeting (23 March 2026).

Part 3: Audit Committee Focus Areas

The following were reviewed during the year under review:

Effectiveness of Internal Control Systems

Management maintains internal control policies and procedures, which are periodically reviewed. However, internal and external audit findings identified weaknesses in IT general controls, grant payment processes, and record-keeping. Management has implemented corrective action plans, including policy updates and system enhancements. The control environment remains a work in progress.

Effectiveness of the Internal Audit Function (IAF)

The IAF operated consistently under its approved mandate, strategy, and annual plan. The ARC approved the internal audit coverage plan and reviewed quarterly reports. Management made progress in addressing internal audit findings; however, a number of findings remained open at year-end. The ARC will continue to monitor the implementation and validation of corrective actions, particularly in areas linked to the audit qualification and recurring control weaknesses. The IAF has adopted the Global Internal Audit Standards. The ARC's annual performance assessment found the function structurally sound but noted needed improvements in timeliness, business knowledge, and report quality. The IAF was adequately capacitated during the year. Management has cooperated with the IAF, and the ARC engaged the CAE, AGSA and the Accounting Authority to understand unresolved audit and control matters and to ensure that these are incorporated into management's corrective action plans.

Effectiveness of Risk Management

The ARC obtained assurance through quarterly reviews of the Risk Management Strategy, Risk Appetite Statement, Strategic Risk Register, Fraud Risk Register, and Fraud Prevention Plan. Six strategic risks were identified, and 16 Control Improvement Plans were fully implemented. The ARC is satisfied that internal and external audit plans considered material risks.

Adequacy, Reliability and Accuracy of Financial and Performance Information

The ARC reviewed quarterly reports, interim financial statements, and draft annual financial statements. While improvements were noted, unresolved prior-year findings (DG commitments, contingent liabilities, receivables, payables, and asset verification) may again lead to a qualified audit opinion. Management has engaged external resources to address these.

ICT Governance

The ARC reviewed the ICT Annual Plan, ICT Steering Committee reports, and internal audit findings. Weaknesses included outdated policies, inadequate user access management, and system limitations. Management has revised policies, initiated an ERP tender, and enforced cybersecurity training with zero tolerance for non-compliance among employees. A Disaster Recovery Plan and Business Continuity Plan are in place and periodically tested.

Accounting and Auditing Concerns

The ARC oversaw the response to a Material Irregularity (R1.64 million in grant funds not used for learner stipends). An independent investigation was completed, disciplinary processes initiated, and debt recoveries are proceeding. No unauthorised, irregular, fruitless and wasteful expenditure was reported in the annual financial statements. Separately, the ARC continued to monitor the material irregularity relating to funds not utilised for their intended purpose, including recovery action, consequence management and preventative controls. The ARC continues to monitor preventative actions, including consequence management and recovery efforts.

Compliance with Legal and Regulatory Provisions

The ARC reviewed quarterly compliance reports. The SETA achieved a 98% compliance rate across 19 regulatory frameworks. All quarterly submissions to DHET and National Treasury were made on time. POPIA compliance was strengthened via a gap analysis and new framework.

Quality of In-year Management and Monthly/Quarterly reports

The public entity has reported monthly and quarterly to National Treasury as required by the PFMA. The ARC reviewed these reports and found them generally of good quality, though improvements were requested in ICT reporting metrics and performance indicator classification.

Combined Assurance

The ARC coordinated assurance activities between internal audit, AGSA, management, the Fraud Prevention Committee, and the ICT Steering Committee. The ARC continued to promote coordination between management, internal audit, AGSA, the Fraud Prevention, Risk and Compliance Management Committee and the ICT Steering Committee. However, the repeat audit qualification indicates that combined assurance requires further strengthening, particularly in relation to grant expenditure, commitments, receivables, payables and audit action-plan monitoring.

Evaluation of Annual Financial Statements

The ARC reviewed the annual financial statements for the year ended 31 March 2026, including disclosures and management's accounting treatments. The ARC reviewed the annual financial statements, including significant disclosures and management's accounting treatments. The Committee notes that the AGSA issued a qualified audit opinion on specified areas, including grant and project expenses, payables from non-exchange transactions, grant commitments and trade and other receivables from non-exchange transactions. Subject to these reported qualifications and the related corrective actions, the ARC recommended the annual financial statements for approval. The ARC recommended the AFS for approval before the AGSA's reporting date. There were no changes in accounting policies or practices during the year.

External Audit

The ARC reviewed the AGSA's audit strategy, engagement letter, interim findings, and final management letter. We confirm the external auditors' independence and objectivity. The audit fee was budgeted at R4,056,712.

Auditor-General's Report

The ARC reviewed management's implementation plan for prior-year audit issues. While certain corrective actions were initiated during the year, the Committee notes with concern that a number of prior-year matters remained unresolved and contributed to the repeat qualified audit opinion. These matters will be subject to intensified monitoring during 2026/27, except for the following, which the ARC will continue to monitor in 2026/27:

i. DG commitments – completeness and accuracy of the commitment register
ii. DG expenditure - cut-off of grant expenditure
iii. Payables from non-exchange transactions – reconciliation and cut-off of grant accruals
iv. Receivables from non-exchange transactions - GRAP 104 impairment assessment, debtor-specific recoverability evidence, legal enforceability, possible set-off, recovery action and project close-out verification.
v. DG expenditure - prepayment of learner stipends

The ARC acknowledges the AGSA's audit opinion and the matters reported in the Auditor-General's report. The Committee accepts the need for urgent remediation of the underlying control deficiencies and will monitor management's corrective action plan. Where technical accounting or audit methodology disagreements were raised during the audit process, the Committee notes that these were addressed through the appropriate audit engagement and escalation processes on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

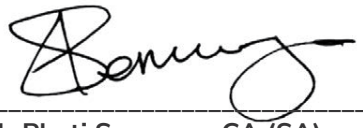
ARC Reflections

The ARC notes with concern that FoodBev SETA received a qualified audit opinion for the second consecutive financial year. This reflects that key financial reporting and control deficiencies remained unresolved at year-end and require intensified oversight in 2026/27.

No special duties were assigned by the Accounting Authority or Executive Authority beyond those contemplated in the Charter.

Conclusion

The ARC has fulfilled its statutory and fiduciary responsibilities for the financial year ended 31 March 2026. We remain committed to assisting the Board and management in improving governance, risk management, internal controls, and ethical culture.



Mr Phuti Semenya, CA (SA)
Chairperson of the Audit and Risk Committee
FoodBev Manufacturing SETA
31 July 2026

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The FoodBev SETA has demonstrated consistent progress in enhancing its B-BBEE compliance. This improvement reflects FoodBev SETA's ongoing commitment to South Africa's transformation, inclusivity, and the empowerment agenda.

As a Schedule 3A public entity, the SETA is assessed using the specialised generic scorecard, which excludes the ownership element. This scorecard measures four key elements: Management Control, Skills Development, Enterprise and Supplier Development, and Socio-Economic Development. The FoodBev SETA has identified the Supplier Development element as an area requiring significant improvement in alignment with specific B-BBEE requirements and will continue to intensify its efforts in this regard. The following table has been completed in accordance with the compliance to the B-BBEE requirements of the B-BBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition:

Table 25: B-BBEE Requirement and Compliance

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	**Response Yes / No**	**Discussion**
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	n/a
Developing and implementing a preferential procurement policy?	Yes	FoodBev SETA has a Preferential Procurement Policy that guides the preferencing requirements applied in all its procurement activities.
Determining qualification criteria for the sale of state-owned enterprises?	No	n/a
Developing criteria for entering into partnerships with the private sector?	Yes	All partnerships and special projects involving public or private sector entities are subject to the provisions of the Grant Funding Policy, which governs their initiation, management, and oversight.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	Yes	The criteria for the awarding of funding in support of Broad-Based Black Economic Empowerment is subject to the Grant Funding Policy.



PART D: HUMAN RESOURCE MANAGEMENT

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1. INTRODUCTION

1.1. Overview of HR Matters

FoodBev SETA regards its people as the organisation's most valuable asset. During the 2025/26 financial year, FoodBev SETA maintained a stable, highly qualified, and motivated workforce that enabled the delivery of the organisation's legislative mandate under the Skills Development Act. In response, Human Resources strived to ensure that the SETA had the right people, with the right skills, in the right roles at the right time to deliver on its mandate and strategic objectives.

1.2. Set HR Priorities and the Impact of These priorities

Table 26: Set HR Priorities for the Year Under Review

Future HR Plan/Goal	**Achievement Status – Based on Set HR Priorities for the Year Under Review**	**Outcome**
Implementation of the Human Resources Plan	FoodBev SETA has proudly delivered all five of its strategic HR goals for 2025/2026 which resulted in 100% of all Human Resources Plan interventions successfully executed: I. The organisation has not only met but exceeded expectations in talent management, recognition, learning & development, and rollout of the employee wellness programme. II. Achieved a 92% occupancy rate (70 of 76 funded positions filled) and a healthy annualised turnover rate of 8%. III. The average employee age is 35 years, and average tenure exceeds five years, with 81% of staff having served more than three years. IV. A total of 95% of personal development plans were implemented and resulted in 84% of staff holding NQF Level 6+ qualifications. V. Women constitute 57% of the permanent workforce (40 of 70) and men 43% (30 of 70), resulting in a 7% underrepresentation of men against the 50/50 target. 2.9% representation of persons with disabilities (exceeding the statutory 2% target).	Achieved
Implementation of Talent, Succession Management and Employee Retention policy	I. A highcalibre talent pool was established, resulting in 13 internal promotions. II. 68% of vacancies filled through internal mobility this demonstrate a powerful testament to FoodBev SETA's commitment to career progression and talent retention.	Achieved
Implementation of employee recognition incentives and rewards	I. A structured nonfinancial recognition framework, comprising Long Service Awards, Character Awards, and monthly recognition initiatives, was enthusiastically embraced. This directly contributed to a 12% improvement in employee engagement scores, serving as a clear indicator of a motivated and valued workforce.	Achieved

Future HR Plan/Goal	Achievement Status – Based on Set HR Priorities for the Year Under Review	Outcome
Upscaling of learning and development programmes	I. 95% of personal development plans were implemented.	Achieved
Creation of a positive experience and worklife balance	The EAP, launched in 2025, has delivered a promising start, with the following measurable outcomes: I. Utilisation rate of 3.8% (annualised) exceeding government (2.2%) and provider (3.4%) benchmarks. II. Self-referral where employees accessed support independently, demonstrating trust in the programme. III. Improved coping and reduced absenteeism post-intervention. IV. Confidentiality fully maintained, with no identifying information disclosed V. Implemented a hybrid work models and psychosocial support are being rolled out, reinforcing a culture of care and flexibility.	Achieved

1.3. Workforce Planning Framework

FoodBev SETA adopted a three-year rolling workforce planning framework that integrates strategic demand analysis, departmental gap assessments, Employment equity targets, and budgetary discipline. The framework is built on four strategic pillars; Leadership Development, Organisational Efficiency, Change Management, and Diversity and Inclusion. A phased recruitment plan addresses eight immediate critical vacancies (0–60 days) and five staggered positions (6–18 months). Key attraction strategies include executive search for leadership roles, internal promotion pathways (68% of vacancies filled internally), graduate programmes for youth pipeline and EE focused sourcing through diversity partnerships.

1.4. Employee Performance Management Framework

FoodBev SETA has transformed performance management into a strategic accountability tool directly linked to the Boardapproved Strategic Intent (SI) and Annual Performance Plan (APP):

i. Individual performance agreements are cascaded from the 18 highlevel SI indicators.
ii. Governance includes monthly operational reviews (vacancy fill rate, budget spend), quarterly strategic reviews (succession coverage, engagement scores), and annual external audits.
iii. Organisational performance eligibility for rewards requires achieving 95%–100% of SI targets, as per the Performance Management Policy.
iv. 85% performance management compliance by end of 2026/2027 (baseline: 95% of personal development plans implemented in 2025/2026).

1.5. Employee Wellness Programmes

FoodBev SETA remains committed to fostering a supportive, healthy, and engaged workforce. During the reporting period, significant strides were made in embedding holistic wellness into the organisational culture. Employee Assistance Programme (EAP) was delivered in partnership with the new provider *Life Health Solutions*, the EAP provided professional, confidential services across physical, mental, financial and legal domains. The following initiatives were implemented.

Holistic Wellness Initiatives

A whole-person approach was advanced through multiple interconnected pillars:

i. Facilitated an InterSETA Wellness Day whereby Staff participated in a cross SETA event promoting physical, mental and social wellbeing.
ii. Hosted a Teambuilding activities to strengthen collaboration, trust and staff morale.
iii. Provided a confidential support structures to reinforce and address workplace stress, interpersonal challenges and emotional resilience.

Work-Life Balance and Flexible Work Arrangements

Where operationally feasible, the organisation introduced worklife balance initiatives and flexible work arrangements (e.g., adjusted hours, remote work options). These measures have enhanced productivity, reduced burnout and supported employee wellbeing without compromising operational outcomes.

Mental Health Support During Restructuring

Recognising that organisational change can be stressful, a dedicated mental health support framework was implemented, which included:

i. Structured counselling, accessible via the EAP, with priority pathways for employees navigating restructuring.
ii. Resilience training which focussed on proactive workshops equipping staff with coping strategies, emotional regulation and adaptability skills.

1.6. Policy Development

During the year under review, seven policies were reviewed and approved to strengthen governance, compliance, and operational clarity. The following policies were updated:

i. Internship & Learnership Policy – to strengthen the talent pipeline and provide structured workplace experience for youth.
ii. Job Evaluation Policy – to ensure fairness, consistency and equity in grading and remuneration.
iii. Occupational Health and Safety Policy – to promote a safe and compliant working environment.
iv. Remuneration, Rewards and Recognition Policy – to address matters around attraction, motivation, and retention of talent through structured reward mechanisms.
v. Substance Use & Abuse Policy – to maintain workplace safety while providing rehabilitative support to employees.
vi. Bereavement Policy – to support employees during periods of loss through structured leave and wellness support.
vii. Code of Conduct Policy – to reinforce ethical behaviour, accountability, and good governance across the organisation.

1.7. Key Achievements

The Human Resources function delivered significant results aligned with organisational objectives:

Table 27: HR Achievements

Strategic Area	Key Achievements	Impact Measurement
HR Plan Implementation	Executed 100% of HR Plan interventions	I. The organisation has not only met but exceeded expectations in talent management, recognition, learning & development, and rollout of the employee wellness programme. II. FoodBev SETA has proudly delivered all five of its strategic HR goals for which resulted in 100% of all Human Resources Plan interventions successfully executed.
Talent Acquisition and Retention	Filled critical positions; stable 8% turnover rate	Reduced time to fill by 15% compared to previous year
Internal Talent Development	13 internal promotions	68% of vacancies filled through internal promotion
Performance and Development	95% of personal development plans implemented	Enhanced skills alignment with organisational needs
Employee Engagement	Structured recognition framework (Long Service Awards, Character Awards, monthly programmes)	Employee engagement scores improved by 12%
Employee Wellness	I. Launched a holistic wellness programme II. Hosted an Inter-SETA Wellness Day III. Implemented a staff and management team-building	I. Reduced absenteeism II. Increased team engagement and productivity
Remuneration Strategy	A job grading and evaluation exercise was completed, and phase one and two of salary benchmarking outcomes were implemented.	Improved salary competitiveness within the SETA sector



1.8. Challenges and Planned Interventions

FoodBev SETA acknowledges areas for continuous improvement and has developed targeted, measurable interventions.

Table 28: HR Challenges Requiring Intervention

Challenge Area	Current Status	Planned Interventions
Organisational Efficiency	Overlapping roles, manual processes, uneven capacity distribution	i. End-to-end process mapping and workflow improvement. ii. Phased recruitment for six immediate and five staggered positions aligned with budget. iii. Skillsmix review to achieve 55% core / 45% support ratio. iv. Robust implementation of Employment Equity Plan prioritises targeted recruitment of underrepresented race groups (especially at skilled and semiskilled levels) and measures to achieve the 50/50 gender target, while maintaining progress on disability inclusion.
Change Management and Digital Readiness	Reactive change management; limited digital transformation; fragmented communication	i. Roll out Change Management Strategy (impact assessments, stakeholder mapping, communication plans). ii. Implement digital induction tool (ICT underway) and automate routine HR processes. iii. Upgrade to a single, userfriendly intranet with monthly digital updates. iv. Train change agents in each department.
Leadership Pipeline	Lack of intentional succession planning	i. Identify critical roles (CEO Office, CFO Office, GM Operations, Corporate Services) and map successors with readiness levels. ii. Accredited Management Development Programmes for 27 leaders (10 Executives, 17 Managers) via ETDP SETA and other skills development partners. iii. Implement mentoring and coaching pair highpotential employees with executive mentors and external executive coaching for senior managers.

1.9. Future HR Plans/Goals

Building on the momentum of the past year, HR has established a fourpillar strategic framework to guide interventions in 2026–2027.

Table 29: FourPillar Strategic Framework – Accelerating Performance

Strategic Pillar	Priority Actions	Success Metrics
Pillar: 1 Leadership Development and Succession Planning	a) Accredited leadership programmes with ETDP SETA & other partners b) Leadership competency framework c) Succession plans with EE integration	i. Critical leadership vacancies filled within 6 months ii. Acting appointments ≤2 iii. 75% succession coverage iv. 27 leaders developed (10 Executives, 17 Managers) through various training programmes
Pillar : 2 Organisational Efficiency and Effectiveness	a) Workflow optimisation b) Phased, EEaligned recruitment c) Strengthened performance management d) Skillsmix review	i. 30% reduction in process duplication ii. 90% performance management compliance iii. 55% core / 45% support ratio achieved and maintained iv. Six immediate vacancies filled by Q3 2026 v. 98% occupancy rate achieved and maintained
Pillar : 3 Change Management and Culture Transformation	a) Change management strategy rollout b) Scaledup L&D programmes c) Digital HR transformation d) Enhanced internal communications	i. 80% change readiness ii. 90% digital literacy iii. Improved engagement scores
Pillar : 4 Diversity, Equity and Inclusion	a) Targeted EE recruitment aligned with revised EE Plan	i. 90% EE target achievement ii. Diverse talent pipeline

2. HUMAN RESOURCE OVERSIGHT STATISTICS

The following tables provide a detailed overview of the FoodBev SETA's Human Resources oversight statistics for the financial year ended 31 March 2026. These disclosures cover personnel costs by salary band, performance rewards, training expenditure, employment and vacancies, employment changes, reasons for staff leaving, labour relations (misconduct and disciplinary action), as well as employment equity targets and status. Collectively, they reflect the organisation's workforce composition, human capital investments, and progress in implementing its employment equity plan.



2.1. Personnel Related Expenditure

Table 30: Personnel Cost by Salary Band

Occupational Levels	Personnel Expenditure	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee
Executive Management	7 826 519,84	12,94%	3	2 608 839,95
Senior Management	10 531 899,64	17,42%	7	1 504 557,09
Middle Management	15 581 744,31	25,77%	13	1 198 595,72
Co-ordinators	13 799 736,23	22,82%	19	726 301,91
Administrators	8 800 410,67	14,55%	20	440 020,53
General Workers	722 413,42	1,19%	3	240 804,47
Interns	719 817,99	1,19%	25	28 792,72
Fixed Term Employees	2 486 384,03	4,11%	5	497 276,81
Grand Total	60 468 926,13	100,00%	100	**604 689,26**

The audited financial statement disclosed a total personnel cost of R60,995 million. The difference of R526,000 is a result of non-cash movement of Bonus provision and leave accrual.

2.2. Performance Rewards

Table 31: Performance Rewards

Occupational Levels (excludes fixed term and Interns)	No. of eligible employees	Performance rewards	Personnel Expenditure ("000")	% of performance rewards to total personnel cost
Top Management	2	509 179.76	5 599	10%
Senior Management	6	976 930.04	11 715	19%
Professional Qualified	14	1 629 479.25	16 231	31%
Skilled	17	1 178 555.95	13 646	22%
Semi-skilled	21	894 565.35	9 401	17%
Unskilled	3	66 007.11	679	1%
Total	**63**	**5 254 717.46**	**57 270**	**100%**

2.3. Training Costs

Table 32: Training Costs

Occupational Levels	Personnel Expenditure	Training Expenditure	Training Expenditure as a % of Personnel Cost	No. of employees trained	Avg training cost per employee
Top Management	7 826 519.84	88 363.73	1.13%	3	29 454.58
Senior Management	10 531 899.64	214 541.78	2.04%	7	30 648.83
Professional Qualified	15 581 744.31	496 495.38	3.19%	12	41 374.62
Skilled	14 526 038.14	187 756.86	1.29%	20	9 387.84
Semi-skilled	10 560 492.79	78 843.51	0.75%	24	**3 285.15**
Unskilled	722 413.42	181.13	0.03%	3	60.38
Interns	658 674.07	0	0.00%	17	0.00
Grand Total	**60 407 782.21**	**1 066 182.39**	**1.77%**	**86**	**12 397.47**

2.4. Employment and Vacancies

Table 33: Employment and Vacancies

Occupational Levels	No. of Employees as of 31 March 2025	Approved Posts as of 01 April 2025	No. of Employees as at 31 March 2026	2024/2025 Vacancies as at 31 March 2026	2025/2026 % of vacancies as at 31 March 2026
Top Management	3	3	3	0	0.0%
Senior Management	5	7	7	0	0.0%
Professional qualified	14	17	13	4	23.5%
Skilled	18	21	19	1	4.8%
Semi-skilled	24	25	25	1	4.0%
Unskilled	3	3	3	0	0.0%
Total	**67**	**76**	**70**	**6**	**7.9%**
Fixed Term Contract	1	5	5	0	0.0%
Interns	0	25	25	0	0.0%
Grand Total	**68**	**106**	**100**	**6**	**5.7%**

As at 31 March 2026, the organisation had a total vacancy rate of 7.9% (5.7% including fixedterm contract and intern posts), with vacancies concentrated in the professional qualified (23.5%), skilled (4.8%), and semiskilled (4.0%) levels, while senior management and top management posts were fully filled.

2.5. Employment Changes

During the reporting period, total personnel increased from 68 to 100, primarily due to the appointment of 25 interns and an increase in fixed-term contract employees from one to five. The number of permanent employees increased from 67 to 70. A total of 16 appointments were made to permanent positions, comprising four external and 12 internal appointments, including the reappointment of the CEO.

Despite a vacancy rate of 7.9%, all critical positions were successfully filled. Moreover, 75% of permanent vacancies were filled internally, highlighting the effectiveness of the SETA's succession planning, workforce planning, and talent retention strategies. Consequently, service delivery was not adversely affected during the reporting period.

Table 34: Employment Changes

Occupational Levels	Employment as at 31 March 2025	Appointments		Terminations / End of contract	Employment as at 31 March 2026
		External appointments	Internal appointments		
		(+)	(+)	(-)	
Top Management	3	1	1	2	3
Senior Management	5	1	1	0	7
Professional Qualified	14	1	2	4	13
Skilled	18	1	3	3	19
Semi-skilled	24	0	5	4	25
Unskilled	3	0	0	0	3
Total	67	4	12	13	70
Fixed Term Contract	1	5	0	1	5
Interns	0	25	0	0	25
Grand Total	**68**	**34**	**12**	**14**	**100**

During the reporting period, 14 terminations and/or end-of-contract cases were recorded across various occupational levels. These included fixed-term contract expiries and internal movements arising from promotions or role changes, rather than exits only.

2.6. Reasons for Staff Leaving

Table 35: Reasons for leaving

Reason	Number	% of total number of staff leaving
Death	-	-
Resignation	3	60%
Dismissal	-	-
Retirement	-	-
Ill health	-	-
Expiry of Contract	2	40%
Other	-	-
Total	5	100%

During the reporting period, five employees exited the organisation, comprising three resignations, which accounted for 60% of total exits, and two contract expiries, which accounted for the remaining 40%. No employees left the organisation due to dismissal, retirement, ill health, death or other reasons. To address these departures and other vacancies, the organisation made two external appointments and three internal appointments.

Internal staff movements resulting from promotions were correctly reclassified as role changes within the organisation, not as exits.

2.7. Labour Relations

Table 36: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	-
Written Warning	-
Final Written Warning	1
Dismissal	-
Total	**1**

2.8. Equity Target and Employment Equity Status

As at 31 March 2026, FoodBev SETA's permanent workforce (70 employees) comprises 92.9% Africans (65/70), substantially exceeding Gauteng EAP benchmarks, while Coloured (2 employees), Indian (0), and White (1) employees are underrepresented. Women make up 57% and men 43%, resulting in a 7% underrepresentation of men against the 50/50 gender target.

The organisation met the 2% disability threshold at 2.9%. Key equity gaps include only one Coloured male at professionally qualified level but none in other upper levels, and no Coloured or Indian females above semi-skilled. Only one White male is in the professionally qualified category, and gender imbalances favour women in senior management, professionally qualified, and semi-skilled roles. These priorities are being addressed through the revised Employment Equity Plan based on Gauteng EAP targets with 50/50 gender distribution per occupational level.

Table 37: Current Male Employees by occupational level and race

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	1	0	0	0	1	0	0
Senior Management	3	3	0	0	0	0	0	0
Professional qualified	4	8	1	1	0	0	1	1
Skilled	11	8	0	1	0	1	0	0
Semi-skilled	8	11	0	1	0	1	0	1
Unskilled	0	0	0	0	0	0	0	0
TOTAL	28	31	1	3	0	3	1	**2**
Fixterm/Temps	3	0	0	0	0	0	0	0
TOTAL	31	31	1	3	0	3	1	**2**

Table 38: Current Female Employees by occupational level and race

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	0	0
Senior Management	4	3	0	0	0	1	0	0
Professional qualified	7	7	0	1	0	1	0	0
Skilled	8	9	0	0	0	1	0	1
Semi-skilled	15	10	1	1	0	1	0	1
Unskilled	2	2	0	0	0	0	0	0
TOTAL	**37**	**32**	**1**	**2**	**0**	**4**	**0**	**2**
Fixterm/Temps	2	0	0	0	0	0	0	0
TOTAL	39	32	1	2	0	4	0	**2**

*The Employment Equity workforce profile is aligned with the approved EE pland. Accordingly the figurres reflect employees who formed part of the workforce profile used and that excludes interns

Table 39: Employees with Disabilities

Levels	DISABLED STAFF			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional Qualified	0	0	0	0
Skilled	0	0	1	1
Semi-skilled	1	1	0	0
Unskilled	0	0	0	0
TOTAL	1	1	1	1





PART E: PFMA COMPLIANCE REPORT

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1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1. Irregular Expenditure

Reconciliation of irregular expenditure

Description	2024/2025	2025/2026
	R'000	R'000
Opening balance	-	-
Adjustment to opening balance	-	-
Opening balance as restated	-	-
Add: Irregular expenditure confirmed	-	-
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recoverable and written off	-	-
Closing balance	**-**	**-**

Reconciling notes

Description	2024/2025	2025/2026
	R'000	R'000
Irregular expenditure that was under assessment	-	-
Irregular expenditure that relates to the prior year and identified in the current year	-	-
Irregular expenditure for the current year	-	-
Total	**-**	**-**

1.2. Details of Irregular Expenditure (under assessment, determination, and investigation)

Description	2024/2025	2025/2026
	R'000	R'000
Irregular expenditure under assessment	-	R1 058
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	-
Total	**-**	**-**

The potential irregular expenditure is in relation to the re-appointment of the CEO which is under assessment and currently being adjudicated by the courts in the case between the Economic Freedom Fighters versus the Minister of Higher Education and Training and the affected SETAs. Therefore, the impact of the irregular expenditure can only be confirmed once a judgement has been handed down by the respective court. The amount to be disclosed as IE under assessment has been calculated on the net pay from the month of re-appointment being 17 October 2025 to 31 March 2026 amounting to R1,058,290.14.

1.3. Details of Irregular Expenditure Condoned

Description	2024/2025	2025/2026
	R'000	R'000
Irregular expenditure condoned	-	-
Total	**-**	**-**

1.4. Details of Irregular Expenditure removed - (not condoned)

Description	2024/2025	2025/2026
	R'000	R'000
Irregular expenditure NOT condoned and removed	-	-
Total	**-**	**-**

1.5. Details of Irregular Expenditure Recoverable

Description	2024/2025	2025/2026
	R'000	R'000
Irregular expenditure recoverable	-	-
Total	**-**	**-**

1.6. Details of Current and Previous Year Irregular Expenditure Written Off (irrecoverable)

Description	2024/2025	2025/2026
	R'000	R'000
Irregular expenditure written off	-	-
Total	**-**	**-**

1.7. Additional Disclosure Relating to Inter-Institutional Arrangements

Details of irregular expenditure where an institution is involved in an inter-institutional arrangement (where such institution *is* responsible for the non-compliance)

Description	2024/2025	2025/2026
	R'000	R'000
Not Applicable	-	-
Total	**-**	**-**

Details of disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken
Not Applicable

1.8. Fruitless and Wasteful Expenditure

a. Reconciliation of fruitless and wasteful expenditure

Description	2024/2025	2025/2026
	R'000	R'000
Opening balance	-	-
Adjustment to opening balance	-	-
Opening balance as restated	-	-
Add: Fruitless and wasteful expenditure confirmed	-	-
Less: Fruitless and wasteful expenditure recoverable	-	-
Less: Fruitless and wasteful expenditure not recoverable and written off	-	-
Closing balance	**-**	**-**

Reconciling notes

Description	2024/2025	2025/2026
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment	-	-
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	-	-
Fruitless and wasteful expenditure for the current year	-	-
Total	**-**	**-**

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

Description	2024/2025	2025/2026
	R'000	R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
Total	**-**	**-**

c. Details of fruitless and wasteful expenditure recoverable

Description	2024/2025	2025/2026
	R'000	R'000
Fruitless and wasteful expenditure recoverable	-	-
Total	**-**	**-**

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

Description	2024/2025	2025/2026
	R'000	R'000
Fruitless and wasteful expenditure written off	-	-
Total	**-**	**-**

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

Disciplinary steps taken
Not Applicable

1.9. Additional Disclosure Relating to Material Losses in Terms of PFMA Section 55(2)(b)(i) &(iii))

a. Details of material losses through criminal conduct

Material losses through criminal conduct	2024/2025	2025/2026
	R'000	R'000
Theft	-	-
Other material losses	-	-
Less: Recoverable	-	-
Less: Not recoverable and written off	-	-
Total	**-**	**-**

b. Details of other material losses

Nature of other material losses	2024/2025	2025/2026
	R'000	R'000
Not Applicable	-	-
Total	**-**	**-**

c. **Other material losses recoverable**

Nature of losses	2024/2025	2025/2026
	R'000	R'000
Not Applicable	-	-
Total	**-**	**-**

d. **Other material losses not recoverable and written off**

Nature of losses	2024/2025	2025/2026
	R'000	R'000
Not Applicable	-	-
Total	**-**	**-**

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	-	-
Invoices paid **within** 30 days or agreed period	-	-
Invoices paid **after** 30 days or agreed period	-	-
Invoices older than 30 days or agreed period ***(unpaid and without dispute)***	-	-
Invoices older than 30 days or agreed period ***(unpaid and in dispute)***	-	-

3. SUPPLY CHAIN MANAGEMENT

3.1. Procurement by Other Means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Nedbank Top empowerment Conference	Top Media Communications	Sole supplier	-	42
Total				**42**

3.2. Contract Variations and Expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansions / variations	Value of current contract expansion/ variation
				R'000	R'000	R'000
Cyber Security Services Hosi Technologies Variation -				2 742	-	342
Public Relations Services	TTMOL Trading (Pty) Ltd	Variation	-	443	-	63
Job evaluation, Grading and Salary Benchmarking	Emergence Growth (Pty) Ltd	Variation	-	249	-	36
Board Strategy Session	Enterprise University of Pretoria	Variation		509	--	35
Total						**476**





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Report of the auditor-general to Parliament on the Food and Beverages Manufacturing Sector Education and Training Authority

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Food and Beverages Manufacturing Sector Education and Training Authority (FOODBEV SETA) set out on pages 128 to 184, which comprise the statement of financial position as at 31 March 2026, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the FOODBEV SETA as at 31 March 2026 and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) as issued by the Accounting Standards Board of South Africa and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

Basis for qualified opinion

Grant and project expenses

3. Items that did not meet the definition of expense in accordance with GRAP 1, ***Presentation of financial statements,*** were paid and recognised as discretionary grant expenses. Consequently, the amount for trade and other receivables from non-exchange transactions was understated. I was unable to determine the full extent of the overstatement of discretionary grant expenses, stated at R 443 118 000 in note 16 to the financial statements, and the related understatement trade and other receivables from non-exchange transactions, stated at R 1 858 000 in note 3 to the financial statements, as it was impracticable to do so.
4. The public entity did not properly account for grant and project expenses, as required by GRAP 1, ***Presentation of Financial Statements,*** as the prior year's discretionary grants expenses were incorrectly recognised in the current year. Consequently, the corresponding amount for discretionary grants as disclosed in note 16 to the financial statements was understated by R 8 196 395.
5. During 2025, the project administration expenditure was not properly accounted for in accordance with GRAP 1, ***Presentation of financial statements.*** Administration expenditure relating to special projects was incorrectly classified as project costs. Consequently, the project administration expenditure disclosed in note 16 to the financial statements was understated and the discretionary grants were overstated by R7 195 337. My audit opinion on the financial statements for the period ended 31 March 2025 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the grant and project expenses for the current period.

Trade and other payables from non-exchange transactions

6. The public entity did not properly account for payables from non-exchange transactions, as required by GRAP 1, ***Presentation of Financial Statements,*** as prior year's discretionary grants accruals were not recognised in the corresponding amount. Consequently, the corresponding amount for payables from non-exchange transactions disclosed in note 7 to the financial statements was understated by R 8 196 395.

Grant commitments

7. Grant commitments were not properly accounted for in accordance with GRAP 1, ***Presentation of financial statements.*** This was due to inaccurate restatements, inaccurate adjustments and invalid adjustments. Consequently, the grant commitments disclosed in note 22 were understated by R 41 725 615.
8. Furthermore, was unable to obtain sufficient appropriate audit evidence for terminations/ cancelations and adjustments to grant commitments disclosed in note 22 to the financial statements, as the public entity did not have adequate systems to maintain records. I was unable to confirm the disclosure by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the terminations/cancellations and adjustments stated at R431 612 000 in the grant commitments disclosed in note 22 to the financial statements.

Trade and other receivables from non-exchange transactions

9. The allowance for impairment of doubtful debts was not calculated in accordance with GRAP 104, ***Financial instruments.*** A general rate was applied for all the debtors in calculating the debt impairment allowance, without assessing forward-looking information and probability weighted outcomes for individual debtors. I was unable to determine the impact on the net carrying amount of trade and other receivables from non-exchange transactions amounting to R1 858 000 as disclosed in note 3 to the financial statements, as it was impracticable to do so.

Context for opinion

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

Emphasis of matter

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

Restatement of corresponding figures

13. As disclosed in note 30 to the financial statements, the corresponding figures for 31 March 2025 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2026.

Responsibilities of the accounting authority for the financial statements

14. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA and SDA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

15. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations or has no realistic alternative but to do so.

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

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

17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located on page 126, forms part of my auditor's report.

Report on the audit of the annual performance report

18. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
19. I selected the following programmes presented in the Annual performance report for the year ended 31 March 2026 for auditing. I selected programmes that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 2: Skills planning	**39**	To conduct compelling research that generates reliable skills-related information especially and to support credible institutional mechanisms for skills planning
Programme 3: Learning programmes and projects	**42**	To disburse grants that are addressing the sector needs, align curriculum with industry needs and capacitate providers while also sharing knowledge in the sector
Programme 4: Quality assurance	**57**	Increase availability of accredited public skills development providers

20. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

21. I performed procedures to test whether:

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

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

Other matter

24. I draw attention to the matters below.

Achievement of planned targets

25. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- achievements.

Report on compliance with legislation

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

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

28. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
29. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

30. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA.
31. Material misstatements of the statement of comparison of budget and actual amounts identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified opinion.

Other information in the annual report

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

Internal control deficiencies

36. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
37. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on compliance with legislation included in this report.
38. Preventative controls were not implemented by the accounting authority to ensure reliable financial and performance reporting as well as compliance with applicable laws and regulations.

Material irregularities

39. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities (Mis) identified during the audit.

Material irregularities identified during the audit

Funds not utilised for their intended purpose

40. From December 2022 to June 2024, the FOODBEV SETA disbursed funds to employers for the implementation of various skills programmes. Despite receiving these funds, the employers failed to provide evidence that the stipends were paid to learners as stipulated in their memorandum of agreements, thereby violating key terms of the agreements.
41. The FOODBEV SETA did not implement effective internal controls and monitoring processes that ensured funds were used efficiently and effectively for learner stipend during trainings. Based on the above, the officials of the entity failed to ensure an effective, efficient, economical and transparent use of resources.
42. The FOODBEV SETA disclosed the paid amount as receivables in the financial statements. However, the money was not recovered from the liable employers as the public entity did not initiate the recovery process, resulting in a likely financial loss.
43. The ineffective implementation of internal controls resulted in money paid to employers not being used for its intended purposes, which, if not recovered, is likely to result in a material financial loss. There was therefore non-compliance with section 57(a) of the PFMA.
44. The accounting authority was notified of the material irregularity on 11 September 2025 and invited to make a written submission on the actions to be taken to address the matter. A written response with substantiating documentation was received however, subsequently I requested the accounting authority to provide additional information, which was submitted on 23 October 2025 and 10 November 2025.
45. I notified the accounting authority of my determination that appropriate actions are being taken to address the MI on 24 November 2025. I followed up on the actions taken by management in the current year and noted that some of the appropriate actions have been fully implemented and some are in progress.
46. I will follow-up on the implementation of the planned actions during my next audit.



Pretoria
31 July 2026

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably

be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation - selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); **53(4);** 54(2)(c); 54(2)(d); 55(1)(a); 55(1}(b); 55(1)(c)(i); 56; 57(b); 66(3}(c); 66(5)
Treasury Regulations, 2005	Regulation 16A3.2; 16A3.2(a); **16A6.1; 16A6.2(a);** 16A6.2(b); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A.7.1; 16A.7.3; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A 9.1(d); 16A9.1(e); 16A9.1(f); **16A9.2;** 16A9.2(a)(ii); 30.1.1; 31.1.2(c); 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; 31.2.5; 31.2.7(a); **31.3.3;** 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3
Companies Act 71 of 2008	Section **45(2);** 45(2)(c); 45(3)(a)(ii); 45(3}(b)(i); 46(1)(c); 45(3}(b)(ii); **45(4);** 46(1)(a); 46(1}(b); 112(2)(a); 129(7)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A); 25(9)(a); 25(10)
National Treasury **SCM** Instruction No. 4A of 2016/17	Paragraph 6
National Treasury **SCM 2021/22** Instruction **No. 03** of	Paragraph 4.1; 4.2(b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury **SCM** Instruction **No.** 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of2000	Section 1; 2(1)(a); 2(1)(b); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

Food and Beverages Manufacturing Sector Education and Training Authority

Annual Financial Statements for the year ended 31 March 2026

Accounting Authority's Responsibilities and Approval

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

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

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

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

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

The Accounting Authority has reviewed the SETA's cash flow forecast for the year to 31 March 2027 and, in the light of this review and the current financial position, they are satisfied that the SETA has or has access to adequate resources to continue in operational existence for the foreseeable future.

The SETA is wholly dependent on the skills development levies income for continued funding of operations. The annual financial statements are prepared on the basis that the SETA is a going concern and that the SETA has neither the intention nor the need to liquidate or curtail materially the scale of the SETA.

The annual financial statements set out on page 129-184, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 May 2026 and were signed on its behalf by:



Siyabulela Ngcukana
Accounting Authority Chairperson



Nokuthula Selamolela
Chief Executive Officer

Statement of Financial Position as at 31 March 2026

	Note(s)	2025/26 '000	2024/25 Restated* '000
Assets			
Current Assets			
Inventory	2	46	79
Trade and other receivables from non-exchange transactions	3	1 858	2 597
Cash and cash equivalents	4	875 465	895 432
Non-Current Assets			
Property, plant and equipment	5	6 614	7 977
Intangible assets	6	1 490	1 380
		8 104	**9 357**
Total Assets		**885 473**	**907 465**
Liabilities			
Current Liabilities			
Trade and other payables from non-exchange transactions	7	167 456	167 193
Trade and other payables from exchange transactions	8	10 348	8 774
Provisions	9	13 229	12 820
Finance lease obligation	10	267	160
		191 300	**188 947**
Non-Current Liabilities			
Finance lease obligation	10	141	66
Total Liabilities		**191 441**	**189 014**
Net Assets		**694 032**	**718 451**
Reserves			
Administration reserve		8 150	9 436
Discretionary grant reserve		685 363	708 811
Mandatory grant reserve		519	204
Total Net Assets		**694 032**	**718 451**

Food and Beverages Manufacturing Sector Education and Training Authority

Annual Financial Statements for the year ended 31 March 2026

Statement of Financial Performance

	Note(s)	2025/26 '000	2024/25 Restated* '000
Revenue			
Non-Exchange Revenue			
Skills Development Levy: Income	12	585 028	539 119
Skills Development Levy: Interest and penalties	13	2 957	8 088
Other income	15	-	23 137
Total revenue from non-exchange transactions		**587 985**	**570 344**
Exchange Revenue			
Other income	15	108	325
Interest received	14	63 041	74 890
Total revenue from exchange transactions		**63 149**	**75 215**
Total revenue		**651 134**	**645 559**
Expenditure			
Administrative employee related costs	17	(36 284)	(35 570)
Depreciation and amortisation	5&6	(4 306)	(4 292)
Lease rentals on operating lease	18	(4 966)	(4 889)
Debt Impairment	3	(366)	(1 637)
Grant and project expenses	16	(588 616)	(668 104)
Other administration expenses	17	(40 864)	(43 291)
Total expenditure		**(675 401)**	**(757 783)**
Deficit for the year		**(24 267)**	**(112 224)**



Statement of Changes in Net Assets for the year ended 31 March 2026

	Administration reserve '000	Discretionary grant reserve '000	Mandatory grant reserve '000	Accumulated surplus '000	Total net assets '000
Restated balance at 01 April 2024	**5 559**	**825 204**	**63**	**-**	**830 826**
DG Payables	-	16 728	-	-	16 728
Receivables	-	99 070	-	-	99 070
Provision for Impairment	-	(99 070)	-	-	(99 070)
Net income (losses) recognised directly in net assets	-	16 728	-	-	16 728
Deficit for the year	-	-	-	(112 224)	(112 224)
Total recognised income and expenses for the year	-	16 728	-	(112 224)	(95 496)
Understated DG Expenditure	-	(151)	-	-	(151)
Prior year adjustment [Note 30]	-	(16 728)	-	-	(16 728)
Allocation of unappropriated surplus	(18 594)	(122 053)	28 423	112 224	-
Excess reserves transferred to Discretionary reserve	22 471	5 811	(28 282)	-	-
Balance at 31 March 2025	**9 436**	**708 811**	**204**	**-**	**718 451**
Deficit for the period	-	-	-	(24 267)	(24 267)
Prior period error	-	151	-	-	151
Allocation of unappropriated surplus/(deficit) [note 11]	(9 893)	(46 338)	31 964	24 267	-
Excess reserves transferred to Discretionary reserve	8 607	22 739	(31 346)	-	-
Balance at 31 March 2026	**8 150**	**685 363**	**519**	**-**	**694 032**

Food and Beverages Manufacturing Sector Education and Training Authority

Annual Financial Statements for the year ended 31 March 2026

Cash Flow Statement for the year ended 31 March 2026

	Note(s)	2025/26 '000	Restated* 2024/25 R'000
Cash flows from operating activities			
Receipts			
Levies, interest and penalties received		588 357	569 273
Interest income		63 041	74 890
Other receipts		108	325
		651 506	644 488
Cash paid to stakeholders, suppliers and employees			
Grants and project payments		(563 828)	(628 469)
Compensation of employees		(60 469)	(58 263)
Payments to suppliers and other		(44 124)	(49 422)
		(668 421)	(736 154)
Net cash flows from operating activities	19	**(16 914)**	**(91 667)**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(913)	(5 976)
Proceeds from sale of property, plant and equipment	5	39	238
Purchase of other intangible assets	6	(2 179)	(2 463)
Net cash flows from investing activities		**(3 053)**	**(8 201)**
Net (decrease)/increase in cash and cash equivalents		**(19 967)**	**(99 868)**
Cash and cash equivalents at the beginning of the year		895 432	995 299
Cash and cash equivalents at the end of the year	4	**875 465**	**895 432**



Food and Beverages Manufacturing Sector Education and Training Authority

Annual Financial Statements for the year ended 31 March 2026

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget '000	Midterm budget adjustments (Note 31.8) '000	Final Budget '000	Actual amounts on comparable basis '000	Difference between final budget and actual '000	Reference
Statement of Financial Performance: 2025/26						
Revenue						
Other income	-	-	**-**	108	**108**	31
Grant recoveries and other income	-	2 236	**2 236**	-	**(2 236)**	31
Fines and penalties	-	1 723	**1 723**	2 957	**1 234**	31
Skills development levies - income	568 653	21 347	**590 000**	585 028	**(4 972)**	31
Interest received - investment	65 229	(1 629)	**63 600**	63 041	**(559)**	31
Retained funds	-	703 093	**703 093**	-	**(703 093)**	31.7
Total revenue including retained funds	**633 882**	**726 770**	**1 360 652**	**651 134**	**(709 518)**	
Expenses						
Administration expenses	(74 636)	(2 801)	**(77 437)**	(86 785)	**(9 348)**	31
Grant and project expenses	(559 246)	(723 969)	**(1 283 215)**	(588 616)	**694 599**	31
Total expenditure	**(633 882)**	**(726 770)**	**(1 360 652)**	**(675 401)**	**685 251**	
Deficit for the year	**-**	**-**	**-**	**(24 267)**	**(24 267)**	
Statement of Financial Performance - 2024/25						
Revenue						
Other income	-	-	**-**	325	**325**	
Grant recoveries and other income	-	6 000	**6 000**	23 137	**17 137**	
Fines and penalties	-	8 000	**8 000**	8 088	**88**	
Skills development levies - income	533 946	-	**533 946**	539 119	**5 173**	
Interest received - investment	61 248	17 212	**78 460**	74 890	**(3 570)**	
Retained funds*	-	926 965	**926 965**	-	**(926 965)**	
Total revenue including retained funds	**595 194**	**958 177**	**1 553 371**	**645 559**	**(907 812)**	
Expenses						
Administration expenses	(70 080)	(12 486)	**(82 566)**	(89 679)	**(7 113)**	
Grant and project expenses	(525 114)	(945 691)	**(1 470 805)**	(668 104)	**802 701**	30.8.2
Total expenditure	**(595 194)**	**(958 177)**	**(1 553 371)**	**(757 783)**	**795 588**	
Deficit for the year	**-**	**-**	**-**	**(112 224)**	**(112 224)**	

Significant Accounting Policies

	Note(s)	2025/26 '000	2024/25 Restated '000

1. Presentation of Annual Financial Statements

1.1 Basis of preparation

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

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

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

A summary of material accounting policies applied in the preparation and presentation of the financial statements are set out below. These policies were consistently applied for the years presented, unless otherwise stated.

1.2 Functional and presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the SETA. All figures are rounded to the nearest thousand Rand.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the Annual Financial Statements, management is required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or if the period of revision and future periods of the revision affects both the current and future periods.

Key sources estimation uncertainty

The following are the key assumptions concerning the future, and other sources of estimation uncertainty at the balance sheet date, which have a significant risk of causing a material adjustment to the amount of assets and liabilities within the next financial period.

1.3.1. Estimation of useful lives and residual value

Management considers the impact of technology, the condition of the asset if there are any approved plans by the board to dispose of the asset. The estimation of residual values of assets is based on management's judgement whether the asset will be sold or will be used to the end of their useful lives and at what condition the assets will be at the time. Management are of the opinion that all other assets of the SETA that will not be disposed, have a useful life that is equal to the economic life of the assets. Management therefore considers the residual value to not be materially significant.

Significant Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

1.3.2. Classification of financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. The Accounting Policy on Financial Instruments describes the factors and criteria considered by the management of the entity in the classification of financial assets and liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104: Financial Instruments.

1.3.3. Impairment of receivables

FoodBev SETA applies the Expected Credit Loss (ECL) model as required by GRAP 104: Financial Instruments for its financial assets. For trade receivables, the simplified approach is applied, requiring the recognition of lifetime expected credit losses from initial recognition until derecognition.

In making the estimation of the impairment, management uses a provision matrix methodology, which involves grouping receivables with similar credit risk characteristics, analysing historical payment profiles across ageing buckets, and applying impairment probabilities to determine expected losses.

Key judgements and estimations involved in the ECL model include:

- **Grouping of Receivables:** Debtors are grouped by debtor type (Levy paying, Non-paying Levy, University, TVET and CET) to ensure a consistent assessment of credit risk within each segment.
- **Ageing Buckets:** Historical payment patterns are consolidated into specific ageing buckets (e.g., 0, 30, 60, 90, 120+ days) to ensure statistical credibility and reliable estimation of payment behaviour .
- **Impairment Probability**: The likelihood that an account holder will ultimately fail to settle their outstanding balance is derived from non-existent funded active project, non-levy paying employer (eligible for 20% mandatory grant) and not an organ of state to offset the debt. Management assessed discretionary grant recoveries for expected credit losses in accordance with GRAP 104. The majority of the balances relate to old discretionary grant projects where payments were previously made, learners were behind schedule, and employers had not submitted sufficient information to confirm progress or completion. These balances were previously removed from the commitment register due to prolonged inactivity and were not communicated or actively pursued by the SETA for more than three years. Although some of the employers have a positive implementation history, management concluded that, at reporting date, there was insufficient reasonable and supportable evidence that the balances were recoverable. A 100% expected credit loss was therefore recognised for these balances. The impairment does not constitute a write-off. Management will continue to pursue the employers in the 2026/27 financial year to obtain evidence of learner progress or completion, confirm recoverability, and determine whether formal write-off processes should be initiated where recovery is not possible.
- **Forward-Looking Information**: GRAP 104 requires expected credit loss estimates to consider historical loss experience, current conditions, and reasonable, supportable forward-looking information. Management considered available grant funding, implementation of learning programmes performance, legal enforceability of the debt recovery and business/entity-specific conditions.
- **Discounting:** Interest is not levied on outstanding balances. Management concluded that discounting the impairment values to present value is not necessary as the impact on the impairment value is immaterial. M anagement is satisfied that the impairment of financial assets recorded during the year is appropriate and reflects the expected credit losses in accordance with the adopted methodology.

  Management is satisfied that the impairment of financial assets recorded during the year is appropriate and reflects the expected credit losses in accordance with the adopted methodology.

Significant Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Effective interest rate
Management applies appropriate discount rates where required in measuring financial instruments and obligations.

Credit risk

Scope and objectives

Credit risk is the risk of financial loss arising from the failure of customers, counterparties or financial institutions to meet its contractual obligations. The entity's exposure to credit risk arises mainly from trade and other receivables, deposits and cash and cash equivalents.

The entity manages credit risk through ongoing monitoring of outstanding balances, assessment of ageing analysis, debt collection processes and the application of the expected credit loss model in accordance with GRAP104.

There were no significant changes during the current financial year in the entity's exposure to credit risk, or in the objective policies, processes and methods used to manage and measure credit risk.

The credit risk management practice

The entity's credit risk management practices are aimed at minimising potential financial losses arising from default by customers and counterparties. Credit risk is managed through regular monitoring of outstanding balances, review of aging analysis, follow up on overdue accounts and implementation of debt collection processes where necessary .

The entity applies the expected credit loss model in accordance with GRAP104 to assess impairment of financial assets measured at amortised cost.Expected credit losses are assessed using historical loss experience, ageing of receivables, current economic conditions and forward looking information available at reporting date.

Cash and cash equivalents are held with reputable South African financial institutions considered to have low credit risk.

1.4 Commitments

Operating commitments

Commitments arise when the SETA has entered into non-cancellable agreements that will result in future cash outflows and are not covered under the annual operational budget.

Disclosure requirements

Commitments for which disclosure is necessary to achieve a fair presentation is disclosed in a note to the financial statements, if both the following criteria are met:

(a) Contracts should be non-cancellable or only cancellable at significant cost and
(b) The commitment is material to the financial statements.

Routine employment contracts and recurring operational expenditures are excluded unless they are of such significance that their omission would affect fair presentation.

Discretionary grant commitments

Commitments represent contractual obligations that will result in future cash outflows. The SETA adheres to the definition of commitments as per Notice No. 35940 of 2012 (Grant Regulations), which states :

Significant Accounting Policies

1.4 Commitments (continued)

"A commitment is a contractual obligation (a written agreement between the SETA and a third party) where the third party undertakes to perform a discretionary project, and the SETA is obligated to make a payment against the grant."

Discretionary grant commitments are recognised when the SETA has an approved and signed funding agreement or grant award creating a contractual obligation to disburse funds, subject to the beneficiary meeting the specified programme conditions.

Commitments are reduced when payments are made, when valid accruals or payables are recognised for milestones achieved by reporting date, or when commitments are formally terminated, cancelled or adjusted through approved governance processes.

Expired contracts are not automatically removed from commitments. Management assesses whether a valid obligation remains based on the contract terms, learner status, milestone achievement, correspondence with the beneficiary and approved termination or close-out documentation

Terminations, cancellations and change-request adjustments are supported by formal documentation and are separately tracked in the commitment register.

1.5 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners. Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue is recognised when it is probable that future economic benefits will flow to the SETA and these benefits can be measured reliably. The following represent the classes of revenue from non-exchange transactions:

Skills Development Levy Income

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act No. 9 of 1999), registered member companies (employers) of the FoodBev SETA pay a skills development levy (SDL) of 1% of the total payroll cost to the South African Revenue Services (SARS). Companies with an annual payroll of less than R500,000 are exempted in accordance with section 4 (b) of the Skills Development Levy Act (1999) as amended, effective 1 August 2005.

Skills development levies transfers are recognised when it is probable that the future economic benefits will flow to the FoodBev SETA and these benefits can be measured reliably. This occurs when the Department of Higher Education and Training (DHET) makes the payment to FoodBev SETA.

Inter-SETA transfers

Revenue is adjusted for inter-SETA transfers due to employers changing SETAs. Such adjustments are separately disclosed as Inter-SETA transfers. The amount of the inter-SETA adjustment is calculated according to the Standard Operating Procedure issued by DHET.

When a new employer is transferred to the FoodBev SETA, the levies transferred by the former SETA are recognised as revenue and allocated to the respective category to maintain its original identity.

Significant Accounting Policies

1.5 Revenue from non-exchange transactions (continued)

Levy exempt income is monies received from employers who are exempt from paying SDL levies, as per the Skills Development Circular 09/2013. FoodBev SETA recognises a payable in respect of SDL levy refunds due to levy exempt employers. This payable is a provision based on the levies received from possible levy exempt entities. FoodBev SETA transfers all monies received from levy exempt employers to discretionary grant income after the expiry date of five years from date of receipt of the funds, if not refunded to the respective employer through the SARS system.

Eighty percent (80%) of skills development levies are paid over to the FoodBev SETA (net of the 20% contribution to the National Skills Fund).

Employer's levy payments are set aside in terms of the Skills Development Act and the regulations issued in terms of the Act for the purpose of:

	2025/26	2024/25
Administration costs of the SETA	10,50%	10,50%
Mandatory grant fund levy*	20,00%	20,00%
Discretionary grant and projects	49,50%	49,50%
	80,00%	80,00%

*FoodBev SETA acknowledges that the above regulations were set aside by the Labour Appeal Court (LAC) during October 2019, however in the absence of DHET gazetting new regulations, the SETA has used the current regulations for reporting purposes in the current year. We draw attention to note 20.3 for further details.

Skills Development Levy (SDL) interest and penalties

SDL interest and penalties are recognised when it is probable that the future economic benefits will flow to the FoodBev SETA and these benefits can be measured reliably. This occurs when DHET either makes an allocation or a payment, whichever comes first to FoodBev SETA. SDL interest and penalties received from SARS as well as the interest received on investments are utilised for discretionary grants and projects.

Other non-exchange income, government grants and other donor funding

Funds transferred by the government and other donor funding are accounted for in the financial statements of the FoodBev SETA as a liability until the related eligible expenses are incurred and the relevant conditions of the grant are met, when the liability is utilised the revenue is recognised as other income in the statement of financial performance.

Conditional government grants and other conditional donor funds received are recorded as deferred income when they are receivable and then recognised as income when the conditions attached to the grant are met. Unconditional grants are recognised as other income when the amounts have been received.

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

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

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

FoodBev SETA recovers grants from employers who failed to implement learning programmes after tranche payments were made. These recoveries are recognised as revenue in FoodBev SETA financial statements.

1.6 Revenue from exchange transactions

Revenue from exchange transactions is the revenue in which one entity receives an inflow of benefits or has liabilities extinguished after giving approximately equal value of goods, services or use of assets to another entity in exchange. Revenue is measured at fair value of the consideration received or receivable.

Significant Accounting Policies

1.6 Revenue from exchange transactions (continued)

Investment income

Investment income is accrued on a time proportion basis, taking into account the principal outstanding, the effective interest rate over the period to maturity, comprises of interest income on funds invested and is accrued using the effective interest method. Interest from investments is recognised when the bank has credited the investment with interest due in line with the maturity date of the investment.

1.7 Grants and project expenditure

Mandatory grants

Mandatory grants expenditure is recognised when levy-paying employers meet the eligibility criteria under SETA Grant Regulations and submit valid documentation (e.g. workplace skills plans). The related payable is recorded simultaneously.

Discretionary grants and strategic project expenditure

Discretionary grant expenditure is recognised when the beneficiary has met the contractual milestone or grant condition, the SETA has received sufficient evidence of performance, and the amount can be measured reliably. Where the milestone was achieved by reporting date but payment had not yet been processed, an accrual or payable is recognised depending on whether the amount had been formally claimed, approved and agreed by reporting date

Project expenditure

All costs related to the implementation of learning programmes are expensed in the period they are incurred, measured at actual cost.

1.8 Irregular, fruitless and wasteful expenditure

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation including the PFMA Act.

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

Recognition

Irregular, fruitless and wasteful expenditure is recognized in the financial statements in the year that the expenditure was incurred when:

a) A transaction is confirmed (via investigation) to violate legislation (irregular) or lack reasonable care (fruitless/wasteful); and the amount is quantifiable.

Potential cases under investigation are disclosed as contingent liabilities if material (per GRAP 19).

Measurement

Recorded at the full transaction amount (including irrecoverable VAT, if applicable).

Derecognition

Recoveries, condonations, removals or write-offs are disclosed when approved by the relevant authority and supported by the required documentation

Disclosure

Confirmed irregular expenditure and fruitless and wasteful expenditure are disclosed in the notes in accordance with the applicable National Treasury instructions, classified by:

Significant Accounting Policies

1.8 Irregular, fruitless and wasteful expenditure (continued)

a) Irregular expenditure (legislative non-compliance);

b) Fruitless/wasteful expenditure (avoidable losses).

c) Pending investigations are disclosed if material.

1.9 Property, plant and equipment

Property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Property, plant and equipment are subsequently measured at cost less any subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a straight line method of each item for property, plant and equipment, to allocate the cost of each item of asset to estimated residual value over the estimated useful lives.

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

Significant Accounting Policies

1.9 Property, plant and equipment (continued)

The estimated useful lives for the current and comparative periods are as follows:

Item	Depreciation method	Average useful life
Office Furniture and fixtures	Straight line	10-11 years
Office equipment	Straight line	5-11 years
Computer equipment	Straight line	3-9 years
Leasehold improvements	Straight line	Over the lease term

The useful lives and residual values of items of property, plant and equipment are reviewed annually and adjusted prospectively at the end of each reporting period. The depreciation charge is recognised in the surplus or deficit. FoodBev SETA also performs physical verification of assets at least once per annum.

Derecognition

FoodBev derecognises its item of property, plant equipment and/or significant part of an asset upon disposal or when no future economic benefits or service potential can be derived from the asset.

1.10 Intangible assets

An intangible asset is recognised when:

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

Intangible assets that are separately acquired are initially measured at cost and subsequently carried at cost less any accumulated amortisation and impairment losses. Amortisation is recognised in surplus or deficit on a straight-line method over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful life for the current and comparative periods is as follows:

Item	Depreciation method	Average useful life
Licenses	Straight line	12 months
Computer software	Straight line	5-12 years

The amortisation method and the useful life of intangible assets are reviewed annually. The carrying amount of the intangible asset is reviewed regularly to assess whether there is an indication that the carrying amount exceeds the recoverable amount.

Gains and losses on disposal of intangible assets are determined by comparing the proceeds from disposal with the carrying amount of intangible assets and are recognised in surplus or deficit.

1.11 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the future minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Significant Accounting Policies

1.11 Leases (continued)

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

The indicators of the transfer of risk and rewards are as follows:
a) The lease transfers ownership of the asset to the lessee by the end of the lease term
b) The lease term is for the major part of the economic life of the asset even if title is not transferred.
c) At the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset, and
d) If the lessee can cancel the lease, the lessor's losses associated with the cancelation are borne by the lessee.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

Operating lease is a lease other than a finance lease. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the FoodBev SETA substantially.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Financial Performance on a straight-line basis over the lease term. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which the termination takes place.

1.12 Provisions and contingencies

Provisions are recognised when the FoodBev SETA has a present legal or constructive obligation as a result of a past event; and it is probable that an outflow of economic benefits or service potential will be required or can be made to settle the obligation.

Provisions are measured as management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the amount of the provision is material.

Contingent liabilities are possible obligations whose existence will be confirmed by the occurrence or non-occurrence of an uncertain future event not wholly within the control of FoodBev SETA. C ontingent liabilities are not recognised but are disclosed in the notes to the annual financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Provisions are recognised when:
a) the SETA has a present obligation as a result of a past event;
b) it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
c) a reliable estimate can be made of the obligation.

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Significant Accounting Policies

1.12 Provisions and contingencies (continued)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

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

Provisions are not recognised for future operating deficit.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 20.

1.13 Employee benefits

Identification

Employee benefits

The cost of employee benefits is recognised as an expense during the period in which the employee renders the related service. If the benefit is unpaid, a liability is recognised.

Leave

FoodBev SETA recognises a liability and an expense for accumulating leave as and when employees render services that entitle them to leave days. The amount of the liability and expense is determined as the additional amount payable as a result of unused leave days owing to employees at the end of the period.

Medical benefits

FoodBev SETA provides medical benefits as part of the cost to company package given to its employees. Payments are charged as a salary expense as they fall due.

Provident fund benefits

FoodBev SETA provides for a Provident Fund for all its employees through a defined contribution plan. Payments to the fund are charged as part of the salary expense as they fall due.

Performance bonus

The performance bonus is recognised when the entity has a constructive obligation to pay bonuses and when a reliable estimate can be made. FoodBev SETA provides for upcoming year's bonus payments, which is amortised in the following year for usage and write off residual balance.

1.14 Financial instruments (GRAP 104 Revised - 2019) (effective 1 April 2025)

FoodBev SETA has various types of financial instruments, broadly categorised as either financial assets or financial liabilities. A financial instrument is recognised if the entity becomes a party to the contractual provisions of the instrument.

Significant Accounting Policies

1.14 Financial instruments (GRAP 104 Revised - 2019) (effective 1 April 2025) (continued)

1.14.1 Classification of Financial Instruments

Financial Assets

A financial asset is any asset that is cash or a contractual right to receive cash. Receivables from non-exchange transactions are classified as financial assets under GRAP 104 only where they arise from contractual arrangements that create a right to receive cash or another financial asset. The entity's financial assets are classified into three categories based on its management model and the contractual cash flow characteristics of the instruments.

- **Financial assets at amortised cost:** These are financial assets held within a management model whose objective is to collect the contractual cash flows and whose contract terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal.
- **Financial assets measured at fair value**: These are financial assets not categorised as measured at amortised cost.
- **Financial assets measured at cost:** Investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

The entity has the following classes of financial assets:.

Classes of Financial Asset	Classification in terms of GRAP 104R
Receivables from exchange transactions	Financial assets at amortised cost
Receivables from non-exchange transactions	Financial assets at amortised cost
Short-term investments	Financial assets at amortised cost
Cash and cash equivalents	Financial assets at amortised cost

Financial Liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The entity's financial liabilities are categorised as financial liabilities measured at amortised cost..

The entity has the following classes of financial liabilities:

Classes of Financial Liability	Classification in terms of GRAP 104R
Payables from exchange transactions	Financial liability at amortised cost
Payables from non-exchange transactions	Financial liability at amortised cost

1.14.2 Initial and Subsequent Measurement

Financial Assets:

- Financial assets at amortised cost are initially measured at fair value plus directly attributable transaction costs. The fair value of short-term receivables is the transaction price where the initial credit period granted is no longer than 30 days. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an effective yield basis. All gains and losses, interest and impairment losses are recognised in surplus or deficit.
- Financial assets measured at fair value are initially measured at fair value. Directly attributable transaction costs are recognised in surplus or deficit. They are subsequently measured at fair value, with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the Statement of Financial Performance, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the Statement of Financial Performance .

Significant Accounting Policies

1.14 Financial instruments (GRAP 104 Revised - 2019) (effective 1 April 2025) (continued)

Financial Liabilities:

- Financial liabilities measured at fair value are initially measured at fair value. Directly attributable transaction costs are recognised in surplus or deficit. They are subsequently measured at fair value with any resulting gains or losses recognised in surplus or deficit.

- Financial liabilities at amortised cost are initially measured at fair value less directly attributable transaction costs. The fair value of short-term payables is the transaction price where the initial credit period granted is no longer than 30 days. Subsequently, these liabilities are measured at amortised cost using the Effective Interest Method, with interest recognised on an effective yield basis. All gains and losses and interest are recognised in surplus or deficit.

1.14.3 Impairment of Financial Assets (GRAP 104R)

The entity recognises a loss allowance for expected credit losses on all financial assets measured at amortised cost.

In compliance with the GRAP 104 simplified approach, the entity recognises a loss allowance for expected credit losses (ECL) on all financial assets measured at amortised cost, requiring recognition of the loss allowance for all trade receivables at lifetime expected credit losses from initial recognition until derecognition. The entity considers a financial asset to be in default when it is more than 90 days past due on its contractual payments, or when there is evidence that the debtor is unlikely to pay their credit obligations in full without the entity's recourse, such as legal action or a credit-enhancing guarantee.

The provision matrix approach is used, which involves applying historical loss rates to ageing buckets of receivables. The methodology for calculating impairment values on outstanding receivable balances is as follows:

- **Grouping of Receivables (Step 1):** Debtors are grouped by debtor type (Levy paying, Non-paying Levy, University, TVET and CET) to ensure a consistent assessment of credit risk within each segment.

- **Ageing Buckets (Step 2):** Historical payment patterns are consolidated into specific ageing buckets (e.g., 0, 30, 60, 90, 120+ days) to ensure statistical credibility and reliable estimation of payment behaviour .

- **Impairment Probability (Step 3)**: TThe likelihood that an account holder will ultimately fail to settle their outstanding balance is derived from non-existent funded active project, non-levy paying employer (eligible for 20% mandatory grant) and not an organ of state to offset the debt. An assumption is made that the impairment probability for debt balances which were not communicated to the debtor for over three (3) years is 100%

- **Forward-Looking Information** (Step 4): GRAP 104 requires expected credit loss estimates to consider historical loss experience, current conditions, and reasonable, supportable forward-looking information. Management considered available grant funding, implementation of learning programmes performance, legal enforceability of the debt recovery and business/entity-specific conditions.

- **Discounting (Step 5):** Interest is not levied on outstanding balances. Management concluded that discounting the impairment values to present value is not necessary as the impact on the impairment value is immaterial. Management is satisfied that the impairment of financial assets recorded during the year is appropriate and reflects the expected credit losses in accordance with the adopted methodology.

- **Calculation of Expected Credit Loss (Step 6):** The expected loss rates are applied to the ageing profile of receivables at the reporting date to determine the total expected credit loss (ECL) amount.

Significant Accounting Policies

1.14 Financial instruments (GRAP 104 Revised - 2019) (effective 1 April 2025) (continued)

The carrying amount of the receivables is reduced through the use of an allowance account with the movement (impairment loss or gain) being recognised in surplus or deficit.

General approach

The general approach is applied to cash and cash equivalents and non-current receivables. The approach determines the loss allowance based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not significantly increased since initial recognition, the loss allowance is measured at an amount equal to the 12-month expected credit losses. For the instruments where the credit risk has increased significantly, lifetime expected credit losses are recognised. The entity assumes that the credit risk has increased significantly if the balance is more than 30 days past due and that the credit risk has not increased when the credit risk is assessed as low.

The entity considers financial assets to be in default when the balance is more than 90 days past due or the debtor is unlikely to pay their credit obligations in full, without recourse by the entity.

ECLs are a probability-weighted estimate of credit losses. These probabilities of non-payment are derived from historical payment and performance patterns and where necessary, these are adjusted for current conditions and reasonable, supportable forward-looking information. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity per the contract and the cash flows that the entity expects to receive). The ECL is discounted using the effective interest rate of the financial asset.

Write offs

The gross carrying amount of a financial asset is written off when the entity has no reasonable expectation of recovering the outstanding balance and the Accounting Authority has approved the write-off. When financial assets are considered uncollectible, it is written off directly through the Statement of Financial Performance. The amounts written off are not subject to enforcement activities. Subsequent recoveries of amounts previously written off are recognised in the Statement of Financial Performance. However, the entity does not expect a significant recovery of the amounts written off.

1.14.4 Derecognition

Financial Assets

The entity derecognises financial assets only when the contractual rights to the cash flows from the asset expire, are cancelled or waived, or it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity. Any resulting gain or loss is recognised in surplus or deficit.

Financial Liabilities

The entity derecognises financial liabilities when, and only when, the entity's obligations are discharged, cancelled or they expire. Any resulting gain or loss is recognised in surplus or deficit.

1.15 Reserves (net assets)

FoodBev SETA sub-classifies reserves into various categories based on the restrictions on the usage of skills development funds received in accordance with the Skills Development Act, 1998 (Act No. 97 of 1998). FoodBev SETA measures reserves using accrual basis accounting, and thus reserves are not an indication of cash used or available at the end of the year.

Administration reserve

This reserve represents the carrying amount of the non-current assets and inventory of FoodBev SETA.

Significant Accounting Policies

1.15 Reserves (net assets) (continued)

Mandatory grant reserve

This reserve represents funds maintained for paying back to employers a percentage of the contributed levies (mandatory grants). The residual balance of this reserve is transferred to the discretionary grant reserve in line with the grant regulations.

Discretionary grant reserve

This reserve represents discretionary grant funds set aside to fund learning programmes of the SETA in order to address the scarce and critical skills needed in the food and manufacturing sector. The reserve is supported by retained surplus for the year, net current assets, and commitments disclosed in the notes to the Annual Financial Statements.

Accumulated surplus / deficit

This reserve represents surplus or deficit for the year which is reallocated to respective reserves at year end. The amount of the transfer payment received and not used (that is the retained surplus for the year), is recognised as a contingent liability. An application is made in the new financial year to retain the unused amount. W hen consent is obtained to use the funds, it is derecognised as a contingent liability and utilised to fund special projects and discretionary grants.

1.16 Inventories

Inventory consists of consumables on hand at reporting date. Inventories are initially measured at cost, and subsequently measured at the lower of cost and net replacement value. Cost is determined on a first-in first-out basis. The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Current replacement cost is the cost that the entity would incur to acquire the asset at reporting date.

Inventories are measured at the lower of cost and current replacement cost where they are held for;
(a) distribution at no charge or for a nominal charge; or
(b) consumption in the production process of goods to be distributed at no charge or for a nominal charge.

1.17 Accounting by principals and agents

Identification

FoodBev SETA assesses whether it acts as a principal or agent in transactions based on control over the goods/services provided to third parties, risks and benefits (principal bears credit risk, agent does not) and discretion in pricing or terms (principal set terms, agent follows instructions).

Recognition

FoodBev SETA, as a principal, recognises full revenue/expenses from the transactions (GRAP 109) and records related assets/liabilities (e.g., grants payable, receivables).

FoodBev SETA, as an agent, recognises only fees/commissions for services rendered. However, it excludes third party amounts from revenue/expenses.

Measurements

Revenue/expenses are measured at fair value of consideration received/paid. Assets and liabilities follow GRAP 1 (Presentation) and GRAP 19 (Provisions).

Disclosure

Principal-agent relationships are disclosed if material, including nature of arrangements (e.g., "SETA administers DHET grant agent") and if amounts are recognised as principal vs. agent.

Significant Accounting Policies

1.18 Related party transactions

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

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the ventures).

A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

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

The FoodBev SETA is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the SETA to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

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

1.19 Events after reporting date

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

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

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

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

1.20 Comparative figures

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

1.21 Budget information

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

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts. Comparative information is not required.

Significant Accounting Policies

1.21 Budget information (continued)

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the FoodBev. As a result of the adoption of accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts. Explanatory comments are provided in the notes to the AFS, first, the reasons for overall growth or decline in the budget are stated, followed by the details of overspending or underspending on expenditure line items.

The approved budget covers the fiscal period from 1 April 2025 to 31 March 2026.

1.22 Inter-SETA transfers - Receivables/Payables

Inter-SETA transactions arise due to employer(s) requesting transfer from one SETA to another SETA. The recognition criteria for Inter-SETA transfers are aligned to the Standard Operating Procedure issued by the Department of Higher Education and Training.

Inter-SETA receivables

Inter-SETA receivables arise due to employer(s) requesting transfer from another SETA to FoodBev SETA. A receivable is recognised together with an increase in revenue when the following criteria has been met:

(a) SARS has made the transfer and DHET portal confirming the transfer;
(b) FoodBev SETA submitting a claim to the previous SETA (requesting transfer of current year levies);
(c) The previous SETA has not yet made payment but confirms their obligation to transfer to FoodBev SETA; and
(d) The previous SETA has approved a WSP for past scheme year and sent confirmation to FoodBev SETA.

In instances where any one of the criteria above is not met, the amount will be disclosed as a contingent asset as the transaction meets the definition.

A contingent asset is a possible asset that arises from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the entity.

Inter-SETA payables

Inter-SETA payables arise due to employer(s) requesting transfer from FoodBev SETA to another SETA. A payable is recognised against a reduction in revenue when the following criteria has been met:

(a) SARS has effected the transfer and DHET portal confirming the transfer;
(b) Submission of claim to FoodBev SETA by the new SETA;
(c) FoodBev SETA has not yet made a payment but confirms their obligation to transfer to new SETA; and
(d) FoodBev SETA has approved a WSP in relation for 2024/25 and sent confirmation to the new SETA.

In the instance when any one of the above criteria is not met then the amount will be disclosed as a contingent liability as it would meet the definition of a contingent liability.

1.23 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

Significant Accounting Policies

1.23 Materiality (continued

Applying materiality in the preparation of annual financial statements requires key assessments and decisions. Among others, this includes identifying users and the information they need, assessing information based on nature and size, by developing qualitative considerations and quantitative thresholds. Assessments and decisions are considered throughout the financial reporting cycle, and not only when annual financial statements are prepared.

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

FoodBev SETA's materiality rate is 0.5% of the budgeted revenue.

1.24 Prior Period Errors

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

Where accounting errors have been identified in the current financial year the correction is made retrospectively as far as it is practical, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as it is practical, and the prior year comparatives are restated accordingly.



2. Inventories

Consumable stores	46	79
	46	79

Inventory relates to office supplies and stationery that are used in the operations of the SETA.

3. Trade and other receivables from non-exchange transactions

Other receivables		
Mandatory Grant receivables (levies)	20	12
Project related staff debtors	-	175
Contractual receivables		
Discretionary Grant recoveries - gross	102 448	103 117
Less Debt impairment	(100 610)	(100 707)
	1 858	**2 597**
Debt impairment reconciliation		
Opening balance	100 707	99 070
Debt impairment addition*	366	1 637
Bad debt provision movement	(463)	-
	100 610	**100 707**

Discretionary grant recoveries comprise amounts identified from prior-year discretionary grant projects where payments were made but sufficient evidence of learner progress, completion or project close-out had not been submitted. Management assessed these balances for expected credit losses using debtor ageing, project inactivity, the period since last communication with the debtor, recoverability evidence, and legal enforceability.

Balances that had not been communicated or actively pursued for more than three years, and where no current supporting evidence existed to demonstrate recoverability, were assessed as credit-impaired and fully provided for. The recognition of the impairment allowance does not extinguish the debt. Management will continue recovery and verification processes in the subsequent financial year.

Food and Beverages Manufacturing Sector Education and Training Authority

Annual Financial Statements for the year ended 31 March 2026

3. Trade and other receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions impaired

As of 31 March 2026, other receivables from non-exchange transactions of R 100 610 (2025: R100 707) were impaired and provided for. The ageing of these receivables is as follows:

Debtors Type	Current	32-59 days	60-90 days	91-121 days	After 121 days	Total	Total Impaired	Total - Past due but not Impaired
Levy Paying	125	-	-	-	57 446	57 571	57 446	125
Non-Levy Paying	731	287	-	-	5 993	7 012	6 031	980
NLP-Organ of state	-	-	98	-	62	160	62	98
NLP-TVET/CET/UoT	100	391	-	-	37 214	37 705	37 071	635
	956	**678**	**98**	**-**	**100 715**	**102 448**	**100 610**	**1 838**

Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand

3. Trade and other receivables from non-exchange transactions (continued)

Debtors Type	Current	32-59 days	60-90 days	91-121 days	After 121 days	61 - 90 Impaired	Total	Total Impaired	Total - Past due but not Impaired
Levy Paying	2	7	-	-	57 385	-	57 395	57 333	62
Non-Levy Paying	-	36	-	-	6 298	-	6 334	6 298	36
NLP-TVET/CET/UoT	-	-	-	-	39 250	-	39 250	37 076	2 174
	2	**43**	**-**	**-**	**102 933**	**-**	**102 979**	**100 707**	**2 272**

Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand	2025/26 '000	2024/25 Restated '000

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	4	2
Short-term deposits	2 926	2 059
Investments	867 435	893 370
Khetha Career Expo Account	5 100	-
	875 465	**895 432**

5. Property, plant and equipment

	2025/26			2024/25		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Office furniture and fixtures	3 849	(2 047)	1 802	3 860	(1 640)	2 220
Office equipment Computer	2 228	(1 547)	680	2 201	(1 118)	1 083
equipment Leasehold	4 339	(3 027)	1 312	3 822	(2 559)	1 263
improvements	3 796	(976)	2 820	3 796	(385)	3 411
Total	**14 212**	**(7 597)**	**6 614**	**13 679**	**(5 702)**	**7 977**

The current useful lives and residual values of the SETA assets have not changed from previous period. The SETA management believes that the current useful lives and residual values are still appropriate. No FoodBevSETA assets were pledged as security. No borrowing costs were capitalised in the year under review.

Reconciliation of property, plant and equipment 2025/26 (R'000)

	Opening balance	Additions	Disposals	Depreciation	Total
Office furniture and fixtures	2 221	-	(7)	(412)	1 802
Office equipment Computer	1 082	27	-	(429)	680
equipment Leasehold	1 263	886	(32)	(805)	1 312
improvements	3 411	-	-	(591)	2 820
	7 977	**913**	**(39)**	**(2 237)**	**6 614**

PPE additions mainly relate to office equipment and replacement computer equipment for employees.

Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand	2025/26 '000	2024/25 Restated '000

5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment 2024/25 - R'000

	Opening balance	Additions	Disposals	Depreciation	Total
Office furniture and fixtures	2 023	709	(123)	(388)	2 221
Office equipment Computer	812	629	-	(359)	1 082
equipment Leasehold	1 218	898	(11)	(841)	1 263
improvements	150	3 740	(104)	(375)	3 411
	4 203	**5 976**	**(238)**	**(1 964)**	**7 977**

PPE additions relate to acquisition of tools of trade for Accounting Authority and licenses for efficiency .

Assets subject to finance lease (Net carrying amount)

Computer equipment [note 10]	408	226

6. Intangible assets R'000

	2025/26			2024/25		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Licenses	8 643	(7 153)	1 490	6 464	(5 084)	1 380

Reconciliation of intangible assets - 2025/26

	Opening balance	Additions	Amortisation	Total
Licenses	1 380	2 179	(2 069)	1 490
	1 380	**2 179**	**(2 069)**	**1 490**

Reconciliation of intangible assets - 2024/25

	Opening balance	Additions	Amortisation	Total
Licenses	1 245	2 463	(2 328)	1 380
	1 245	**2 463**	**(2 328)**	**1 380**

7. Trade and other payables from non-exchange transactions

Skills Development Grants: Discretionary payable	25 071	27 530
Skills Development Grants: Mandatory payable	13	11 219
Skills Development Grants: Mandatory accruals	8 904	8 472
Skills Development Grants: Discretionary accruals	128 368	119 972
InterSETA Payables*	5 100	-
	167 456	**167 193**

Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand	2025/26 '000	2024/25 Restated '000

The InterSETA liability raised relates to the Khetha Career Expo Summit organised by DHET. FoodBev SETA is assigned to manage this project.

8. Trade and other payables from exchange transactions

Trade creditors	3 350	2 169
Leave pay	2 099	2 016
Operating Lease	3 873	3 585
Trade Creditors Accruals	518	509
Board PAYE	153	139
Board Fees	209	87
External Moderators	132	262
Staff claims	14	6
	10 348	**8 774**

9. Provisions

Bonus provision	7 097	6 654
Exempt employers	6 132	6 166
	13 229	**12 820**

Reconciliation of provisions - 2025/26

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Exempt employers Provision	6 166	-	-	(34)	6 132
Bonus provision	6 654	7 097	(5 255)	(1 399)	7 097
	12 820	**7 097**	**(5 255)**	**(1 433)**	**13 229**

Reconciliation of provisions - 2024/25

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Exempt employers Provision	6 363	1 079	-	(1 276)	6 166
Bonus provision	6 493	6 654	(5 077)	(1 416)	6 654
	12 856	**7 733**	**(5 077)**	**(2 692)**	**12 820**

Bonus Provision
The bonus provision relates to the performance bonus that the SETA is expected to pay to qualifying employees. Employees sign performance contracts as part of their conditions of service at the beginning of each financial year. Employees are assessed bi-annually and the bonus is paid in December. The amount is dependent on the outcome of individual performance evaluation.

Exempt Employers Provision
The amount of R6m (2024/25: R6m) relates to levies contributed by employers who are exempt from contributing skills development levies. The determination is done annually. Therefore, the exempt employers' provision is adjusted at year end.

Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand	2025/26 '000	2024/25 Restated '000

9. Provisions (continued)

In line with the skills development circular no 09/2013, FoodBev SETA must keep the levies received from the exempted levy payers for a period of five years. After five years have lapsed, the unclaimed levies will be transferred to discretionary grant income to be utilised for discretionary grants .

10. Finance lease obligation

Minimum lease payments due		
- within one year	267	160
- in second to fifth year inclusive	141	66
Present value of minimum lease payments	**408**	**226**
Non-current liabilities	141	66
Current liabilities	267	160
	408	**226**

The finance lease obligation relates to electronic devices (iPads) leased from V odacom. The lease term is two years and on expiry of the lease term FoodBev SETA obtains ownership of the devices. The lease has fixed instalments and no escalation clause. No arrangements have been entered into for contingent rent.

The interest rate implicit in the lease is the rate that discounts the minimum lease payments to the fair value of the leased asset at inception.



Food and Beverages Manufacturing Sector Education and Training Authority

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Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand

11. Allocation of surplus for the year to reserves

2025/26	Total per Statement of Financial Performance	Administration reserve	Mandatory grants reserve	Discretionary grants reserve Total discretionary
Skills development levy: income				
Admin levy income (10.5%)	**76 784**	76 784	-	-
Grant levy income (69.5%)	**508 244**	-	146 258	361 986
Skills development levy: penalties and interest	**2 957**	-	-	2 957
Investment income	**63 041**	-	-	63 041
Other income	**108**	108	-	-
Total revenue	**651 134**	76 892	146 258	427 984
Administration expenses	**(86 785)**	(86 785)	-	-
Grants and project expenses	**(588 616)**	-	(114 294)	(474 322)
Total expenses	**(675 401)**	(86 785)	(114 294)	(474 322)
Net surplus/(deficit) per Statement of Financial Performance (allocated)	**(24 267)**	**(9 893)**	**31 964**	**(46 338)**

Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand

11. Allocation of surplus for the year to reserves (continued)

2024/25 - Restated

	Total per Statement of Financial Performance	Administration reserve	Mandatory grants reserve	Discretionary reserve Total discretionary
Skills development levy: income				
Admin levy income (10.5%)	**70 760**	70 760	-	-
Grant levy income (69.5%)	**468 358**	-	134 782	333 576
Skills development levy: penalties and interest	**8 088**	-	-	8 088
investment income	**74 890**	-	-	74 890
Other income	**23 462**	325	-	23 137
Total revenue	**645 559**	71 085	134 782	439 691
Administration expenses	**(89 679)**	(89 679)	-	-
Grants and project expenses	**(668 104)**	-	(106 359)	(561 745)
Total expenses	**(757 783)**	(89 679)	(106 359)	(561 745)
Net surplus/(deficit) per Statement of Financial Performance (restated)	**(112 224)**	**(18 594)**	**28 423**	**(122 054)**

12. Skills development levy income

Levy income: Administration		
Levies received	76 784	70 761
Levy income transfer: Mandatory grants		
Levies received	146 258	134 782
Levy income transfer: Discretionary grants		
Levies received	362 020	333 773
Exempt employer: Transfer to/(from) discretionary	(34)	(197)
Total Levy income transfer: Discretionary grants	**361 986**	**333 576**
	585 028	**539 119**

Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand	2025/26 '000	2024/25 Restated '000

13. Skills Development Levy: Interest and penalties

Interest	1 286	6 483
Penalties	1 671	1 605
	2 957	**8 088**

14. Interest received

Interest revenue		
Interest received - investment	62 864	74 647
Interest received - transactional account	177	243
	63 041	**74 890**

15. Other income

15.1 Other Income - non-exchange		
Other income - non-exchange*	-	23 137
	-	**23 137**

15.2 Other Income - Exchange		
Other income**	91	269
Profit on sale of fixed assets	17	56
	108	**325**

**Other income from exchange transactions relate to skills development funds received from ETDP SETA for the training interventions made by the SETA, study fees recovered from employees who were funded for their studies but they subsequently left the organisation and insurance refunds from claims for lost assets.

16. Grant and project expenses

Mandatory grants	114 294	106 359
Discretionary grants	443 118	524 741
Project administration expenditure	31 204	37 004
	588 616	**668 104**

Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand	2025/26 '000	2024/25 Restated '000

16. Grant and project expenses (continued)

Project administration expenditure consists of:

Direct salaries and wages	24 711	23 201
Direct project administration expenses:		
SSP research	10	176
Career guidance	782	670
Advertising, promotions & publicity material	-	944
Catering & event hosting	63	41
External moderation	4 071	4 330
Travel & accommodation	975	4 475
Legal fees	-	138
Courier and postage	106	5
Assessments & EISA developments	18	257
Project related AA fees	-	529
Printing	75	3
Stakeholders activities	11	84
Chambers	-	335
Project Admin - Strategic projects*	-	1 716
Ministerial Initiatives	-	100
Africa Food Show project costs	240	-
Duke project costs	131	-
Delicious Academy project costs	11	-
	31 204	**37 004**

*Partnership travel costs for prior year were reclassified from partnership projects costs to project administration costs. Besides these there was more travel in the previous year than the current year. No international travel was undertaken in the current year.

Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand	2025/26 '000	2024/25 Restated '000

17. Other administration expenses

Advertising	155	-
Assessment rates & municipal charges	658	776
External audit fees	3 562	3 976
Bank charges	188	164
Cleaning	283	199
Legal fees	752	1 729
Consulting fees	5 433	604
Office supplies	549	603
Insurance	195	185
Conferences and seminars	2 051	3 256
IT expenses	11 435	7 220
Marketing & publications	883	257
Ministerial Initiatives	142	-
Promotional items	1 716	-
Postage and courier	369	3
Printing and stationery	219	152
Repairs and maintenance	44	106
Security	856	835
Staff welfare	297	297
Telephone and fax	-	1
Training	1 459	1 898
Travel - local	719	343
Electricity and Water	929	1 218
Audit and Risk committee fees	383	318
Corporate wear	2	1
Board SDL	15	38
Licenses	6	3
Board fees	1 172	2 548
Internal Audit fees	976	2 463
Catering and Refreshments	187	346
QCTO	4 016	3 555
Special Project Admin expenses	377	9 153
Loss on disposal of fixed assets	-	238
Other payroll related costs	45	52
Recruitment costs	740	707
Whistleblowing	51	48
	40 864	**43 291**

Cost of employment

Basic salaries	51 079	48 658
Pension contributions: defined contribution plans	3 601	3 487
Performance bonus	5 255	5 076
Acting allowance	686	1 038
Travel allowance	374	512
	60 995	**58 771**

Allocation of cost of employment

Administrative salaries	36 284	35 570
Project admin salaries	24 711	23 201
	60 995	**58 771**

Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand	2025/26 '000	2024/25 Restated '000

17. Other administration expenses (continued)

Average number of employees (the number includes YES programme interns)	98	82

18. Lease rentals on operating lease

Leases		
Operating lease - building	4 671	4 671
Operating lease - equipment	295	218
	4 966	**4 889**

19. Reconciliation of Net Cash flow from Operating activities to Net Surplus/ (Deficit)

Deficit	(24 267)	(112 224)
Adjustments for:		
Depreciation and amortisation	4 306	4 292
Debt impairment	366	1 637
Movements in provisions	409	(36)
Changes in working capital:		
Inventories	33	31
Other receivables from non-exchange transactions	373	(1 072)
Payables from exchange transactions	1 755	(926)
Payables from non-exchange transactions	111	16 631
	(16 914)	**(91 667)**

Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand	2025/26 '000	2024/25 Restated '000

20. Contingent assets and liabilities

Contingent liabilities

20.1 First time levy paying employers

In terms of SETA Grant Regulations, SETAs must allocate mandatory grants to a levy paying employer who has registered for the first time in terms of section 5 of the Skills Development Levies Act, who has submitted an application for a mandatory grant within six months of registration. Due to this requirement FoodBev SETA has a contingent liability to set aside funds for all employers that registered as from 1 October 2025 to 31 March 2026. Consequently, the total potential mandatory grant pay-out is R519 278 (2024/25: R204 139).

20.2 Retention of surplus funds for the period ended 31 March 2026

In accordance with PFMA section 53(3) and National Treasury Instruction No. 03 of 2025/26: Accumulation, Retention and Surrender of Surpluses by Constitutional Institutions, Government Components, Trading Entities and Public Entities listed in Schedules 3A and 3C to the PFMA, FoodBev SETA is required to declare its cash surplus or deficit to National Treasury using the audited annual financial statements as the basis for the calculation.

The cash surplus before deducting contracted project payments amounted to R699.252m at 31 March 2026, calculated as cash and cash equivalents plus current receivables expected to be collected, less current liabilities. After deducting contracted project payments of R663.074m, which are legally binding obligations entered into before year-end and included in the retention request, the net available cash surplus amounted to R36.178m

The SETA will submit its request to retain surplus funds to National Treasury by 31 August 2026, unless finalisation of the audit is delayed, in which case the SETA will comply with the delayed-audit submission requirements of the Instruction Note.

Contracted project payments deducted in the surplus calculation represent legally binding discretionary grant commitments entered into before year-end that have not yet resulted in accounting liabilities or accruals in the annual financial statements and are supported by approved project documentation and signed grant agreements.

As of 31 March 2026, the calculated surplus funds as per National Treasury Instruction No. 3 of 2025/26 is as follows:

Calculated surplus	**2025/26**	**2024/25**
Cash and cash equivalents	875 465	895 432
Add: Receivables	1 858	2 597
Less: current liabilities excluding provision	(178 071)	(193 007)
Less: Contracted project payments (included in retention request)	(663 074)	-
Calculated surplus funds for this period	**36 178**	**705 022**

Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand	2025/26 '000	2024/25 Restated '000

20. Contingent assets and liabilities (continued)

20.3 Mandatory grant rate allocation (BUSA case)

In December 2012, the Minister promulgated Regulation 4(4) of the 2012 Grant Regulations which reduced the mandatory grant payable to employers from 50% to 20%. This led to BUSA challenging the reduction of grants (amongst other things) at the Labour Court.

The litigation between the parties begun in 2015 and was finally settled by the Labour Appeal Court (LAC) during October 2019 which held that Regulation 4(4) was "irrational and lacking in any legal justification" and was consequently set aside. Despite the said regulation being set aside, the LAC ruling is silent on the percentage quantum that must be paid back to employers, which creates uncertainty as to what percentage of mandatory grants should be paid or accrued by the SETA during the reported year. DHET is currently negotiating with BUSA on the percentage increase that will be implemented for mandatory grants. The discussions are still underway and not finalised. At this stage, no agreement has been reached by the parties.

The minister has issued a draft SETA Grant Regulations for comments, where mandatory grant was maintained at 20%. To date no further communication has been received regarding gazetting of these regulations. DHET continues to allocate the mandatory grant levy income portion at 20% in the levy download information. Consequently, the SETA continued to pay and accrue mandatory grants at 20% in the 2024/25 financial year which is aligned to the approved annual performance plan. The mandatory grant liability in note 7 as well as the mandatory grant expenditure in note 16 were calculated at a rate of 20%.

Considering the outcome of the judgement, there is a possible liability due to additional grant payments over and above those that have been paid in the current year based on a payment rate of 20%, however , due to this uncertainty on whether the SETA should start paying additional mandatory grants at the rate not yet determined, the amount of the possible liability cannot be reliably estimated.

21. Events after the reporting date

There were no events to report on after the reporting date.

Food and Beverages Manufacturing Sector Education and Training Authority

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Notes to the Annual Financial Statements for the year ended 31 March 2026

22. Commitments

Grant Commitments 2025/26- R'000

Description of grant	Audited opening balance	Restatement	Restated opening balance	Terminations / Cancellations and Adjustments	AA Approval 2025-2026	Utilised prior year	Utilised current year and accruals	Total
Unemployed Learnerships	146 747	110 297	257 045	(141 173)	199 595	(40 680)	(92 119)	182 668
Employed Learnerships	38 612	37 351	75 963	(41 757)	29 545	(7 884)	(19 019)	36 848
Recognition of Prior Learning (RPL)	-	195	195	(195)	-	-	-	-
Skills Programme	10 592	11 094	21 686	(13 012)	12 328	(1 920)	(7 210)	11 872
Internship	50 964	25 932	76 896	(45 492)	52 140	(15 846)	(15 978)	51 720
Work Experience	67 314	37 177	104 491	(67 505)	52 380	(9 950)	(23 141)	56 275
Candidacy Programme	1 260	630	1 890	(630)	1 260	(90)	(420)	2 010
Unemployed Bursaries	8 178	(68)	8 110	-	8 400	(858)	(3 942)	11 710
Research & Development	2 929	5 082	8 011	(4 960)	5 910	(431)	(5 351)	3 179
Employed & MDP Bursaries	10 321	15 461	25 782	(17 500)	11 200	(214)	(3 483)	15 785
Adult Education Training	1 805	3 190	4 995	(4 302)	1 305	(364)	(406)	1 228
Artisans	164 138	25 665	189 803	(52 093)	89 903	(21 536)	(38 346)	167 731
Centre of Specialisation	-	619	619	(155)	-	-	(464)	-
Learnership for PwD	-	441	441	(441)	-	-	-	-
SME's (LP, NLP, NGOs, CBOs)	-	751	751	(751)	-	-	-	-
TVET Placements	63 857	22 745	86 602	(32 199)	55 398	(19 035)	(30 805)	59 961
TVET Bursaries	2 973	4 654	7 627	(4 654)	120	(144)	(54)	2 895
Strategic Projects/Partnerships	132 773	4 021	136 793	(4 441)	5 981	(62 739)	(16 697)	58 897
Sponsorships	-	-	-	-	3 178	-	(3 178)	-
TVET Lecture Capacity	198	352	550	(352)	315	-	(240)	273
Career Development Practitioners	-	-	-	-	391	-	(391)	-
Career Guidance Material	-	-	-	-	204	-	(182)	22
	702 661	**305 589**	**1 008 250**	**(431 612)**	**529 553**	**(181 691)**	**(261 426)**	**663 074**

Notes to the Annual Financial Statements for the year ended 31 March 2026

22. Commitments (continued)

Description	Audited opening balance	Restated Commitment	Restated opening balance	Terminations/ Cancellations and Adjustments	AA Approval 2025-2026	Utilised prior year	Utilised current year and accruals	Total
Pivotal	614 867	262 850	877 717	(355 955)	467 121	(285 994)	(107 517)	595 372
Non-Pivotal	87 794	42 739	130 533	(75 657)	62 433	(32 442)	(17 165)	67 701
	702 661	**305 589**	**1 008 250**	**(431 612)**	**529 554**	**(318 436)**	**(124 682)**	**663 073**

The table above is a summary of the split between Pivotal and Non-Pivotal programmes.

The commitments balance represents approved and contracted discretionary grant obligations where the SETA has a contractual obligation to disburse funds subject to beneficiaries meeting the relevant programme conditions. During the year, commitments were reduced through payments, accruals recognised as liabilities, approved terminations, cancellations and approved change-request adjustments. These movements are tracked in the detailed commitment register and aggregated in the table above.

Commitments disclosed in this note exclude amounts already recognised as payables or accruals in Note 7. Amounts are recognised as liabilities where the relevant milestone or grant condition had been met by year-end and obligation could be measured reliably.

Total discretionary grants approved and contracted	663 074	1 008 250
Operating commitments		
Approved and contracted	-	559
Total commitments	663 074	1 008 809

Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand	2025/26 '000	2024/25 Restated '000

23. Operating lease liability

Opening balance	3 585	3 011
Actual rent expense	4 671	4 671
Amortised rental over lease period	(4 383)	(4 096)
	3 873	**3 585**

23.1 Total future minimum rental payments due (building)

Not later than one year	4 690	4 383
Later than one year and not later than five years	22 280	20 823
Later than five years	1 036	7 183
	28 006	**32 389**



Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand	2025/26 '000	2024/25 Restated '000

24. Board and Management Remuneration

Board and Management remuneration in R'000s

Executive and Management - 2025/26	Basic	Travel Allowance	Acting Allowance	Pension fund	Bonus	Total
N Selamolela - CEO	2 763	-	-	328	338	3 429
T Lefutswe - CFO*	1 030	-	-	-	-	1 030
B Dhlamini - CFO**	1 114	-	-	-	-	1 114
S Mgidi - GM	1 847	-	9	152	171	2 179
M Pule	1 356	191	-	191	196	1 934
P Ngwasheng	1 390	128	-	187	192	1 897
Z Sibanyoni***	1 102	-	142	85	130	1 459
N Lwandle	1 312	-	-	89	144	1 545
T Sibia	1 414	-	-	109	171	1 694
M Mokome	1 293	-	-	105	144	1 542
B Nkabinde****	685	-	-	-	-	685
G Mmope*****	265	-	105	32	-	402
Subtotal	15 571	319	256	1 278	1 486	18 910
	15 571	**319**	**256**	**1 278**	**1 486**	**18 910**

* T Lefutswe - Appointed 01 October 2025
** B Dhlamini - Appointed 01 August 2024 - 30 September 2025
***Z Sibanyoni - Appointed 01 December 2025
****B Nkabinde - Appointed 01 October 2025
*****G Mmope - Appointed as Acting SM:ICT from 03 January 2025- 30 September 2025

Executive and Management - 2024/25	Basic	Travel Allowance	Acting Allowance	Pension fund	Bonus	Total
N Selamolela - CEO	2 543	-	-	304	321	3 168
M Maphiwa - CFO*	581	138	-	51	236	1 006
B Dhlamini - CFO**	1 318	-	-	-	-	1 318
M Pule	1 281	192	-	177	186	1 836
P Ngwasheng	1 316	128	-	174	182	1 800
S Mgidi	1 336	-	314	106	176	1 932
S Dyosiba***	1 051	-	-	77	159	1 287
N Lwandle	1 243	-	-	82	136	1 461
T Sibia	1 348	-	-	101	149	1 598
M Mokome	1 228	-	-	97	136	1 461
G Mmope****	125	-	50	15	-	190
	13 370	**458**	**364**	**1 184**	**1 681**	**17 057**

*M Maphiwa - Resigned 31 July 2024

**B Dhlamini - Appointed 01 August 2024

***S Dyosiba - Resigned 03 January 2025

****G Mmope - Appointed as Acting SM:ICT 03 January 2025

Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand	2025/26 '000	2024/25 Restated '000

24. Board and Management Remuneration (continued)

Non-executive - 31 March 2026	Accounting Authority's fees	Total
S Ngcukana - Chairperson	132	132
M Ncanywa	102	102
S Harrichand	90	90
E Ndwandwe	57	57
N Langa	98	98
F Khumalo	85	85
S Zondi	81	81
T Silo	78	78
N Mthethwa	86	86
L Wildschutt	106	106
N Gaza	80	80
N Kometsi	59	59
R Hutton	55	55
M Gwanzura	63	63
	1 172	**1 172**

The appointment of FoodBev SETA Accounting Authority was only finalised by the Executive Authority after the 30th of September 2025. This led to reduced Accounting Authority fees than what was budgeted.

Audit and Risk Committee - Independent members only	Members'fees	Total
P Semenya (Chairperson)	165	165
M Dondolo	93	93
L Kubheka	125	125
	383	**383**

Non-executive - 2024/25	Accounting Authority fees	Total
A Campbell - Chairperson	761	761
A Pholoana	188	188
A Nazo	230	230
E Ndwandwe	205	205
G Xaba	206	206
F Khumalo	195	195
S Mzizi	158	158
T Mashanda	152	152
M Oliver	136	136
M Ncanywa	205	205
N Tshabangu	149	149
N Zondo	186	186
R Hutton	191	191
T van Wyk	206	206
	3 168	**3 168**

Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand	2025/26 '000	2024/25 Restated '000

24. Board and Management Remuneration (continued)

Audit and Risk Committee - Independent members only	Members' fees	Total
P Semenya (Chairperson)	173	173
M Dondolo	65	65
L Kubheka	80	80
	318	**318**

25. Going concern

We draw attention to the fact that at 31 March 2026, FoodBev SETA had a current year deficit of R24 267 and that the SETA's total assets exceed its liabilities by R 694 032.

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

26. New Standards and Interpretations

26.1 Standards and interpretations effective and adopted in the current year

In the current year, the FoodBev SETA has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
■ iGRAP 22 Foreign Currency Transactions and Advance Consideration	01 April 2025	No material impact identified based on FoodBev SETA's current operations.
■ GRAP 104 (as revised): Financial Instruments	01 April 2025	The impact of the first implementation of GRAP104R is set out below.

FoodBev SETA adopted the revised GRAP 104 Financial Instruments from 1 April 2025. The revised standard introduced updated classification, measurement, impairment and disclosure requirements for financial instruments.

Impact of Adoption:

- Align the SETAs accounting policies with updated best practice
- Management assessed the SETA's financial assets based on the management model for holding the assets and the contractual cash flow characteristics of each class of assets. Management concluded that the SETA's financial assets are held to collect contractual cash flows and are measured at amortised cost. These include cash and cash equivalents, short term investments, receivables from exchange transactions, and receivables from non-exchange transactions that arise from contractual arrangements and create a right to receive cash

Notes to the Annual Financial Statements for the year ended 31 March 2026

26. New Standards and Interpretations (continued)

- Management also assessed the SETA's financial liabilities and concluded that trade and other payables from exchange transactions and trade and other payables from non-exchange transactions are financial liabilities measured at amortised cost
- The impairment methodology has been updated to the expected credit loss (ECO) model, which incorporates forward looking information.
- The adoption of revised GRAP 104 did not result in a reclassification or remeasurement adjustment to opening net assets. The most significant impact of adopting revised GRAP 104 relates to the application of the expected credit loss model to receivables, as disclosed in Note 3 and Note 27

  The revised GRAP 104 was adopted from 1 April 2025 in accordance with its transitional provisions. Comparative amounts were not restated where the transitional provisions permit relief. No transition adjustment to opening accumulated surplus was recognised.

The impact on the financial statements is as follows:

- The most significant impact was the remeasurement of the impairment on trade and other receivables from non-exchange transactions (that are financial assets), on date of adoption (1 April 2025), in accordance with the Standard.
- Other than the item listed above, there was no material impact on the financial position, financial performance, or cash flows.

Full disclosures as required by GRAP 104 (Revised) have been included in these financial statements.

First-time adoption reconciliation

Class of financial assets and liabilities	Previous category under old GRAP 104	Carrying Amount at 31 March 2025	Revised category under GRAP 104R	Carrying Amount at 1 April 2025	Transition adjustment
Contractual receivables from non-exchange transactions	Loans and receivables / amortised cost	2 597	Financial assets at amortised cost	2 597	-
Cash and cash equivalents	Loans and receivables / amortised cost	895 432	Financial assets at amortised cost	895 432	-
Payables from exchange transactions	Financial liabilities at amortised cost	8 774	Financial liabilities at amortised cost	8 774	-
Contractual payables from non-exchange transactions	Financial liabilities at amortised cost	167 193	Financial liabilities at amortised cost to the extent contractual	167 193	-
Finance lease obligation	Financial liability / lease liability	226	Financial liability at amortised cost for GRAP 104 disclosure purposes	226	-

Class of financial asset	Closing impairment allowance under old GRAP 104 at 31 March 2025 R'000	Opening ECL allowance under revised GRAP 104 at 1 April 2025 R'000	Transition adjustment to accumulated surplus/deficit R'000
Contractual receivables from non-exchange transactions	100 707	100 707	-

Notes to the Annual Financial Statements for the year ended 31 March 2026

26. New Standards and Interpretations (continued)

26.2 Standards and interpretations issued, but not yet effective

The FoodBev SETA has not applied the following standards and interpretations, which have been published and are mandatory for the FoodBev SETA's accounting periods beginning on or after 01 April 2026 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
■ GRAP 107 (as revised) Mergers	To be determined	Unlikely there will be a material impact
■ GRAP 106 (as revised) Transfer of Functions Between Entities Not Under Common Control	To be determined	Unlikely there will be a material impact
■ GRAP 105 Transfer of Functions Between Entities Under Common Control	To be determined	Unlikely there will be a material impact
■ GRAP 2023 Improvements to the Standards of GRAP 2023	To be determined	Unlikely there will be a material impact
■ GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	To be determined	Unlikely there will be a material impact
■ GRAP 103 (amended): Heritage Assets	To be determined	Unlikely there will be a material impact

27. Financial instruments disclosure

Categories of financial instruments

2026

Financial assets

	At amortised cost	Total
Trade and other receivables from non-exchange transactions	1 858	1 858
Cash and cash equivalents	875 465	875 465
	877 323	**877 323**

Financial liabilities

	At amortised cost	Total
Trade and other payables from non-exchange transactions	167 456	167 456
Trade and other payables from exchange transactions	10 348	10 348
Finance lease obligation	408	408
	178 212	**178 212**

2025

Financial assets

	At amortised cost	Total
Trade and other receivables from non-exchange transactions	2 597	2 597
Cash and cash equivalents	895 432	895 432

Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand	2025/26 '000	2024/25 Restated '000

27. Financial instruments disclosure (continued)

	898 029	**898 029**

Financial liabilities

	At amortised cost	Total
Trade and other payables from non-exchange transactions	167 193	167 193
Trade and other payables from exchange transactions	8 774	8 774
Finance lease obligation	226	226
	176 193	**176 193**

The carrying amounts of short-term financial assets and financial liabilities approximate their fair values because of their short-term nature. Finance lease obligations are measured in accordance with GRAP 13 and included in financial risk disclosures where relevant.

FoodBev SETA operations are exposed to interest rate, credit and liquidity risk. The risk management process relating to each of these risks is discussed under the heading below. Financial instruments were not discounted as they will be settled or recovered within a short period of time. The effect of discounting was not considered material.

27.1 Interest rate risk

The FoodBev SETA manages its interest risk by effectively investing surplus funds in short term deposits and call account with different accredited financial instruments according to the FoodBev SETA investment policy. Any movement in the interest rate will affect interest income. Interest income is utilised for additional discretionary grants and therefore will not affect the operations of the FoodBev SETA adversely. The FoodBev SETA exposure to interest rate risk and the effective interest rates on financial instruments at balance sheet date are as follows:

Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand	2025/26 '000	2024/25 Restated '000

27. Financial instruments disclosure (continued)

Cash flow interest rate risk	Floating rate fixed rate		Non-interest bearing			Non-interest bearing		
	Amount	Effective Interest rate	Amount	Weighted average effective interest rate	Weighted average period for which the interest is fixed in years	Amount	Weighted average period until maturity in years	Total
2025/26								
Cash - FNB Current	2 926	4	-	-	-	-	-	2 926
Cash - FNB Call	22 815	6	-	-	-	-	-	22 815
Cash - SARB CPD Call	844 620	7	-	-	-	-	-	844 620
Cash - FNB Khetha Enterprise	5 100	6	-	-	-	-	-	5 100
Cash on hand	4	-	-	-	-	-	-	4
Accounts receivable	-	-	-	-	-	1 858	-	1 858
Total financial asset	875 465		-	-	-	1 858	-	877 323
Liabilities								
Trade and other payables from non-exchange transactions	-	-	-	-	-	(167 456)	-	(167 456)
Trade and other payables from exchange transactions	-	-	-	-	-	(10 348)	-	(10 348)
Finance lease obligation	-	-	-	-	-	(408)	-	(408)
Total financial liabilities	-	-	-	-	-	(178 212)	-	(178 212)

2024/25				
Total financial assets		895 429	8	2 597
Total financial liabilities*		-	-	(176 193)
		895 429	**-**	**(173 596)**

27.2 Credit Risk

Credit risk is the risk of financial loss to the entity should stakeholders or counterparties to a financial instrument fail to meet the contractual obligation. Financial assets which would potentially subject FoodBev SETA to the risk of non-performance consist mainly of cash and cash equivalent and accounts receivables.

Credit risk on receivables is managed through contract management, recovery processes, debtor correspondence, assessment of legal enforceability, offset against amounts payable where legally permitted, impairment assessment and write-off procedures. Credit risk on cash and cash equivalents is managed by placing funds with reputable financial institutions and monitoring balances and investment arrangements.

Cash and cash equivalents: Credit quality / ECL conclusion

Assessed under the general approach. Balances are held with reputable financial institutions and are available on demand or short notice. Management assessed 12-month ECL as immaterial and no loss allowance was recognised.

Contractual receivables from non-exchange transactions: Credit quality / ECL conclusion

Assessed using the simplified approach and lifetime ECL. A provision matrix and individual assessment are applied based on ageing, debtor type, legal enforceability, recovery history and forward-looking information.

Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand	2025/26 '000	2024/25 Restated '000

27. Financial instruments disclosure (continued)

Maximum exposure to credit risk		
Trade and other receivables from non-exchange transactions	1 858	2 597
Cash and cash equivalents	875 465	895 432
Total maximum exposure to credit risk	**877 323**	**898 029**

Trade and other receivables	2025/26		2024/25		
	Gross	**Impairment**	**Gross**	**Impairment**	
Past >120 days	100 715	(100 572)	102 933	(100 707)	-
60 - 90 days	98	-	-	-	-
32 - 59 days	678	(38)	44	-	-
<31 days	956	-	2	-	-
	102 447	**(100 610)**	**102 979**	**(100 707)**	**-**

Cash and cash equivalent	2025/26		2024/25		
	Gross	**Impairment**	**Gross**		**Impairment**
Not past due	875 461	-	895 429	-	-

27.3 Liquidity Risk

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

2025/26	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
Trade and other payables from non-exchange transactions	167 435	167 435	167 435	-	-	-
Trade and other payables from exchange transactions	10 348	10 348	10 348	-	-	-
Finance lease obligation	408	408	267	-	141	-
Subtotal	178 191	178 191	178 050	-	141	-
	178 191	**178 191**	**178 050**	**-**	**141**	**-**

2024/25	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	more than 2 years
Trade and other payables from non-exchange transactions	167 193	167 193	167 193	-	-	-
Trade and other payables from exchange transactions	8 774	8 774	8 774	-	-	-
Finance lease obligation	226	226	160	-	66	-
Subtotal	176 193	176 193	176 127	-	66	-
	176 193	**176 193**	**176 127**	**-**	**66**	**-**

Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand	2025/26 '000	2024/25 Restated '000

27.4 Market risk

Transfer of functions between entities not under common control (continued)

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, however the SETA is only affected by interest rate risk. Financial instruments affected by market risk include cash deposits, below is the sensitivity analysis to how surplus or deficit would have been affected by changes in interest rate risk variables:

Sensitivity analysis on interest rate risk	**Increase/ (decrease) in interest rates**	**Effect on surplus or (deficit) R'000**
2025/26 cash and cash equivalents - R875465	+ 2%	17 509
2025/26 cash and cash equivalents - R875465	- 2%	(17 509)
2024/25 cash and cash equivalents - R895 432	+ 2%	17 909
2024/25 cash and cash equivalents - R895 432	- 2%	(17 909)

28. Unauthorised, Irregular and Fruitless and Wasteful Expenditure

Unauthorised expenditure	-	-
Irregular expenditure	-	-
Fruitless and wasteful expenditure	-	-
Closing balance	**-**	**-**

There was no unauthorised, irregular and fruitless and wasteful expenditure identified in the reporting period.

Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand	2025/26 '000	2024/25 Restated '000

29. Related Parties

Related party transactions and balances

FoodBev SETA as a schedule 3A public entity is related to all entities in national government spheres. However as per GRAP 20 we only disclose transactions and balances undertaken not at arm's length.

Related parties of FoodBev SETA are:

1. Accounting Authority (refer to note 24 for disclosure)

2. Audit and Risk Committee (refer to note 24 for disclosure)

3. Executive and senior managers (refer to note 24 for disclosure)

4. Relatives of the above (no transactions)

5. Employers of Accounting Authority members

6. Entities under common control are entities operating under the auspices of Department of Higher Education and Training (DHET), which are QCTO, NSFAS, NSA, TVETs, CETs, Universities and other SETAs.

The related party transactions with various universities, TVETs, CETs and NSFAS relate to FoodBev SETA funded learning programmes which are consistent with normal grant funding processes (terms and conditions) as directed by the Grant Funding policy. This will include any transaction that may occur during the period under review recognised in the statement of financial performance, any balance outstanding at the reporting period recorded, the statement of financial position as well as any committed balance for learning programmes which are not completed at the end of the reporting date. Transactions with these related parties include trade and other payables totalling R13m (2024/25: R9m), commitments totalling R240m (2024/25: R289m), and payments totalling R106m (2024/25: R165m).

Transactions with employers of the members of the board as at 31 March 2026

The transactions below arise due to the nature of the Board members' employment and the fact that the employers contribute Skills Development Levy to the FoodBev SETA. The transactions listed below are for the payment of mandatory and discretionary grants. These transactions are done at fair market value/arm's length.

Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand	2025/26 '000	2024/25 Restated '000

29. Related Parties (continued)

Employer 2025/26 - R'000	Board member	Mandatory grants	Discretionary grants	Total	Levies received
Woodlands Dairy	R Hutton	910	2 531	3 441	3 645
Pioneer Foods & Simba	N Kometsi	8 515	7 506	16 021	33 888
Heineken	S Harrichand	6 441	1 315	7 756	25 857
Food and Allied Workers Union	M Gwanzura, N Mthethwa, L Wildschutt	-	251	251	-
Federal Council of Retail and Allied Workers	N Gaza	-	1 695	1 695	-
National Union of Food Beverages Wine Spirits and Allied Workers	T Silo	-	348	348	-
Subtotal	-	15 866	13 646	29 512	63 390
	-	**15 866**	**13 646**	**29 512**	**63 390**

Employer: 2024/25 - R'000	Board member	Mandatory grants	Discretionary grants	Total	Levies received
Woodlands Dairy	R Hutton	746	3 857	4 603	3 457
Pioneer Foods & Simba	T Van Wyk	8 500	5 939	14 439	33 987
National Union of Food Beverages Wine Spirits and Allied Workers	N Tshabangu	-	500	500	-
Subtotal		9 246	10 296	19 542	37 444
	-	**9 246**	**10 296**	**19 542**	**37 444**

Transactions with other national public entities

Quality Council for Trades and Occupations (QCTO)	4 016	3 555

Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand	2025/26 '000	2024/25 Restated '000

30. Prior-period error note

The effect of the correction of errors on the individual items are as follows:

Statement of financial position

2025

	As previously reported	Correction of error	Restated
Trade and other payables from non-exchange transactions	173 115	(5 922)	167 193
Discretionary Grant Reserve	702 889	5 922	708 811
Gross receivables from non-exchange transactions	4 234	99 070	103 304
Debt impairment	(1 637)	(99 070)	(100 707)
	878 601	**-**	**878 601**

Statement of financial performance

2025

	As previously reported	Correction of error	Restated
Other income	28 575	(5 438)	23 137
Grants and Project expenditure	(679 614)	11 380	(668 234)
Deficit for the year	(118 297)	6 073	(112 224)

The correction of the above amounts has resulted in prior year amounts being restated.

Errors

The following prior period errors adjustments occurred:

30.1. Trade and other receivables from non-exchange transactions

The detailed review of the projects disclosed as contingent liabilities in the prior years from 2021/22 to 2024/25 resulted in the recognition of the grant recoveries which should have been raised as grant receivables in the prior years as no supporting documents were provided to confirm utilisation of the DG disbursed to the employers.

The grant recoveries were increased by R99m increasing the trade and other receivables balance. These debtors were considered for impairment in line with revised GRAP 104 and the Expected Credit Loss was 100%.

The net effect of this prior period error adjustment is RNil, as the receivables recognised was fully impaired and therefore had no net impact on the face of the statement of financial position. The reconciliation of the receivables and provision for impairment is disclosed in Note 3.

30.2. Trade and other payables from non-exchange transactions

Trade and other payables from non-exchange transaction was restated to accurately account for DG expenditure that related to prior-period in the correct accounting period (cut-off). Trade and other payables decreased by R5 922 with the corresponding contra account of DG expenditure reducing by the same amount of R5 922.

Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand	2025/26 '000	2024/25 Restated '000

30. Prior-period error note (continued)

30.3 Discretionary Grant Reserve

Prior period error adjustment of the trade and other payables from non-exchange transactions of R5 922 resulted in the adjustment of discretionary grant reserve as the adjustment by R5 922 in 2024/25.

30.4 Other Income

The other income amounting to R5 438 from non-exchange transactions previously recorded as recoverable from employers who could not implement learning programs as per the agreement, was set off against relevant discretionary grants expenditure.

30.5 DG & Project Expenditure

The following adjustments were made in the discretionary grants and projects expenditure:

- R1 715 relating to project travel costs which was previously classified as project costs, was reclassified to project admin expenditure.
- R16 032 was for DG expenditure incorrectly accounted for in 2025/26 instead of 2024/25
- R151 was for DG expenditure incorrectly accounted for in 2025/26 instead of 2023/24
- R16 728 was for DG expenditure incorrectly accounted for in 2024/25 instead of 2023/24
- R5 226 relates to the reversals of 2024/25 accruals which were incorrectly raised resulting in the reduction of DG expenditure in the prior year.

30.6 DG Commitments

FoodBev SETA disclosed commitments with a closing balance of R702 661 in the prior year, which has been restated to R1 008 250. The restatement arose from commitment-related contracts previously disclosed as contingent liabilities, correction of partnership contract amount and other DG expenditure which were incorrectly accounted in the incorrect financial period. Commitments were restated by R305 589 comprising:

- Contingent liabilities of R310 398 million reclassified to the CR
- Reclassified R1.715 million travel costs from project costs to admin
- Correction of the prior year contract amount of R7.664 million;
- DG expenditure of R16.010 million incorrectly accounted in the 2025/26 moved to 2024/25
- DG expenditure of R150 930 incorrectly accounted in the 2025/26 moved to 2023/24 and
- Other adjustments of R1.972 million due to contract re-instatement and grant recoveries

Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand	2025/26 '000	2024/25 Restated '000

30. Prior-period error note (continued)

30.7 Contingent Liabilities

FoodBev SETA had previously disclosed contracts extending beyond three financial years as contingent liabilities. This treatment was inconsistent with the requirements of GRAP 19, which require each transaction or contract to be individually assessed to determine whether it meets the definition of a contingent liability.

The contingent liability of R55.975 million disclosed in the 2024/25 was reclassified (no longer as contingent liabilities) to correctly reflect the opening balance of commitments. This prior-period error resulted in the restatement of balances previously disclosed as contingent liabilities since the 2021/22 financial year, as reflected in the table below.

Disclosure of Expired DG Commitment

The below balances have been restated and disclosed under commitment disclosure note 22.

Description	2021/22	2022/23	2023/24	2024/25	Total
Contingent liabilities - Expired DG commitments	85 851	104 886	69 863	55 975	316 575

30.8 Prior-year Budget difference reasons

30.8.1 Administration expenditure variance

Administration expenditure amounted to R89.679 million against a final budget of R82.566 million, resulting in an overspend of R7.113 million (8.6%). The variance was mainly attributable to increased depreciation and ICT costs following software license and infrastructure upgrades, as well as higher staff-related expenditure, including training, recruitment and strategic workshops

30.8.2 Grants & Project expenditure variance

Grants and project expenditure amounted to R668.104 million against a final budget of R1.470 billion, representing 45.4% budget utilisation and a variance of R802.701 million (54.6%). The variance is mainly attributable to the multi-year nature of discretionary grant-funded projects, where the approved budget includes commitments to be implemented over multiple financial years. Expenditure recognised during the year reflects contractual milestone payments of all committed projects. DG expenditure for projects approved in 2024/25 amounted to R235.4 million representing 43% (R235.4m/R544.5m) spending.

Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand	2025/26 '000	2024/25 Restated '000

31. Budget differences

Material differences between budget and actual amounts

31.1 Other income

Other income from exchange transactions relate to insurance refund, grants from ETDP SETA, and proceeds from the sale of fixed assets.

31.2 Fines and penalties

The fines and penalties revenue cannot be measured reliably because it is dependent on the level of compliance by employers to tax regulations.

31.3 Skills Development levy income

FoodBev SETA budget conservatively when budgeting for levies. The levies received for 2025/26 are closely aligned with the budget.

31.4 Interest received - investment

The interest received for the period is closely aligned with the budget .

31.5 Administration expenses

The administration expenditure exceeded the final budget by R9.348 million, mainly due to the reclassification of personnel costs from project administration to administration expenditure following management 's review of functions that support the entity as a whole rather than direct implementation of discretionary grant-funded projects. The variance was further driven by higher-than-budgeted consulting fees incurred during the year. The variance is supported by the personnel cost reclassification schedule, administration budget variance schedule and the approval obtained to exceed the 10.5% administration expenditure threshold.

31.6 Grants and project expenses

Grants and project expenditure amounted to R588.616 million against a final budget of R1.283 billion, representing 45.9% budget utilisation and a variance of R694.599 million (54.1%). The variance is mainly attributable to the multi-year nature of discretionary grant-funded projects, where the approved budget includes commitments to be implemented over multiple financial years. Expenditure recognised during the year reflects contractual milestone payments of all committed projects. DG expenditure for projects approved in 2025/26 amounted to R227.055 million representing 43% (R227.055m/R529.553m) spending.

31.7 Budget adjustment

The SETA is required by DHET to submit the updated budget after the request for retention of surplus is approved. Midterm budget was prepared to accommodate approved surplus funds.

32. Accounting by principals and agents

The Association of SETA Chief Executive Officers (ASCEO) resolved that the Food and Beverages Manufacturing Sector Education and Training Authority (FoodBev SETA) be formally mandated and authorized to:

(i) Manage and oversee the implementation of the Khetha Careers Expo project; and

Notes to the Annual Financial Statements for the year ended 31 March 2026

Figures in Rand thousand	2025/26 '000	2024/25 Restated '000

32. Accounting by principals and agents (continued)

(ii) Act as the Project Manager for the end-to-end planning, coordination, and execution of the Khetha Careers Expo project.

FoodBev SETA acts as agent in the implementation of the Khetha Careers Expo project on behalf of participating SETAs. Contributions received from participating SETAs are held for the purpose of implementing the project and are not recognised as revenue of FoodBev SETA. At 31 March 2026, R5.1m was held in a separate bank account with a corresponding payable to the participating SETAs.

Entity as agent

Resources held on behalf of the principal(s), but recognised in the entity's own financial statements

Liabilities and assets recognised by FoodBev SETA

As at 31 March 2026 FoodBev SETA received contributions from five SETAs in line with the signed memorandum of agreement between each SETA and FoodBev SETA.

Assets recognised by FoodBev SETA:

Bank – funds held on behalf of the principals	R5 100 000.00

Liabilities recognised by FoodBev SETA:

Payables from non-exchange transactions	R5 100 000.00

Notes

Notes

FoodBev Manufacturing SETA

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